



Speech to the Bell Telephone System's General Commercial Conference  
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### Summary

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Page addresses the commercial department on the value of public relations and the need to constantly gauge public opinion.

Good public relations is a result of constant vigilance. Businesses can never have enough good will towards them; therefore, they must continually analyze their relations with the public. Even though "business is big and successful and seemingly in good standing, is no reason to relax on the constant analysis of its relations to the public." There are no sure-fire prescriptions for soothing the public, creating public trust, and get them to like you. The best insurance a company can have is to constantly analyze its ideals, aims, and relations with the public. The PR department should question everything that goes on in the company and focus on telling the public what they want before they know they want it.

### Key topics

**Advertising**  
**Customer Service**  
**Public Relations** - Public Relations Strategy  
**Public Trust**  
  
**Public Opinion**  
**Public Relations** - value of Public Relations

### Page Principles

**Tell the truth**  
**Listen to the customer**  
**Manage for tomorrow**  
  
**Conduct public relations as if the whole company depends on it**

### Special Talk

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Immediately after notification that the conference calendar is somewhat congested and that we are to have an evening session, and the further warning from Mr. Gherardi that anything I say will be used against me, I am going to try to be reasonably brief.

Mr. Whitney said yesterday that the Bell System as a whole had a fine reputation as a business of character and intelligence, but that the public does not seem to like us in detail. You know, coming in from the outside, it has surprised me a great deal that, while dealing with a little instrument which has more capabilities of irritation than all the other appurtenances of modern civilization put together, you have acquired as much good will in detail as the Bell System has. I don't mean to say that we have enough; we can never have enough. It is the job of the public relations department to make the public

like us more and more in general, over-all and in detail. I might as well confess, however, to begin with, that we haven't any injections or medicines for making the public satisfied with things that are naturally irritating them. If we send them bills they don't understand, or wake them up at midnight to report on calls that have been cancelled, the public relations department hasn't any soothing syrup that will make people like these irritations or bless us for them.

Our best presentation of the ideals and aims of the System won't sooth the savage breast of a man who can't get good service. This isn't merely a confession about the public relations department of the telephone companies; it holds true in all such businesses.

There isn't any panacea; there is no quick way of getting this job done.

Recently I have read a good deal in public relations magazines about a scheme that is going to do away with all public criticism; that is, customer ownership. Of course, we have customer ownership and a wider distribution of stock than any other organization, and there is no question about the fact that it is valuable, but it is worth remembering that the largest distribution of all of our securities is in New England, and the New England Company hasn't found, I believe, either in rate cases or in strike troubles, that there are any mass meetings of its stockholders who rise up in its support. The truth is that when people buy securities they buy six percent interest and no trouble, and if there is going to be a lot of trouble with the securities they want more money. In other words, the job can't be done by anyone specific effort, but you have to have all kinds of efforts and ceaseless activity.

Fundamental to it all, we have to build on the foundations of our service and we can't build any bigger than the foundations warrant, because if we build a bigger superstructure than the foundations ought properly to hold, the thing will probably fall down on us, and it would be worse than if we hadn't built it at all.

When I say that we can build on the foundations of our service, I mean that we can endeavor to tell the public what the actual facts are, both about our general policies and about our specific practices. If we find convincing ways of telling the people that our service is good, and their experience checks with our story, by constantly repeating it we can get them to believe it so thoroughly that they will say it themselves as if they had invented it.

Some railroads have had the courage to print the percentage of times that their trains are on time. That is a very specific and compelling exposition of the detail of their business. Perhaps we have not equally specific things that we can tell.

I am not going to try to outline at present any of the methods for trying to increase the public liking for us in detail - as Mr. Whitney phrased it yesterday. A year from now, I hope we shall have some studies that will be concrete enough to be worth while putting before you.

In the meanwhile, as much as I like to hear Mr. Whitney say that the general character and qualities of the Bell System are held in high public esteem, I think it is worth while mentioning the fact that that condition isn't automatic and won't

necessarily last unless it is constantly watched. Good public relations, like liberty, are only the result of constant vigilance.

For instance, I remember that, when I first went to work in journalism, among the foremost captains of industry were the overlords of the insurance world. They were prosperous and they served the public; they had built up great institutions but they hadn't analyzed their relations with the public or the conditions of their business in certain particulars; and suddenly they were confronted with the Hughes Investigation, and none of the great captains survived. The insurance that the public buys is as it was then; it costs about the same, but the insurance companies do not now invest in their own trust companies in the way that they did then. Some time later, the public became angry at the railroads because there were certain people in railroad circles who made too much money in financing, and because certain railroads were too intimately connected with certain political organizations. An attack was started on the railroads. Now, the railroads very truthfully told the public that the attack would cost the public money, and it did, but it cost the railroads a good deal more.

I do not mention these things because I think that the Bell System has the faults that these businesses had, but only to emphasize the fact that, because a business is big and successful and seemingly in good standing, is no reason to relax on the constant analysis of its relations to the public, for the failure of the insurance men was entirely due to lack of understanding, not to bad intentions.

A business that constantly analyzes its relations to the public and its ideals and aims ought not to be caught in the way these businesses were caught, and that is what institutional advertising is. It is the analysis of these things set down in print and publicly subscribed to by the company that makes the advertisement. I don't believe that there is any better major insurance for a company than this practice.

Now, someone told me at the publicity conference that the institutional advertising for the Bell System ought to be done by the American Company, while the operating companies should confine themselves to productive copy. If institutional advertising is useful for the purpose that I have outlined, this theory cannot be entirely correct, for every company must have a character of its own, must do its own analyzing of its own conditions, and keep itself in harmony with its own public.

The policies pursued by those who have directed the Bell System have given it an almost unique standing among businesses in this country, and I believe the institutional advertising done by Mr. Ellsworth has helped much in spreading this reputation. If it has done half or even a tenth of the good that I think it has, it has been a most profitable investment, but again, that does not mean that it would not have been profitable also for the operating companies to have done the same kind of advertising.

Even the direct advertising, that is, advertising to get money results raises questions for analysis. Most businesses want to sell everywhere and at all times, but in the telephone business this is not so. We want to sell more telephones on one side of a city, but we may not want to sell any on the other side. Moreover, we don't have to sell to keep our market.

I am now getting on the subject which Mr. Cooper spoke of a minute ago. I didn't borrow it from him just now; I borrowed it from him last week. And that brings up the

question of whether we would not work harder to sell more telephone service if we were not a monopoly. It is one of the standard criticisms of a monopoly that it automatically lacks stimulation.

Now, if someone asks us how we explain the fact that automobile makers have sold more of their product at an average cost of something more than \$500 per car as compared with the installation charge that we make; and a yearly cost of several hundred dollars as compared with an average of about \$60; and, if they ask us how this happened—if it wasn't because we didn't have competition, I don't know just what the answer is. But that is the kind of thing which the public relations crew have got to analyze all the time, and have got to run around to ask other people what the answer is until they find it out.

I think it is a wise thing, therefore, for the public relations department to question everything that goes on in the company to see whether there is anything that is done or anything that is left undone that they couldn't explain to the public. Then we ought to go a step further, and see if we can figure out what the public will want to know next, and begin telling the public what that is even before it knows what it is going to want.

Right now there are all sorts of people making a great deal of money in this country. We are having a great boom. These are much the same conditions that existed when the railroads had their high financial era that I was talking about a while ago. And what brought the public to question the railroad situation was the question in its mind as to whether there were not some people who got a great deal more money than the service they rendered the public warranted. I think that same state of mind is coming around again. The causes are much the same as those that brought it before, and there are some indications that this is so; for instance, if you read Professor Ripley's article, you saw that he is thinking a little along that line; and the English economist, Mr. Keynes, has written a book in which he specifically mentions it.

As far as the telephone company is concerned, Mr. Gifford has already started making our position in this regard clear. I am not going to endeavor to quote him directly but to give you a little of the gist of what he said at Baltimore and Washington and Providence. The situation of the Bell System is this. In the first place, it has been going fifty years and there has never been a great fortune made out of it, although it was being built up at the time when, in many other businesses, the era of great exploitation was going on.

In the second place, you can see where all the money comes into the Bell System and where it goes out again and what becomes of it. There are no streams diverted into private channels. The money comes into the Associated Companies and to the Long Lines and it flows from there by dividends or the service contract or through the Western Electric into the treasury of the American Company. There is nowhere else for it to go, and there is no by-pass by which any of it can get out. That isn't true in a great many institutions, for many of them are established for the particular purpose of arranging the by-pass rather than the main channel.

Now when it gets into the treasury of the American Company, there is still only one place for it to go. There are 420,000 stockholders; there is no individual or no group that owns a controlling interest; there is no group that has any special interest in doing anything other than sound business; and, the consequence is, it is to nobody's advantage

to do any high finance of any kind whatsoever. The only place that the money can go is either in dividends to these 420,000 stockholders or back to the public in better service or lower rates.

Because of the fact that we have a service contract and a Western Electric contract, that story may be a little bit complicated, but it is sound and a complete answer to the question that seems to be arising in the public mind.

I would like to say one more thing about the Public Relations Department. We are probably the most dependent people in the world. All the other different departments depend more or less upon each other, but we depend entirely upon other people. All of the records and facts that we work with are created by other people, and we have particularly intimate relations with the commercial department. You do many things for us and we are mixed up with you in all sorts of ways, and I want to say particularly, in the words of Senator Willis, of Virginia, our efforts will be "about \$1.97 shy of being worth a damn" unless you folks cooperate with us.

The plans that we have ahead are not very different from what we have had before; they are merely a continuation, but I might say one or two words about them.

Our machinery for operation you know perfectly well, because you operate most of it. The moving pictures -- this service has grown from showing to 2,000,000 people a year ago, to about 20,000,000 last year; the method of giving news to the press; the advertising. In all this, we have applied the same rule, or are applying the same rule, to the Public Relations Department that I was talking about applying to the whole business, that is, we have questioned everything we are doing. One of the first questions is about the advertising in the agricultural press. We spend about a third of the institutional advertising money of the American Company in the agricultural press. I suppose that a very large proportion of the readers of that press are on connecting company lines, if they are on any lines at all. Certainly in such cases as the Northwestern and Southwestern Companies, more than half of the readers of those papers are not subscribers of the Bell System.

There arises the question then, whether the direct Bell System institutional advertising, without any mention of a connecting company is a proper thing for us to continue to do. We haven't any answer to that, and if any of you have, we would be delighted to have it.

Another question that has arisen is the women's magazines. Women read other magazines, but there are at least six women's magazines that have an average of 2,000,000 circulation apiece. It seemed to us it might be wise to experiment in advertising in those magazines, on the theory that the telephones in the home, which I presume are something like half of those in the System, are used mostly by women. And, in any case, if the women use them, whatever the women think of them is likely to dictate the family policy.

The third thing in advertising that we have discussed, is a Long Lines program. The Long Lines advertised in the trade journals only, because the institutional advertising of the American Company had preempted all the better places. Perhaps I have overstated that, but I think they would have advertised in some of the other places if we hadn't already preempted those places. We have made an arrangement to open that

space to the Long Lines for direct advertising in such papers as The Saturday Evening Post, The Literary Digest, and The American Magazine.

I don't know whether I have said anything up to this point that Mr. Gherardi can use against me, but for fear I may make a slip from now on, I am going to thank you very much for your attention and stop. If there is anything you would like to ask me or anything you would like to tell me, I would be very glad to hear it.