



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

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Page addresses employees on how they should execute and live by the company's business philosophy as outlined in what is often referred to as the Dallas speech. He addresses the importance of exercising self-government in an effort to avoid government regulation.

As part of the company's business philosophy, AT&T needs to ensure that it is operating in the public interest by offering the best possible service at the least possible cost. As part of this philosophy, the company will not take excessive profits, only that which is necessary to run the business. Page admonishes those who run the company to continuously make internal course corrections and live by strict standards of conduct so as to avoid government regulation. The company is also challenged with overcoming perceptions of greed, inefficiency, and slothfulness, which are most often associated with monopolies like the Bell System. To change perceptions, the company needs to provide more than what is asked of it.

### Key topics

**Company Philosophy - Dallas Speech**  
**Finances** - financial operations  
**Competition**  
**Regulations - Industry/Government**  
**Public Opinion** - influencing public opinion  
**Monopoly**

### Page Principles

**Listen to the customer**  
**Manage for tomorrow**

### Philosophy of the Business

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I want to read to you, to begin with, a quotation from the President of the United States. He says:

“There is only one way in modern civilization, with its broad privilege of the franchise, with its representative legislative bodies, to avoid the constant interposition of the government into practically all the affairs of the people, and that is for the people to adopt a correct course of action, to provide the proper standards of conduct by their own motion. If they do not want government through public action, they must provide it through private action. That is the

true ideal of self-government. The attainment of that ideal lies some distance in the future, but it is an ideal toward which we should constantly strive. If the people wish to be in the full enjoyment of their liberties, if they wish to be unhampered by government restrictions, they can secure that privilege. But they cannot secure it by abolishing government. They can only secure it by adopting a thorough system of individual self-government. Government is an absolute necessity to human progress and to human happiness. If we do not wish to have it imposed from without, we must ourselves impose it from within.”

He was speaking of the people in general, but what he says of people in general applies with particular emphasis to businesses.

If industries which offer their services to the public do not provide what he calls a correct course of action, standards of conduct, by their own motion, they are certain to have those standards provided through government action and when they are provided by the government, they will be less effective, both for the public and for the industry, than if the industries provided the standards themselves.

So far as I know, the only industry, which has set out to make such a provision for itself, and to work out a complete philosophy which amounts to a contract which it offers the public, is the Bell System.

It is true that the railroads have provided from time to time, at least part of the philosophy but it was largely forced on them by government action—it was not voluntarily done. The insurance industry had a great reformation some years ago and it now operates on a basis that the public is satisfied with, but that, too, was forced upon it.

The Bell System has voluntarily provided a contract with the public, which it has endeavored to make more favorable to the public than the public could hope to get by governmental action. In general, it is to provide the public with the best service at the least cost. Or course, that is a very general statement, which very many industries announce. It is the particulars of that statement that really matter. When you get down to the details of the application of what you mean by the best service at the least cost, the Bell philosophy, it seems to me, differs from the others.

Taking it backwards and discussing a minute the “least cost,” the essence of that is what Mr. Gifford said at Dallas. You are all familiar with it. It amounts to saying that the Bell System will take only that amount of money from the public which is necessary to run the business and to encourage further money to come into the business so that it can constantly improve. It excludes all methods by which the owners of the System could capitalize the future and take the profits of that capitalization unto themselves.

I am not going any further into the matter of the least cost because you are familiar with the Dallas philosophy. Let me say a word about the best possible service. In a large measure, the public agrees to that about the Bell System. It thinks that the Ben System is efficient. You even get very curious contrasts of this kind: People will say to you that there is no doubt that the telephone system

in the country is one of the best-managed businesses in the world but that their particular telephone service is bad.

That is an extraordinary thing, because usually people think about the whole business in the terms of their immediate contact with it and if they have a bad contact, they think the whole thing is bad. By some process of service and explanation, the Bell System has convinced the American public pretty thoroughly that it is efficient. If it can at the same time remove from the public mind any suspicion that it is a greedy corporation, if it could convince the public that its efficiency is directed primarily toward public service and not primarily towards making money for the company and its owners, it will have gained in that field the same position it holds in the field of efficiency.

I think we can even go further in explaining why the Bell System is efficient. Some years ago, a man named Eddy, a lawyer of considerable distinction in New York, wrote some articles for the magazine I edited on what he called the new competition. He said that in ordinary competition all that competing companies competed in was the final statement on the balance sheet. As long as the company could stay solvent, it could stay in business. The result of that was that you very often had people—for instance, he had an example of two drug companies that competed with each other, one of which made very good products and had a very bad sales organization and the other had very indifferent products and a very good sales organization. They kept right along competing with each other; each one of them made enough money to stay in the business. His theory of the new competition was that they should get together and give each other a considerable amount of information which would result in the fellow who was a poor salesman selling his product better and the man who was a poor manufacturer making his product better. The total result would be more intelligent competition and very much better service to the public.

He made considerable advance in that. There are a good many institutes, so-called, in various industries, which are really Eddy's new competition. That has had a great deal of public commendation as being a great step forward.

You compare that with what goes on in the Bell System and that is just the infancy of a thing that is in adult growth with us. The intercompany competition, in which all of the ratings of every conceivable telephone activity are compared, represents a competition between companies far more exacting and effective than ordinary competition. So, when people speak to us about being a monopoly and not having competition, the answer is that we not only have competition, but a far more effective competition than that ordinary kind which concerns itself only with the balance sheet. That intercompany competition would be enough to give us an advantage over the ordinary business.

You have added to that the staff idea, which is curiously enough not very common in business, although in that one profession in which immediate results are more necessary to avert complete calamity than any other, that is the business of carrying on war, the staff has been in vogue for many, many years.

If you combine our intercompany competition and what comes from that with the staff and also the research facilities of the Bell System, we really have a

basis for being a great deal more effective than almost any other industry that you can think of, because while some of them have one of those things and some another, few, if any, have all of them.

There is still a third part to this. People in the United States recognize a company's desire to serve them by the efforts it makes to serve them, and you can't serve anybody that you haven't sold something to. You can't have a friend, an active friend, who hasn't a telephone. He may not be an active friend if he has one, but at least, those with telephones fix the maximum number of friends you can have. So that our real service to the United States depends upon what proportion of the people of the United States we are actually serving. Their contemplation of our service depends upon the same thing. They will never think of us as a really active and energetic outfit if we are content merely to furnish what is asked for, rather than like the great body of American business being constantly on the alert and energetic to push our wares to the general public. Moreover, although we have no competition of other companies in most places trying to sell a telephone service against us, we are confronted with a very active competition of another kind.

When the ordinary people increased its buying power anywhere from fifty to one hundred per cent after the war, there was a certain amount of money, which they could spend to make themselves more effective or to increase their pleasure or for any purpose they saw fit. People in the rayon business and the automobile business and candy business and all sorts of other businesses looked that situation over and endeavored to present themselves as the people who should get the most of that increase. I am afraid that we didn't go as far in that direction as the rest of them did. I think if we had (I think we have the capacity to have had more telephones than there are automobiles, but as a matter of fact we let those fellows create a situation in which there are more automobiles than telephones) that condition wouldn't exist today. The reason they got it was they went after it.

In other words, when you come to carrying out the philosophy of the system, the best service at the least cost, we have got to convince the public that the three usual indictments of monopoly do not apply to us. In the first place, monopoly is held to be greedy, The Dallas speech explains that is not true of us. In the second place, monopoly is likely to be inefficient. The intercompany competition and the research and staff efforts ought to prove that that is not true of us. In the third place, monopoly is usually slothful. The only way I see that we can prevent the public having that opinion of us is to go ahead and sell our product exactly as the other people who are in the ordinary kind of competition sell their product and give the public a demonstration of the fact that we are as able as the rest of them. We can do it in some ways very much better than they can, because while the other people depend almost entirely upon specific selling organizations, which roughly parallel the commercial department with us, we have a possibility of using to a much greater degree than the rest of them the whole personnel of the Bell System. We have 350,000 or more people, all of whom, or nearly all of whom, have a possibility of selling the service. It is not only when they sell it that they will increase the service that we do to the community, but the state of mind that a man is in when he is trying to sell something will insure a greater regard for the public than if he is not in that state of mind. The

fellow who is trying to sell some thing to a man never tells him that the company has a rule against so-and-so. He never makes any arbitrary statement of that kind. He either gives a man a reason or goes back and finds out one.

That, I think, has a tremendous value for the Bell System on the two sides, both as to actual increase in business but more particularly I am thinking of it from the point of view of improving the relationship with the public because that relationship which is established by the constant contact of 350,000 people is the basis of all our public relations.

There is a great opportunity at present—more perhaps than in the past—because as the Bell System has become more highly developed the type of men and women who are competent to operate it has improved, so that of that 350,000 there is probably a greater percentage who have the initiative and the common sense to be able to handle a public relations job and a selling job than almost any other large organization you can think of. They not only are in that position at present but the actual operation of those things will increase their conception of the job and their general agility of mind and ability to do it.

That is, in rough and in short, the philosophy from the public relations point of view of the finances, the efficiency and the selling of the Bell System.