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“Strategic Communications: Practicing What We Preach”

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Your trustees asked me to come here today to talk about the future of public relations. What's changed. What's changing. What's likely to change.

I eagerly accepted the assignment. I wanted to hear that lecture myself. Only later did I come to the moment of truth.

I am not a futurist. I am most comfortable when I am doing public relations and least comfortable when I am pontificating about it. As a consequence, I began thinking about the future of public relations from the relatively safe ground of the title I've chosen for these remarks. Strategic Communications: Practicing What We Preach.

I therefore want to talk to you about corporate public relations. Specifically, I want to talk about public relations as we practice it in American business.

I suspect you will nod approvingly at some of the things I will say. These things will all have been said before, better than I shall say them. What you are about to hear are simply the musings of an old practitioner seeking to make sense of the common sense of his four decades of experience. Hence, if I succeed at all in describing our future, it will be an extrapolation more than a prediction.

I will make three arguments:

I will argue that the fundamental role of public relations in corporate governance has not changed and is not likely to change.

I will argue that what some of you take to be change is merely the process of adapting the principles of public relations practice to changing circumstances.

I will argue that coming over the horizon is an enormous change in the landscape of public relations -- a change that is a consequence of the internationalization of the world's economy.

It is the fashion now to talk about the future of public relations as Apocalypse. To hear some of our gurus tell it, it is as though the world lurched while we were out to lunch and we are undone, unmasked, if we cannot redefine our work in a context of fundamentally reordered circumstances.

Frankly, I have experienced too much in my time to buy into theories that depend on cataclysm to explain change. The people who buy such theories are the same people who will pay good money for a book that purports to equip you with everything you need to know about managing -- in one minute.

I prefer the theory of evolution. I believe changes in the affairs of mankind and in the behavior and aspirations of societies evolve along great, discernible trend lines. I believe the practice of public relations evolves in a context of these trends. Accordingly, I believe we have always and continuously had to modify our priorities and our emphasis in harmony with evolving trends.

Trends are occasionally disrupted, of course. By war. By act of God. Sometimes, even by countervailing or competing trends. But obliterated they are not.

Perhaps the world did lurch while some of us were out to lunch. But the trajectory continues as before -- a lot faster, without question; maybe a slight course correction, too. But there is no cause to commence a frenzied search to discover new truths or to repudiate the proven axioms that shape the practice of public relations at its best.

Yes, some things have changed. What has changed -- and, in my judgment, what gives rise to so much hand-wringing about the future of public relations -- is at least twofold. The implications are both short-term and long-term.

For the moment, at least, the most urgent problems confronting many businesses do not yield to public relations solutions. For example, the need to substantially reduce costs and improve quality as well as productivity. In short, to improve our products and our yield and to lower our break-even point. Another problem is the plainly evident need of many companies to reformulate long-range strategic plans. As you know, both of these issues derive from the reality that commerce is now conducted on a global scale and American companies must accommodate themselves -- or else!

In the long run, public relations will have a crucial role to play in implementing management's response to these issues; but in the meantime, many of our activities will remain curtailed. I'll say more about this later.

What's important to keep in mind, though, is that second dimension of change we are witnessing. It is my belief that some great, discernible trends have already altered not the principles of public relations practice but, rather, some of the old assumptions about how to apply those principles. For example, let me cite just a snippet of fact about each of the constituency groups we deal with in our work: Our employees and our top management. Our shareowners. Our customers and the general public.

I invite you to consider whether or not the following "facts" alter our principles or merely alter our assumptions.

Isn't it true that nearly two generations of undiminished prosperity, mobility and educational opportunity have altered at least some tenets of the social contract between workers and

employers? And isn't it similarly true that the pressures of international competition -- and some other factors as well -- have altered some tenets of this same social contract as management interprets it?

Isn't it true that the companies we work for are owned not by individual investors, but by huge institutions that buy us and sell us on the basis of criteria that are often unrelated to the customary measurements of business performance.

Isn't it true that in this so-called "Information Age" the rights of citizenship -- and greatly enlarged entitlements -- are conferred on tens of millions of men and women who cannot read or write? Some cannot even speak the mother tongue.

Isn't it true we are an older people? We are also more culturally diverse. And we have left the farm, leaving our roots and attitudes behind.

Isn't it true that consumers confront an ever more bewildering array of choices among look-alike products and services, yet we invest more and more marketing communications dollars in lifestyle positioning and promotional stunts and fewer and fewer dollars in the kinds of consumer information that just might distinguish one brand from another?

The implications of these altered circumstances do not, in my judgment, explain the contemporary dilemmas of public relations. These changes in the landscape of public relations do not explain why some of you seem to think our role and our value has been diminished... do not explain, as it is alleged, why so many lawyers are in charge of public relations... do not explain why the value of so many of our companies is calculated in breakup dollars rather than in future earnings and goodwill.

No, I don't think we need cataclysmic theory to suggest to us why it may be useful to monitor shifting demographics or lifestyle preferences or to understand why entrepreneurs will plunder existing businesses if plundering turns out to be cheaper and less risky than creating new businesses.

It seems to me that to whatever extent we are unsure about the future of public relations, we would be well advised to spend less time on pilgrimages to the high priests of fashionable change and more time in renewing our understanding of how and why we are valuable to our companies for what we already know. It seems to me some thoughtful introspection may simply suggest that public relations has got off track a bit or that some public relations people may have broken faith with their mission.

I think I know where I would begin the quest to reestablish some confidence ... to demonstrate that what we know works still works. The place to begin, I think, is to remind ourselves what it is we are supposed to do to earn our paychecks. What is it that makes public relations public relations -- and not the engineering department or the marketing department or the personnel department?

First of all, we are not a department. We are a point of view. We organize our work like a department, that's true. We do so because it is administratively convenient to do it that way and because it makes sense -- and makes us accessible -- to the people and the organizations we serve. But the fact remains, our charter, our mission is not functional in a departmental sense.

What public relations is all about is governance. Institutional governance. We are the specialists at promoting harmony between the corporation and its stakeholders -- not for the sake of harmony or image or any other equally metaphysical purpose, but because no corporation can succeed when its objectives or its behavior are in conflict with its stakeholders.

Secondly, we are accountable to the chief executive because the central task delegated to us is, by definition, a responsibility of the chief executive's office.

Policy is our main job. Not so much to make it as to provoke it. This we do by being always at the ready, equipped to supply context -- the facts and the insights -- that assist management at all levels in making timely decisions with respect to the interests of stakeholders in a context of overall corporate strategy.

Communications is our main activity. Not so much to do all of the communicating but, rather, to ensure that what is being communicated communicates what our stakeholders are entitled to know and what we want them to understand and believe.

As we all know, communication is a crucial element in the management art -- and process -- of establishing an environment in which ideas as well as feelings can influence behavior over time. That's also why it's so important that our communications programs be consistent, not episodic. That's why our communications programs must always be purposefully targeted. That's why, above all, it's so important that our communications programs persistently project the goals, ideals and objectives of the business.

And that's it. That describes what it is we're supposed to do... the things that make us different and truly make a difference in effective governance. This is not my definition. You'll find these concepts confirmed in the text books of Cutlip and Center and Seitel and in the pioneering work of Arthur Page and John Hill and all the others who marked the trail for us.

So, why do public relations people feel so much unease?

One reason may be that policymaking and communicating are more dynamic, moving at a faster clip in this period of transition for American businesses.

Another reason may be that institutional governance is much more important and vastly more complex than it used to be.

As a consequence, other management disciplines populated by savvy, aggressive people whose jobs are also on the line -- are moving in on the action, the recognition and the rewards. That's normal human behavior.

So you have some competition. Does that mean you can't compete or don't want to compete anymore?

Is what I am saying too conceptual, too theoretical to be useful in your real world of too many objectives, too few resources and too little guidance from the front office? If so, let's get practical.

Stripped to essentials, what I am arguing is that if your company's policies are reasoned and your communications correctly conceived and targeted, your public relations programs are answering four simple questions about your business.

The four simple questions I have in mind identify your stakeholders, define your unique arena of corporate governance, and provide a basis to measure your performance. These are the questions:

What is it about working for this company that enhances my self-respect and ascribes dignity and value to my personal contributions?

What makes me want to invest in this company or in other ways identify my self-interest with its goals?

What compels me to make a conscious decision to choose this company's products or services?

What makes me think this company is an asset to my community? My country?

That's pretty old-fashioned stuff, isn't it? Well, that's my point. The essence of public relations is pretty old-fashioned stuff. I don't mean old-fashioned as in out-of-date. I mean confirmed. Demonstrated. Documented.

Nothing that has happened in the nineteen eighties, or is likely to happen in the nineteen nineties, requires reformulation of the role of public relations in corporate governance.

What may be desirable, as I said at the outset, is something else that some will think old-fashioned. The word for it is renewal.

That's one reason I chose strategic communications as a building block for these observations. That's also why I added the reminder about practicing what we preach. Strategic communications is just a shorthand way of saying: make good policy and make it stick with consistent, intelligent communications.

When public relations understands its job, it facilitates good business judgment as well as good business performance.

When public relations does its job, wise policy and good communications become all of a piece. And when wise policy and good communications come together and stay together continuously, any reasonable set of business objectives can be achieved within a reasonable range of

probability. That's the payoff that made public relations influential in management in the first place, and that's how public relations can remain influential now and forever.

Practicing what we preach shouldn't really have to be elaborated for this audience. But I can't let the moment pass without mentioning one special dimension of this concept and what it means to me.

My own favorite mentor always maintained that public relations is ninety percent doing and ten percent talking about it. That's just another way of saying actions speak louder than words -- no doubt, a humbling idea to professional communicators.

It is a fact, though, that your company's reputation is mainly shaped by three realities:

1. The relative value of your products or services.
2. The quality of your products or services in absolute terms.
3. The quality -- in human terms -- of your transactions with consumers and your other principal stakeholders.

These, too, are old and documented truths -- notwithstanding the number of high-priced consultants who are making a good living with a new formulation of these ideas called "getting close to your customers."

All of which proves, I suppose, that wherever there lurks a management consultant, "The Search for Excellence" goes doggedly onward -- notwithstanding the fact that management has always known what it is and what it takes to achieve it.

To this point, I have argued that what we call public relations is an essential, even crucial element in corporate governance. I have further argued that some of the well-understood and well-documented principles of public relations theory remain valid.

All of which sounds comforting. So, now comes the warning. Take no comfort. Already, we are overtaken, not by cataclysmic change, but by rapid evolutionary changes.

Having only lately left the front ranks of the fully employed, I can give witness to much evidence of what's new, of what's now expected of us in the practice of public relations.

Let me begin by telling you what's new to some of us senior citizens of public relations.

Today's chief executives have a pretty good grasp of the public relations function. That wasn't always the case.

Today's chief executives accept their obligations as communicators-in-chief. They work at it. That wasn't always the case.

Today's chief executives take it for granted their public relations departments have the skills and the resources to conduct and manage communications. You hear from the front office only when you don't do the job. The fact is, you've earned the right to be lonely even if it makes you insecure or underappreciated. Your professionalism in the traditional aspects of public relations isn't at issue. Or, as the umpire in a recent television commercial expresses it: if it is at issue, "You're outta there!"

Today's chief executives have new things to worry about. Above all, new issues to worry about. The art of corporate governance is a kaleidoscope of ever-changing issues.

Not so long ago, just by way of example, the big issues were civil rights, military contracting, affirmative action, energy costs and energy conservation, pollution, urban decay and, of course, those bureaucrats down in Washington who tax, tax, regulate, regulate.

What are some of the major issues today? Mergers, acquisitions and corporate raiders. Restructurings. Downsizings. Overhauling fundamental business strategies. Productivity. Product liability. South Africa. Litigation. Substance abuse. AIDS.

In short, issues come and issues go -- or, at least, they go away for a while. If public relations can't keep pace, can't keep in tune, the chief executive won't hesitate to look to others for counsel, for issues analysis and, if need be, for communications.

Your chief executive may also have a problem that is something of an emerging issue in its own right. I salute *Business Week* for disclosing this nasty little secret in a recent special edition devoted to chief executives.

What *Business Week* reported -- and what is positively true -- is that the authority of the chief executive's office is by no means absolute. And much less so today than it once was.

The typical chief executive today cannot command but, nevertheless, must lead. This imposes enlarged burdens on public relations. It means that counseling and policymaking do not begin and end in the chief executive's inner sanctum. As a consequence, the public relations organization must deploy its influence throughout the organization wherever plans are formulated or policies forged. As Larry Foster of Johnson & Johnson expressed it to me recently, "Now, we have to institutionalize counseling. The old idea of one-on-one consultations with the chief executive isn't the whole story anymore."

And, here again, if public relations isn't plugged in or can't keep pace, others will eagerly fill the void.

"Physician, heal thyself" is the only useful advice I have for public relations practitioners who genuinely believe our role is diminished in today's world.

Now, let's probe the horizon a bit. I think it's pretty clear that a single issue, albeit a multi-dimensional issue, is generating the pressure that's challenging, squeezing and reshaping the

work of public relations in a lot of companies. The buzzword for this issue is "competitiveness," America's competitiveness.

I'll begin by acknowledging some developments that are altering our priorities and I'll conclude with some speculations about one of those great, discernible trends that over time will fundamentally alter the landscape of our work, namely, the internationalization of the world's economy.

At the front end of what's happening to us now is cost reduction, in many cases painful cuts in public relations budgets as well as staffs. We've been through this before as a function of business cycles. This time it's different. This time it's an imperative to substantially and permanently lower the running rate of corporate overheads and operational expenses.

From now on, whether profits are going up or going down, we're going to have to make do with less and make up the difference with what the experts call "focus."

We're going to allocate more of our resources to activities that directly support marketing and sales objectives.

We're going to learn to mesh the objectives and harmonize the communications functions of public relations, advertising and promotions.

We're going to downsize or phase out some activities that used to be important but aren't any longer.

In short, there can be a decisive competitive advantage when your company's total communications effort is targeted and orchestrated in unison against common objectives. We've always known that. Now, we have to do it.

Another activity that's moving up the scale of priorities is internal communications -- employee and management information programs.

It is reassuring that so many American companies are discovering that efficiency, quality and innovation -- in short, "competitiveness" -- are an integrated process, a way of conducting the business. The process is a corporate culture -- to use another popular buzzword which develops, encourages and rewards individuals for taking responsibility and initiating change. It's a state of mind that engages the collective energies of hourly workers, professionals, managers, executives, and even your dealers and suppliers.

You cannot establish such a culture by internal communications alone. But neither can you sustain it without comprehensive communications programs that promote it and reaffirm it.

Surely, this is one of the great opportunities for public relations people. Moreover, it's a great creative opportunity because it signals the end of glossy, top-down propaganda and the beginning of a commitment to genuine two-way communications as a fundamental management principle.

The drive to restore competitiveness is also producing some astonishing ironies.

Our constituency relationships are being turned upside down. The implications as well as the opportunities for public relations are readily evident.

Old allies are now antagonists. Old antagonists are now allies -- or, at least, potential allies if we remain alert to the prospects for coalition building. Our most treasured constituency is now our greatest threat. Management is being increasingly attacked by shareowners.

Some of these shareowners are also called raiders. Their cheerleaders are free-market academics in prestigious business schools, not radical social scientists. Their facilitators are the market makers and the financial institutions.

Some of these shareowners are called pension funds or money managers. They seek to leverage their fiduciary authority to demand changes in corporate policies. The tactics are hostile and confrontational and are sure to grow more so -- and more widespread.

Meanwhile, new partnerships are emerging. Labor and management are bargaining to promote efficiency. Federal, state and local governments are looking for new ways to aid business as a means of ensuring full employment, economic growth, and a reliable flow of tax dollars. Even the advocacy groups devoted to single-issue causes are less likely to bash business first and seek remedy later and are more likely to probe for cooperative solutions or even alliances if some mutuality of interests can be established.

And now, I want to conclude these remarks with a few ideas about the internationalization of the world's economy... about what global competition really means.

Today, our rhetoric is afire with urgent calls to restore American competitiveness at home as well as abroad. And someday, somehow, business will adapt to the new realities; our government will make some changes in law and regulation, and America will get its wish. A chance to really compete! That's the day a new discovery awaits America and the management of many American companies.

Consider, if you will, what global competition truly means when you have no special edge in technology and when your market share offshore is no longer buttressed by American military and economic assistance. This is a new reality that's truly new. The side effects will impact the practice of public relations in a big way.

In this new era, we'll witness at least three accelerating changes:

Companies will redouble their efforts to achieve economies of scope and scale. That means much larger investments, partnering arrangements and alliances in other countries. Over time, the big companies will become not just multinational, but multicultural as well. The biggest and most successful companies will lose their national character and identity, as we know it today.

Sovereign governments will impose and enforce the terms and conditions of commerce much more pervasively than they do today, because the international economy will be locked into a much greater degree of interdependence than it is today. National and regional industrial policy will call the tune. As a consequence, the success or failure of corporate strategies will hinge on the degree to which management can manage in a vastly more complex matrix of powerful stakeholders, namely, government policymakers. These considerations will be overlaid on the business-government issues we're familiar with today: tariffs, quotas, local content, taxation, labor law, technology transfer.

Consumers will increasingly do their shopping in a transnational bazaar. And as a consequence, there is the likelihood of further startling shifts in distribution channels, share of market and brand loyalties.

What does all of this portend for men and women who aspire to future managerial authority in public relations? In the judgment of most observers, neither experience nor current practice adequately equips American practitioners for the challenge ahead.

How will we position ourselves to participate in timely decision making in the context of a truly multinational, multicultural enterprise?

How will we develop and deploy the resources to help our managements cope with the complexities of history, anthropology, politics, language, religion and all the other relevant elements of societal convention outside the United States?

How will we ensure effective stakeholder communications where the media as well as the techniques may be unfamiliar, perhaps irrelevant, in terms of American custom and practice?

Without further belaboring the obvious, it is clear that those of us in public relations had better be prepared to accommodate an enormous enlargement of our competencies as well as our perspectives -- culturally, politically and professionally.

As always, there is hope and there is help at hand. Already, at least a few of our American confreres are making the transition. Similarly, some of our counterparts in Europe, Japan and elsewhere are making the transition. In short, we have some role models -- new pioneers are marking the trail.

For the rest of us, it's catch up time -- or it soon will be. What's ahead is not so much a new ball game as it is a new league.

The opportunities are now greater. The competition is tougher. The rules are not invented here. The participants occasionally cheat and the referees aren't always evenhanded. But it's going to be the only game in town and you can't avoid it, because your business can't avoid it.