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IS PUBLIC RELATIONS NOW TOO IMPORTANT TO BE LEFT TO PUBLIC RELATIONS PROFESSIONALS?

In what more appropriate surroundings to start a speech by invoking the opening words of Charles Dickens' novel "A Tale of Two Cities."

To say "it was the best of times" for public relations is, from my perspective, hardly too much of an exaggeration – even after three years in which the largest public relations firms have had little or no organic growth and client budgets were, at best, static.

But it would be an oversight not to complete the Dickens observation that, in some respects, "it has been the worst of times" for public relations.

But before telling you why I think as I do, I want you to know how I define the term "public relations." I consider this necessary because "public relations" nowadays has come to have many different meanings – even among those whose titles bear the descriptor "public relations" or some comparable iteration thereof.

The simplest definition of public relations I know came from my departed friend, Denny Griswold, a wonderful quirky lady, the founder and long-time publisher of Public Relations News. Her business cards bore the words, **"Public relations is doing good and getting credit for it."**

"Doing good and getting credit for it."

My definition is more detailed, but it parallels Denny's. Mine, more or less, tracks how Edward L. Bernays defined public relations in his 1923 landmark book "Crystallizing Public Opinion."

> **Public relations is that discipline that helps reconcile institutional or individual behavior in a manner that accords with the public interest and, when effectively communicated, creates opinions or attitudes that motivate target audiences to specific courses of action.**

Note that there are two components that comprise public relations: one is behavior, the other is communications. Our job as public relations professionals is two-fold. It is to help our clients or employers fashion and implement policies and actions that accord with the public interest. And it is to use communications to leverage public opinion and attitudes to motivate target audiences to specific courses of action. We do that in one of three ways:

- We can create opinion where none exists.
- We can change opinion, no matter how strongly held.
- We can reinforce a presently-held opinion.

But we should never forget that our communications tactics and messages must reflect a pattern of behavior consistent with the messages we deliver to our intended audiences. Enron and WorldCom are not in trouble because of faulty communications; the fact is, they behaved badly.

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I dared to raise the definition issue even while recognizing the professionalism of this audience I am privileged to address this evening. I did so for a reason. That reason is that I believe public relations has been diminished the past quarter century by using the term "communications" as a descriptor for our line of work. As either a title or as a name for the function itself, "communications" falls short as a synonym for public relations. Rather, it represents only half of the two-part public relations equation that consists of, as I just pointed out, first, behavior and, second, communications.

I don't want to take much time speculating how "communications" became a substitute for "public relations." Here, quickly, is my theory. It happened in the mid-1970s – a fall-out from the Watergate tapes. President Nixon, facing issues personally and politically embarrassing, was often prone to say the equivalent of "let's PR that one" or "let's call in the PR people to do their magic." In the minds of many Watergate followers, PR (public relations) came to mean "cover up," "whitewash," and even outright lying to separate the President and his staff from their grave misdeeds.

"Public relations" took on a pejorative connotation and many FORTUNE 500 companies abandoned "public relations" in favor of "communications" in their title nomenclature. In fact, more than half the FORTUNE 500 now use "communications" in the title of their senior public relations officers.

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Using communications as a synonym for public relations came at a time when our stock as public relations professionals was soaring both qualitatively and quantitatively in the eyes of corporate management.

Let me give you a couple of quasi-metrics:

One deals with title escalation.

- In the 1940s the person (invariably a male) who headed the function was titled "publicity manager"
- In the 50s, director of public relations
- In the 60s and 70s, vice president – public relations
- In the 80s, senior vice president – corporate affairs/communications
- In the 90s – executive vice president

Another "metric" deals with how the senior public relations officer is now positioned in the management hierarchy:

- A seat on the management committee, and

- Worldwide functional responsibility

A quantum jump in compensation is yet another indicator that says something about how senior public relations jobs are valued.

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We also should not overlook the enhanced relationship between CEOs and their chief public relations officers:

- Until about 1990, the senior public relations position was perhaps the "most institutionalized" on the corporate roster (Tony DeLorenzo was in the top position at General Motors more than a quarter century – he served six CEOs)

- Post 1990: CEO/CPR joined at the hip; CEO sees CPR as "protector/advisor," with media relations often the primary responsibility; downside is that when CEO goes, CPR may not be far behind

This greater dependence by the CEO on his/her Chief Public Relations Officer did not happen in a vacuum. Rather it was a gradual response to a change in the external business environment.

I have identified three "defining moments" that caused CEOs to be more respectful of the public relations function and led to greater dependence on public relations to achieve corporate goals. The first involved the legislative/regulatory environment; the second the proliferation of media; the third the changing competitive environment (in large part a fallout of the information technology age).

The 1960s was perhaps the most significant decade in the maturation of public relations. It started with the formation of the European Common Market. This was a cataclysmic event for business, a precursor of today's global economy. Almost overnight it became important for a German company to be known in France and in Italy and later in Spain and the UK. It was equally important for well-known American brands to gain recognition in Europe. And later in Asia and on other continents.

It was also a decade of stunning social change, especially in the United States, but also in other developed countries the world over. The push for equal rights, begun in earnest in the U.S. in the early 50s, resulted in legislation that outlawed discrimination in employment on the basis of race, religion, gender, age, marital status and, eventually, sexual preference. Protecting the environment came to the fore with strictly enforced legislation mandating clean air and clean water. Consumerism – the consumer's right to know – affected how products and services could be described and advertised. Safety became a major issue -- both safe products and occupational safety. Manufacturers became legally liable for injuries and deaths -- occupational as well as those that could be attributed to design faults or failure to provide warnings for potentially hazardous products.

In the United States in the mid-60s, such organizations as the EEO (Equal Employment Opportunity), OSHA (Occupational Safety and Health Agency), the Consumer Products Safety Commission and the Environmental Protection Agency came into being at the Federal level. Soon, they were replicated at state and even local levels. Their equivalents have found their way into governmental structures worldwide where, not infrequently, standards are more stringent than in the United States.

The 60s was also the decade when what we now call NGOs (non-government organizations) began to multiply – and gain power as an influence in the legislative/regulatory process. In both Europe and the United States, and even in countries like Korea and Indonesia, groups of like-minded people came together on issues ranging from protecting the environment, human rights and driving while intoxicated.

The tsunami of regulation and legislation in the 60s spawned the term "corporate social responsibility," the subject of a talk I made at the Columbia Graduate School of Business in March 1973. It was an aspect of business with which CEOs had little experience and, at the outset, low tolerance. Almost invariably, they turned to their public relations officers for guidance. In words I have used over the past quarter century, the public relations function in many corporations escalated from the "how do I say it?" to "what do I say?" and, eventually, to "what do I do?"

Public relations came of age; it was on its way to earning its seat at the management table.

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The second "defining moment" that enhanced CEO appreciation of public relations was the profusion of media – many with a ravenous interest in business.

- In the early 50s, TV news
- in the early 80s, cable and financial news networks
- in the 90s, the dot.com/internet phenomenon paralleling the stock market bubble

Mix, stir and presto! Intrusive 24-hour coverage of business news searching more for warts than beauty spots, live and in color. Plus no-holds-barred internet chat rooms and blogs where the whole world has license to say anything about anyone or any company and the capacity to reach a global audience.

Print media also claimed their slice of the newly-tempting business pie. The three or four (at most) financial pages in back of the sports section emerged as a free-standing business section. *The Wall Street Journal* of yore – two sections and a maximum of 48, and later 72, pages – expanded to four sections of 96 or more pages. The periodical press – magazines like Business Week, Fortune and Forbes -- once cheerleaders for business, began to compete with daily newspapers with "gotcha" stories exposing executive foibles. (I like remembering the time when the only business story that interested most business media was one with a happy ending.)

All this was falling into place when the business rules of the road were changing big time. As we approached the new millennium "building shareowner equity" became a CEO battle cry. In essence "building shareowner equity" was a commitment to produce never-ending quarter-to-quarter earnings growth -- a commitment that quickly elevated financial community expectations – I might say unrealistically. No longer was the corporation the laid-back "good corporate citizen" whose goal was making and marketing good quality products, providing steady employment in a safe work environment, and supporting worthy community initiatives. And when it did those tasks well, it produced profits that rewarded shareowners with a reasonable rate of return on their investment. Earnings goals had become sacrosanct. Make them and the stock price zooms. Fall short a couple of pennies and expect a sharp decline in market cap – no excuses! Talk about pressure on CEOs and business sector managers -- that's the way it's been for more than a decade with no let-up in sight.

This scenario has repositioned the CEO in a way that makes that job more difficult and more vulnerable to media scrutiny – and it makes our job as public relations consultants both more difficult and more essential. From the time corporations came into being, CEOs regarded themselves as professional managers. Their reward was a salary commensurate with industry practice and the size of the business. Supplementary compensation – a bonus -- usually rewarded outstanding performance. Throughout most of the twentieth century the multiple of total CEO compensation to the company's lowest paid worker was in the range of forty or fifty to one. Today, that multiple is closer to four hundred to one.

Now difficult to believe, the Dow-Jones Industrial Index quadrupled during the decade of the 90s – from 2600 to 11,400 – an annual compound growth rate of more than 15 percent. It was only natural for CEOs to boast about their company's growth in market capitalization – number of shares multiplied by share price -- on their watch.

In the buoyant economic environment of the 90s, CEOs were seen in a new light that exceeded being a professional manager. They were positioned as agents of the shareowners – expected to substantially increase the shareowners' investment. As a reward, they would be entitled to a piece of the action. Total annual compensation grew from seven figures to eight figures and, even to nine figures. Reaction from some major institutional shareowners and non-executive employees, not to speak of those restructured off the payroll, has been more amazement than amusement.

Today's CEOs are well aware that negative stories – and many have centered on the compensation issue -- can be not only personally embarrassing but downright deadly from a career standpoint. They have learned that a negative story often creates a life of its own – lingering for weeks, even months. Each business magazine or newspaper seeking its own exclusive angle – emphasizing the negative as a matter of course. CEOs know this kind of reporting gets reader attention – both employees and shareowners, and, of greater concern, board members. Since the turn of the new century, a score or more CEOs have been forced to resign because of a negative media drum beat that wouldn't stop. Board members now work overtime to demonstrate how seriously they take their jobs. The term "tame board" is disappearing from the business lexicon.

Given the circumstances, there's little wonder that CEOs now seek to team up with a public relations professional who has a special knack with the media and a special ability to think strategically when relating to the working press. It's little wonder that priority number one for the senior-most public relations officer in many corporations is protecting his/her CEO from a negative media assault.

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A third "defining moment" in CEO acceptance of public relations has to do with corporate reputation – a company's good name. A "good name" nowadays has come to be much more than a matter of pride; instead, it's a point of differentiation that influences both the top line and the bottom line.

There are several reasons.

One is that purchasers of goods and services are sated with product information – a result of media proliferation. So much so, that product descriptors and benefits begin to sound alike even to the most discerning customer – and for a very good reason.

In today's marketplace there is less and less differentiation between products both quality and price. Competing manufacturers use the same computer assisted design and manufacturing programs. Increasingly, government regulatory bodies, NGOs and consumers themselves are forcing manufacturers to adhere to the same ingredient, health, safety and labeling standards.

In this ferociously competitive environment, the reputation of the manufacturer has come to be a powerful differentiator. Ben & Jerry is the "good guy" ice cream because of Ben & Jerry's activist protect-the-environment role. Body Shop is the place to buy bath and skin care products -- their name evokes a company that also places high value on nurturing the environment. “Nike” – the once tight-lipped poster boy for exploiting cheap overseas labor, listened to its NGO critics and began setting standards and policing its global suppliers. Now more transparent and communicative, NGO negative pressure has abated and Nike is now getting the credit it deserves for responsible behavior. Nike is a timely example of a company once under fire coming to grips with an underlying problem and doing something about it -- a manifestation that public relations starts with behavior, behavior leveraged by communications to reach pertinent audiences about which I spoke earlier.

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Now let me take a moment to project what many believe to be a new dimension for public relations – one that extends our traditional charter and enhances our impact throughout the corporate structure. The thinking goes like this: public relations should permeate every corporate transaction – literally involving almost every employee – from the receptionist to the person at the check-out counter, those who sell the product and those who service it. In a word, public relations is now everybody’s job. We recognize this function as customer service – and some retailers like Nordstrom have built their business on this simple premise.

What if I told you it’s not a new concept within the context of public relations! Arthur Page – the namesake of the Arthur Page Society – wrote and spoke about customer service more than sixty years ago. He said bluntly that a corporation’s public relations transcends its public relations department. As senior public relations officer of America’s then largest corporation, AT&T, he informed the company’s telephone operators (long before the dial tone) that, to most people, they were the most ubiquitous manifestation of the AT&T persona. How they articulated “Number, please” and how they responded to caller needs, more than anything else, influenced how the public regarded AT&T.

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Let’s now look a little deeper into the bad news that affects us and what we can do about it.

For starters we must acknowledge that the public approval rating of corporations has, for the past several years, been at its lowest level since World

War II. Whether or not this results from failures at the public relations level makes little difference. We know that it's reality and our job description calls on us to do something about it. I regard this as the toughest challenge in my sixty years in public relations.

Most CEOs I know recognize the penalties that accrue from a lack of public support for business and a loss of confidence in corporate securities. They see the fallout in the low level at which the market is evaluating their stocks and in the aggressive initiatives that have been undertaken not only by legislative and regulatory bodies but also by the Department of Justice at the Federal level and attorneys-general at the state level. On this issue, the United States and the countries of the European Union are in lock-step.

That this is not the happiest of times to be a CEO is attested by the research conducted by Leslie Gaines-Ross, my esteemed associate at Burson-Marsteller who spends most of her time on CEO research. Our most recent study shows that sixty percent of senior corporate officers we surveyed do not want the top CEO job. Clearly, today's CEOs and corporations want us public relations professionals to fix this situation and return to a more welcoming environment in which to do business.

But, the brutal fact is, CEOs may just as readily turn to someone other than their chief public relations officer for the advice and counsel that would normally fall within the public relations spectrum. The chief legal officer. The HR officer. A board member. A management consultant. Even a partner in an audit firm! In my book, that's bad news for us public relations people.

Why is this happening?

I think that we public relations practitioners – in-house as well as public relations firms – are being challenged by our clients and bosses to deliver on expectations and promises that are beyond what we have been setting for ourselves. Increasingly, CEOs are looking for actionable ideas. They want their senior public relations officer to be peer group equals with others on the management team -- someone capable of playing a substantive part in making business decisions and in setting policy.

In a speech more than a quarter-century ago, I said public relations professionals doing their job for the modern corporation fulfill a role that may be divided into four parts:

First, they serve as the sensor – that is, s-e-n-s-o-r -- of social change. They perceive those rumblings of society that auger good or ill for their employer. They give early warning. And after detecting the yearnings and stirrings, they interpret the signals for the management team. They must be able to separate enduring social changes from current fads. It's also their job to keep their CEOs focused on social changes that impact their business.

Their second role is to serve as the corporate conscience. I trust you will not infer from this that I believe public relations people are more sensitive or more ethical or have higher moral standards than their management counterparts. But the fact is that being the professional corporate conscience is not part of the job description of other executives. I think it should be a central element in the job description of the senior public relations officer.

The third major role of the public relations professional is communications. We all know that communications moves in two directions audience-wise – external and internal. In the past, the emphasis has been on the external, but CEOs have come to realize that their most important audience is really their own employees. While a primary purpose of external communications may be to convince stakeholders that the company is responsive, the primary purpose of internal communications goes beyond informing. Its primary function is bringing about understanding – not only what is happening and what employees are expected to do about it, but the "why" that underlies management behavior.

The fourth function of the public relations professional is to serve as corporate monitor. I am tempted to use the word "ombudsman" here, for I think it is in the spirit of an ombudsman that senior public relations officers should regard their job. My rationale is that because public relations professionals are involved with public issues, the constant need for monitoring corporate policies and programs to make sure they do indeed match public expectations is a function of the public relations professional.

I think that job description for the senior public relations officer has just as much, perhaps more, validity today as it had thirty-one years ago.

In many companies these tasks are being addressed. But not always by those who are public relations professionals. In matters affecting employees, human resources departments and HR consultants are muscling in on what we public relations professionals always believed to be "our turf." Investor relations – media relations concerning financial results – have been the purview of the chief financial officer in many companies for many years. Management consultants and Big Four audit firms are now into social responsibility and branding. The general counsel and outside law firms are into public affairs.

On numerous occasions over the past few years I have discussed these "intrusions" with CEOs. Their synthesized response boils down to "I've got to get the job done, and I turn to the people I consider best qualified to do it." That argument is hard to rebut.

This, I believe, leaves us with the challenge of developing people who can deliver on the full promise of public relations. It is no longer enough to train ourselves to be communicators whose principal role is disseminating information. Rather we must prepare ourselves to be advisors and counselors serving as two-way interlocutors between our employers and their stakeholders. That calls for knowing the business of business and especially the business of our client or employer. We must equip ourselves with credentials paralleling those of others sitting at the management table. If we work for McDonald's, we ought to know first-hand what it's like to be behind the counter flipping hamburgers; if we work for Hilton or Starwood, we ought to know what it's like to sleep overnight in one of their hotels – or to be on call when that three a.m. emergency arises.

For some time now, we at Burson-Marsteller have hired what we call "knowledge-based" people. These are individuals with experience – a knowledge-base – in sectors like healthcare or government or consumer packaged goods. Or deep knowledge of issues like the environment or corporate governance or labor relations. This practice recognizes that we live and work in a world where our public relations "value added" is more the strategic than the tactical. While in years past we have been applauded for how we respond to issues, today we are judged more on how we anticipate and take proactive measures that enable our clients and employers to be part of the process that sets agendas rather than merely responding to agendas set by others. I'm afraid there's no longer much mystique in crafting a news release and putting it on the newswire.

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Having said all this, I am optimistic about the future of public relations as a key management function. I see its role as increasingly central to the effective management of people and physical and financial resources. But I also see the bar against which we are measured rising higher and higher. Having gained a seat at the management table, we must contribute not only our public relations expertise, but the broader judgment that is expected of other executives. And when we do that, I am confident we will be handsomely rewarded for our efforts – expanding both our pocket books and our psyches.

My wish for the future is only this: that I would be at the start of my career rather than nearing the end. Everlastingly thankful for a fulfilling work experience over the past six decades, I would gladly take my chances starting from the beginning again in a world that now spins faster, in an economic environment more competitive by a magnitude or more, and in a line of business that becomes more enchanting and encompassing as it becomes more germane to the lives of both people and institutions.

It has been a great journey for me. I have trust and faith that it will be a great journey for you.

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