

THE MOUNT · VERNON · REPORT

“Issues Affecting Reputation Management and Strategic Communications”

The Role of Communication in Management

The Biggest, Hardest Lesson

Someone once said experience comes from what you do; wisdom, from what you do badly. In my 32-year career in public relations, I tried hard to avoid making the same mistake twice but I still had enough to fill a book. In fact, I wrote one – “Tough Calls: AT&T and the Hard Lessons Learned from the Telecom Wars.”

As I’ve moved around the country promoting my book, I’ve often been asked to reveal the single biggest lesson I learned. I always considered it a tricky question – the better I answer it, the less the questioners need to buy the book; the worse I answer it, the less likely they are to bother. Then, of course, there’s the sheer chal-

lenge of reducing 268 pages to a sound-bite. I have to admit that I have not always been up to the pressure.

Then Peter Morrissey asked me to contribute a few words to *The Mount Vernon Report* and he gave me both the time to think the question through and the space to answer it.

So here goes – the biggest, hardest lesson I learned concerned the exercise of power, not in the financial, political or technological realms, but in a moral sense.

{SEE HARDEST LESSON - PG 2}

A Seat at the Table Means Taking a Stand

In Japan, protocol calls for chief executives to sit at the center of the table, in the chair farthest from the door. Their U.S. counterparts sit at the head of the table in full command of their corporate colleagues, and in some tribal cultures, the chief occupies the center of the circle, surrounded by allies, valued counselors and even rivals.

These are symbols of power.

However, the true position of power in any group is occupied by the counsel who, independent of influence, gathers information and then and only then carefully ventures forward with thoughtful advice. While they may be diplomatic, their words are simple, blunt when necessary, and spoken without regard for their own self-interest. Their opinions are based on facts and intelligent understanding of human nature and individual feelings.

By definition, public relations professionals are compromised in their advice to leaders. Their role is to be the collective conscience of the company, the employees, the shareholders, and all others touched by the corporation. They must also guide leaders when there are no clear answers, and do so with balanced, fair judgment. Trusted public relations professionals must demonstrate empathy, understand the feelings, attitudes, beliefs

and motivations of others, and balance this understanding with a thorough grasp of the corporation’s goals and ideals.

Wise counselors must be confident and passionate about positions they must take that could be unpopular with the company leaders. At first, this may be difficult. But, in the long run, it will be better for the company and the environment in which it operates. In almost every instance where corporate leaders were drawn into corporate scandal, they were not morally corrupt, but simply lost their perspective; their decisions became clouded by self-interest and the flawed guidance provided by others. At times like this, public relations counselors can play their most valued role. If they have helped establish the needed credibility, they can offer company leaders a different perspective on the situation with honesty and directness.

Seats at the board table should be less for repose and more for taking a stand. They should be occupied by public relations professionals who are unafraid to speak their convictions, and demonstrate this through their actions and counsel. If more public relations professionals would adopt this approach, the clients they serve would become more interested in long term reputation than short term image, and would achieve better outcomes.



{ HARDEST LESSON - *continued from PG 1* }

Purpose in Business

Now, following the corporate scandals of recent years, talk of moral decisions naturally implies choosing between right and wrong, good and bad. But that's a minimum standard. Real moral power flows from your intended purpose. The word "company" comes from "companion" – people who are on a journey, or a mission, together. Everyone who works for a company is on a journey that draws its meaning not from the salary we all earn along the way, but from the mission we share. Such a mission can't be described only in terms of cost-cutting, pushing widgets out the door or even reaching new highs on the stock tables. It has to have a higher purpose.

Business thinkers from Peter Drucker to Jim Collins and others have shown that companies whose people are motivated by such a higher purpose produce better financial returns than companies that claim to be focused on creating shareholder value. For one thing, such a purpose is necessarily *external*. Companies that lose their purpose turn inward, slowly ossifying in a stew of parochial concerns and turf battles. Companies with clear purpose have less trouble balancing priorities and staying competitive.

Lots of companies put their mission on cards with laminations thick enough to read in the shower. But a company's mission is communicated most clearly and loudly through its actions.

In reviewing my calendars, I was surprised to see that AT&T's most significant announcements in recent years were made at meetings with financial analysts. Wall Street was ever on our minds. This skewed not only the form, but the substance, of our messages. We were positioning AT&T as the answer to the question "how do I make quick money in the stock market?" as if that were our purpose.

Some argue that AT&T essentially accomplished its original mission in the 1960s, and its history since has been a chaotic flailing about for a new mission. That may be. What seems certain is that, in recent years, through happenstance and errors of judgment, AT&T lost any meaningful link to its heritage, despite moving the 24-foot high statue that originally stood atop our Manhattan headquarters up and down New Jersey highways as we sought ever lower space costs for our diminishing headquarters staff. We failed to articulate a mission worthy of our past and capable of driving our future.

*"Learning is not compulsory...
neither is survival."*

~ W. Edwards Deming

The PR Counselor's Role

There are many people involved in establishing and consistently fulfilling a company's mission, and a public relations counselor plays an important part in the process and along the way.

Three decades into the practice of public relations, it seems public relations' most noble role is to harness the power of common purpose which motivates a company's first public, its people. And as Peter Drucker once said, "There is only one valid corporate purpose – to create a customer." The specific path a company chooses for customer creation is the kind of purpose that can animate a company's communications and relationships.

In my mind, that puts public relations in the ranks of an ethical discipline, far removed from the rah-rah brother and sisterhood who have laid claim to the practice in recent years.

PR is concerned not only with what a company says, but what it *does*. PR people should be in the foxhole with their business colleagues, helping them solve problems at the intersection of public and corporate interests.

In my experience, what a smart CEO looks for in a PR counselor boils down to three things: judgment, creativity and integrity.

- Judgment based on deep business knowledge, not political correctness
- Creativity applied to solving business problems, not to crafting nifty slogans or cheap publicity stunts
- And the integrity to stand up for what is right, even at high personal cost.

The PR counselor's role is to help the CEO bring the company's policies and practices into harmony with its stakeholders' needs and expectations. Sometimes that means winning public agreement or, at minimum, acceptance. At other times, it means getting the company to change its plans.

It always means having acute antennae and anticipating where corporate and public interests might collide. One of my colleagues called it "seeing around corners." It's an apt description because, for the senior PR counselor, the world is all corners, all roads are narrow, and all bridges have tolls.

Anyone who accepts the role of a PR counselor will make mistakes along the way. After all, we are all the sum of our mistakes. But any mistake that is not fatal can be the source of wisdom.

Dick Martin retired from AT&T in 2003 as Executive Vice President of Public Relations, Employee Communications and Brand Management, following a 32-year career with the company. He is the author of "Tough Calls: AT&T and the Hard Lessons Learned from the Telecom Wars" (AMACOM Books, November 2004).

THE REPUTATION ADVISOR

Netiquette: A Professional's Guide to E-mail

Developing and following e-mail etiquette guidelines, also called netiquette, has become a popular way for companies, both large and small, to help employees understand proper and respectful use of electronic messaging.

One basic rule to keep in mind: think of an e-mail message as a postcard. When a postcard is sent, anyone can read it; it travels through many hands before reaching its final destination. You would not share confidential information on a postcard, or hastily write a postcard and include known grammatical errors or misspellings, so why would you do those things in an e-mail? Thinking of e-mail messages as carefully reviewed postcards will help ensure that message content is mature and respectful.

A few more netiquette tips to keep in mind include:

- ✓ **Keep messages short and to the point.** Writing an e-mail message that is too long (more than one paragraph in most situations) takes up too much of the reader's time, and the original point of the e-mail is often lost.
- ✓ **If an e-mail poses a question – answer that question.** If you receive an e-mail asking multiple questions, segment the e-mail so that each question and answer stand alone and can be answered individually.
- ✓ **Use proper spelling, grammar and punctuation.** Regardless of the recipient - your boss, a friend or even your mother - every e-mail should be written using proper spelling, grammar and punctuation. Sending an e-mail with misspelled words or poor punctuation reflects poorly on the sender as a writer, and as a person. E-mail is quick, but it should not be used carelessly. The easiest way to avoid misspellings is customizing your e-mail so the message is spell-checked automatically before sending.
- ✓ **Avoid sending offensive, defamatory or derogatory e-mails to friends and coworkers.** Sending these types of messages at work may result in a lawsuit for you or your employer.
- ✓ **Take a moment to read through e-mail messages before sending them.** Reviewing the message will ensure that your reader receives the same message that you intend to convey.

For more information on netiquette, please visit www.emailreplies.com, "Writing Effective E-mail" by Nancy Flynn and Tom Flynn, or "Netiquette" by Virginia Shea.

~ Brooke Carey

CEO-level PR Pays Dividends

In nearly every major corporation, the chief executive officer knows their business cold – from product lines and budgets to personnel and facility management. Consider pharmaceutical companies, where CEOs are normally scientists or medical doctors, or technology companies, where senior managers are drawn from the ranks of engineers. In very few cases, however, does the CEO have a solid background in corporate communications, public relations and reputation management.

For many CEOs, public relations is the least appealing part of the job, because it takes him or her outside their area of expertise. Even media-savvy CEOs are frequently perplexed by the value or purpose of public relations, and talk to journalists only because they have no choice – frequently under less-than-ideal conditions. At the same time, demand for corporate transparency and the proliferation of news outlets has increased pressure on companies to communicate with external audiences.

These conditions create an opening for public relations counselors to obtain a seat at the table with other senior corporate decision-makers. Look at the lists of "most admired companies" or those with the "best reputation." Wal-Mart, Microsoft, Intel, American Express, Southwest Airlines – without exception, these corporations cultivate their reputation through stellar business conduct and consistent communication with relevant audiences.

These companies did not attain their high standing due to a bout of good luck – it takes sound leadership. Chief executive officers with corporate communications experience are dually prepared for the role of communicator and leader. One notable example of a CEO who moved from the corporate communications department to the executive suite was David D'Alessandro of John Hancock Insurance and Financial Services, the insurance giant that was recently acquired by Toronto-based Manulife.

D'Alessandro and his company benefited greatly from his experience in corporate communications, and his appreciation for the value of external communications. He not only ran one of the nation's largest financial services firms, but was also an influential fixture on the International Olympic Committee and the Boston Marathon board. D'Alessandro leveraged his position at John Hancock to participate actively in community affairs and raise awareness of the company. Famous for his loud ties and willingness to take strong positions on local and national issues, he helped grow Hancock from a sleepy life insurer to a global financial services giant.

{ SEE PR PAYS DIVIDENDS - PG 4 }

“Leadership and learning are indispensable to each other.”

~ John F. Kennedy

{ PR PAYS DIVIDENDS - *continued from PG 3* }

In order to elevate the role and responsibility of public relations within a company, and harness the capital generated by a good reputation, communications executives need to create an internal strategy. A few tips can help:

- Think like a CEO. Know the business, the competition, and the short and long-range plans;
- Create allies within the organization – with investor relations, marketing, sales, product development;
- Take advantage of year-end or new-year planning to create communications programs that demonstrate value for the company and senior management;
- Focus on top-tier media opportunities that make sense. If you have to build an elaborate argument for an interview or public appearance – drop it;

- Use crisis situations to build a broader constituency for public relations – through follow-up with the media, relationship-building outside the organization, and assumption of new responsibilities for the enterprise. Fixing a problem and restoring trust can enhance a reputation.

As Dick Martin points out in the main article, the PR counselor's role is to help the CEO create harmony between stakeholders' needs and the company's policies and practices. PR counselors who want to assume a seat at the table when critical decisions are made – and that should include aspiring PR leaders – should seek opportunities to build confidence in their value to the enterprise and their ability to protect and promote the corporation's reputation.

~ Jim McManus

Excerpt from “Tough Calls: AT&T and the Hard Lessons Learned from the Telecom Wars” by Dick Martin

It's said that the most important responsibility of a board of directors is to select the right CEO. My experience suggests that that's only half the job. The people who immediately surround the CEO will make or break the company. If they compensate for the CEO's weaknesses, they will help to ensure that the company is led by a complete executive. If, in addition, they reinforce the CEO's strengths, they will greatly magnify his or her effectiveness. But if they suffer from the same weaknesses and mindlessly follow directions, they will put the CEO and the company on a path to disaster.

In recent years, boards have reasserted that selecting a CEO's successor is their prerogative and theirs alone. To that end, most

boards have devoted substantial time to reviewing the performance and capabilities of their company most senior team. But much of their input comes from the sitting CEO, and when there's a problem, the board is unlikely to look for the cause in the dynamic between the CEO and his or her subordinates. Indeed, if the dynamic were too poisonous to ignore, it would almost certainly be the subordinate who would be let go. Having made the most significant decision of their tenure—the selection of a CEO—most boards suffer from cognitive dissonance if subsequent events suggest they were wrong, or even not as right as they might have been.

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