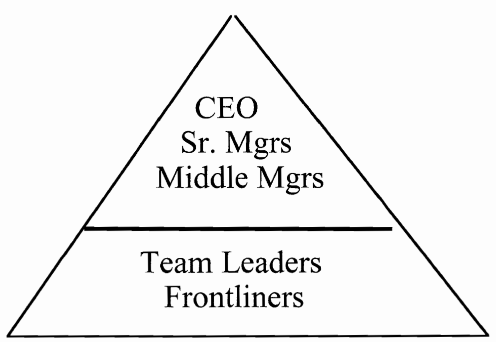
A timeless article by pr visionary Pat Jackson from pr reporter 1/4/99:

THE HARD TRUTH ABOUT TRUST: IT BEGINS INTERNALLY

Outmoded as it is – and trained managers know it is – the pyramid (below) is the descriptor of most organizations, with its hierarchies, silos and other flaws.

1. **If we dare to look at organizations realistically**, it is quickly apparent that the most important people are those at the bottom – the frontliners. They and only they make the product, deliver the service, sell the goods, provide essential support mechanisms. In short, *they* more than anyone *are* the organization. *Not* the CEO or COO or CFO or CIO or vp-pr or anyone else.

2. **In truth, if (as below) you draw a line above the frontline team leaders** (whether called supervisors, managers or whatever), everyone else is **overhead**. The top of the pyramid is *cost* not income-generating. That is, the other positions exist to support what the frontliners do.



A few years back, the primacy of frontliners was dramatically shown at the annual meeting of an automaker. A shareholder activist angrily asked why workers were getting a raise and shareholders weren't. "Because," replied the chairman, "they know how to make cars and you and I don't."

3. **Therefore, if management wants to earn trust**, it must acknowledge this truth – then formulate policies and processes that prove and continually symbolize it to the frontliners.

4. **This affects the trust level of external audiences also**, since the great bulk of contacts between any organization and its stakeholding publics takes place on a daily basis between frontliners and individual stakeholders.

5. **But the reality is** that frontliners are the lowest paid, least trained, least often consulted and least respected – fodder for cutbacks, downsizing, takeaways, while senior managers get huge stock options for doing such violence to the organization.

Now, were we talking about motivating trust??? Everyone wants it with customers, government agencies and other external publics – but this requires the hard effort of earning it first inside the organization.

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E-mail: prr@prpublishing.com
www.prpublishing.com

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TO REBUILD TRUST, PR MUST RETURN TO ITS ROOT BELIEFS

"Rising Anxiety: What Could Bring 1930s-Style Reform of U.S. Businesses" – a recent page-one story in *The Wall Street Journal* – is a reminder of the conditions that led to the rise of modern public relations: negative public opinion followed by increased government regulation. At such times public relations is called upon to help rebuild trust in business and provide stability in society.

It's not enough to say positive things about business amidst a wave of corporate scandals – which corporations sought to do in the early 1900s by hiring journalists to offset the bad press of muckraking journalists. We have to return to the concept of corporate social responsibility (CSR). PR consultant Robert Dilenschneider recognized this need when he wrote about public relations for the new millennium in the spring issue of *Public Relations Strategist.* He wrote, "But the bigger challenge will be mustering the courage to **insist that all organizations adopt a broader, more socially conscious view of their company's responsibilities to their employees**, their customers, and the communities in which they operate." In essence he proposes that public relations people espouse the managerial business creed, which says that management must promote not only the interests of its stockholders – the idea behind the alternative classical creed – but also those of other stakeholders.

> **"Practitioners' first responsibility is to monitor, and be fully involved in, daily operations – or else!"** wrote Pat Jackson in prr 13 years ago (7/24/89). "Proactive public relations begins in continually investigating the daily routine of the organization – yes, even if that means 'getting in the way' of line execs.... Instead of waiting for gaffes to occur – damaging reputations and bottomlines – **pr can monitor operations** for impact on reputation and relationships."
>
> "Some argue they must go along with what senior managers are doing. If so, this is indisputable evidence public relations values are not part of decisionmaking. Or that practitioners are not persuasive counselors. Or daren't risk doing the whole job – which is to add value by bringing a different perspective to bear.... **Practitioners must be the gadflies, assumption deflators, complacency destroyers**. No one ever said professional pr would be easy!" he wrote.

CORRUPTED MEANING OF THE DOMINANT COALITION

One of the conditions for excellence in public relations is that the public relations manager belong to and participate in an organization's top management group, which James Grunig and his collaborators called **the dominant coalition**. Such membership would give public relations a voice in policy and decisionmaking – a cherished goal of pr. Unfortunately, recent news about corporate skewed values, deception and misconduct has corrupted the concept of the dominant coalition. Now "corporate insiders" are managing their companies to enrich themselves, rather than stockholders. In 2000, Enron's compensation committee of the board approved $750 million in cash bonuses to Enron executives in a year when the company reported net income of $975 million. Dennis Koslowski, Tyco's former CEO would have received $135 million for dismissal

EDITOR & PUBLISHER, OTTO LERBINGER • CONTRIBUTING EDITOR, REGINA LAPIERRE
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and $3.4 million annually for no more than 30 days consulting per year for the rest of his life. In other cases, stock options lavishly offered to top executives motivated them to seek high stock values, even if it meant cooking the books.

CALL FOR ETHICS AND SOCIAL RESPONSIBILITY

President Bush has called for a "new era of integrity in corporate America" in the hope that Americans' trust in business would be restored. PR practitioners should consider what supportive efforts might be undertaken. Here are some:

- **Reaffirm commitment to corporate social responsibility**. We need to hear from more voices of business. In the past, corporate CEOs made bold statements. One is by Reginald Jones, former chairman and CEO of General Electric: "Public policy and social issues are no longer adjuncts to business planning and management. They are in the mainstream of it. The concern must be pervasive in companies today, from boardroom to factory floor. **Management must be measured for performance in non-economic *and* economic areas alike**. And top management must lead."

- Relying solely on individual consciences, however, is insufficient. Corporate misdeeds occurred despite the fact that 80% of major corporations have ethics codes and an ethics officer, conduct ethics workshops and internal audits, and establish lines of communication with whistle-blowers. **Words and structures must be reinforced with performance**. [Corporations must stay attuned to changing public standards of corporate social responsibility. By achieving the double bottom line of profits and social responsibility, corporations have less to fear from government and social action groups.]

- **Step up social reporting**. Shell, The Body Shop, Nike and others have adopted various forms of social audits and social reporting. McDonald's ventured into this area last April. Sensitive to being an international symbol of American capitalism and globalization, the company published its first worldwide social responsibility report. Its 46 pages address many criticisms hurled at it, which appear under four headings: community, environment, people and the wider marketplace, including animal welfare and labor practices at McDonald's suppliers. For example, it describes its new US standards for the way chickens are housed, which are being followed by other leading food retailers. The company also points out other accomplishments: its long-standing policy not to buy beef from rainforest lands and its testing of new packaging materials such as EarthShell (made mostly from calcium carbonate and recycled potato starch rather than paper or plastic). Publication of a social report can stimulate a company to initiate new programs to include in future reports.

> **"PR Firms Get Into Advising On Governance,"** states a 7/22 *Wall Street Journal* article. Biggest name to team up with a pr firm is Richard C. Breeden, former SEC chairman who policed corporations for a wide range of misdeeds in the early 90s. He is now chrm of Edelman Worldwide's corporate-governance practice. Breeden says he won't be a corporate spokesman or point man for the press. He will counsel.

- **Contribute to corporate governance**. Edelman Worldwide, Hill & Knowlton, and Golin/Harris are now offering services as specialists in corporate governance. When viewed as an aspect of crisis management, companies would be expected to disclose what went wrong in the past and what reforms have consequently been undertaken. But publicizing good governance is not enough. Public relations can help fortify a checks & balances system through its boundary-crossing activities: listening to critics, including activist organizations, and, when warranted, engaging in a dialogue with them.

- **Serve as corporate guardian for truth and accuracy of communication.** Article 3 of PRSA's Code of Professional Standards is particularly relevant: "A member shall adhere to truth and accuracy and to generally accepted standards of good taste." PR practitioners should be staunch supporters of those parts of the corporate reform bill that provide greater transparency and reinvigorate the auditing profession. One welcome reform is requiring "plain English" to explain material changes of financial condition.

REPUTATION AND HONESTY ARE KEY MARKET DRIVERS ON BOTH WALL STREET AND MAIN STREET

"Companies with a reputation for honesty will reap the rewards not only with their stock price, but they can actually charge more for their products and services," says Michael Cherenson, vp of The Cherenson Group, based on findings from a survey by his firm. Of the 800 adults polled by phone on July 29 & 30:

- 86% would **pay more for products and services** from a company with a reputation for honesty.

- 58% believe the recent **stock market woes are caused by corporate lying and dishonesty**, almost four times more than other factors including the economy (15%) and the threat of terrorism (10%).

- Corroborating the **importance of reputation** is the firm's 2001 Reputation Survey in which 78% of adults said they would rather work for a company with an excellent reputation than for a company with a poor reputation, *even if they were offered a higher salary*. (More from him at 973/992-7800 x104; mcherenson@cherenson.com)

BEHAVIORAL RESEARCH SEEKS CUSTOMER DELIGHT

Here's research that exposes operations – in this case, customer relationships. The following e-mail was sent by The Breakers, a hotel in Palm Beach, to a guest who stayed there during business travel. In a **personal and friendly way**, this message extends the hotel/guest relationship another level:

> I trust that after you left us, your trip home to _____, or your next destination, was uneventful, and you arrived with a minimum of travel delays.
>
> I just wanted to thank you for not only staying with us (we've also thanked [your client]), but for taking the time to fill out the short panel card we presented to you at checkout. Even in the card's simplistic format, we derive a tremendous amount of information on our facilities and services. I joke with our team that not being the brightest guy in the world, I need to collect as much information from our guests as possible to truly know the performance level of the resort.
>
> Inasmuch as your marks were flattering, **I was wondering if you were to be asked what your favorite hotel was, would you answer The Breakers?** If you wouldn't, what was it that kept us from achieving this status with you? My note might be a bit unconventional as most hotel managers would relish your ratings and leave it be, but we're hoping for more.
