Section VI

Blueprint for Minimax Relations[1]

PUBLIC RELATIONS . . . is merely human decency . . . which flows from a good heart . . . genuine and sturdy enough to be reflected in deeds that are admirable and praiseworthy.

CHARLES F. PLACKARD

PUBLIC RELATIONS—THE KEYSTONE OF MANAGEMENT POLICY

IT IS generally agreed that the biggest problem facing industry after a reasonable balance is reached between supply and demand will be sales. Despite the demand for goods following the end of the war the day of brushing off excess business is past. A new era of keen and vigorous competition has arrived. In the future it is going to take more than product advertising to sell goods. It will take a great deal of good-will building and public wooing to sell in the volume necessary to provide some of the millions of new jobs industry has promised for the

[1] Minimax—minimum negative and maximum positive public relations.

postwar period as well as to live up to the expectations of stockholders.

The acceptance of company products by the public depends upon many things over and above quality and cost. True, these are major factors in the sale of goods. But the public looks deeper than that. It takes into consideration the general reputation of the company, its dealers and other persons who represent it, and also its policies and practices. In other words, the public judges the company and decides by its actions whether or not it is operating in the public interest.

But how is the public to know of its actions? In the old days, this was not too difficult. The businessman was the fellow who owned the furniture, carriage, or glass shop on Main Street. He lived in the town, as did every man he employed. All his operations were carried on under one roof. The members of his community knew whether Mr. Jones, the furniture man, was prospering or not. His customers were the people among whom he lived. His stockholders were himself, his family, and, sometimes, his friends. So it was not too difficult for Mr. Jones to get along well with his publics—provided that he was a nice man.

Today, the expansion of industry has changed this simple concept. The far-flung operations of large organizations are somewhat of a mystery to the public. They do not get a true picture of the enterprise owing to the fact that they deal with only a few of its representatives. They too often get a very bad or wrong impression through rumor and attacks by government, labor leaders, and others. Because the attackers of business are many and vociferous and its defenders few and barely audible, the public assumes an attitude of hostility and distrust.

To offset this, executives must first recognize that the operation of a business is a human affair. The selling of

goods is a transaction between two human beings called salesman and customer. The management of the company is conducted by human beings called executives, the materials manufactured are made by human beings who lumped together are called labor, and the company is financed by a group of human beings called stockholders. Therefore, the operation of a company becomes mainly a problem in human relations. The promotion of good will and understanding among the human beings that make up its publics is of prime importance.

Despite labor strikes, shortage of materials, and other obstacles in 1946 there was a heated race on the part of all manufacturers, distributors, and service organizations to get back into the limelight, to rush products onto the market, and to sell them in quantities hitherto undreamed of. Competition promised to be determined, fierce, and, in some cases, unscrupulous. In many industries the top companies prepared their postwar strategy well in advance and went into the postwar period with their heaviest artillery and on a very lavish scale.

The most potent weapon in the battle for business that has now begun is certainly available to every company, but there are some that have not yet put it into active operation. This weapon is a sensible, cohesive, carefully thought out and vigorously maintained campaign of public relations, involving all departments of the company.

However, even in this method-wise era you can still hear some executives say, "I don't know anything about public relations." Whether they do or do not know anything about public relations—and it subsequently develops that most of them know plenty—is a point to be analyzed. According to unofficial surveys conducted by various counselors, the motive for the statement is (1) modesty, (2) a need for a convenient conversational dodge, or (3) a belief that public relations is a sacrosanct field in which

smart merchants, engineers, lawyers, and financial executives do not tread. Since the first two motives are justifiable, let us examine only the third. This motive is the product of an era of high-priced public-relations counselors, an era that has, in turn, been the direct result of developments in communications.

Actually, public relations is no enigma. A man practices public relations when he takes flowers to his wife, chats pleasantly with a store clerk, or says "Hello" in a cheery voice to his secretary. This is good public relations. When a politician does something to win votes or to strengthen his position over his opponent, this is good, sound, practical public relations. When he does something that causes people to dislike him, this is bad public relations. In the case of a large corporation or the corner grocery, the same fundamental rules apply. Until recently there were still businessmen who were indifferent, even cold, toward those who were not good potential customers. They had no interest in them. But they found that this narrow policy did not pay when they figured its long-range cost. They learned that they had other publics—groups that they could not afford to shun or overlook.

In its broadest sense, public relations embraces publicity, advertising, the spoken word, and every other medium by which an individual or an organization expresses itself to another individual or individuals. Public relations is more than "selling" or maintaining a reputation—it is high-caliber public statesmanship that eliminates the bad and strengthens the good, from the top down and from the center out.

Unfortunately, the abuse of the term has given the management of many organizations and a large part of the public a misconception of the objectives and functions of those who are engaged in such work. This has resulted in a lack of full understanding that there is need of a skilled

personnel to give constant study to means and methods of creating and maintaining good relations between the public and an organization.

Just what is public relations? It has been defined as "the effect produced by the sum total of an organization's contacts with the public in any and every form" and as all relations with the public. Those relations are good or bad depending upon what a company, its executives, and its employees do.

It is simply the art, as Robert R. Updegraff has said, of making people want to do business with you. Generally, if you head an industrial organization, you want to influence people to work for you, to supply you, to provide capital for you, and, perhaps above all, to buy from you. Public-relations techniques have long been successful methods for creating the desire to do all these things.

So that our thinking may be along the same lines, let us say that public relations is the name that we apply to the policies and acts of an organization as they touch the public and either build or destroy the good will and good understanding that are so vital to the life of a business in this new competitive age, particularly during the post-war period when all companies are engaged in reestablishing markets. Public relations is really a carefully compiled analysis of cause and effect used as a guide to conduct. In one sense, it is the administrative or operating philosophy of an organization.

G. Edward Pendray, professional counselor of New York, in "Public Relations Is a Management Function," points out that public relations "is not only a management function; it may well be the heart and core of modern management."

The idea that the public, which of course consists of many separate publics, has a proper interest in the management of any business,

is a new one to many managements. The traditional business manager of 15 years ago would have snorted at the idea. To him no member of the public had any business in his affairs except a customer. If he sold goods to the general public he took pains to make the public like him—or at least like his goods. But if he sold heavy machinery to only a few industrial customers, or bridges to a few cities, or raw materials to a few large processors, he usually scorned to have any dealings with the public in any way—and was a little inclined to look down upon those who did.

A decade and a half of depression, political bruising, and war have changed all that. The typical business manager of the old kind is passing; in most industries he is gone already. Instead of taking pride in rugged individualism, the alert manager of today takes pride in the prestige of his company among noncustomers as well as those who buy. He reads and studies public-opinion surveys, he analyzes trends; he pays much attention to public relations. And he is discovering an interesting and exciting fact: public relations is not only profitable; it is fun. Though public relations goes by many names and in its modern version seems to be a new thing, in actuality it is as old as friendship.

Favorable public opinion is desirable today because of our living patterns, interwoven so closely with those of our neighbors. The roots of favorable public opinion are nourished by vitalizing good will and appreciation.

The basic tenet of public relations is that we are mutually dependent upon one another for our welfare and continued prosperity. Under our social order each of us is vitally important to the other. By the same token, this applies to the public, business, government, and labor.

The complex social structure, the men and women who react to thoughts, events, and styles present an everchanging problem. There is no one formula guaranteed to capture and hold their attention, not to mention their loyalty. Policies must be elastic and applied to present problems and conditions, as the basic principles of sound public relations direct.

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This is the prevailing concept of public relations among all progressive industrial concerns and business organizations. It is based upon the premise that no longer can a company continue to prosper as it should unless it is operated completely in the public interest—in the interest of all the company's publics. They recognize that this can be accomplished only by (1) a study and crystallization of company policies in many different departments and situations and (2) an aggressive exploitation of the new policies among the public groups involved. When the new policies have been put into effect, they must be interpreted by every possible device and ingenuity to the company's various publics. In turn, these publics and their attitudes toward the company and its products must be interpreted to the company.

Guiding the formulation of these policies, interpreting them to the publics, and, in turn, interpreting the publics' reaction to the company's management is the job for the company's public-relations director or counselor.

Because public relations starts with policy, top management usually requires the assistance of experts who, through successful experience, have reached a commanding position in the public-relations profession, just as it requires legal and financial counsel.

Public relations for every company involves its relations with every group of the public with which it deals. Only by stressing, with all these groups, its position, its prestige, its history, and the high quality of its products can a company build and maintain a sales volume that will keep it among the leaders in its field in the precarious new economic world we are now discovering.

We should accept the foregoing as the true fundamentals of public relations. However, for all practical purposes they are somewhat intangible. We shall therefore proceed to isolate some facts that are most important in establishing

a foundation of understanding and perhaps agreement about just whom the work on public relations is designed for and how it is to be applied.

Actually, the term public relations is incorrect. As we shall see later, the word "public" qualifies and restricts our subject and improperly sets it apart from the internal phase of a company's operations. On the other hand, the term is so broad and indefinite that it does not properly describe the complex and far-reaching work of this profession.

The word "program" must be used with discrimination because it implies a stock item on a dealer's shelf. In any case, a company does not decide whether or not it wants public relations. The question is whether it wants good or bad public relations. This brings to mind the cartoon that appeared in a national magazine a few years ago. The story it told was of a big, brusque, prosperous-looking corporation president, who rang for his assistant. Darting in, man Friday asked what he wanted. "I think we should have some public relations," his chief said. "Go out and buy us a $100,000 public-relations program."

We shall make the word "public" more concrete by restating that there is no general public but many "publics" —and each requires special consideration and study.

Personal Contact.—Every man, woman, and child has a public, and each person has public relations. Everyone is a personality. One individual may possess a negative personality, while another's may be described as positive. Regardless of what types we are as individuals we each have a public, a group of persons whom we influence and who influence us. We may have our family public, our business public, our political public, our church public, and our social public. Our relationship to these groups is important to us. We must constantly observe our position, strive to improve our public relations. So it is with any business, institution, and organization, which have as their publics em-

ployees, stockholders, customers, and the firms with whom they deal.

In the case of the individual, public relations is as simple as a disarming smile or a warm "Hello," but it becomes considerably more powerful and significant in the case of a corporation. In our daily lives we find that word-of-mouth publicity is a strong tool of public relations. It springs from the personal contacts that members of the company have with other members of the company's publics. It is one of the most effective forms of endorsement because it is a personal recommendation. Properly informed and properly treated employees, stockholders, and customers can create a great amount of good or ill will in their constant association with others.

While you are standing at a crowded lunch counter or hanging on a trolley strap, do you think of public relations in connection with any of the conversations carried on around you? Here are two typical examples of conversation picked up at random:

In a restaurant one morning, Rosie says to Madge, "What do you think? I had a chat with Mr. Brown yesterday."

"You did? Who is Mr. Brown?" Madge asks.

"Why, he is the president of our company," Rosie replies between gulps of coffee. "He stopped at my desk and asked me about the carbon paper I was using. I told him it was terrible, wore out quickly, and was costing the company twice as much as the kind we used to have. He made a note of it and promised he would have Joe check into it and get us some decent carbon. He sure is a swell boss."

"It sounds to me as though you like your job."

"Believe me, I do. And it's the best company to work for."

In a crowded commuting train, Bill says to Joe, "Did you

see what the newspapers said last night about the Doe Company?"

Joe hesitates, then nods. "Seems like I did read something about it. Why?"

"Well, it's high time the public is told about that cutthroat outfit," Bill says heatedly. "I traveled for them for a couple of years, and now I sell them sheet rock. I don't even want them as a customer. Let me tell you just how rotten they are."

Whether Bill sells, works for, or plays golf with a Doe Company executive, he is accepted by Joe as an authority on the operations of the Doe Company. And the next time Joe discusses the company with another friend, he too will be an expert on how good or bad the Doe Company is because he has a friend who has a personal connection there and he said so and so.

Offhand this process would seem insignificant, but actually it is a powerful means of influencing a multitude. It spreads rapidly like a forest fire because it is fanned by someone who has an ox that is being gored and this is important regardless of how many strikes, scandals, or elections are being proclaimed on the front page of the daily newspapers.

As we proceed, it is necessary to keep Bill and Joe in mind. Bill is always a standing problem; he and his friends cannot be dismissed with a shrug. Regardless of how many generalities we may be forced to use, they will be founded upon these two average citizens, who are typical of the men and women who constitute the American public.

The Doe Company must be prepared to receive constructive criticism and to correct the situations that provoke people like Bill to condemn it to all his friends. The cause may be an unreasonable foreman or an ill-tempered buyer, but it takes only one bad apple to ruin a barrel of good ones. Frequently, an organization is criticized unjustly.

Often its policies are criticized even though such opinions are based solely on incorrect information or groundless rumors. It is the task of public relations to locate the sore spot and correct the situation. Public relations must systematically strive to ease tensions, correct misimpressions, and adjust differences so that Bill and Joe will think and speak favorably of the Doe Company.

H. H. Anderson, vice-president of the Shell Pipe Line Corporation, says,

> The public is most sensitive to adverse publicity because that seems to have the greater news appeal. Although some of our adverse publicity may be supported by facts, the disturbing conditions generally are local and do not justify the widespread implications their publicity creates.
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> A small business as well as a large corporation or a whole industry is gauged by the public largely from the attitudes, actions, and utterances of its personnel; for they *are* the organization in the public eye. The first job of public relations, then, is to give attention to its own house and correct disturbing conditions. We must go to the public with clean hands if we hope to gain or retain good will. Then we must present the facts to show the public that our personnel has given it essential services, unselfishly conceived and faithfully rendered.

No organization looking to public relations as a solution of knotty problems should demand of it immediate results. Neither public relations nor any system dealing with large and varied groups can perform miracles. Public opinion cannot be swayed or influenced overnight. And no amount of publicity alone, no miraculous patent medicine, can be produced or manufactured to bring this about.

"Why should our corporation be burdened with a public-relations department, particularly in these days?" a busy executive will ask when his principal concern is either how to avoid a strike or how to meet production schedules. There are three important reasons.

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1. Every week hundreds of large or small tasks concerning some phase of public relations and resulting from outside requests must be performed for the corporation by some organized group.

2. There are certain techniques whereby these tasks can be performed most advantageously and most economically —the know-how of public relations. Like techniques for any other job, experience or training or both are required for their mastery.

3. At a time when virtually all companies are competing for all the factors that make for successful production and many are competing for markets, it is advantageous to have a planned compaign to achieve public acceptance, over and above the routine handling of requests for public-relations service.

Modern public-relations technique is an invaluable instrument; in its preventive phase it is a land-mine detector for government and business alike. Many companies, for instance, trod over vast stretches of land-mine areas, unsuspecting, until one of several of them exploded suddenly. Not until then did they rush to public relations to administer emergency first-aid treatment and patch up wounds that need never have been inflicted. As some of the great corporations will testify, after costly and bitter experience, it is far better to detect and detonate mines before they explode than to risk the damage that is always painful and usually long in healing and that all too often leaves ugly scars.

Build Your Public-relations Foundation at Home.—A novice usually asks, "Where does the job actually begin?" As you know by now, the answer is—at home. No organization can expect favorable public relations if the people who depend on it for their daily bread are not loyal to it.

The administrative policy of any organization is the

starting point; for as we shall see, it is here that the foundation of good will is laid.

Any company sincerely intent upon building up a good relation with the public must formulate and adopt a policy that will promote an *esprit de corps* within the organization so that there will be a favorable reflection of that policy by all the persons connected with the company in their contacts and association with others.

Successful companies have discovered that management policy, as embodied in the people connected with the company, largely determines the acceptance of the company and its products by the public.

Paul Garrett, brilliant vice-president of General Motors Corporation and one of the foremost authorities on public relations in the country, says:

> No organization can build a good public position if it starts at the *public* stage. It must start at the policy stage. But management policy does not mean very much unless it is understood and respected by the people in the company who apply that policy. Apart from that is the function of interpreting the policy directly to the public. In that way, management can accelerate its desired public acceptance.
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> The private enterprise system will be saved only as each company, on its own, comes to give more consideration to the public-relations aspect of its decisions along with consideration of the engineering, distribution, and financial aspects of its problems.

Management policies must be studied, adopted, or revised in the interests of personnel and stockholders and those of the company and steps taken to inform personnel and stockholders of happenings within the organization that concern them. From there on, additional steps must be taken to inform the other segments of the public with regard to these good labor and stockholder relations. The interrelation of the publics is often closer than is apparent. For example, a well-informed, satisfied employee can be-

come a satisfied customer and, further, a stockholder. Stockholders can become customers, and satisfied customers can become satisfied stockholders. On the other hand, in some companies continuously bad employee relations produce ill will toward, distrust of, and lack of confidence in the management on the part of stockholders, customers, government, and others of importance.

A wise and alert management will anticipate events and act accordingly. It is far better to give a new benefit to employees that you know the union will eventually obtain for them rather than to wait until the last moment and be forced into making a face-losing decision in their favor that will cost you much good will.

In these days the human element occupies the attention of executives of many of our large corporations. They have begun to realize that products are sold, not on merit alone, but on the merits of their makers' policies. These executives have seen the value of good public relations and are using it as an effective tool to build company prestige and increase sales.

If a company, for instance, impresses upon the public mind that it is a good company to work for, deal with, and invest in, its acceptance by the various segments of its public will follow. Its workers will assume a generally favorable attitude toward it, and they and their families will spread its good name. Desirable workers in the community and elsewhere will look to it when seeking employment. In the event of labor difficulties, the public, which has a knowledge of its fair business practices and employee benefits, will take the company's part. Stockholders will feel more secure in their investment. The company will grow in stature. Its "goodness" will reflect on other firms to the mutual benefit of all community business, and customers, attracted by its reputation, will demand its products.

Companies have many assets that are yet unexploited.

They are doing many good things and not getting the credit for them. A public-relations program sincerely conducted for the education and in the interest of a company's publics does much to help get credit for good works and policies, increase prestige, and win the publics' good will and confidence.

What are the various groups that constitute the publics of the average company and that must be reached to bring the desired benefits to the company? They are

1. Officials of the company, department heads, and supervisory employees.
2. Employees.
3. Stockholders.
4. Distributors and dealers.
5. Customers.
6. Bankers and others of financial importance to the company.
7. Labor unions.
8. Community residents and officials.
9. Suppliers.
10. General public.
11. Competitors.
12. Government.

How to Solve Your Problems through Minimax Relations.—Obviously there are many variations in methods used to cover individual situations or a combination of situations in which public relations are involved.

Unlike the advertising man who can lay out his whole procedure for a year in advance, the public-relations man realizes that his work is largely a matter of opportunity, for many of his activities are immediate and he is dealing more directly with the human element. Seldom will the public-relations man find that he can use a set formula to solve any two problems, however similar they may appear to be in the beginning. He is constantly faced with the sud-

den necessity of meeting new situations. Therefore, the counselor or public-relations director cannot work very far in advance except in certain respects, as on new policies to be installed, employee relations, and long-pull recognition. Nevertheless, public relations is effective only when it is tailored to fit specific problems and to reach defined objectives. What are some of the standard objectives, and how are they achieved?

Company Officials.—Public-relations executives of progressive companies recognize the importance of making their officials more "visible" to the company's publics by causing them to issue statements on appropriate subjects on which they are authorities, give out news, take part in important activities in and out of the organization, and establish closer contacts with various public groups. In other words, the executives make the public aware that their officials are thinking men, in regard not only to their own products but also on subjects of vital and general public interest. Such a course inevitably focuses favorable attention and opportunities upon an official outside of his own company and thus increases his value to his company and to himself.

An example of this would be a monthly management letter to each member of supervision. This letter should be sent out over the signature of the president or other suitable officer to the company's supervisory force. It should contain information that would not be published in the employee house magazine. Items might include interesting talks given by company officials on subjects pertaining to the company or the industry; outstanding accomplishments of any of the company's branches or departments; purpose, theme, and objectives of the company's public-relations and advertising programs; suggestions on the management of employees to produce the maximum of good will, cooperation, and efficiency; "pep talks" to impress the supervisory

force with the importance of their jobs and their obligations to those working under them.

These letters should prove great morale builders among the supervisory staff, especially those in minor positions, for three reasons.

1. They come from the desk of the president.
2. Those to whom they are addressed are thus singled out as leaders—supervisors.
3. Those to whom they are addressed are given the feeling that they are being "let in on" confidential company matters.

They thus will realize that they are an important part of the company. Their loyalty will be increased, and their efficiency and the efficiency of those under them will improve.

When this list is established, a letter or card should be sent out to each person on the list notifying him that his name has been put on the Supervisory List to receive this special letter.

Highly important is the method of releasing news such as major production changes, management changes, operations policies, and other announcements involving or affecting general personnel or any part of the organization. The release of such information should be made in four distinct steps, and in this order:

1. The president or general manager should call in the key executives and department heads and tell them personally of the changes that he is about to make.
2. Letters labeled "Confidential," covering the above information and explaining the reasons prompting the move, should be sent to all supervision, so that they will be informed shortly after department heads have been advised.
3. Letters similar to those mailed to supervision should be distributed to all other employees immediately after their supervisors have been informed. These letters are generally distributed as employees leave the factory.

4. News releases are delivered to all newspapers and radio stations after the above has been accomplished. This allows all employees to be informed by their employer directly rather than indirectly through the press, broadcast, or an outsider.

Employees.—The employees of a company are the first audience that it should reach in building morale and acceptance for its products.

Without friendly contact with top management, employees feel inferior and out of touch with the company's affairs. Their employment with the company means only jobs, which give them a livelihood but little or no security at the end of their labors and no pride or stimulus in relation to the job.

Individual members of top management should make frequent trips through the various departments. They should call the employees by name, chat with them about their work or the weather, and even ask their advice and opinions. This builds up a friendly spirit, pride, a sense of teamwork, word-of-mouth prestige for the company, and sales of products among the employees and their friends.

The psychological effect on a factory worker is tremendous if he can say to a group of friends,

"I had a talk with Dutch this morning."

"Our president?"

"Sure. He asked me how our department was doing. Then even asked how the wife and kids were getting along. He's a man's man."

The great weakness of American industry and business, which has bred the New Deal administration and the C.I.O.-P.A.C. and other alleged anti-big-business groups, is the fact that most business employment provides little or no security after a lifetime of work. There is no doubt that this is being changed by the peoples of the world—whether by compulsion or free will. A number of wise companies have

already installed old-age pensions, death benefits, stock participation, hospitalization, and other rewards for long service.

The trend of the world seems to be toward a situation in which an employee, partly through his own contributions and partly through his various employers, will have created, by retirement age, an adequate income allowing him to live without want and without becoming a charge on his family, friends, or charitable organizations throughout his remaining days on earth. Powerful forces are at work to have the government provide this security, to whatever degree business fails to do so. The cost will come out of increased company taxes if and when this happens.

A feeling of future security is a powerful builder of loyalty, decreased turnover, word-of-mouth prestige, freedom from labor troubles—and sales.

All company employees, for public-relations purposes, must be regarded as members of a team and encouraged to develop the greatest possible *esprit de corps,* harmonious and enthusiastic cooperation, pride in the company and its products, and active participation in spreading good will for the entire organization.

Company employees fall naturally into three main groups.

1. Officers—supervisory employees, department heads, superintendents, foremen.
2. Office employees.
3. Shopworkers.

Good public-relations programs in wartime were designed primarily to exert a stabilizing influence on employees of the organization—actually to "sell" each person on the company, its products, the job, and working conditions. Job-freezing restrictions, which slowed down labor itineracy and the so-called "pirate" tactics of recruiting labor, were still only on the horizon in 1944, and it was of maximum importance to keep employees satisfied.

Wartime restrictions made necessary various new approaches in stimulating the morale of workers on the production front. For example, whereas in former years it had been possible to conduct company-sponsored picnics and dances, such activities were handicapped by the size of expanded organizations and limitations on the use of automobiles. Events such as family air shows were discontinued for security reasons. More than ever before the various programs were aimed directly at the employees with no participation possible for their families. With the end of the war, new and better programs are being presented.

Many industrial and public-relations executives are continuing their employee air shows, special entertainment programs, daily broadcasts over plant public-address systems, elaborate family activities, and many other special employee services that were inaugurated during the war.

Other big strides were made during the war in developing employee services. For example, to aid employees eligible to remain on the job, many war industries maintained Selective Service offices. In conjunction with this service, articles advising essential workers about their status with reference to the armed forces, based on information from authoritative sources, were published in plant publications. Posters dealing with material conservation, bond purchases, automobile and tire conservation, and the important war role of employees were prepared and displayed in plants by public-relations staffs. Public-relations departments began to cooperate with employment departments in plants in a program to encourage employees' relatives to apply for employment in the organization.

Contests to stimulate interest in a company's suggestion plans were promoted on an organization-wide basis. The public-relations staffs publicized the contest to employees and the public.

At the Jack and Heintz Plant in Ohio, shift-change and

lunch-time broadcasts were inaugurated for employees shortly after the outbreak of war, other war plants following suit and many companies presenting professional talent for programs at each shift. At many plants, outstanding celebrities in the entertainment world, including "name" bands and top-ranking stars, were presented for the diversion of employees as part of the public-relations program.

Material was prepared in most defense plants for war-bond pay-roll deduction-plan drives, resulting in many plants being awarded the Treasury Department Minute Man Flag for 90 per cent participation.

Found particularly effective during the war in stimulating worker morale, the approaches outlined above will prove equally resultful in peacetime. Additional ways in which employee morale can be built up and maintained at a high level include the following.

Supervisory and Executive Employees.—The management of many companies sponsor regular monthly or quarterly joint gatherings of executives and junior executives of several different departments to discuss mutual problems freely and become more intimately acquainted with one another. These meetings are combined with luncheons or dinners because a greater atmosphere of informality exists when men are breaking bread together.

These dinner meetings promote a spirit of teamwork productive of greater efficiency and cooperation. People who ordinarily meet during working hours only maintain more reserve with one another than people who mingle outside the office and shop.

With regard to the discussion of mutual problems, it is advisable for the department heads to prepare agenda so that the meeting will not drag and to guard against the discussion getting out of hand.

Encouragement of Young Men of Supervisory Caliber for Supervisory Positions.—A special luncheon group, com-

posed of young men with management possibilities or who are in junior executive positions, should gather at least twice monthly. Guest speakers at this luncheon should be officers and department heads and occasional outside authorities on business. Subjects should cover various phases of the company's operations (production, sales, finance, research projects, advancement possibilities, etc.).

These luncheons are important because they arouse the enthusiasm of the young men who are the company's future management officials. Such semisocial gatherings help inculcate in them a spirit of loyalty toward the company and a desire to build themselves up with it and help them to work together more closely for mutual benefit. They also help management to know and judge the quality, character, and possibilities of the young men.

Employees' Publications.—Employees of every substantial company should have a company-financed house publication of their own, which might be shared with the employees of branches in other cities in the same region or company division. Such publications are extremely valuable in creating good will and friendliness.

Practically all large companies issue house publications for employees, stockholders, dealers, and customers alike. Many are more costly and elaborate than some standard publications.

The company publication should be produced for and by the office employees themselves, with, of course, a supervising editor of experience. In it there should be a maximum of employee material and a minimum of management material. It should be "newsy," informal, and merit the respect of its readers.

This subject is discussed more fully in Section VII.

Employee Handbooks.—Every organization should furnish each new employee with a handbook. This should be illustrated and should contain information regarding

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1. Company history and background.
2. Personal introduction by key executive (president).
3. Company objectives and future outlook.
4. Explanation of company policies pertaining to employees, their working conditions.
5. Rules and practices regarding paydays, holidays, vacations, etc.
6. Products and services.
7. Employee benefits.

The new employee will thus have a clear picture of the type of company for which he has come to work. He will be told, before starting, what to expect of the company and what the company expects of him. There will be no doubt in his mind with regard to company policy and how to obtain a fuller answer to other questions he may have concerning the organization. He will know where he stands and will have more confidence and trust in the company.

Perhaps the greatest benefit of this and all other employee-relations work is that the fine relationship resulting becomes known to the public, whose respect and admiration for the humaneness and foresightedness of the company's management are thus gained.

Employee Suggestion System.—Leading manufacturing companies discovered long ago the value of a system for employee expression by which workers would get recognition and rewards for their ideas on improving production methods, customer services, and products and the finding of new products and methods.

These companies list the benefits derived from the establishment of a suggestion system in the order of their importance as follows:

1. Employees think more about their jobs and about the company.
2. Many new improved methods of operation and service are discovered.

3. Employees become participants in the improvement of the enterprise.

Annual Report to Employees.—Today progressive companies are supplementing their annual reports to stockholders with annual reports to employees. In many instances these attractive, streamlined reports are also directed toward the general public. In addition to these reports to employees, some companies are wisely using paid advertising to tell their employees and the public what the company has accomplished and how the gross dollar received has been divided.

An annual report to employees should be a simplified form of the annual report to stockholders specially slanted to interest employees in the company's organizational, financial, and operating structures; explain the profits system to the workers, whose general opinion is that profits made by company stockholders are exorbitant and their own financial treatment by the employer is not what it should be; labor costs; material costs; etc.

Annual reports produce a greater understanding of the operation of the company with regard to its financial problems of keeping the workers, the stockholders, the suppliers, and the government satisfied. These reports also serve to impress upon employees that the portion of profit a shareholder earns is minute in comparison with the amount of money he has risked in the enterprise.

Labor unions are carefully studying corporations' annual reports and using their interpretation of them as weapons to press their cause. There is but one answer: The public-relations director must tell workers the truth from the company's standpoint and thus give them the ammunition to refute such of the teachings of their union leaders as are false.

Recognizing Service and Achievement.—Recognition of years of service to the company is a form of gratitude that

know they can rely for honest advice or representation. In cases such as this, it should be company policy to make a company attorney available to the employee in need of counsel, or the company should suggest a lawyer who will handle his case for a nominal fee or himself handle any small matters that are not too time-consuming. A time may be allotted when workers may see lawyers. Financial assistance may take the form of loans, as for the paying of medical bills.

Employee services of this nature are advisable because the worker will be relieved in his legal difficulties and his efficiency will be increased and accident potential reduced because of the elimination of worry. This will also be a point in the company's favor whenever the worker and his wife discuss their problems with their friends. They will be sure to tell how nice the company was to help them in their time of need.

A Motion Picture on the Company.—The public-relations director of a large company should consider the preparation of a special motion picture or book showing operations, accomplishments, and history as well as the personalities behind his company's operations. This is helpful in indoctrinating new employees, in teaching old employees the facts about their company, in teaching dealers more about the company, and in sales-promotion work. The fact-gathering job connected with this project is beneficial in that it brings out much good publicity material and reveals facts that may be useful should a routine government inquiry be launched. Pictures of this type are often in demand by schools, civic organizations, and business clubs.

Public-relations Guide Booklet.—A large number of companies are now publishing booklets that contain helpful information for employees and dealers concerning their contacts with the public. Highly valuable hints on courtesy, manners, telephone and letter-writing techniques, patience,

helpfulness, etc., are usually included in these booklets, as well as indications of how these little rules will help the employee and the company.

A public-relations handbook for employees will do much toward helping them become ambassadors of good will to the company. Customers and others who receive good treatment are sure to come back for more. Employees will become surprisingly conscious of their treatment of one another, and thus greater harmony within the organization will be promoted.

Security Considerations.—The public-relations department should work in cooperation with top management in providing for the benefit of all employees

1. Group life insurance.
2. Hospitalization and health insurance.
3. Retirement system or pension fund.
4. Profit-sharing plan.
5. Salary and wage increases before salaried people leave to take other jobs and before wage earners obtain such increases by force.

The company will be compensated, for records show that workers who have a reasonably secure future because of foresight on the part of management will

1. Be more loyal because of the advantages of permanent employment and security provisions.
2. Be more content because they will feel that the company is doing everything possible to make their future secure.
3. Work more efficiently because of freedom from worry.

Company Stockholders.—Stockholders are one of the most important publics of a company. Their investments are the lifeblood of the enterprise. They should be consulted on every major change. If satisfied, they can become ambassadors of good will, salesmen, and even customers.

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Annual Report.—The stockholder report, long considered a dull part of corporation routine—the yearly chore of controller, auditor, and attorney—is now being discovered as a dynamic force in fostering a better understanding and a higher appreciation of corporate leadership, its functions, fidelity and foresight in modern management.

One of the men who was a pioneer in respect to this new and enlarged concept of an age-old business instrument is the brilliant industrial analyst and financial journalist, Weston Smith, vice-president and business editor of *Financial World.* He says:

Most of us warm up to an attractive piece of printed matter, because we feel that we can grasp the ideas presented more quickly and with greater understanding. An interesting annual report tends to win the confidence, respect and support of the stockholders. But ask them to wade through a maze of small type and a monotonous pattern of figures to find the information they seek, and you will find that they become indifferent, suspicious, and even antagonistic.

Now please do not misunderstand me. We do not advocate that any annual report be transformed into a miniature copy of *Life* magazine. Nor would I recommend that all tabulations be turned into charts or made to look like comic strips.

It is not the purpose of any stockholder report to amuse or entertain its readers. Its purpose is to present all the information to which the true owners of the corporation are entitled—but the facts can be presented in a form that will attract and interest all classes of stockholders, from the busy banker to the winsome widow. This is management's opportunity in its annual reports.

But no matter who is chosen to cooperate with the controller, it is he who prepares months in advance for this annual job. Instead of waiting until the last moment, when it is too late to arrange for the production of an attractive brochure, the public relations or advertising department is ready with a completed layout and format —and all that is necessary is to drop in the final figures on their proper pages.

Thus, the preparation of the stockholder annual report becomes

a continuing process throughout the year, rather than a year-end "rush" proposition. And most of the progressive managements have achieved excellence in their reports simply by gradual accumulation of information, statistics, and illustrations during the several months prior to the date that the report is scheduled for publication.

Of course, it also is possible to publish an attractive annual report by employing the services of an outside public-relations firm or by utilizing the talent of an advertising agency. But, whatever course is pursued, let me repeat: If you want to produce a merit-winning annual report and one that will arouse the interest of the stockholders, the accounting department cannot be expected to do the job at the last moment.

Sometimes I am asked, "What are the advantages of an attractive annual report?" Many counselors know the answer to this question, but for the benefit of those who do not I would like to make this brief statement: A modernized annual report can be a strong, interesting, and convincing human document to weld together for the general good of the corporation all the elements upon which it depends. Who are these elements? They are the public (including our customers) stockholders (including prospective investors), employees (often the union members), distributors and dealers, bankers, newspaper editors and financial writers. A well-handled annual report, of course, will build confidence in a corporation's securities—it is a hedge against the day when earnings decline or dividends are reduced, and may help to prevent thoughtless liquidation of holdings.

I would like to give my check list of the requirements for a modernized annual report. I have coined the word "C-worthy" for the report which meets the qualifications. Of course I do not mean by this that the report should be built to weather the storm of criticism, or even to ride the waves of appreciation—although this is a good idea. My guide for checking an annual report is simply a list of seven words beginning with the letter C. Here they are and in the order of their importance: Correct, Complete, Concise, Candid, Courageous, Characteristic, and Colorful.

The annual report should include adequate, interesting information about the company, its products, its employees, and the extent of its operations. Properly illustrated, it

should be a publication of general interest containing vital information that will give a helpful over-all picture of the company over and above the usual financial statements and president's letter.

An annual report that is put together to form an interesting booklet is likely to be read with a great deal more interest from cover to cover than a bare statement of earnings, expenditures, and so forth. It provides a good means to resell the company, its management, products, and employees to the stockholders.

Stockholder News Bulletin.—A large number of public-relations directors prepare newspapers containing information about the company, its management, employees, and products, specially slanted to the interest of the stockholder readers. Most such newspapers are published quarterly and are mailed soon after the quarterly report.

Management will find that stockholders who are more thoroughly informed with regard to the internal conditions of the company will take a more than financial interest in the company. Through the stockholder news bulletin, they become customers, salesmen, and stanch supporters of the company, as well as being satisfied with their investment.

Mimeographed News Bulletins.—Another method of keeping stockholders informed without going to the expense of a specially printed publication is through advance news released in the form of bulletins mailed as stuffers with the quarterly report. Usually some designation is made at the top of the page of this release to inform the stockholders that they are getting the news before the newspapers. Where it is impossible to give stockholders advance information regarding company events, a specially slanted story containing more facts and inside information is written for their benefit.

Through these bulletins stockholders are kept up to date with regard to events occurring within the company and are

made to feel that they are a privileged group because information is given to them even before it reaches the pages of their newspapers. They will also come to feel that management, which takes special pains to see that they are kept up to date on the company's progress, is really interested in how they feel about the company. They will thus be more disposed to approve in matters of policy that company officials feel are in need of revision or change.

Stockholder Survey.—Public-relations executives frequently mail questionnaires with the quarterly report about 6 months preceding the publication of the annual report to get the opinion of stockholders on what they would like to have appear in the annual report. Questions are so framed that they consume a limited amount of the repliers' time. Numbered among the questions are usually some that shed light on what stockholders have read and where they get their investment and business information.

Such a survey should indicate clearly the stockholders' preference as to the contents of the annual report and also the means through which they can best be reached and influenced.

Stockholder Issue of the Employee Publication.—George W. Sutton, Jr., recommends that twice a year an issue of a company's employee publication should be got out for the purpose of acquainting the stockholders with the employees and the employees with the stockholders. The news contained in such issues should concern outstanding employee accomplishments, employee activities, personality sketches on outstanding employees, stories on famous people who are among the stockholders of the company, a story on what might be termed a typical stockholder family. A man in moderate circumstances with a small amount of money invested might be featured, preferably a workingman (to illustrate that all stockholders are not economic royalists).

Also, editorial matter might be included to show stockholders and employees why both are entitled to earnings from the company and how the management distributes these earnings fairly.

Letters.—Public-relations officials should not neglect to send letters

1. Welcoming new stockholders (signed by the president).
2. Properly treating complaints.
3. Thanking stockholders for sending in proxies.
4. Requesting reasons why investors sold shares.

Open Houses.—Arrangements for stockholders to visit plants should be made periodically. The greatest benefit to be derived from this suggestion, says Sutton, is the eradication of prejudices which lead stockholders to believe that the majority of workers are radicals and workers to believe that all stockholders are capitalists and economic royalists. The promotion of an understanding between stockholders and employees also tends to make management's job of satisfying both a bit easier. Both factions are made to understand that management must see that each of them gets his fair share of the company earnings.

Customers.—The customer public of a company depends upon the type of service or products a company has to offer. For example, the customer public of an aircraft manufacturing company is most likely to be

Dealers	Companies with branch offices
Sportsmen	Veterans
Businessmen	Industrial firms
Aircargo companies	State and municipal governments
Airlines	Army and Navy
Private airplane clubs	
Flying-school owners	

Projects for influencing these publics may be as follows:

Advertising. Besides product advertising, a series of advertisements to inform the public about the company's policies, background, and key personnel; reconversion achievements, research facilities, and sensational new developments should also be exploited. (This budget should be in addition to the regular advertising budget.)

Publicity. Scheduled stories on company events, financial and business activities, management policies, and research facilities.

Publications. The public-relations director may recommend that the following publications be published either monthly or quarterly:

Dealer news. Information regarding advertising and sales-promotion campaigns, helpful hints in dealing with the public, new manufacturing operations, and new performance information.

Commercial publication. Business anecdotes, occasional "plugs" for the airplanes, safety information, *performance stories.* This publication is valuable if distributed to potential purchasers of the company's products, airlines, oil companies, flying schools, sportsmen, businessmen, and others.

Bankers and Others of Financial Interest to the Company.—The winning and maintenance of the good will and respect of these groups are of vital importance to the public-relations director. It is largely through their efforts and recommendations that the stocks and bonds of his company are distributed, new financing is accomplished, and other activities of financial nature are successfully carried out. Reports and information for influencing these groups may be (1) the annual report, (2) financial and business news, and (3) stock surveys and financial reports.

These groups are valuable to the company through

1. Their own investments.

2. Directing the investments of others to company stocks and bonds.

3. Extending credit when needed.

4. Favorable word-of-mouth or written publicity among those with whom they come in contact.

Community.—One of the most effective and dependable ways known of striking a responsive chord in man's breast, public-relations man W. Howard Chase declares, is to say simply and directly, "I need help, boys." He points out that "business usually manages to act so self-sufficient that people conclude, 'Well, that company doesn't need any friends.' "

Illustrating the importance of wise community public relations, he relates the story of a company that was building a new plant in a small Midwestern town of about 21,000 people.

> This plant, when completed, would give year-round employment to about 150 men and provide a good market for the produce of thousands of acres of surrounding land. The town had a stake in that plant. Winter was coming on before the concrete could be poured, and labor shortage jeopardized the whole construction. The management cried for help. The big company, the colossus, the kind of company about which its enemies are fond of saying "drains the wealth out of our town, etc." asked for help.
>
> And it came. The doctors, preachers, judges, lawyers, filling-station operators, two funeral-parlor directors, three bankers, the dry-goods-store proprietor, the school superintendent, two pool-hall owners—the town's male population, in fact—went to work in below-freezing weather on 12-hour shifts to pour concrete and to keep fires going around the forms.
>
> Something happened to that town as a result. From a decaying little village, the population came alive as though their eyes had really seen the glory of the marching of the Lord. The interests of the company and the townsfolk had become literally fused into a glowing enthusiasm.

The climax came with the opening day. The company invited a governor, the president of the state college, head of the state farm bureau, railroad presidents, and the dignitaries available to inspect the company's facilities. The community gave a dinner in the school gymnasium. Manual-training students had cut foot-high letters from plywood and posted names of the company's products all over the auditorium with lights behind them. Every main-street business had their windows piled high with this company's products. There were literally 1,000 pounds of a well-known flour in the bay window of the funeral parlor, and 10 cases of breakfast food shining from the pool hall. The two banks were piled high with flour.

Ten thousand flags welcomed the company, and when the local manager presented the community with a plaque with the names of those citizens who had poured concrete when a friend in need was a friend indeed the local Baptist preacher could contain himself no longer. He stood up and prayed a mighty prayer of thanksgiving that men could live as brothers and wound up by saying, "In conclusion, God, we thank Thee that Thou hast brought the finest and greatest corporation in the World, the X Company, to us in Prairie City.

That company and others may never reach such a peak in good community relations again, Chase says, but we can help achieve our own peaks by never thinking "These people need me" and always thinking "I need these people." It's possible to be right the first way, but one is never wrong in the second.

In order to familiarize a community with the company, its people, and its products, the following should be publicized:

Company background (stress connection with the growth of the community):

1. Beginnings.
2. Founders.
3. Growth and development.

} Schedule according to important company dates

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Personnel:

1. Executives—the fewer the better. (In this connection it is a good idea to build up one or two men in the company to publicize in order that they may always be identified with the company.)
2. Prominent community citizens who were or are members of its personnel or are important stockholders.
3. Executive accomplishments and advancement.
4. Good employee relations and employee benefits.
5. Attitude toward veterans.
6. Future plans and prospects and how they will affect the community.

Physical facilities:

1. Plant histories strongly featuring the human element. In this connection, a good picture layout on past and/or present production activities is acceptable to many weekly and daily newspapers.
2. Weekly payroll, number of people employed, the company's effect on the community as a whole because of these factors, circulation of capital that sustains many of the smaller industries and shops in the community.
3. Research and development—what is being done to expand the company's postwar products it has developed and is developing; how these things will affect the community; research personnel, engineers, and so on.

Advertising:

1. Most of the subjects used in publicity and cooperation with community projects should be featured in community advertising. Care should be taken by the public-relations director to determine whether

publicity should precede advertising, or vice versa, or timed to break simultaneously.

2. If possible, the company should run advertisements requesting veterans who have not worked for the company to consider its company when seeking employment with opportunity.
3. Occasional advertisements complimenting the community officials on an outstanding job done in community interests.

Cooperation with community projects:

1. Active participation by executives in local organizations, their functions, community chest, drives, etc.
2. Establishment of speakers' bureau composed of company executives who could be available for appearances at local functions, schools, clubs, forums, etc.
3. Holding open house once a year to afford residents an opportunity to see the plant in operation.
4. Conducting monthly plant tours (limited in number) for students selected from local high schools and colleges. If possible, offer to cooperate as much as you can with all community educational projects. Try to establish practical experience courses for local students in connection with educational officials.
5. Preparing a booklet on the community, with colorful historical background, prominent citizens past and present, points of interest, major industries, eating places and how to reach them, for distribution at rail and bus terminals, hotels, etc.

Direct mail:

1. Letters from executive front men to community-opinion molders on subjects of vital interest to community (government officials, lawyers, ministers, educators).

Suppliers.—The people from whom materials and equipment are bought are very often almost entirely overlooked as an important outlet for many of the company's products. They must definitely be considered as a group that can be of great benefit to the company in many ways. The good will of suppliers can be won mainly through contacts with company personnel in the purchasing, receiving, and operating departments.

A book on standard purchasing procedure should be prepared in collaboration with the director of purchasing. The book should urge members of this department to be courteous and respectful and in all ways do their utmost to uphold the company's reputation for courtesy, integrity, and service. In addition, the book should contain helpful suggestions with regard to the everyday treatment of salesmen and the reasons for such treatment.

If it is not practical to print a book on standard purchasing procedure, mimeographed copies of instructions may be sent to all purchasing-department members and members of the receiving, shipping, and operating departments for their use in dealing with deliverymen, repairmen, and other representatives of supplying agencies.

Frequently the public-relations guide book includes these hints and suggestions. In this case, only in very large organizations is another booklet necessary.

Courteous Reception Important.—Many large organizations go out of their way to make the salesman comfortable and put him at his ease. The receptionist can be very helpful in this phase of supplier relations, inasmuch as the process of building good will with salesmen begins in the outer offices and she has the first contact in making them feel at home. The receptionist alert to her opportunity will always have a smile for the salesman while telling him when the person he wishes to see will be available and then will

offer him a new magazine to read while he is waiting or extend other courtesies.

A small but effective mark of appreciation is a letter from the general purchasing agent, for example, commending suppliers on the manner in which they served the company during reconversion, complimenting them on the manner in which they have serviced the company's needs, and requesting that this expression of gratitude be passed along to all members of the suppliers' firms.

Public-relations directors must keep in mind that suppliers can do much to spread the good name of the company. If properly treated and informed of steps that have been made to ensure their proper treatment, they cannot help being purveyors of good will for the company and being numbered among its friends.

General Public.—The general public includes the members of the company's publics with which it comes into direct contact, such as customers, employees, stockholders, and the like, and those members of the public with which it has no direct association.

This public is influenced mainly by the following:

Advertising. Product and institutional advertising play a major part in formulating the opinion of this public with regard to the company.

Publicity. This tool, properly backed by advertising, or vice versa, is also a powerful means of influencing the general public. The many outlets of advertising and publicity can be made to play a "symphony of good notes" for the company; but, as is true in the rendition of a musical piece, instruments must be handled by experts to produce the desired results. The notes of the company's symphony are composed of the many things it does to influence the members of its specific publics.

Personal contact. As mentioned elsewhere in this section, personal contacts can produce much word-of-mouth

publicity, which, nourished by good internal activities, can help to win the good will of a company's specific publics.

The following can be garnered from earning the good will of the general public:

1. Sale of more of the company's products.
2. Spreading of the company's good name.
3. Public support of the company should it become involved in an issue of major public interest.

The public-relations director or counselor must bear in mind that people may like his company's products, approve of its prices and even be convinced that the industry is doing a fine production job but may be skeptical or gravely concerned about *how* the job is being done. They want assurance that it is being done without monopolistic or anti-social implications.

For example, the General Foods Corporation was faced with a highly involved and complex public-relations problem when it was charged by the government in 1945 with being the major interest in cornering the rye market.

The complaint was filed by the War Foods Administration after General Foods had acted to safeguard its interests and had bought rye futures on the Chicago Board of Trade market. The company's purchase of rye was in anticipation of a world-wide shortage of wheat and corn, which had been predicted, and it was merely trying to offset the threatened shortage of its grain supply.

Sensational publicity developed. The case was played up and the corporation flayed by numerous columnists, commentators, newspapers, and pressure groups who saw an opportunity to blast General Foods.

Surprised but not stunned, W. Howard Chase, General Foods' brilliant director of public relations, lost no time in meeting the challenge. His first concern was the situation within. He conducted a hurried but reliable survey to determine three important facts:

1. Whether or not the employees had a true and clear picture of what the company had done and why.

2. What the attitude of the employees was toward the company in the light of information gained from any source.

3. Suggestions or recommendations for the company to follow.

Immediately following the "family" survey a frank, down-to-earth letter was prepared over the signature of Clarence Francis, chairman of the board, for employees, stockholders, newspapers, and radio.

The letter, an outstanding example of how public-relations principles are applied, presented the salient facts of the case directly but simply and then gave straightforward answers to the questions without any attempt to hedge or evade issues. Some of the questions and answers follow:

Q. Was General Foods in the rye market?

A. Yes, from Dec. 1, 1942, to Apr. 23, 1945.

Q. Why?

A. We bought rye, which was cheap, as a means of guarding against possible reduction of profit in the manufacture and sale of wheat and corn products. . . . To protect jobholders and stockholders we attempted to offset anticipated losses. . . . We were in the position of one who tried to make up on apples what he thought he would lose on bananas. . . . Our maximum holdings of 9,250,000 bushels of rye were not excessive in the event disastrous corn and wheat shortages had occurred, in view of the fact that our annual manufacturing requirements of wheat and corn, and their products, amount to approximately 16,000,000 bushels.

Q. Did we make a lot of money on the operation as has been implied?

A. No. We didn't make any money. After paying the storage and handling charges, we even lost some.

Q. Did we corner the market?

A. No. It has been charged that in May, 1944, the alleged corner involved 89 per cent of a total volume which has been . . . referred to as "deliverable supply." . . . At the top of our holdings

in May, 1944, we held 9,250,000 bushels. Rye statistics published by the War Food Administration as of June 1, 1944, reported 21,000,000 bushels in commercial storage, and more than 10,000,000 bushels at interior mills and on the farms. These figures add up to more than 31,000,000 bushels. Our top holdings were approximately 29 per cent of this total. . . .

Q. Is General Foods in the rye market now?

A. No. We sold our last bushel of rye on Apr. 23, 1945. Since we've had no rye for 3 months, any statements about our dealings in rye since that time are obviously incorrect.

Q. Well, how does the General Foods management feel about its rye transactions?

A. We now know, of course, that the possible shortages in other grains fortunately did not develop; we now know that research into new commercial uses for rye has proved unfruitful; we realized no profit. Realizing that hindsight is better than foresight, we must answer that our transactions seemed wise at the time.

Without referring to rumors that the company was the victim of strategy planned by other powerful interests or that it was a case of government using the big stick on big business, General Foods filed a formal denial of the charges, satisfied with its position so far as the court of public opinion went. Even if the company were to be found guilty, which many observers held unlikely, the penalty would be prohibition from trading on the Chicago Board of Trade. With such a sound public-relations position and public opinion favorable, General Foods under these circumstances would be unlikely to suffer any serious consequences.

Negative vs. Positive Public Relations.—One of the nation's big steel-manufacturing companies reveals that its public-relations and advertising policies through the years have ranked among the most conservative in the industry. This may be good as far as it goes, both in the present and in any future planning of commercial activities. The policy is based on the premise that, all other things being equal,

the completely unknown person has a better chance in a new community than the person who has a bad reputation. Particularly does this analogy hold during reconversion, when industry is expanding under peacetime conditions, but is facing the ever-present tax, labor, unemployment, and other unfavorable public-relations problems. However, it is likewise true that, all other things being equal, the unknown person may be seriously, if temporarily, handicapped when forced into competition with either a newcomer whose good reputation has preceded him or a resident with many friends.

This particular company has done everything within its power to keep a clean slate in general public opinion. It has had the conservative type of public relations, encompassing most phases of employee-relations activities, a considerable portion of the community-relations program, and even a large part of press-relations work; and it is generally conceded that it has maintained this type of public relations well. Neither by omission nor by commission has it committed a serious blunder for this field that will rise to confound the company in the foreseeable future.

On the active side of public relations, encompassing advertising, publicity, and other services within the scope of public relations, the company has moved with caution. In brief, it has been the policy of the management to keep the house in order before worrying about landscaping the surrounding grounds. From one point of view this is sound management and sound public relations.

The result of this policy has been that, although the company is large, the public thinks of it indifferently. Relatively few people know of its fine record. This fact should be of concern only to the degree that it might prove a handicap to the company in present or future operations. This strikes to the very heart of corporate planning. No intelli-

gent public-relations course can be charted until after informed consideration has been given to foreseeable conditions and ultimate goals.

Policies.—The basic problem in public relations is to see that the publics which are related to your client's operations are your allies and not your enemies and that together they constitute groups which are stronger and better teammates than the groups attached to the interests of your client's competitor.

Although there are no hard and fast rules for establishing policies that will prove to be good in respect to public relations, there are some reliable yardsticks that may be used with reasonable accuracy to evaluate the effectiveness of policies under which a company operates. On the other hand, certain principles have been evolved by the profession that may be used as a pattern to formulate new policies.

Because public relations deals largely with intangibles, public opinion and the ever-changing social attitudes of every segment of our American people, there can be no standard formula or specification for drafting a model operating policy. New inventions, new methods of production and distribution, and new psychological factors constitute new problems to management almost daily. What may be a problem to one company will not concern the company across the street. Even within an organization the policy that solved a labor-relations problem 6 months ago may prove wholly ineffective in meeting a similar situation today.

Therefore, in taking a realistic approach to the problem, the best policies apparently are those that build strong allies for a company from day to day.

The public-relations executive must keep in mind that this depends largely upon his ability first to promote public-relations consciousness throughout the organization.

In this connection, Paul Garrett makes this observation:

Blueprint for Minimax Relations

Any policy bearing on the public-relations aspects of management is threaded through everything the company does, just as any policy bearing on its engineering, its distribution, or its finances runs through all phases of the organization.

More and more we in this field must come to measure success by what we can do in helping behind the scene to make things come out right. Good strategy that works out naturally in accomplishing a result is better any time than a good piece of publicity.

One of the best examples of how policies are formulated and then properly applied is the excellent public-relations job being done currently by the Dallas *Morning News,* the first newspaper in the Southwest to establish a complete public-relations department. It is now urging other newspapers to adopt similar public-relations programs.

When the department was established, Ted Barrett, a public-relations-minded city editor for 20 years, was placed in charge of the work. He is a friendly, keen, and thoroughly practical newspaperman. He picked one of the brightest reporters on the staff, a former war correspondent, as his assistant.

Barrett points out that the public-relations problem has been approached, not only with the newspaper's welfare and advancement in mind, but with the purpose of cooperating with all other newspapers for the interpretation of the free press to the public. In this respect, the *News* is doing an all-out crusading job for public relations in the newspaper industry.

Like most newspapermen (and many laymen), Barrett is particularly conscious of the vital necessity for the preservation of the freedom of expression as guaranteed by the First Amendment to the Constitution.

"This is all very good and true, but it has no bearing on public relations or policy," you may say.

Let us see.

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First we shall list some of the facts mentioned by Ted Barrett.

1. Concern has been expressed that abridgment of such freedom is possible without a constitutional amendment.
2. Special taxation, restrictive legislation, or, for instance, the control of newsprint by the government could restrict the freedom of speech and of the press as effectively as constitutional amendment.
3. It is felt that imposition of the will of a minority upon the majority would be impossible with a public informed as to the functions and operations of the free press of America.
4. For thorough, rapid, and accurate information, supplemented by comment and interpretation, there is no service in the world which can compare with the American newspaper.
5. There is probably less knowledge of the proper functions and purposes of the newspaper than of any other major industry.
6. Owners and publishers seem only recently to have waked up to the fact that the press as a whole is suffering from that human tendency on the part of the public to distrust that which they do not understand.
7. The average subscriber's idea of how the paper should be run differs widely from those of an editor.

Barrett speaks from experience when he says, of item 7, "Any person who has ever occupied that hot spot in a newspaper office known as the city desk has found that out quickly." When there is such a difference of opinion—and there is likely to be, many times a day—this constitutes a problem in policy and public relations. As Barrett says, "The editor or reporter will, depending upon his public-relations attitude, conduct a quick, short course on journalism or leave the subscriber in a mood to damn all newspapers, particularly the one which was so obstinate as to refuse to print or leave out certain material in question."

It is impossible to prevent many of these disagreements. However, Barrett has found that an active and practical

public-relations policy does much to counteract the accumulation of ill feeling.

In too many instances, Barrett says, the public-relations phase of publishing is permitted to remain dormant; this may be because the business of conducting newspapers involves highly complicated operations. He says that public relations, though eloquently defined and extolled by leading practitioners, remain sterile and ineffective unless alive and producing results.

For instance, he points out that there are some who would reduce the whole solution to the statement that good business is good public relations, or that good business relations boil down to good morals and good manners, or that the problem is just a matter of the application of the golden rule.

Without intending to make the above statements of oversimplification seem absurd, Barrett adds that this viewpoint may be expressed another way, by saying, "If the publishers would just lay off raiding their neighbor's hen roost and refrain from burping at the banquets, everything would be all right."

But is this going to keep the housewife from wanting to wreck the newspaper plant when the carrier boy's bicycle leaves a rut across her lawn?

Being a very practical and farseeing public-relations executive, Barrett says that the *News* is all for the golden rule, good manners, and good morals, but it tries to teach these things as good sportsmanship to 500 carrier boys by an all-year sports and recreation program and helps them to publish their own semimonthly newspaper packed full of their own names and with just a few plugs on efficiency, courtesy, and good business methods.

Even though all the members of a newspaper staff may be good "golden rulers," Barrett believes it takes more than this to convince many of the readers that they are also

likable, friendly human beings who know what they are talking about without too much egotism.

With a public-relations policy evolved, the *News* instituted a full public-relations program along sound practical lines. Here are a few of the steps taken:

A three times a week "newscast" was inaugurated, into which the names of the editors and reporters were woven and on which many of them were interviewed on their special subjects. This program was followed immediately by a radio forum on which two members of the *News* staff debated headline topics with two outside experts. A sort of speakers' bureau was set up to encourage and assist all members of the staff to take advantage of every invitation for a public address. These talks offer a most effective opportunity for taking the public into partnership to solve the problems of making an acceptable newspaper.

One of the most effective means of acquainting the public with the complex problems of making a newspaper is a 20-minute sound and color motion picture, which is entitled "Textbook of Democracy," a reference to the free press of America. This film brings in the quotation of Thomas Jefferson in which he said if he were forced to choose between a government and no newspapers or newspapers and no government, he would unhesitatingly choose the latter and emphasizes the fact that the American form of government could not exist without a free press. Five copies of the film are in constant circulation for showings.

School officials have welcomed 10,000 copies of a supplementary text on the Dallas city and county government which were furnished by the newspaper. This is in line with efforts not only to give full recognition to the public service of others but to actually perform such services wherever opportunity arises.

Special tours through the plant and lectures on various phases of the newspaper business are provided journalism students and others and every assistance is offered the teachers of journalism to promote a sound understanding of the industry.

Window displays have been welcomed by the local merchants, showing the complete process of an advertisement and of a news

story from the raw copy to the newspaper page, helping to dispel a mystery.

Numerous ministers welcomed material appropriate for pulpit comment during National Newspaper Week. This material included quotations from distinguished persons on why publication of crime news is wholesome, the power of the press for good and evil, and the extent to which the newspaper reflects the attitudes of the people. More intelligent cooperation between the newspaper and the clergymen was brought about through the presentation to every pastor in the city of a book on public relations for churches.

Personal participation in all worthy movements and campaigns is tending to convince large numbers that the individuals employed by the paper are good citizens and good neighbors.

In formulating the operating policy of a company, Ted Barrett says that although the necessity for courtesy on the part of all employees is too obvious to require reminders some executives do not realize that a 30-second delay in answering a telephone can cause more irritation than a 10-minute wait in person. A gruff voice can be offset by a friendly countenance and sympathetic attitude, but only its gruffness is carried along the wire. That interesting little device known as a mirrorphone, which is loaned free by the telephone company, can humorously convince one that it takes more than good manners, as commonly understood, to convey a sympathetic attitude on the phone.

Most people are prone to believe that government and business problems are usually the result of a battle between minority groups. Anyone who catalogues employees as one of these groups should be interested in the research conducted by Macfadden Publications, Inc., which illustrates the importance of this powerful public as it affects a company's public-relations policies.

Everett R. Smith, director of research, Macfadden Publications, Inc., and an authority on the subject, said recently

that more and more employers are making the surprising discovery that employees are people:

> For some time sales and advertising executives have realized that they are customers. But it is only recently that an important number of top business executives have begun to realize that employees and their families vote and that their attitudes (as affected by their opinions of the company by which they are employed) are definitely reflected in the attitudes, toward business and industry, of Congress and other executives and officials in Washington.

He pointed out that in the earlier days of our republic the majority of those whose voice was public opinion were self-employed. The panegyrics which have been written of the development of the machine age have dwelt all too little upon the changing social structure which has accompanied that development. They have overlooked the fact that people are human beings and not machines. And, it is to be regretted, he said, that so many employers have not yet discovered that fact.

Smith said that, when we eliminate the company heads, the owners or proprietors of their own business, the professional men, the farmers, and all others who are self-employed, we find that at least three-quarters of the families in the United States are employee families, with the head and perhaps other members employed by someone else.

"The conditions under which we shall be permitted to do business and whether we shall be permitted to have private enterprise at all in the future will be determined by these employees," he declared. It will be determined by the actual votes of the employees and by what our representatives in Congress think these employees will vote for, because most representatives know that it is the votes of the employees which elect them—not the votes of management.

Turning to the survey side of public relations, Smith said

that there is no question that the combined opinions of employees can and very likely will determine the conditions under which we shall operate in the period ahead. "Upon what ideas are those opinions conditioned?" he asked.

During these recent years, he explained, it has been one of our major functions to find out what the workers are thinking.

After all, they are the great majority of the buyers of our magazines. From them come about half of our total revenue. The other half comes from advertisers who will advertise in our magazine only if they feel that the workers are a worth-while market. So we must know everything there is to know about them and what they are thinking. We learn this through several major methods.

One of these, he said, is the Wage Earner Forum, which was established by Macfadden Publications, Inc., about 2 years ago. This forum embraces approximately 1,600 wage-earner families. Individual sets of answers to questions were requested of the husband and of the wife. From these questionnaires, he said Macfadden Publications, Inc., learned both directly and indirectly a good deal about the opinions of employees on many matters of concern to business.

Perhaps more important have been the personal visits which have been made by members of our staff in the homes of wage earners in all parts of the country. These are not selected homes but random calls. They are not selected because they are readers of our magazines, although many of them turn out to be. They are selected because they are wage earners or workers. They are the people who, as the Lynds put it, work with their hands as contrasted with those of us who work with our tongues. These interviews are not questionnaire calls. We have no questionnaires. We are not at all interested in what they may think on certain points that are in *our* minds. What we find out are the things that are stirring in *their* minds. Such visits develop into discussions lasting for one or two hours and longer. The workers and their wives feel that they can

talk freely with us and they certainly do. I could, if time permitted, tell you instances to demonstrate this.

We also carry on and have carried on for several years what we call our Editorial Reader Research. Our editors must be informed, obviously, of the reaction of readers to the material published in our magazines. On this point it is not sufficient to know what is read and how much. We are not at all interested in the bare statement that a certain story or article was liked or was not liked. We have to know the reactions of the reader to that article or story. It is also extremely important to our editors to know the general interests, opinions, desires and hopes of the reader families, who are predominantly the workers. The editors must be prepared to continue doing as they have in the past—to edit their magazines slightly but not too far above the present interests and status of the readers, so as to give them inspiration as well as entertainment. This work we handle through our own staffs throughout the country under the supervision of my immediate assistant. From the interviews with these people, which are made month after month and year after year, we learn much about the attitudes of the workers. We have to and we do.

Smith pointed out that the opinions of workers about industry and management prior to the end of the war usually ran along these lines:

"All of the companies have been making so much money during the war period that they do not care whether they continue in business after the war or not."

"The companies and banks are so full of money that they do not care if they have to shut up shop for a while during which period they can club the employees into submission."

"Industry and capital have been making profits of $2 and $3 for every dollar paid out in wages."

"Management will never tell the employees anything until after it has happened, if then."

"Management's sole interest is in getting the services of the employees at the lowest possible rate. To that end it

is constantly hiring and firing, downgrading jobs and other things of that sort."

"The item 'Wages and Salaries' given by many companies in reports of the distribution of their income is a phony. Most of it is salaries which go to the fat boys in the front office and their pals."

"Management is doing nothing to plan for postwar. It is not interested."

"Management has been having it pretty easy with the no-strike pledge. After the war it will be the turn for the unions to crack down."

Summing up in a few words, Smith said that the workers generally feel that management has no interest in them and no understanding of them and their problems. "They feel that management is purely selfish and considers the workers only tools to be used at the lowest possible price and then discarded whenever it suits the purposes of management to do so.

Whether these opinions on the part of the workers are correct or not is of no importance whatever, he declared.

If they had our understanding they would be in our jobs. The important point is that such opinions are widespread among the workers in the country from coast to coast and from north to south. They may be wrong in their opinions, but if enough of them think that way then it becomes a fact which must be faced.

Smith called attention to a new book of Bill Mauldin's cartoons.

His characters do not look like our soldiers. Then why are his cartoons so popular? Simply because they look [the way] the G.I. *feels*. In other words, they are real. They are not the soldier as he is, but as he thinks he is. That is their power.

The important thing is not what are the facts but what people think are the facts.

They lack confidence in management and industry. Shortly be-

fore the end of the war we asked our Wage Earner Forum members who they thought was planning for jobs after the war; 52 per cent said government and only 10 per cent said that business is doing it. Again when we asked them who they thought could do most to keep up employment and jobs, two-thirds said government and one-third said business.

Smith said that the workers freely expressed such opinions as those already mentioned and frequently added "Perhaps I am wrong. If I am it is because no one has ever told me any different."

Where does that idea come from? Just read your union papers and you'll find the answer. That's where a lot of it comes from.

They say, "All we get is one side of the picture. If there is another side, why don't the companies tell us so we can form our own judgments?" They go on to say that "The two political parties both present their arguments. All we get is what the unions say and what the pressure groups, the government people say. Hasn't business any story or any side of their own? We wouldn't think so. They don't tell us about it."

Smith then listed a few of the things the workers would like to know.

1. Are they [the workers] getting a fair share of the product (profit) of their labors?
2. What is the truth about profits?
3. What information can they have about profits and dividends?
4. What is the actual total of wages, not of "wages and salaries"?
5. What about other costs that go into production?
6. What is the truth about the withholding tax, and does the company get any of it?
7. Does the company pay anything toward social security, and, if so, how much?
8. How much of what the workers pay for social security "sticks to" the company or the fingers of the executives? [Authors' quotation marks.]

9. What information can they [the workers] have about the company's operations so they will feel that they know where the business is going?

10. What information can they [the workers] have about future plans?

11. With increased production per man-hour, such as developed by new methods and new machinery, what is the prospect of jobs in the future?

12. Will there be fewer men employed?

13. What is the situation in that regard in their [the workers'] own company?

14. Are the companies going to hire women in place of men?

Some business executives will say that these are not important things. However, Smith said

They are important to the workers because they feel that without that information they cannot have confidence in their company or business generally.

They realize and frequently tell us that they know that much of the information they receive comes from propaganda and pressure groups and yet again they say, "Why doesn't management tell us their side?"

. . . These employees are just the same kind of folks that you and I are. They do not have our educational or social background, or our training in management. However, we must not forget that an increasingly large percentage of them now have had high-school education and even some college. They are soundly intelligent, but they have to base their conclusions upon such information as is available to them. They, themselves, realize that too much of the information they are getting is one-sided.

What do they want?

For one thing they want good pay. In that I don't think they are any different from you and me.

They also want to deliver a good day's work for that pay.

[They want to feel] that they are a part of something constructive —that they are a part of the company by which they are employed and that their part is recognized.

When you set up these opinions and desires against the fact that we are talking about some three-quarters of the families in the United States, it is easy to see that there is a big job to be done to influence the opinions of these families, to give them true information and give it to them in such a way that they will believe it and accept it. It is no easy job to influence this 28,000,000 or 30,000,000 families.

But, like charity, it begins at home.

What do your employees really think of your company? The opinions of the workers toward industry and management in business are based upon what they feel toward their own company, and what their neighbors and friends feel toward the companies for which they work.

Do your employees, any of them, feel like the young man who worked in one of the shipyards on the Pacific coast? He was called for service in the armed forces. As he was leaving on his last day he hunted up the superintendent of the shipyard, told him that he was going into the service the next day and then said, "I don't mind being drafted, but I hate to fight for guys like you." He and his pals had a real respect for the president of that company but their contact was with the second- and third-string men, that superintendent and others. That was the basis for their opinion of business and industry.

Smith said that management cannot depend upon people in their companies who do not know, or are constitutionally unable to find out what workers think.

Above all we cannot depend on those who feel that it is to their personal and selfish interest to mislead us.

You can't mind read the ranks from mahogany desks. You can't find out what they think from last year's textbook. You can't afford to guess. You must do it the way I do, by talking with them. But you must get their confidence. The only way you can get their confidence is by being sincere, straight, honest with them. If you do that you will, as I have done, find that we can learn an awful lot from them and that they are mighty fine folks whose opinions we should value entirely aside from the fact that their opinions

will determine our future. We must learn to talk with them in their own language and from the point of view of their interest.

In his opinion, Smith said, management spends too much time talking only to members of management. "The publicity and propaganda which appears in the newspapers goes right over the head of the worker because there is no reason why it should interest them." He based his opinion on the fact that management prefers to use words which have a great deal to do with the lack of understanding and the misunderstanding between workers and management.

To management these words are beautiful and sacred. Like many sacred words management itself often does not really know what they mean. They are handy; it is much easier to use those words than to think. Too often management has no concept whatever of the meaning and significance of those words *in the minds of the workers.*

Smith declared that until management stops using these words they will find themselves unable to reach an understanding with the workers. Instead, they will find increasing antagonism and resistance on the part of the workers. For these are the words which management uses instead of ideas and instead of giving information to the workers. If the workers had the same concept of these words, he said, they would be sitting on management's side of the desk.

From talks in their homes with thousands of workers throughout the country we have found this misunderstanding and resentment of certain words and phrases cropping up again and again and again. They are often the *pet* words of management, too. In the case of many of them management does not see why they should be misunderstood.

The reason he gave for this was that the words have never been explained in terms of the understanding and the interests of the workers.

On the other hand some whose interest it is to oppose and fight management have most skillfully and capably accentuated the latent naughty meanings of those words.

Smith gave examples in the following discussion:

Free enterprise—how management and industry does love to use . . . "free enterprise." And many times we regret to say in using it they mean just those things to which the workers object. But even in the hands of management who have a sincere belief in free enterprise as applied not only to themselves but to all of us, those words are dangerous. In the minds of the workers in general they mean freedom for management—not freedom for workers. As one worker put it and he expressed the thoughts of thousands of other workers, "I know what the big boys mean by 'free enterprise.' They mean freedom to exploit the workers."

Profit—that is a good sound word. The small storekeeper, the garageman, everyone who is in business feels that they are in business for a profit. The profit to the storekeeper or the garageman is his income—his wages, his living from his enterprise. That's not profit. It's just a return for his services and his enterprise in carrying on a business. But it is in connection with corporations that "profits" is a naughty word to the workers. They read in their union papers and elsewhere of profits in the millions for the great corporations—sometimes in the hundreds of millions. As they understand it, that is money produced in the sweat of their brows which is turned over to a lot of people who have done nothing to earn it—the stockholders. But wait a minute, there are two kinds of wages which have to be paid out by every corporation. The one which must be paid before anything else is the wages to the workers. The other which comes afterward is the wages for the money which was borrowed to supply the factory building, the machinery, the material and all of the rest which made it possible for the worker to have a job. Sometimes for years that invested money received no wages. In a great proportion of cases the wages it received are less than the wages received by the bank for the money loaned on a mortgage to build or buy a house. Only after the invested money has received fair and reasonable wages do profits accrue.

Dividends—that is the earnings of the sweat of labor which are paid out to the money boys who do nothing to earn them. See above regarding profits.

Reserves—reserves are some loose money which is kept in a safe in the president's office. When he and some of the vice-presidents or members of the board of directors want to go out for a nice evening together he opens the safe and helps himself. Silly, isn't it? But nobody has explained it otherwise in the case of most of the workers. The worker has an automobile which is wearing out. He knows he is going to have to get a new one; so from time to time as he can he puts aside some money toward that new automobile. That is reserves for investment in machinery and equipment. How simple to explain that to him and use an explanation rather than a naughty word.

Capital—capital sits in an upholstered chair in the lounge in the club, resting his weighty paunch upon his knees. But wait a minute —that isn't what capital looks like. Capital is what the worker sees when he looks in the mirror. Part of it is the money he deposits in the bank or pays to the insurance company for the protection of his family. Other of it is money which folks like himself have saved for which they have deprived themselves of luxuries. Capital is those savings and accumulations which have given the worker a job. How many companies have ever taken the trouble to explain how much of an investment it took for different types of jobs in the plant? That's capital.

Cost plus—that is a naughty word which is gradually going to pass out of the picture. But it has done a lot of damage in its time during the past two or three years. "Man-power shortage," say the workers, "there is no man-power shortage, if the men were used efficiently. The companies are wasting men and materials because they are on cost plus. The more money they waste the more profit they make." Maybe that is wrong, but who has ever taken the trouble to explain differently?

Those are just a few of the more obvious naughty words—the words which are used most frequently by management and industry and which aggravate and pile up misunderstanding. The reason they aggravate and pile up misunderstanding is because so many men find it easier to use stereotyped words than to think. Again

and again the workers say, "Maybe I am wrong, but if I am it's because nobody ever told me any different."

One of the very naughty symbols to the workers is N.A.M. That is regrettable; . . . there are many fine people in the National Association of Manufacturers who are doing an enlightened job. However, they are handicapped by the past history of some people in the N.A.M. and by the fact that N.A.M. has been made a naughty word by some other groups. Since that is the case that too should be faced and something done about it, but nothing can be done about it in the methods of the past. It can be done only by information and explanation to the workers in terms of the workers' interests and in terms which they can understand. It must be done in methods and terms which appeal to them. It cannot be done by continuing to talk to one another.

Worth-while "don'ts" suggested by Smith were these:

1. Don't underestimate the importance of what the workers in your plant think about your company and its management.
2. Don't assume that conditions are all right in your plant just as long as there are no strikes or riots.
3. Don't expect some executive to mind read the workers from behind his mahogany desk.
4. Don't attack the motives of the other fellow. In the first place while he may be completely wrong his motives at the same time may be completely right.
5. Do not devote all your effort to proving that the other fellow is wrong.
6. Do not talk about classes—there are no classes in this country —no working class, no laboring class.
7. Don't assume that their [the workers'] views toward money and capital are like yours.
8. Don't assume that the men have the same understanding of finance, economics and other problems which you have.

Pointing out that one rotten apple can spoil a barrel, Smith said he knew of communities in this country where most of the companies of importance are doing a pretty good job of worker relations, or public relations with em-

ployees; and yet the attitude of the workers in that city is generally against industry as a whole, because they judge it by two companies whose attitude toward the workers is still that of the long-dead past.

So if we are to handle this big and tremendously important job of public relations for the workers, we have to approach it in three areas.

The first and most important he listed as the internal organization or the company itself.

The first job of the public-relations executive is to see that his own house is in order. The nation, the state, the community are made up of individuals, and those are the individuals who work for his company or mine.

The second he gave as the community area.

There are community attitudes and interests as well as plant attitudes and interests. People do not associate alone with their fellow employees of a given company, nor do their families associate only with the families of others who work in the same plant. Interacting influences within the individual community or city are apt to be very definite and strong. It is, therefore, important to consider this second or community area of activity.

The third, he said, was the general or national area.

But in relation to them all there is one fundamental. If we are to get favorable public opinion, have favorable public relations on the part of this great bulk of the American people, we must understand them. If we do not understand them how can we expect them to understand us? We must know how to talk in their language. Did you ever talk to some of the workers in the language of your press releases? Try it some time, so Ziegler can understand.

If we do not sympathize with them [the workers] and talk to them in terms of their interests, how can we expect them to be concerned with our interests? How can we expect them to understand that progress and higher standards of living come from joint understanding and common interests?

Smith declared that this constituted the big job ahead on which all too little is being done, and with too little understanding.

Entirely aside from over-all policy decisions concerning the scope of a company's public-relations program, it should be pointed out to major executives of all conservative corporations that many opportunities for better public relations within the budget and framework may be missed. Apathy in the name of conservatism is still apathy. An acute awareness of public-relations values on the part of operational executives becomes increasingly important as commerce and industry switch back to a competitive status.

Typical of many business and industrial concerns that realized the need for building strong, sound public relations following the end of the war, the Title Insurance and Trust Company of Los Angeles announced a new long-range public-relations program geared to peacetime activity.

This program, prepared and developed after extensive surveys and analyses of employee, customer, stockholder, community, and general public opinion, is coordinated with a large-scale publicity and advertising campaign, which is carried on through newspapers, magazines, outdoor advertising, and the radio.

Directly under the public-relations department, the company inaugurated a new house publication for employees, stockholders, and retired personnel. In addition to general public-relations work, the department arranges for motion pictures for employees and other groups and conducts opinion surveys, all of which is designed to build up internal and external good will for the organization. This illustrates the growing trend of business executives to look toward public relations as a means of strengthening their postwar position.

Suppose we consider this elementary problem: The public-relations counsel has ascertained that an adverse or un-

favorable view of his sponsor's price policy exists. What does he do to justify the policy to the public?

Naturally, his first step is to analyze the problem carefully. Is there a quality of service, an extra quality, or a special added service that the sponsor offers at no added cost but that the public is unaware of? Can this fact be publicized? If so, how? Can the firm's price policy be explained so that it will be generally understood and accepted? Is the management taking the desires of the public into consideration in its policy? Does the counsel himself know the number of people it is important to reach by this new approach, and where he can reach them? Does he know which angles of his new idea will bring forth the most favorable response?

In attempting to remedy the situation, the public-relations counsel first must answer the pertinent questions. His next step is to select the proper tools for the job that lies ahead.

When he is satisfied that his campaign is ready, he should put the facts into factual, readable, and logical form and present his program to his fellow executives. When the plan is approved, he goes to work.

Publicity Problems in the Light of Public Relations.— Assume that H. R. Robinson of a government agency toured a certain factory before the fall of Germany and gave the company officials a statement for the press which said, "I am tremendously impressed by this plant. The management of this company has speeded up all operations to such an extent that the plant is 3 months ahead of schedule in production of M-35 tanks. It has reduced manufacturing costs by 40 per cent so that it has been able to save the government $4,000,000 during the past 6 months. This outstanding record has been achieved while other companies have fallen behind schedule in producing the same type of tanks."

Blueprint for Public Relations

To the layman, this would have sounded like a windfall for the public-relations department. Complimentary things were said about this company, which furnished the material for good public relations. But did they?

For employees the praise meant a possible letdown, because it told of being far ahead of schedule. On the same count, the statement would spell trouble in the procurement of materials, scarce at that time.

If the company released the statement, it would subject itself to Army criticism for the reason that the M-35 tanks were still a military secret. The Army would also be unhappy about the percentage and dollar figures quoted, since they would constitute a production index.

The saving of millions would make good reading for the public, but 50,000 stockholders musing over a 75-cent dividend might take exception.

The statement that this particular company had forged ahead in production while other plants had fallen behind would create a few industrial enemies in the wrong places, as well as bring down the wrath of government agencies that would rather this be unsaid.

This left, from Robinson's complimentary statement, the casual revelation that he was "tremendously impressed" by the company's operations. Since this was not important enough for the wire services, the public-relations man reluctantly consigned the statement to the wastebasket, for Robinson was an outspoken Democrat and both the local papers were run by Republicans. The obvious alternative of course, was to rewrite Robinson's statement with his permission so that his words were complimentary but not objectionable.

Thus it appears that corporation public relations, while essentially a simple matter of maintaining or building the corporation's good reputation, is somewhat more complex than an individual's public relations because so many dif-

ferent groups must be considered. Very often what is good public relations for one group is bad public relations for another group. The net result of this is that large corporations, concerned with the interests of so many groups, as a rule tend toward ultraconservatism in their public-relations policies on the theory that it is generally safer to remain silent than to say something which will directly or indirectly damage the corporation's reputation with one or more groups.

If your client or employer needs a national public build-up, the publicity phase of your public-relations program will be emphasized more than under ordinary conditions. Suppose, for instance, that your client is one of the popular frozen-food companies. You would have to keep close check on those activities of the organization which will offer publicity opportunities. Here are a few:

1. Special or periodic reports, financial statements, and announcements.

   a. To employees.
   b. To stockholders.
   c. To the public.

2. General newsworthy information and significant statements made by company officials at meetings, dinners, or otherwise.

3. Announcements of personnel changes, etc.

   a. Appointments.
   b. Promotions.
   c. Transfers.
   d. Territories, branches, etc.

4. News of opening new branches or divisions.

5. Announcements of new advertising and promotion campaigns.

6. New examples of how frozen foods end kitchen drudgery for housewives.

7. Announcement of new food lines available (release to newspapers, magazines, and trade publications).

8. Changes or improvements in processing methods.

9. Testimonials and endorsements of products bearing client's brand.

10. News and photographs of executives, groups, or organization participating as a whole.

11. News and photographs of executives in connection with newsworthy activities.

12. News of outstanding sales achievements.

13. Newsworthy frozen-food-center news.

14. News of changes in organization policies, such as distribution, sales, financial, production, marketing, and personnel.

15. News of activities of executives (personal or business).

16. Creation of stunts, contests, and other special activities.

17. News of special exhibits, food shows, etc.

18. News of package improvements, designs, etc.

19. News of improved methods in freezing fresh or cooked foods.

20. News of localized stories and stunts.

21. Technical articles and information on the products for *Quick Frozen Foods* and other trade and business publications.

22. Awards, etc., such as National Safety Award, and news on worth-while employee suggestions.

23. Improvements or expansion in buildings, equipment, facilities, etc.

24. News of contests, etc.

25. Stories of employees to promote employee relations.

26. Publications, internal and external, published by client.

27. Liberal sampling to newspaper and magazine editors, writers, and others.

28. Biographies, with photographs, of company executives and department heads.

29. Employment of veterans and feature angles for the press.

30. Prominent visitors to freezing plant or office and special tours of groups—civic, school, clubs, etc.

31. News of new sales aids.

32. Pictures and stories of motion-picture stars and other celebrities preparing or enjoying frozen foods at home.

33. Constant alertness to opportunities to emphasize importance of preserving vitamin content, flavor, garden freshness, etc., which is accomplished by freezing process.

34. News of savings made possible to the housewife through frozen foods.

35. Stories of sales experience.

Perhaps you will be retained or employed to direct a full public-relations program for a large corporation that has branches in several states. In that case, you must be prepared to

1. Develop civic, business, and community friendships in each plant city. In this connection, don't assume that what applies in one city will be good in another.

2. Handle the major, legitimate news developments about your client's operations.

3. Maintain a company record that will stand up under opposition if it develops.

Providing for Public Relations as a Task Force.—Companies feel that they need specialists on public relations because their management either is not qualified or has not enough time to give the details of the job proper attention.

In no event should a public-relations department be made

an appendage of the president's office, for this will usually result in a department that handles press releases, theater tickets, employee bulletins, and many things which are a part of public relations but which have no direct connection with, or responsibility for, the decisions made in the office of the purchasing agent, treasurer, factory manager, or labor-relations man. Although most public-relations matters should be channeled through the president's office from the public-relations department, this department should actually be considered an adjunct of every department in the company.

Assuming that this basic method is one which we can adopt for our hypothetical company, what kind of special talent shall we need and how much should we spend? It is possible for a firm or institution to carry out such a method for effective public relations without adding any new men to the pay roll or spending any money other than for luncheons, entertainment, for membership dues, and charitable contributions. The question depends entirely upon the kind and temperament of present management personnel and upon the amount of time they can and will give to the public-relations aspects of their operations. The key point in the organization is the president and the men in charge of each function that affects public (and employee) relations. If the company covers a wide territory and has branch managers, then each of these managers and his staff must accept a responsibility that is the equivalent for their territory of the setup at headquarters.

The company's officers and department heads should be thought of as public-relations personnel. And, regardless of how many staff members are employed in the public-relations department, they should primarily function through and in coordination with the operating management. There are several ways in which companies provide for public relations. For example, Company A has a public-relations

department at each of its five district offices. The branch public-relations director reports directly to the district manager at each plant and for staff and coordination purposes reports to the top public-relations executive at the company's general office. The chief public-relations official directs and operates a general office public-relations department, which handles national problems and also makes public-relations policies for the public-relations managers at each branch. The company's top public-relations executive reports to an assistant to the president.

In addition, Company A retains outside public-relations counsel, which has offices in each city where the company has a branch. This counsel works directly with company management in formulating operating policies and with the public-relations departments in conducting public-relations activities. In this case, outside counsel undertakes to perform few operating phases of public relations. It acts solely as counsel; operations are carried out by the company's own department.

Company B operates under a different system. The company has no special public-relations personnel whatever. It prefers to rely upon outside counsel to supplement its regular operating personnel. Outside counsel works very closely with and is almost a part of the company, but company personnel carry out the details of public-relations work as a part of their regular responsibilities.

Company C has no company-paid public-relations men but maintains a public-relations department. Each district manager has the services of a public-relations man, who is in the employ of a large public-relations firm retained by the company to handle the running public-relations problems, which in this case are substantial and require a high degree of impartial judgment.

In this case, certain staff members of the public-relations firm are assigned to serve full time with the client. Two

or three men work in the company's office while at least one or two are stationed at branch offices. One of these men serves as resident public-relations director at each location. They are assisted by stenographers and other personnel on the client's payroll.

The counseling firm has over-all supervision of advertising, working closely with the client's advertising agency, suggesting policy, approving budgets, approving copy, and so forth. The firm also prepares major press releases and speeches and articles for clients and edits other materials. In addition, it prepares and directs the publication of the client's internal and external publications, annual reports, stockholder reports, and all other special reports.

In its work for the client, the public-relations firm uses the staff-discussion method in which all problems affecting the client's operations are exhaustively discussed and analyzed and a long-range line of action is planned by groups of keymen.

The resident men also handle the company's own local publicity, set up pleasant relations between plant and community, develop and promote all employee activities, and conduct special tours through the plant.

It may or may not be desirable to retain professional counsel. A corporation can hire and may have hired for its public-relations department men who are just as well equipped as expert consultants to handle public relations. However, there are three reasons why a company should retain outside counsel. These are

1. To start the company off on the right foot.
2. To provide competent, independent, and unbiased advice, gained through specialized training and experience.
3. To supplement the views of the company public-relations officials.

The impartial viewpoint is of great importance. Human beings are subject to prejudices; from the president down

a company's operating personnel will tend to have their business decisions influenced by their personal prejudices. Public relations will usually depend upon the way policies affect the persons concerned. And the right decision will require a nice balancing of all the issues involved so as to satisfy such persons to the maximum degree. It is the old story that a good deal is one in which both buyer and seller are satisfied.

A good public-relations man knows that he will have many arguments with management if he is to prevent decisions which may seem all right from a short-run, narrow viewpoint but all wrong from the long-run, broad viewpoint. Or management's decision may be sound, but the proposed method of execution will create trouble. For, parenthetically, it is not enough to be right—you must also *seem* to be right. If such differences arise between the president and a company-paid public-relations man, that is, an employee who cannot afford to be discharged because of his wife and children, the decisions they reach cannot be unbiased. No outside counsel wants to be discharged either. But usually he has other clients. The loss of one client to a public-relations firm is not as vital as the loss of a job to a company employee.

The organization contemplating the use of public relations must fully realize before attempting to retain outside counsel or select qualified staff members that halfway measures cannot be employed. It is necessary that sufficient money be appropriated to permit the program to be carried out as the situation demands. Public relations is one thing that it does not pay to buy on bargain day. First of all, if outside counsel or a staff man is employed at a ridiculously low figure to plan and direct the program, the results will be grim evidence of the "bargain" and will prove that one gets just what he pays for. Second, experience has proved that public opinion or favor cannot be

bought, either by insincere flattery or by the proverbial nickel cigar of the ward politician.

Proposals and Plans.—A proposal is the term given the original presentation prepared by the counselor for his use in selling public relations to the prospective client. On the other hand, a plan is a definite program for operation that the counselor submits to the client after a contract is signed.

Because so many business executives do not understand public relations, it is common practice among leading counselors to include in their proposals much information regarding public relations of a definition and orientation nature. This is generally supplemented with an analysis of problems, definition of objectives, and a discussion of benefits to be achieved. It is the consensus of most practitioners that only the approach should be revealed to a client and not the mechanics, timing, or details of the methods to be used. As one prominent public-relations man said recently, "The counselor should put all his cards on the table, but it is not advisable, however, for him to tell how he is going to play them."

The proposal should also include the counselor's recommended budget. In addition to a statement on his fee and the services to be rendered, the counselor should list a breakdown of other expenses, such as editorial preparation, photographs, mats, mimeographing, clipping, postage, travel and contact, and, of course, any special items that may be applicable to the particular company or prospective client.

Aside from the information mentioned above, nothing should be put down on paper in the way of a public-relations plan until the counselor has the account and receives a substantial part of his retainer fee. This applies equally to preliminary research or survey of the client's problem.

Arthur J. C. Underhill says the procedure in handling a new account should be

1. Set up a general statement (analysis of the problem and definition of objectives).

2. Make a proposal (sales talk concerning ends to be sought and financing).

3. Prepare a comprehensive program (once the counselor has the account). This should include the detailed steps for implementing the plan.

How to Prepare a Public-relations Plan for a Client.—Before a public-relations counselor can prepare an intelligent, comprehensive plan for presentation to a client, there are many facts to be determined. Since most of the information needed is not available to the public, it is necessary for the counselor to get these facts direct from the client.

In some cases this information will be furnished readily. In other instances, when the counselor has other reliable sources that can supply him with facts, he will ask the client only those questions which he alone could possibly answer, thus saving valuable time for the busy executive. Answers to many questions naturally must come from independent and impartial sources. Opinions from a large number of unbiased outsiders should be gathered on such questions as: What do customers think of the client?

Public-relations plans vary in elaborateness and detail, depending upon the particular client and such factors as the size of his organization, his objectives, and the funds he has available for the program.

The conventional plan begins with a statement on the general proposal for a public-relations program, defines the publics, then itemizes the principal objectives, the approach to the problems, and the results to be gained. Following the general section, the counselor outlines the plan in more detail, usually on the order of the hypothetical plan that may be found in Section IX (page 280).

Blueprint for Public Relations

Kalman Druck, of Carl Byoir & Associates, said recently, "Public relations is very often a fire-department job and, therefore, the functions of a plan in such instances are obviously limited. The other type of public-relations account is that corresponding to the work of a safety engineer and naturally requires more in the way of a survey and detailed plan."

The following list of facts the counselor must know about a new client constitutes only the preliminary ones required for the master operating plan. Although the following checkoff list is designed primarily to aid in the preparation of a public-relations program for a business corporation, it is fundamental and can be a guide for outlining a plan for practically any organization or institution.

These Are the Points to Be Covered:

1. What are the specific objectives of your client in desiring a public-relations program? Or, if he has not indicated his desire, why should he need public relations?

a. To improve company relations with internal organization:
- (1) Supervisory personnel.
- (2) Nonsupervisory personnel.
- (3) Employees, all or by breakdown.
- (4) Employees in branches.

b. To improve company relations with external public:
- (1) Customers.
- (2) Dealers.
- (3) Jobbers, brokers, and distributors.

c. To improve company relations with:
- (1) Stockholders.
- (2) Labor, all or specific unions.
- (3) Community leaders, civic, business, financial, church, and city officials.
- (4) General public—all groups.

d. To increase acceptance of products or service:
  (1) In specific areas, or market-wide.
  (2) With dealers, retailers, customers.
e. To increase public acceptance of organization:
  (1) With specific groups and in special circles.
  (2) Within the trade.
  (3) With public.
f. To promote personal or business prestige of certain key executives of the organization:
  (1) With specific groups and in special circles.
  (2) Locally.
  (3) Nationally.
g. To improve relations with government agencies:

2. The character, history, and background of your client's organization.
a. Growth from beginning (comprehensive history).
b. Financial development and expansion.
c. Reputation generally.
d. Financial and present stock setup of organization.
e. The names of the associations and organizations your client belongs to.
f. Biographies of top executives of the organization.

3. How does your prospective client's organization function?
a. What are the particular sore spots?
b. Are there any particular weaknesses in the company setup?
  (1) Top management.
  (2) Lower-level supervision.

(3) Sales.
(4) Products.
(5) Equipment and facilities.
(6) Relations with competitors and others.
(7) Company location, distribution.
(8) Employee-promotion system, etc.

4. Facts about your client's products and services:
   a. How do they compare with those of competitors?

5. What is the actual ability of your client's organization?
   a. How does it compare in size, efficiency, and production with competitors?
   b. What particular difference has it that could be used in the public-relations program?

6. Facts necessary to give a clear understanding of your client's administrative and operating policies:
   a. General policies.
   b. Production.
   c. Price.
   d. Sales and distribution.
   e. Extent, aim, and theme of the organization's advertising.

7. The general reputation of your client among:
   a. Dealers.
   b. Customers.
   c. Suppliers.
   d. General public.

8. The reputation of your client with:
   a. Supervisory personnel.
   b. Nonsupervisory personnel.
   c. Former employees.

9. The recognized and worth-while achievements of your client, such as:

a. Production record.
b. Low personnel turnover.
c. Minimum labor trouble.
d. Leadership in advancement, designs, methods, etc.
e. Employee-recognition plans, etc.

10. What is the corporate character of the client within the trade or industry?

a. Does the client cooperate with competitors for the general advancement of the industry, or does he plan to do so in the future?

11. Will the prospective client cooperate fully in the over-all public-relations program?

a. Will the client agree and issue necessary instructions to proper persons, that all unpleasant incidents, such as accidents, suicides, strikes, and personnel reductions, will be reported immediately to the public-relations officer for consultation with management for appropriate action with:
(1) The press.
(2) The public.
(3) Others.
b. Who is the official spokesman for your client's company? Will he be the one who will make announcements, sign statements, be quoted, and represent the organization at meetings and conventions? Can he be used to humanize the company?
c. Who will have authority to act and make final decisions on major public-relations issues?
d. Will all matters clear through this official, or will certain other executives and department heads be contacted for information, opinions, etc.?

e. If the company publishes a house organ, what are the policies and who makes them? What is the purpose of the publication? Is the editorial staff doing a good job? Is the publication popular with employees?

Fees for Services.—Because of the very nature of public relations no standard formula or slide rule has yet been devised to determine the charge for counselor services. Unlike the advertising agency, which receives a 15 per cent fee based on the rate charged for all space placed for its client, the public-relations counselor can establish no standard or fixed fee. First, he must estimate the scope of the given program, the time and work required, organization additions, and miscellaneous overhead and then set his fee accordingly. It is not possible to base a fee on the number of inches of clippings, for frequently the best public relations may not require that a single press release be written.

The point at which a public-relations counsel should start receiving compensation should be from the moment he gives of his skill, knowledge, and experience. After the initial contact, the counselor should carry on the same as a doctor or lawyer. All services such as surveys and investigations should be provided at a separate and special fee. After the first survey the cost of a general program can be estimated, but technical details of strategy and techniques of the program should not be revealed. Most counselors agree that no survey reports or analyses of a company's public-relations problems should be made except for a stipulated fee.

Because it is very difficult to increase a fee after it is once set, it is extremely important that a counselor have a very definite program in mind before making a proposal.

Uriel Davis, publisher of the "Public Relations Directory and Yearbook," says that, if a prospective client approaches

a public-relations man, the counselor should determine *why* he was approached. "Usually the possible client knows very little about the job he wants done and the primary task of the counselor is in building faith in the client, who generally does not appreciate the knowledge of the public-relations man. Once the counselor has established the faith of his client, the client must not be allowed to interfere with the operation of the program or even know the details of operation." He also warned that no counselor should ever promise delivery of certain results. "If a client does not have confidence in the ability and judgment of the public-relations man, the client should be dropped," he says.

Leading public-relations counselors agree, after years of experience, that the most practical and satisfactory plan for determining charges for their professional services is the fee-plus-cost system. Counselors in large metropolitan areas have minimum fees, ranging from $500 to $2,500 a month. While the trend in the number of accounts is dropping, the amount of the service fee is rising. One of the outstanding public-relations counselors of New York says regarding minimum fees, "I agree 100 per cent with the policy not to think for less than $1,000 a month. A substantial client doesn't want you to charge less because it reduces his confidence in you, makes him think you're offering him a cheap product that will function in a cheap way."

The basic fee varies, of course, depending upon such factors as (1) caliber of the counselor, (2) public-relations task to be performed, and (3) amount of increased overhead, such as personnel, office space, and lights, required for the program.

Out-of-pocket Expenses.—The "cost plus" is desirable for counselor and client, for it provides a flexible system for charging the client for certain additional expenses, such as mailing, entertainment, photographs, travel, clippings, mime-

ographing, and contact expenses. These should be charged to the client on a cost basis, with a maximum amount prearranged. When special situations arise making it necessary to go above this stipulated amount, the counselor consults with the client before exceeding the maximum allowance set up for expenses.

At a work clinic of the National Association of Public Relations Counsel in New York, William Baldwin of Baldwin and Mermey explained his reasons for favoring the fee-plus-cost system:

I started out charging an over-all annual fee which included the cost of staff, but excluded out-of-pocket expenses. I quickly discovered the fallacy of this arrangement, on several counts. Such a system puts you on the spot. If you try to make money on the account the client may think you are skimping his work. If you splurge in the execution of expensive ideas, well, you just don't make money. You may lose it on the account. And you may lose the account.

Another thing I learned—if your fee plus staff and other expenses is entered on a corporation's books as a single item, it may exceed the salaries of some of the vice-presidents and they resent a public-relations man getting what seems like a lot of money, although he may actually be getting only a small fraction of it.

So our present system is to charge a definite fee for our work, plus all expenses at cost, plus the salaries of executive personnel employed on that account. And to these salaries we add 50 per cent override for our increased overhead.

Asked if he ever cut his fees to establish clients, Baldwin said:

Yes, sometimes we have accepted or even volunteered to take a stand-by retainer where the opportunity for service becomes temporarily restricted. In this way you keep the client and you keep in touch with his affairs. The size of the stand-by retainer naturally varies with the circumstances.

Blueprint for Minimax Relations

Speaking as the public-relations director of a large national advertising agency, Sam Fuson of the Kudner Agency said:

Broadly speaking, all clients of an advertising agency are public-relations clients. For, of course, advertising is a tool of public relations. Let me add, however, that we do not undertake specific public-relations programs for our clients without a definite understanding as to compensation. In advertising, the compensation of an agency is fixed at 15 per cent of space used. I know of no standard practice in arriving at charges for public relations or publicity.

Our terms and conditions, which constitute our contract with clients, provide that "all service rendered by the news publicity department is billed to the client on a basis agreed upon by the client and ourselves before such work is undertaken. Our practice, therefore, when we recommend or are invited to handle public relations or publicity for a client, is to study the problem and arrive at a fee plus costs that appears to cover the specific situation. The problem, in some instances, calls for counsel only; another may require the time of several people; some call for product publicity only. Many combine counsel and service. Frequently we recommend the use of outside public-relations counsel. At least two members of this association are handling jobs for Kudner clients right now. And I am negotiating with another member for some work for one of our clients.

In arriving at a budget, we usually try to figure our man power and overhead costs as the basis of the fee or fixed item, and itemize anticipated other costs such as photos, contact expenses, mimeographing and mailing, travel, clippings, etc.

Strangely, perhaps, the larger the advertising client, the less likely he is to attempt to "chisel" publicity service. It is necessary, therefore, in an agency to have a pretty well defined understanding with both the client and the "account executive" or contact man on each account.

I have tried many plans during 15 years in advertising agency work—plans for what shall be paid for publicity or public-relations

service. And I had some experience as an independent operator before entering the agency field.

Acceptance of a fixed fee, whereby both compensation and out-of-pocket costs are paid from the over-all fee by the public-relations operator is not, in my opinion, a good method. It may lead to charges by the client that the agent is not making enough contacts or generating enough activity because he has agreed to pay such costs. I prefer the fee-plus-costs method. That goes for all costs, entertainment, stamps, travel, etc.

On the one item—entertainment—it is true that sometimes the agency (public-relations agency or firm) may pay some of these rather than subject itself to criticism for being extravagant—but that is an item that requires good judgment, anyhow. Under agency practice, we add 15 per cent compensation to production items but bill net for entertainment, travel, and stamps.

Our own agency handles a number of public-relations advertising accounts—General Motors and the Association of American Railroads, for instance.

Of course, no additional fee is charged for this service. It would be a little ridiculous to work out a fee for General Motors for handling the Toscanini broadcasts when we are well compensated for this in the usual agency way. The same goes for the railroads.

The opinion is strong within the profession that the size of a public-relations budget demanded by a large, progressive agency should be geared to the previous year's gross sales of the company it is acting for—some recommending 1 to 3 per cent for all public relations including advertising, with an amount for public relations without advertising equal to 10 per cent of the advertising expenditures.

Termination of Contract.—When a counselor accepts an account, he should include in his letter of agreement with his client a "termination-of-contract" clause. The most satisfactory notice of termination is 30 days. Most counselors have an understanding with their clients before they accept accounts that they will be given a minimum period of 6 months to establish themselves.

The full terms and provisions of the contract should be contained in a letter of agreement. Although some practitioners represent clients from year to year with only a verbal agreement, it is advisable to draw up a contract or letter of agreement so that misunderstandings will be avoided. It is quite possible for a difference of opinion to arise over some point, an omission or addition on the expense account or some other matter that is not covered by written agreement. Not only might such a dispute cause the termination of the counselor's services, but the break in relations would not help the counselor with other prospective clients who might hear of the misunderstanding.

Again we quote George W. Sutton, Jr., of the Sutton News Service, who offers this sage advice on agreements:

> The counselor who does not use a letter of agreement is due for trouble some time through misunderstandings of his verbal arrangements. In my case I have no formal contracts but I submit to each new client two copies of a brief letter of agreement outlining our understanding of what we are to do for him, the amount of our fee and expense allowance, for 1 year and thereafter until discontinued by either party on 30 days' notice. But I also put in a separate 30-day clause because I don't want a client for 5 minutes after he doesn't want me or I don't want him. The 30 days is to allow outstanding bills to come in and to make the necessary adjustments in our payroll.
>
> If this meets with the client's approval he returns one copy with his company name, title, and signature and date under the word "Accepted" in the lower left-hand corner and I put it in the safe and forget it. It is a legal contract and I have never had one questioned in my 18 years in this work.

Clients and Personal Contact.—Because of the importance of personally serving each client, the public-relations counselor should limit the number of accounts to five or less. More good public-relations men have failed because of trying to have too many clients than for any other reason.

The best policy is to have only a few substantial accounts and select them carefully so that it will not be necessary to increase the number in order to maintain a profitable business.

A client becomes dissatisfied unless he deals with you personally. Most executives who employ public-relations counsel resent having a staff member contact him on matters such as management policy, stockholder relations, and other problems. Such practice is even humiliating to some businessmen who feel they are entitled to your personal service.

The average client is sold on the particular counsel when he employs him. The fee he pays is for the services of that man, not his employee, although he may be the one who actually does the work. However, the contact should, in the majority of cases, be between client and counselor.

Public-relations men are generally prominent in clubs and civic affairs, and through these connections they are approached by prospective clients. Many of them give much free service to charitable and civic organizations.

Securing New Clients.—Public-relations counselors seldom advertise. They are or should be considered professional men in the same category with doctors and lawyers, who do not consider it ethical to solicit business directly. It is the consensus that public relations is not a commodity and should not be sold.

There are instances where public-relations firms have employed account executives who actually were added to the staff to sell public-relations service. While this is no reflection on the profession, most firms rely solely upon their successful reputation to bring in additional accounts when more business is desired.

Probably the most universally used by beginners to secure particular accounts is the method used by practitioners in the early days. Although it is not new, it is still effective.

Blueprint for Minimax Relations

The counselor decides upon a certain account he would like to have. He studies the business and gathers all the information he can find concerning it so that he can discuss it intelligently. Next, he learns all he can about the top officials of the company, what clubs they belong to, and their hobbies. In this manner he finds out who their friends are, and he checks until he discovers a contact through a mutual friend.

After dining with this friend a casual hint is dropped. The next time the friend meets the prospective client at the country club he will probably discuss public relations and then suggest that if he is considering a public-relations man he call a friend of his (as counselor) who is well qualified to handle his problem.