

Vernon C. Schranz Distinguished Lecture in Public Relations
Willard D. Nielsen – 2003

Good evening, everyone, and thank you, Mel, for that very kind introduction. It is a pleasure to be with you and I am honored to have been asked to give this 25th Vernon C. Schranz Lecture in Public Relations at Ball State University.

I want to acknowledge the presence of the Schranz family here tonight, as well as members of the Ball family, and executives of Ball Corporation. I appreciate the fact that all of you have come here tonight and I hope that my remarks will be consistent with your expectations and in keeping with the tradition that has grown up around this lecture series.

When Mel Sharpe contacted me back in February, I was surprised how quickly I said yes to the invitation because I don't do very much public speaking. Maybe it was that he contacted me on a Monday morning with a very flattering request. It was such a nice way to start a week.

But I also realize now, that his timing was right because I had been subconsciously building a list of things I wanted to say about public relations and business, but just hadn't had the right opportunity. An academic setting such as this is probably better than other kinds of meetings because this requires thought and rational development. I am prone to speak emotionally and with passion when it comes to the field of public relations.

So, what I'm about to take you through is a stream of consciousness about public relations from someone who has been around for a while. I want to talk about the current state of affairs of business and the matter of public trust. And, despite the challenges we face dealing with rebuilding a trust, I hope to convince you that public relations is a high calling and just about the best career field anyone can imagine. As my 20-year-old daughter would say, it's just awesome! It blows my mind.

I'd like to start by telling you how I was first awakened to this career field – back when I was about 20 and in college. I was a business major at Oregon State University, which is located in the little town of Corvallis, Oregon. I wasn't taking a lot of things very seriously then – maybe some of you will understand that. I didn't know there was something called public relations, but I thought a cool thing to do would be to go to work for the local radio station. Corvallis didn't have a television station then and it still doesn't. But, I managed to get a job as a disc jockey and part time salesman. Selling radio spots to local businesses and merchants was tough because they dismissed me as just another college student who couldn't know anything about how to help them get more business.

Well, to make a long story little shorter, I wound up approaching a business in town that had never advertised before...a local sand and gravel company.

John Gallagher – I'll never forget him – agreed to buy two 60-second spots per day on a morning news program that we aired five days a week. If you do the math, that was 10 spots per week for this company that sold ready mix concrete, drain tiles, sand and gravel. That was the extent of his product line.

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So? How hard could that be? The thing about John, though, was that he was proud of his business, thought there was a lot to it, and he wanted every spot to be different. You want to talk about a challenge in creative writing...

This little story is not as much of a digression as it may seem. The significant point is that John was one of the first people who entrusted me with his business. It was the first time he had promoted his business on the radio. While the spots were cheap by any standard, it was not the money that he was putting at risk. It was the reputation of his business.

That he would take this chance with a very young person made a huge impression on me. He never had to complain about hearing the same spot twice, because I never repeated a single one of the 260 commercials I eventually wrote...for sand and gravel, concrete tile and ready mix concrete. Every one was different.

He made me take his business seriously. He encouraged me to think about context of his business, to use my imagination, and to work against deadlines. But the importance of the experience was that he trusted me and gave me a chance. He was a wonderful early mentor, just the kind of person you'll want to look for as you begin. I just hope you have more to promote than sand and gravel.

Although my relationship with John Gallagher was based on an advertising contract and not public relations, per se, he taught me the importance of relationship building and how to really focus on a business. I think the lessons learned there have stood me in good stead and I now regularly counsel young people about the significance of their first experiences, no matter how small, and the importance of looking for the learning.

And the subject of learning is a good segue to tonight. Ball State University is doing something very important for the public relations profession in its continued commitment to the Schranz lecture series. And I would like to salute the Ball Corporation for its foresight in creating the endowment in Vernon Schranz' name that makes this series possible.

Ball Corporation has set a wonderful example for other corporations to follow – and I'm going right home tomorrow to suggest that my company do something similar.

Learning, especially learning about public relations, is a never-ending search for experience, context, meaning and perspective. And, of course, this series provides a unique opportunity to hear about experiences in public relations across a very broad spectrum. So, I'm delighted to have the chance to share some thoughts with you tonight.

The title of this talk: "Building Sustainable Trust," speaks to the times we live in. And, I would like to talk with you for a few minutes about what many believe is a very troubling time for business and our system of free enterprise.

Without getting into the litany of bad examples one can trigger with mere mention of Enron, Anderson, WorldCom, Global Crossings and the rest of the headliners, the concern I think we need

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to raise is that business may not be addressing with the whole of the problem, and may, in fact, be missing an important opportunity in this time of rebuilding trust.

Rebuilding public trust – trust among consumers and the investing public – is one of the most significant issues we face. At stake, many believe, is the vitality of the free enterprise system we enjoy and that has produced so much that is good and right in our economy and society. I am very concerned about what the erosion of public trust is doing to this system and to the opportunities the businesses have to grow and flourish.

Business matters are increasingly politicized and what was already a challenging legal and regulatory environment has become even more cluttered by laws, rules and regulations. And, of course, the tort liability litigation that surrounds many industries – especially health care – is an added encumbrance that is also exacting a very heavy financial toll, but that is another issue.

The political context into which we have been drawn recently as a result of some really egregious behavior by a few individuals and their organizations, could significantly dampen the potential for free enterprise as we have known it.

Not the least of our worries and concerns, in the current negative climate, is our ability to continue to attract the best and brightest young people to careers in business – big businesses in particular. Recruiters tell us about young people shunning big companies in favor of smaller enterprises.

New laws and regulations are streaming out of Washington. Most notable is the Sarbanes-Oxley Act on corporate governance. We almost seem headed to a system where the business community is expected to do the right thing because it is required to do so by law, instead of a system that is rooted in mutual trust, respect and a sense of responsibility and obligation to society. In attempting to meet the explicit requirements of the law, we chill notions of good intentions, common sense and good judgment and do grave damage to the heart of our free enterprise system.

I'm not here to recommend nullification of all the new laws and regulations put in place in the aftermath of Enron, WorldCom and the rest. But I am here to advocate for a renewed commitment to values-based cultures on the part of our business organizations – cultures that can, over time, I believe, lead to the establishment of a level of trust that is sustainable. Key players in the promulgation of such company cultures, of course, are public relations people. But these efforts will require courage and the strength of convictions, which I'll talk about later.

There isn't a company in the industry today that isn't policing its behaviors so as to avoid trouble of the public spotlight. This emphasis is not misplaced, and I don't mean to suggest that behavior isn't important. But, a single-minded focus on behavior – that is, compliance and legality – misses a precious opportunity and only sets the company up for disparagement when an inevitable lapse in judgment or isolated criminal act occurs.

The opportunity at hand is to look beyond behaviors and reexamine what makes up the core values of an organization – issues such as citizenship, ethical decision-making, community and

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environmental responsibility, employee welfare, product quality and commitment to customer satisfaction. Business organizations need to go back and examine what is really important to them.

Jim Collins and Jerry Porras, in their book, “Built To Last,” reported on a study they completed to identify what they called “successful habits of visionary companies.” If you recall the study in the early 90s, it looked closely at 18 companies – long lasting companies – an average age of nearly 100 years – and sought to find the secrets to their enduring success.

What they found was that each of the long-term, successful companies had identified their core competencies and values and had managed to sustain a commitment to their cultures over a long period of time, despite changes in top management.

My company, Johnson & Johnson, was included in this study and we had the good fortune of engaging Jim Collins to discuss his findings with our top management group.

Like the other companies studied, Johnson & Johnson had a well-established core value system and a focused commitment to its industry – health care. The company’s values are expressed as a Credo of responsibilities it pledges to adhere to with regard to its customers, its employees, the communities in which it operates, and to its stockholders. The Johnson & Johnson Credo is a single-page document first published in 1943 – sixty years ago. The genius of the Credo, given that our business is health care, is that it takes the one thing that is most important to the success of any business – putting customers first – and makes it our moral imperative.

It has been my great good fortune to have worked in the upper reaches of this company for the past 15 years, and yet I believe I can speak about Johnson & Johnson with some objectivity because I wasn’t born there, professionally. As has been mentioned, I had an 18-year career in the public relations consulting business before being attracted to Johnson & Johnson.

The earlier career, which involved providing public relations counsel to companies in many different industries, gave me a perspective on management styles and policies, and I found Johnson & Johnson by virtue of its well known Credo to be an exception to most everything I had seen or experienced before.

It wasn’t that other companies I counseled were bad; it was just that they didn’t have sustained, transcendent commitments to core values, compared to what I have come to learn and respect about Johnson & Johnson.

The point of this discussion is not to single out my company as being particularly praiseworthy, but looking at the reputation of the organization clinically, as I am charged with doing, you have to marvel at the sustained level of trust and favorability that is accorded to Johnson & Johnson. And we have sought to understand why this is so.

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As an insider, now, I know the company is not perfect. We make mistakes, bad ones. We have had our share of Justice Department investigations and have paid heavy fines and penalties for the wrongs we committed.

But what I have noticed is the amazing resiliency of the reputation of the corporation. I hesitate to even mention this because I don't know what tomorrow's news will bring. But I have come to believe – and we have spent a good deal of time and money to understand this – that despite our weaknesses, we are a company that is known to care and to be always trying to do the right thing. And we do care and we are trying.

Of course, we engage in many activities to support an image of trustworthiness, but the American public's positive view of Johnson & Johnson seems to be held independently from what we do or say. Research continues to show that consumers express an astonishing level of "deep personal trust" when asked to think about Johnson & Johnson. This high regard for the company probably stems from a whole constellation of events over time, and the fact that we are in the baby business. What I do know is that we work very hard to inculcate every employee, every member of management, suppliers and even key customers with the core values we hold important. Our values and our quest for unimpeachable integrity are so important that we have even turned ourselves in – in one notable case when we found evident of document shredding that was not found by Federal investigators.

Fortunately, transgressions such as these are rare but they have an incredibly wrenching effect on the company. They matter to the people of Johnson & Johnson because the company places such importance on its core values. And that's what is important. Can you see how, in an organization like this, ethical infractions become isolated events? Not only do they go unrewarded, they are actually purged.

But, again, my purpose here is not to single out Johnson & Johnson; it is to suggest that at a time of heightened scrutiny of business and its actions, the restoration of public trust requires more than just running a tight ship. And, the opportunity business should not miss at this time is the definition and recommitment to its core values in order to create an organization that the public will have faith in to do the right thing.

Just to further make the point, if an organization's core values are held up by management to be vitally important, and those values are shared across the company, then it really becomes the responsibility of every employee and all members of management to engage in decision-making that is consistent with those values. It is not necessary to then create voluminous rules and regulations by which to police compliance. The obligations and responsibilities are shared.

So, what, you ask, does this have to do with public relations?

Well, it has everything to do with public relations. With an eye on values, reputation and constituent relations at the very core of what we do, we are the ones to ask the key questions of management in

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times of stress: What do we know about what has happened? What do we believe about what has happened? And, what are we going to do? Any management under stress is going to ask what happened and what are we going to do. That's what they teach in MBA programs. But from the context of what we know about public relations and values, it's important to also ask: what do we believe is important about what we know or have found out? And, how should our beliefs guide our actions?

I believe it is the calling of public relations people to be attached at the core of the organization and directly associated with its values. Certainly, we are responsible for the articulation of those values. If you want an extreme view of this, I would say that there is no higher calling in business. I think the chief public relations officer is right up there with the CEO in terms of one's potential to influence the performance and standing of a business organization.

And the good news, for those of you who chose to embark on careers in public relations, is that this profession of which I am so proud to be a part, is rapidly developing a foundation – a concrete foundation – from which you will be able to draw support and encouragement, and through which you will be able to draw support and encouragement, and through which you will find meaning and purpose in your work.

I can tell you, unabashedly, that I have found that level of personal and professional satisfaction. First, I have had the good fortune to be associated with what I believe is one of the great companies in the world.

Second, I have been fortunate to be associated with a growing number of chief public relations officers – colleagues in other companies and industries – who share a passion for what we do, and who also share a vision of what this profession can grow to be and become.

Our inspiration is drawn from the example set years ago by a man named Arthur W. Page, who was the first vice president of public relations for the Bell System – AT&T. Page was attached to the core of the organization and sat at the top of the management ranks. His influence is legendary in business but his legacy in public relations has meaning that grows in importance with each passing year.

Page's beliefs about business and society – articulated in the 40s and 50s – speak volumes in today's environment. He was one of a handful of people in his time to call upon business to orient itself to the public interest. General Robert Wood Johnson, who wrote the Johnson & Johnson Credo, shared very similar views about business and its responsibility to its constituents. His Credo, as I said, was first published 60 years ago, about the same time period in which Arthur Page was practicing at AT&T.

Page defined the practice of public relations by the example he set and by articulating some just plain practical ideas about the standards that ought to apply to that practice.

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His ideas were eventually codified by his successors at AT&T and promulgated as principles – the Page Principles – to other companies in other industries.

Listen to the clear direction of the Page Principles:

Tell the truth

Prove it with action

Listen to the customer

Conduct public relations as if the entire company depends on it; and,

Remain calm, patient and good-humored.

These principles make up the very core of what we do in public relations. In fact, that define what we do.

As such, the legacy and underpinnings of our profession rest on something very different than other professions such as Law, Finance, Human Resources, Engineering or the Sciences.

Our profession hasn't been built on cases in law or verbose decisions by old judges. Our contributions aren't about cash flow, financial performance or return to stockholders.

The bedrock of our profession is to be found in individual character, as epitomized by a simple, practical man who applied common sense and good judgment, with persistence and tenacity, to the issues that confronted him and his company in their time.

Page's legacy and principles live on today in a professional society named in his memory – an organization that is now two decades old. It was formed by those who followed Page at AT&T, and the Arthur W. Page Society remains to this day fully committed to strengthening the role of the chief public relations officer in the management mix of the corporation. The vision of the Society is to define the profession and to extend the importance of our skill set to all well-managed companies.

The existence of the Society in our profession is important for everyone who seeks a career in public relations.

But the man Arthur Page has come to represent another kind of an icon for me, and that has to do with the importance he placed on the truth and the self-confidence he displayed in his work.

That Arthur W. Page could achieve the authority he apparently did is a tribute to the strength of his character, his integrity, and the self-confidence he undoubtedly possessed. And I believe that it is that aspect of Page that is most important for our profession.

Arthur Page had no cases in law to support his counsel and advice. He had no labor law. He had no Financial Accounting Standards Board or Sarbanes-Oxley or SEC rulings to back up his recommendations.

The core of Arthur Page's counsel was derived from his personal character and values, his good judgment and the self-confidence he must have exhibited in providing counsel to management. The

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importance of Arthur Page to anyone in our field was his ability to act on the strength of his convictions. His self-confidence was, of course, constantly reinforced because of the good judgment he possessed.

I believe his model is terribly important and should be emulated on a personal level by all of us in this profession today, and by all those who seek to enter this profession.

This is so critically important – especially given the magnitude and consequence of the issues we deal with today. We certainly need to find ways to instill these qualities in all those who aspire to assume the top positions in our profession.

Page represents an ideal of enormous proportions to anyone seeking to enter the public relations profession. And yet this high standard should not be intimidating to anyone, of any age, who honestly seeks meaning and purpose in his life or her life of work. This is especially important for young people to hear because we need the very best people to seek out this career field – and then to be very successful in it.

I believe our profession represents a very legitimate calling to people of character and integrity – people who possess fundamental values of trustworthiness, respect, responsibility, fairness, caring and good citizenship.

How does this work in the upper echelons of management? Well, the strength of one's character breeds confidence and self-assurance, and when these qualities are exhibited by the chief public relations officer in the management mid, the effect is a kind of glue that helps hold well-managed organizations together. It works, as we work, in between the absolutes of laws, organization and management processes. It works, as we work, in between the structures of sales and marketing and finance. It works, as we work, in between the communities of customers and regulators and citizens. In other words, it works in all the gray spaces.

It is certainly about values. It's about integrity. It's about consistency and persistency. It's about knowing that you're right and having the confidence, as Arthur Page did, of acting on that knowledge and demonstrating real strength in your convictions.

Business needs these core qualities today more than ever. These are the key ingredients in free enterprise. Sound public relations policies and practices are essential in building and sustaining public trust. With these character traits, and the requisite learning, experience and skills in communications, I believe young people entering the profession of public relations today have the potential to make a singular difference in any company or institution they choose to join. Such contributions are the stuff of meaning and purpose in life. And it's this stuff that makes me proud of my profession, ever day, and very happy to have been with you tonight. Thank you.