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AN EVALUATION OF PUBLIC RELATIONS AS PRACTICED BY
SOUTHWESTERN BELL TELEPHONE COMPANY

THESIS

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By

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This study presents a detailed analysis of the public relations organization, objectives, and practices of Southwestern Bell Telephone Company, Dallas, Texas. Information sources included interviews with telephone company public relations personnel, company publications, and other publications. The five chapters deal with the history and development of the company and its public relations program, and the organization, functions, and operations of the public relations department.

With a long and varied history of public relations activities, the company executes numerous activities for employees, customers, educational institutions, the community, stockholders, and the media. The study recommends that the department establish a committee to formulate long-range public relations goals, initiate a management orientation program, and advertise in area high school and college publications.

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CHAPTER I

INTRODUCTION

As a function of business management, public relations is relatively new. Most public relations experts credit Ivy Lee, who established a public relations counseling firm in New York City in 1903, as being the pioneer of modern public relations.

During the early part of this century, business was confronted with condemnation by government leaders and political writers.¹ However, according to Bertrand R. Canfield, because of this condemnation, business realized the importance of accounting for its actions and of developing good public opinion in its behalf and began to be more open with its investors, customers, and employees.²

Glenn and Denny Griswold have separated the development of modern public relations into three stages. "The first was the groping for procedures when the need was recognized. The second was a long period of trial and error experimentation aimed at solving recognized and

¹Bertrand R. Canfield, Public Relations: Principles, Cases, and Problems (Homewood, Ill., 1968), p. 12.

²Ibid., p. 12.

fairly well-defined problems. The third is the discovery and perfection of methods and procedures for obtaining the results sought."³

Since public relations has become an established and recognized part of business, an examination of the public relations practices of an institution or industry can provide insight into the growth of public relations. Little has been written in recent years on corporate public relations and even less has been written on public relations as practiced by a large, investor-owned utility.

Howard A. Praeger, editorial and advertising manager for The Brooklyn Union Gas Company, has explained the importance of public relations to the public utility.

Utilities, to whom the word "public" in many instances is almost synonymous with the word "customer," are in an excellent position to achieve good public relations. . . . Good public relations is good business, and when it is so demonstrated by example even the most skeptical management is impressed. . . .

The public utility, being "affected with a public interest," must serve all the public without discrimination as to rates, service, and employment policies. To insure nondiscriminatory practices, the wise public utility reviews these policies regularly.

Public utilities are vulnerable to the charge that because they enjoy a franchise for a particular product and service and are reasonably certain to receive steady earnings, they do not make the most of technological ingeniousness to improve the

³Glenn Griswold and Denny Griswold, Your Public Relations: The Standard Public Relations Handbook (New York, 1948), p. 3.

efficiency of their operation. To combat this charge, utilities can demonstrate renewed research activities and adoption of the most modern business methods.⁴

As Praeger points out, a utility has a unique public relations problem not faced by most institutions or industries--serving and satisfying all the public. The largest utility in the world is American Telephone and Telegraph Company, with the Bell System dominating the world of communications. In its 1972 Annual Report, American Telephone and Telegraph listed total assets amounting to \$8,752,572,000 and total operating revenues of \$3,274,481,000.⁵ In January, 1972, Southwestern Bell reached the 11,000,000 telephone mark and in October, passed the New York Telephone Company and became the largest company in the Bell System in number of telephones.⁶ Also during 1972, Southwestern Bell employed 70,357 persons, recorded 11,606,000 telephones in operation, and averaged 62,714,000 local calls and 3,940,000 long distance calls per day.⁷

⁴Howard A. Praeger, "The Utility and Its Public," Public Relations Handbook, edited by Philip Lesly (New York, 1950), pp. 261-263.

⁵Annual Report of the American Telephone and Telegraph Company (New York, 1972), p. 29.

⁶Annual Report of Southwestern Bell Telephone Company, (St. Louis, Mo., 1972), p. 7.

⁷Ibid., p. 4.

According to Jim Pattillo, news services manager for Southwestern Bell in the Dallas district, Southwestern Bell, as a utility, does not believe that it is practicing a form of public relations that is different from that practiced by other corporate enterprises. "Since we are a regulated utility--and we do not resent or oppose regulation--we simply must do a better job of relating to the public than other businesses. We're. . . totally beholden to our customers and the regulatory bodies, for a healthy climate in which to do business. . . . We can't afford not to do a good job. . . . As a public utility we are totally at the mercy of public opinion."⁸

Statement of the Problem

This study was conducted to present a detailed analysis and evaluation of the organization, objectives, and practices of the public relations department of a large, investor-owned public utility, Southwestern Bell Telephone Company.

Purposes of the Study

The purposes of this study were (1) to review briefly the historical development of Southwestern Bell and its

⁸Jim Pattillo, "Some Concepts of Public Relations at Southwestern Bell," speech given in Dallas, Texas, October, 1972.

public relations program, (2) to examine the current organization of the company's public relations department, (3) to examine the job roles and responsibilities of the public relations personnel at Southwestern Bell, (4) to examine the company's current public relations activities, (5) to examine the special public relations problems faced by a utility, and (6) to evaluate the public relations practices through criteria, to be explained later, established by public relations experts.

Questions to Answer

This study endeavored to answer the following questions.

1. What are the primary public relations problems of the utility, and how are they solved?
2. In what areas is the public utility vulnerable?
3. What are the functions of public relations as viewed by a large public utility?
4. How does a large, important utility organize its public relations department?
5. How does a large, important utility evaluate public relations?
6. How do a large public utility's public relations organization and practices compare to criteria established by public relations experts?

Recent and Related Studies

A survey of Journalism Abstracts and other research guides reveals that between 1950 and 1970 only 13 of the 126 dissertations on public relations subjects dealt with business and industry and that of the 535 theses written during that two-decade period only 69 were about business and industry. Of these 82 unpublished works, this author found very few studies dealing with a company's overall program and could find only 3 based on utility public relations programs. No reports have been written on Southwestern Bell Telephone Company and most studies concentrated on much smaller companies.

One of the three utility public relations theses dealt only with employee publications at Chesapeake and Potomac Telephone Company. Another, written in 1968 by Linda Brandt, was entitled "Corporate Response to Urban Crisis: Illinois Bell Telephone Company."⁹

Jimmie Finkelstein of the University of Wisconsin wrote "Public Relations at Central Illinois Public Services Company: A Case Study" in 1970.¹⁰ This thesis covered the public relations practices of a medium-sized

⁹This author was unable to obtain a copy of this thesis.

¹⁰This author was unable to obtain a copy of this study.

utility from 1955 to 1970. The author credited public relations activities as being responsible for a steady increase in favorable public regard for the company from a low opinion in the 1950's to an above average position in 1970. The public relations department also was cited as being instrumental in helping to instill employee pride in the company.¹¹

The public relations program of the Illinois Power Company (IPC), a combination gas and electric utility company, was examined by William P. Kuhs in 1961. "A Study of the Public Relations Program of an Illinois Utility" points out that IPC had no organized public relations program until the mid-forties. However, during the decade covered by this study, IPC appears to have developed a strong public relations organization.¹²

IPC recognizes five major publics: employees, customers, stockholders, community, and government. The employee relations program at IPC is probably the largest of the five areas. Under the direction of one person since March, 1960, employee relations activities can be grouped into four categories: employee welfare activities,

¹¹Journalism Abstracts, 1970, No. 93.

¹²William P. Kuhs, "A Study of the Public Relations Program of an Illinois Utility," unpublished master's thesis, Ohio University, Athens, 1961.

employee educational and training activities, recreational activities, and additional employee benefits and privileges. The company carries out seven educational or training programs: orientation, skill training, safety, customer relations, self-improvement, management development, and employee information.

The customer relations department of IPC public relations includes a home service area with demonstrators available to assist housewives, club groups, students, and the community in general. Free wiring and lighting advice also is provided to customers. In addition, employees provide assistance in planning kitchens and issue free copies of recipes which have been tested in the company's kitchens.

The major stockholder relations activities are preparing annual and quarterly reports and planning the annual stockholder meetings. The government relations department is assisted by a full-time registered state lobbyist and is involved in dealing with local governments in the 450 communities the company serves with electricity and the 78 communities it serves with natural gas.

Divided into five general areas, community relations at IPC is concerned with participating in community affairs, encouraging employees to participate in community affairs, making company facilities available to the community,

keeping the community informed about company activities, and cooperating with neighboring businesses.

Although they do not deal with public utilities, two other unpublished studies have some relation to this thesis. The first is "A Study of the Public Relations Program of the Spencer Chemical Company," written by Elaine Blaylock in 1964. This company is very small in comparison to Southwestern Bell. In 1964 Spencer had five individuals in its public relations department and operated with a \$245,320 budget for the department. The company's public relations program is directed toward three major publics: employees, customers, and stockholders.¹³

The public relations personnel is responsible for planning open houses and tours, writing or assisting with the writing of speeches, writing press releases, planning and preparing advertising, preparing the annual reports and financial statements, and selecting institutions and charities which will receive donations from the company.

Four major educational activities sponsored and directed by the public relations department are matching employee's gifts to colleges and universities (\$500 maximum per year per employee), making publications on the

¹³Elaine F. Blaylock, "A Study of the Public Relations Program of the Spencer Chemical Company," unpublished master's thesis, University of Kansas, Lawrence, 1964.

chemical industry available to institutions, providing motion pictures and slides to schools, and conducting tours for teachers and students.

The public relations department also prepares two employee publications, a monthly newspaper and a mimeographed newsletter for salaried employees. Other employee communication techniques utilized are letters from the president to employees, bulletin boards, inserts in pay envelopes, handbooks or manuals, special meetings for employees to discover their attitudes toward the employee newspaper. The 346 returned questionnaires indicated that the publication had excellent readership by employees and their families and that only a few persons seriously distrusted the paper.

Future plans for the public relations department at Spencer Chemical Company include a more vigorous community relations program, an expanded publicity program, closer contact with educational institutions, and increased contacts with the federal government.

David Degler's 1964 "A Study of the Public Relations Organization and Programs of a Large Corporation" is relevant to this study because it deals with Chrysler Corporation, which has a public relations program more closely related in size to the program at Southwestern Bell Telephone Company. Chrysler's public relations

program is divided into three sections. Public Relations Services is concerned primarily with the mass media and audiences; Civic Affairs concentrates on government and community groups; and Investor Relations deals with stockholders and investment brokers and agents.¹⁴

Public Relations Services is further broken down into six departments. Information Services, manned by seven people, operates a two-way communication network with two groups, the press and Chrysler's top management. The one-man Radio-Television News produces six short television films a year and prepares special releases to radio stations besides handling relations with the local radio and television industry. The two members of Speech Services write most of the speeches given by Chrysler personnel. The Special Events group plans and produces the press previews, plant dedications, and institutional exhibits. The one-man Automotive Sales Group coordinates public relations activities of the corporation with the public relations work of the company's two divisions. Motion Picture Services, which employs two individuals, produces recordings, news films of executives and promotional movies;

¹⁴David Degler, "A Study of the Public Relations Organization and Programs of a Large Corporation," unpublished master's thesis, Ohio University, Athens, 1964.

supplies sound and recording equipment; assists with stage shows; and presents motion pictures or slide films.

Civic Affairs is split into three main areas. The lobbying arm of the corporation on the state level is the State Affairs Office manned by three people. Five men spend their time dealing in Municipal Affairs, which includes not only the local government, but also community relations and educational relations. The Legislative Office employs a full-time lobbyist.

The two phases of the Investor Relations program concern communication with stockholders and communication with investment brokers and analysts. The principal function of this section is the production of the annual report and making arrangements for the annual meeting.

According to Degler, the major weakness in Chrysler's public relations program is its "lack of methods for research, planning, and evaluation. . . seems to lack initiative and drive of a department that has researched to determine the public's attitude toward it, and is planning to change or reinforce that attitude."¹⁵

Included in a list of fourteen recommendations for the Chrysler Corporation were the establishment of a committee to conduct opinion research on a continuing basis,

¹⁵Ibid., p. 95.

the establishment of a planning committee to make long-range goals and objectives, the filming of one movie showing a car's production and another on the testing and research methods of the company, and the publication of a booklet, which would be distributed through dealers, telling the company's story and showing the production of its cars.¹⁶

Definition of Terms

For the purposes of this study, the following definitions have been formulated.

Corporate or Institutional Public Relations - Institutional public relations refers to purchasing space or time not merely to sell a product or service but to bring to the public's attention a company's name or reputation.

Public Relations - Public Relations is "finding out what people like about you and doing more of it, finding out what they don't like about you and doing less of it."¹⁷

Public Relations Program - In this study, public relations program refers to the practices or activities of the public relations department of Southwestern Bell Telephone Company.

¹⁶Ibid., p. 101.

¹⁷John E. Marston, The Nature of Public Relations (New York, 1963), p. 5.

Southwestern Bell - Southwestern Bell is a division of American Telephone and Telegraph Company providing telephone service to communities in Texas, Missouri, Oklahoma, Kansas, and Arkansas.

Publics - Publics are "those groups with common interests affected by the acts and policies of an institution or whose acts and opinions affect the institution."¹⁸

Utility - A utility is an investor-owned, profit-making company which provides a necessary service to the public and is often regarded as a "monopoly."

Publicity - Publicity is the reporting of an institution's or industry's day-to-day activities.

Company Publication - A company or employee publication is a nonprofit periodical published by a company for its employees. Content emphasis is on the employee and the company.

Limitations

Divided into eight operating areas, Southwestern Bell Telephone Company has regional offices in Kansas City and St. Louis, Missouri; Dallas, Houston, and San Antonio, Texas; Arkansas; Kansas; and Oklahoma. The public relations organizations and activities are basically the same at each location.

¹⁸Scott M. Cutlip and Allen H. Center, Effective Public Relations (Englewood Cliffs, N.J., 1971), p. 144.

This study was limited to the activities of the public relations department of Southwestern Bell Telephone Company in Dallas. The Dallas operation was selected because it is a typical large program and because of the availability of its offices and personnel.

Basic Assumptions

For the purpose of this study the following assumptions were made.

1. Public utilities are faced with special public relations problems not encountered by other enterprises.
2. Southwestern Bell Telephone Company is a typical public utility.
3. Additional information is needed on the public relations practices of public utilities.

Instruments and Procedure

Information for this thesis was gathered from interviews with the public relations personnel at Southwestern Bell in Dallas, from pamphlets and brochures published by Southwestern Bell and by American Telephone and Telegraph Company, and from other periodicals and books.

Procedure for Analysis of Data

After describing the organization, functions, and practices of the public relations department of Southwestern

Bell, these elements were evaluated by criteria established by public relations experts.

Experts, such as Scott Cutlip, Allen Center, Rex Harlow, Marvin Black, and Bertrand Canfield, were selected because they express the consensus of the other public relations writers and practitioners.

Howard A. Praeger and Philip Lesly were chosen because of their specialization in utility public relations; and Allen R. Janger and John H. Watson III were used because of their studies on corporate public relations.

Most of the experts agree that a company's public relations functions include employee relations, labor relations, customer relations, community relations, government relations, stockholder relations, top management relations, educational relations, publicity, advertising, and surveys and polls. Although the opinions of the experts are dealt with when each individual area is taken up in this study, a general summary of evaluation criteria is presented here.

Lesly prepared a public relations check list especially designed for utilities. His guide covers employee relations, customer relations, stockholder relations, and community relations.

I. Employee Relations

- (1) Afford better understanding of the public relations program
 - (a) Regarding the entire industry
 - (b) Regarding the company
- (2) Give facts regarding private vs. political management.
- (3) Provide adequate information regarding encroaching government competition.
- (4) Develop and conduct
 - (a) Job training public relations for all employees
 - (b) Public relations material to implement it
- (5) Provide plant visits for employees and their families
- (6) Open communication channels within the company
 - (a) From the bottom up
 - (b) From the top down
- (7) Provide proper
 - (a) Advertising
 - (b) Publicity
- (8) Install suggestion system
- (9) Develop friendly "social" relations with unions
- (10) Conduct attitude surveys

II. Customer Relations

- (1) Welcome new customers
- (2) Explain company policies to all customers
- (3) Advise customers of all types of customer service available
- (4) Improve techniques for relations with customers
- (5) Insure good bill forms
- (6) Design proper delinquent and cut-off notices
- (7) Prepare rate-change notices
- (8) Plan service-change notices
- (9) Inform public of new personnel, general or local
- (10) Arrange talks, demonstrations, films
- (11) Provide customer publications
- (12) Arrange utility plant visits for customers
- (13) Provide proper
 - (a) Advertising
 - (b) Publicity
- (14) Conduct attitude surveys

III. Stockholder Relations

- (1) Issue welcoming letters to new stockholders
- (2) Furnish quarterly and annual reports
- (3) Prepare literature to enclose with dividends
- (4) Arrange stockholder meetings
- (5) Conduct attitude surveys

IV. Community Relations

- (1) Integrate company interests with other civic leaders in wise community planning
- (2) Tie-in with other business groups on industrial development
- (3) Cooperate with community groups for civic betterment
- (4) Join and work with civic and other associations
- (5) Support community-wide cultural and philanthropic interests
- (6) Arrange utility plant visits for the entire community
- (7) Provide proper
 - (a) Publicity
 - (b) Advertising
- (8) Maintain close newspaper and radio station contacts
- (9) Conduct attitude surveys.

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"The establishment of fixed targets or objectives," Watson emphasized, "is considered a prerequisite of a successful public relations program." Basically, the prime objective of most public relations programs is to create a good name or "acceptance" for the company and its products and thus help increase the organization's profits and its ability to do business.²⁰

¹⁹Philip Lesly, Public Relations Handbook (New York, 1950), pp. 283-284.

²⁰John H. Watson III, Studies in Business Policy: Public Relations in Industry (New York, 1956), p. 4.

In a 1961 study, Allen Janger listed ten functional categories of public relations activities: Press relations and press contacts units, publicity units, publications units, community relations units, special activities and exhibits units, financial relations units, photographic and graphic arts units, government relations units, employee relations units, and units devoted to advertising and guidance of public relations activities. He points out that the list includes activities that are "not distinct and separate."²¹

These ideas were expanded in a 1965 study Janger co-authored with Harold Stieglitz. The two agreed that most public relations units carry out four main duties:

1. Preparation of company publicity releases and publications that go outside the company.
2. Preparation of top management speeches, special company exhibits, and publicity programs and events.
3. Continued contact and relationships with major communications media--newspapers, magazines, radio, television, and cinema.
4. Building and maintaining good relationships with groups or "publics" whose reception of, or influence on, the company is of special interest to the company.²²

Janger reiterates in both reports his belief that any public relations unit is responsible for three roles:

²¹Allen R. Janger, "Organizing the Corporate Public Relations Staff," Management Record (New York, 1961), pp. 11-12.

²²Allen R. Janger and Harold Stieglitz, Top Management in Divisionalized Companies (New York, 1965), p. 92.

"advice to decision makers in planning and policy formulation; centralized services in public relations; and evaluation and control in the area of public relations."²³

Since the Bell System has conducted an extremely active and varied public relations program since the turn of the century, it would be presumptuous to place numerical values on all their activities. For that reason, evaluation of the program will be presented in a manner like that used in the similar studies mentioned previously. Included in the description of Southwestern Bell's public relations organization, philosophy, and activities will be narratives relating expert opinions on that particular area. Specific strengths and weaknesses will be pointed out and discussed in the last chapter.

Organization of the Study

The study is organized into five major chapters. Chapter One introduced the study and explained its purpose, structure, and procedure. Chapter Two reviews the history and development of Southwestern Bell Telephone Company and its public relations department. Chapter Three provides an overall view of the organization and functions of the company's public relations program and examines the operations and functions of the news services

²³Ibid., p. 94.

section. Chapter Four covers the organization, operations, and functions of the area public relations section and the area information section. Chapter Five includes a brief summary of the study, the author's conclusions, and recommendations derived from the findings.

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CHAPTER II

HISTORY AND DEVELOPMENT

Any service company owes its very existence to the public and its need or desire for that particular service. Being responsible for four-fifths of the telephone business in the United States, the American Telephone and Telegraph Company is a major utility.¹ The company answers the public's need to communicate rapidly and efficiently with people locally, across the nation, or across the ocean.

The current size and scope of operations of the American Telephone and Telegraph Company can best be explained through a history of the company. First, however, a brief review of the invention of the telephone is necessary to introduce the origin of the largest public utility in the nation.

Alexander Graham Bell began experimenting with sound in 1866 when he was a teacher at Western House, a boys' school in Edinburg, Scotland. After moving to Brantford, Ontario, to recover his health after being threatened by tuberculosis, Bell, in 1871, began teaching his father's

¹Arthur W. Page, The Bell Telephone System (New York, 1941), p. 8.

theories on "Visible Speech" to teachers of the deaf. He later opened his own school to train teachers but continued to work with deaf children himself.

His teaching did not completely fill his time, however; he also set up a laboratory where he would work on electrical experiments at night. The fathers of two deaf children Bell taught to speak, Gardiner Green Hubbard and Thomas Sanders, offered Bell the financial backing he needed to continue his experiments in telegraphy improvements. Bell transferred his experiments to an electrical shop in Boston owned by Charles Williams. Thomas Watson was appointed to assist Bell in his work.

While working with vibration reeds and diaphragms in June, 1875, Watson connected one reed too tight. When he attempted to loosen it, the plucking sound he made was carried across the wires and was heard by Bell in the next room where he was holding his reed and diaphragm next to his ear. Watson and Bell worked for several months refining the instrument and on February 14, 1876, Bell applied for his first patent. Coincidentally, three hours later, Elisha Gray filed a caveat (a declaration by an inventor that he has not yet perfected an invention he is working on) for a patent on a similar invention.²

²Kenneth P. Todd, Jr., editor, A Capsule History of the Bell System (New York, 1972), p. 9.

Three days after Bell's patent was granted, March 10, 1876, Bell spilled battery acid on himself and called, "Mr. Watson, come here. I want you!"³ Hearing the cry over the wire, Watson hurried to Bell.

The offer of financial assistance by both Sanders and Hubbard was the real origin of the corporation. A written formal agreement was accepted and dated February 27, 1875. Referred to as the Bell Patent Association, the company's first tangible asset was Bell's first patent. The company had a few problems at the beginning when Hubbard wanted Bell to concentrate on multiple telegraph experiments and stop his telephone experimentations. Bell continued his work, and Hubbard finally agreed to extend his backing to the telephone experiments.

The public was officially introduced to the telephone at the Philadelphia Centennial Exposition in June, 1876. The exhibition was not only successful in creating interest in the invention but also in suggesting a means of attracting needed capital. Offering family entertainment, Bell would appear before one paid audience in one location and Watson and the business manager, Fred Gower, would be with another audience somewhere else. The three would talk or sing to one another to the amazement and the

³Ibid., p. 9.

entertainment of the audience. The first telephone booth, made of blankets and barrel hoops, was used during some of these demonstrations.

Bell, Hubbard, and Sanders met August 4, 1877, to form the Bell Telephone Company. Hubbard was named Trustee, and Watson was the company's only full-time employee. Of the original 5,000 shares of stock, Bell kept only 10 shares of his allotment and gave the remaining 1,497 shares to his wife. Hubbard received 1,387 shares; his wife was given 100 shares, and his brother, C. E. Hubbard, received 10 shares. Sanders had 1,497 shares and Watson had 499. Six days after the company was formed, R. W. Devonshire was hired as bookkeeper, the second full-time employee and the first commercial manager.⁴

Two critical corporate decisions were made soon after the company was organized. The discouraged Hubbard tried to sell the Bell patents to Western Union Company for \$100,000 but William Orten, president of Western Union, declined Hubbard's offer. The second major decision was made by Sanders, who convinced businessmen from Massachusetts and Rhode Island to invest in a telephone company especially designed to serve New England. The New England Telephone Company was incorporated February 12, 1878, and

⁴Ibid., p. 12.

was the "forerunner of the Bell System's associated companies"⁵ although there is no connection between it and the present New England Telephone and Telegraph Company.

When the company was formed in 1877, there were only 778 telephones in operation, and the telephone can best serve the public when there are more telephones available for use.⁶ The addition of telephones into service created the need for a central office where local telephones could be terminated on a switch. The first telephone exchange opened January 28, 1878, in New Haven, Connecticut. The first operators were boys whose uneducated voices often irritated the company's well-bred customers. Miss Emma M. Nutt was hired September 1, 1878, and became the first of many female operators.

About this time, competition was introduced into the telephone industry. Western Union organized the American Speaking Telephone Company, purchased patents from Elisha Gray, and hired Thomas Edison to develop telephones better than those produced by the Bell System. Edison succeeded in inventing a telephone transmitter which far outshined any the Bell System used.

Hubbard realized that something should be done immediately if the Bell Company were to survive. He was able

⁵Ibid., p. 14.

⁶Ibid., p. 13.

to convince Theodore Newton Vail to give up a \$5,000 a year job with the Post Office to take a \$3,000 a year position with a small company with an uncertain future. Vail was brought in to serve as general manager, organizer, and promoter of the Bell Telephone Company, incorporated July 30, 1878, in Massachusetts to serve outside the New England area. Although faced with near bankruptcy, Vail refused to admit defeat and insisted that the new company fight back against the competition introduced by Western Union, ". . .it is simply useless to get a company started that will succumb to the first bit of opposition it may encounter."⁷

In an attempt to raise the needed capital, Vail surveyed the franchises in Chicago, Philadelphia and New York which Hubbard had given away. Vail found out that the New York holders had only opened offices and provided few sales and services. Vail decided to sell stock in the New York Company and the Boston-based Bell Company would hold a percentage as payment for the franchise. Vail then expanded this plan with other franchise companies.

The struggling company was given a boost when Francis Blake and Emile Berliner offered the Bell Company a

⁷Ibid., p. 19.

transmitter, which Blake invented and Berliner had improved, that was better than the one Edison invented for Western Union. Bell inventors soon developed a telephone with its transmitter and receiver separate.

The New England Telephone Company merged with the new Bell Telephone Company in 1879, forming the National Bell Telephone Company. Vail was retained as its general manager.

Western Union decided to let themselves again be felt by moving into Massachusetts. Vail retaliated by filing a suit for infringement of patents against the Western Union Massachusetts operation. During bargaining sessions, Western Union suggested that they split the telephone business with Bell 50-50. When Bell refused, Western Union opted to let Bell control the local business but allow Western Union to connect the various local services for long distance operations. Vail won out and Western Union removed itself from the telephone business with Bell agreeing to remain out of the telegraph business. Western Union was to receive 20 per cent of all rentals or royalties of the Bell Company.

Excluding Western Union from the telephone industry did not solve all of Bell's problems, instead, it added problems. Bell was now responsible for 56,000 Western Union telephones, and the demands for new phones were

rapidly increasing. The management requested the Massachusetts legislature to allow the incorporation of the American Bell Telephone Company to be capitalized at \$10 million. The new company was formed April 17, 1880. The legislature also allowed the new company to own stock in its licensees and in other companies as long as it did not exceed 30 per cent of the capital stock of a Massachusetts based corporation. Vail was again at the helm as general manager.

The 1880's saw continued growth in telephone requests, which created demand for considerably more equipment for good service to continue and to grow. Bell management realized that better transmitting and receiving devices would enhance their success. Watson and his assistant Berliner continued working at the Boston electrical factory. Watson left and Berliner was joined by George L. Anders, and later more scientists joined the staff. They became the Mechanical Department in 1883, switching their emphasis to development from patents. Equipment which Watson and his staff designed was manufactured by Ezra T. Gilliland of Indianapolis and other firms, licensed by the Bell Company to do the work.

One result of the Massachusetts legislature's previous action was that American Bell Telephone Company acquired the controlling stock in Western Electric

Manufacturing Company of Chicago. The firm changed its name in 1881 to Western Electric and was reorganized. The manufacturing licenses held by other firms were transferred to Western Electric, who became the only manufacturer of Bell equipment. In 1907, Western Electric's engineering staff and the Bell central engineering staff combined to form a new engineering division under Western Electric.

September 4, 1884, marked the opening of the commercial long distance telephone lines. With services priced at \$2 for day and \$1 at night, the lines had been in the construction stages since 1880. Problems in bookkeeping and added expenses were encountered because the long distance lines crossed over territories belonging to other telephone companies and had to use poles belonging to them. To solve this problem, a subsidiary company, American Telephone and Telegraph Company, was begun in March, 1885.

Vail was plagued with disagreement with the Boston financiers who ran the company. American Bell president, W. H. Forbes, placed top priority on paying dividends while Vail believed that the surplus money should be put back into the operation to provide better and expanded services. Vail resigned in 1887.

Although Vail has been credited with many of the changes and successes of Bell Telephone, the company did

continue to grow and expand following his resignation. The Mechanical Department continued its work and brought attention to the company. The phantom circuit (utilizing one wire for three telephone conversations and one telegraph message simultaneously) was proposed in 1886, later perfected and patented. The first usable pay telephone and the first common battery switchboard both made their appearances in 1888. The company's image was brightened with the addition of a blue bell designed in 1889 by Angus S. Hubbard, general superintendent of AT&T in New York, for use in long distance service advertisements.

A Kansas City undertaker, Almon B. Strowger, invented the dial telephone system. Although he used features of existing patents, his invention was the first to work and was also economical. The Bell Company worked to improve the system between 1887 and 1907, finishing with a system that was commercially acceptable.

In 1902 Frederick Fish, AT&T president, suggested the merging of the Mechanical Department with the Engineering Department to produce an automatic office able to service 10,000 customers.

Following Forbes' operating philosophy, American Bell paid \$18 dividends each year between 1889 and 1893. Those outside the business looked upon the telephone industry as a quick and easy way to make money. With the reality of

expired patents in 1893 and 1894 and public complaints about quality of service in large cities and lack of service in smaller towns, the field was ripe for the introduction of new, competitive telephone businesses which offered services at cheaper rates.

In order to lessen their financial problems, American Bell transferred its assets to American Telephone and Telegraph in New York. Following the transfer December 31, 1899, American Bell remained in existence a few years as a patent-holding company.

Vail was asked to return to the telephone company in 1900, but he refused. In 1901 Frederick Fish, the patent lawyer, became AT&T president. "Between 1902 and 1907, the Bell companies continued to grow at an alarming rate. Debt grew from just over \$65 million to more than \$202 million."⁸

With the economic depression of 1907, several bankers tried to gain control of the telephone company. Led by J. P. Morgan, the bankers gained control of the debt financing and, thereupon, sought out Vail to return and set the company back on its feet. Vail started his second term as president May 1, 1907.

One of Vail's first tasks was to right the image created by the old management. He stressed actual relations

⁸Ibid., p. 35.

between the public and the company. He emphasized, "If we don't tell the truth about ourselves, somebody else will."⁹

Competition with other companies was still a problem; but when these independent firms were confronted with financial difficulties, they were purchased by Bell Telephone companies. The addition of new companies created problems in efficient management. In 1911 the Bell Associated Companies were consolidated into state or regional organizations. Today there are twenty-four operating companies, and Southwestern Bell is one of these. Bell removed itself from competition in some areas by claiming that duplication of services was inconvenient and a waste of money.

By 1909 AT&T had become a holding company for the stocks of the associated operating and manufacturing companies. It also owned and operated the long distance lines and carried on general administrative functions for all the associated companies. In 1908 the contract with Western Electric had been changed to permit Western Electric to sell equipment to other companies and for AT&T to buy from someone else. Two reasons for this change were the hope that this would create uniformity among all telephone companies

⁹Ibid., p. 36.

and the desire to make interconnection between telephone companies more efficient.

Not neglecting research and development, Bell personnel examined the audion invented by Dr. Lee De Forest in 1906 and adapted and improved it for use in telephony. In 1912 De Forest introduced a new audion, a triode, which could amplify telephone conversations. Bell bought De Forest's patents and along with the development of a high vacuum tube by Bell's H. D. Arnold, improved the telephone communication system to accommodate a coast-to-coast call. The first New York to San Francisco telephone call was July 29, 1914, and the service was offered to the public the next winter. The vacuum tube was also instrumental in making possible the first transatlantic call October 21, 1915.

The work by Bell scientists and researchers resulted in the company's entering fields not directly related to telephone communication. Bell owned its own radio station and was active in the improvements of and establishment of radio-telephony. Faced with fierce competition, AT&T entered into a compromise agreement with RCA (General Electric) in which AT&T retained exclusive rights for wire telephony and telegraphy and RCA exclusive rights for radio work. They both soon realized the compromise was

impossible when wires were deemed the best interconnecting device for radio stations.

A second agreement was reached in 1926. RCA bought the Broadcasting Company of America from AT&T. AT&T provided transmission service to RCA in exchange for a service agreement and both agreed to a cross-licensing agreement.¹⁰

The financial problems which beset AT&T during 1907 also hit Western Union. Vail convinced the directors of AT&T that the telephone and the telegraph businesses would supplement and complement each other. The directors authorized the purchase of Western Union, and Vail was named president of the company. Under Vail, Western Union prospered and improved its services. However, Charles Mackay of the Postal Telegraph Company charged AT&T with violation of the anti-trust laws. Attorney General George Wickersham agreed with Mackay and reported that the purchase of Western Union and several independent telephone companies could be a violation and should be examined. Attempting to prevent the public attitudes which could result from an anti-trust suit, Vail announced that AT&T would sell its Western Union stock. AT&T also agreed to provide long distance service to the smaller companies

¹⁰Ibid., p. 42.

and to check with the Interstate Commerce Commission before purchasing any additional companies.

Throughout the time, AT&T was also plagued by talk of government control of the telephone industry. Vail and the other AT&T management were not against control, but they were concerned about the consequences of complete government ownership and direction. However, on October 5, 1918, government control became a reality. The United States government took control of the business but left Bell personnel to run it. Although AT&T regained control in July, 1919, the few months under government operation left the company in financial trouble and immediately upon gaining control again, AT&T had to raise the rates in order to pay for repairs and additional building.

Although formed in 1887, the Interstate Commerce Commission was not granted control over interstate telephone business until the next year and did not receive authority over the total telephone company operation until 1910. In 1913 the ICC established a unified system of accounts with the industry in order to make comparisons between the various parts of the Bell System and suggested rules for telephone depreciation accounting.

The first state to grant wide regulatory powers over the telephone industry and other utilities to a state commission was Wisconsin. New York was the next state to

adopt this practice, and gradually all states but Texas followed suit.

The Federal Communications Commission, formed in 1934 by the Communications Act, revised the accounting system. The establishment of the FCC also brought about an investigation of the Bell Company. Every segment of the company's operations was scrutinized and the Commission allowed no rebuttals by Bell personnel following the report of the FCC findings and recommendations. However, subsequent investigations have been conducted in more of a give-and-take atmosphere.

Vail was responsible for many of the policies and company organizational plans that are in existence today. With the growth of the Bell System and the addition of new personnel to accommodate for this growth, various departments were established to deal with particular segments of the telephone business. The Traffic Department includes telephone operators and all others whose primary responsibility lies in moving the telephone traffic across the wires. The Commercial Department was formed to sell telephone service and handle the accounting. The Plant Department oversees installation, maintenance, repair, and construction. Since Vail's time, areas have been added to cover personnel, public relations, and finance.

Following Vail's retirement in 1919, Harry Bates Thayer became president of AT&T, a position he was to hold until 1925. Two big changes occurred in the organizational structure of AT&T under Thayer; one was two weeks after he took office and the other was during his last month as president. The first change was the split of the Department of Operating and Engineering from the research organization. The second change was January 1, 1925; the AT&T Engineering Department and the Western Electric Research Laboratories combined to become the Bell Telephone Laboratories, Inc. The purpose of Bell Labs was to do research, systems engineering, and development work. Bell Labs came to notice when they publicly demonstrated television for America in April, 1927. Although the British had already demonstrated television in February of that year, the Bell Labs were the first to demonstrate color television on January 27, 1929.

Returning to more telephonic research and developments, Bell put their first large major machine switching center into operation in 1919 at Norfolk, Virginia. The first machine switching center using their own equipment was in July, 1921, at Dallas, Texas, and automatic exchange for smaller communities was established in San Clemente, California, July 30, 1927. Ship-to-shore telephone was

introduced in 1922 and one-way radio-telephony between America and England was demonstrated in 1923.

Walter S. Gifford was elected president of AT&T on January 20, 1925. The new president's philosophy was to concentrate on telephone service and to let other businesses handle other areas. It was Gifford's decision for AT&T to remove itself from the radio business. The strict limitation placed on the business by its new president was not always easy to follow. In 1924 Bell Laboratories had developed a "high fidelity" system to test telephone transmission systems. This led to Western Electric's joining with Vitaphone Corporation to develop talking pictures. After the success of two "talking" films, Electrical Research Products, Incorporated, was formed as a subsidiary of Western Electric to utilize the inventions of Bell, especially those dealing with movies.

Going against Gifford's beliefs and being a very public business, the new corporation was the subject of a great deal of adverse publicity and the target of some anti-trust suits in the twenties and thirties. Although AT&T won the suits, it gradually removed itself from the movie industry.

Perhaps one of the most important actions by Gifford during his twenty-three year presidency was a speech presented October 20, 1927, to the National Association of

Railroad and Utilities Commissioners convention in Dallas. For the first time in corporate history, an executive presented his company's policies to the public.

Our policy and purpose. . .the most telephone service and the best, at the least cost to the public. . . . The fact that ownership (of the Bell System) is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so. . . . While the Bell System seeks to furnish the public the best possible service at the least cost, the policy which recognized this obligation to the public recognizes equally its responsibilities to its employees. It is and has been the aim to pay salaries and wages in all respects adequate and just and to make sure that individual merit is discovered and recognized.¹¹

Gifford's policy was good for business, but nothing could prevent the effects of the Depression. Telephone growth stopped and then decreased during that time, 1931 and 1933. Although the number of Bell personnel was also decreased, Bell attempted to help all its personnel manage through the hardships facing the entire nation. Following the Depression was another test of the Bell System's ability, World War II presenting demands of war production which took away the materials necessary to the System's production of their own equipment. Equipment that was already available was installed, but only in a few instances did it go to private homes. Citizens were

¹¹Arthur W. Page, The Bell Telephone System (New York, 1941), pp. 12-17.

urged to eliminate the use of long distance service so military personnel could call home. The United States government commended the telephone company for its role in helping the country's war effort.¹² When the war ended, the company was flooded with orders for additional telephones, telephone service, and jobs. The company was also faced with post-war inflation and the first strike against it by the Communication Workers of America.

On February 18, 1948, Gifford left the presidency, which was assumed by Leroy A. Wilson. The major problems faced by Wilson were the record growth of the telephone business and the post-war inflation, which made a rate hike imperative to provide service on demand. According to Bell System personnel, "The phone company rate increase request is made to allow the company to earn a sufficiently high return on its investment so it can raise more money to invest on more equipment to provide more service."¹³

When Cleo F. Craig became AT&T president, he had to deal with the January 24, 1956, Consent Decree issued by the Justice Department. The Consent Decree was the final judgment on the anti-trust suit of years before against Western Electric Company and AT&T. The problem had arisen because of the Bell Lab researchers who came up with

¹²Ibid., p. 56.

¹³Ibid., p. 57.

inventions only indirectly associated with telephony such as their ventures into radio, television, and then the development of the transistor. The decree confined AT&T and its operating subsidiaries to furnishing communications services other than message telegraph service. Western Electric was restricted to the manufacturing of equipment for and activities related to the Bell System, except for government business. Bell System had to license all patents issued prior to January 24, 1956, royalty-free.¹⁴

The growth and development of the Bell System during the late fifties and sixties has been partly credited to Frederick R. Kappel, who became president of AT&T September 19, 1956. The fifties saw the growth in use of Direct Distance Dialing and 1956 marked the opening for business of the first transatlantic telephone cable. Kappel also witnessed the 1959 three-for-one split of AT&T's common stock with a dividend increase to \$9.90 a year, based on pre-split stock. A further two-for-one split was voted in 1964.

The Bell System pioneered satellite communication in the late fifties and early sixties, experimenting with a low-altitude satellite. The first communications satellite, Telstar I, was built by Bell Labs and shot into

¹⁴Ibid., p. 58.

orbit by the government. After further tests, Congress later adopted a bill allowing the government to own Comsat Corporation. The Bell System uses satellites to carry voice, data and television information across the world.

Additional changes in the communications business included direct electrical connection of customer data equipment, electronic switching system, "Picturephone" service, micro-miniaturization for data transmission and telephone service, and new telephone instruments.

A new management team was elected on April 1, 1972, but the philosophy and policy of former AT&T administrations continue under the leadership of Robert D. Lilley, president, and John D. deButts, chairman of the Board. In his letter to the share owners in the 1972 Annual Report, deButts commented,

We do not intend to abdicate any sector of our business where we are convinced--and can by our performance prove--we can do a better job for the public than anybody else. In short, in whatever aspects of our business competition may be found to be in the public interest, we intend to be good competitors. But we shall vigorously oppose any proposition that, whatever advantage it may offer to a few, would impair or restrict our ability to serve the public at large or add to the costs of doing so.¹⁵

There is in my mind no conflict among our responsibilities to the public, to our share owners

¹⁵Annual Report of the American Telephone and Telegraph Company (New York, 1972), p. 4.

and to our employees. Fundamentally, however, our business exists for no other reason than for the service it provides the public. That is why I say that our responsibility to investors places no greater obligation upon us than doing the very best service job we know how to do. We must earn our earnings and this your management pledges to do.¹⁶

Organizational Sketch

Ultimately controlled by the Board of Directors, AT&T coordinates the entire Bell System in five ways. One, it owns stock in the operating companies. Two, it serves as a general staff for the operating companies. Three, it provides interstate service between the operating companies. Four, it owns Western Electric Company. Five, in conjunction with Western Electric Company, it owns Bell Telephone Laboratories.

The Bell System is regulated by forty nine state commissions (as mentioned previously Texas is the only one without a state commission, but it does have local commissions) and a commission for Washington, D.C. This regulation of rates and services of the intrastate business covers about 98 per cent of the calls and 85 per cent of the telephone income of the system.¹⁷ Interstate rates and service is regulated by the Federal Communications Commission

¹⁶Ibid., p. 1.

¹⁷Page, op. cit., p. 177.

and covers about 2 per cent of the calls and about 15 per cent in gross revenue.¹⁸

Development of Public Relations

Probably the first unofficial public relations activity of the Bell System was in the form of a letter from Theodore N. Vail, general manager of the American Bell Telephone Company, December 28, 1883. The letter requested the company's general agents to report on customers' reactions to their service.

However, Vail soon left the telephone company, and his successors attempted to stifle competition and to eliminate independent telephone companies. The successors' methods of obtaining stock in subsidiary companies from minority stockholders and their high rates for telephone rentals created bad feelings among the public in some areas.¹⁹ This critical public attitude was one to which Vail returned in 1907 when he was brought back to head the new company, American Telephone and Telegraph. His return marked a change in publicity policy, which Vail explained.

The only policy to govern the publicity is that whatever is said or told should be absolutely correct, and that no material fact, even if

¹⁸Ibid., p. 184.

¹⁹N. R. Danielian, AT&T The Story of Industrial Conquest (New York, 1939), p. 271.

unfavorable but bearing upon the subject, should be held back. When we see misstatements, make it certain that those making them have correct facts. This will not only tend to stop the making of them, but will lessen the influence of them by decreasing the number of misinformed, and any excuse for misstatements. Attempted concealment of material facts cannot but be harmful in the end.²⁰

The public relations department was formally organized in 1908 when Vail hired James D. Ellsworth, a member of a Boston firm of press agents. Vail opted to try advertising in national circulation magazines and the Bell System's first informative advertisement appeared in June, 1908. The ad told the story of the Bell System as an institution of American life. That fall, during the presidential election, another informative ad was prepared. This one explained the relationship of AT&T with the associated Bell companies.

Truth first was Vail's policy in public relations. As Ellsworth pointed out:

. . .from the first, our purpose was to educate the public by telling the facts about the Bell System. I, at any rate, believed that the public opposition came chiefly from a lack of knowledge. . . . Hence the fundamental policy was to give information as to our purposes, problems, and progress.²¹

²⁰George Griswold, Jr., "How AT&T Public Relations Policies Developed," The Public Relations Quarterly. (Fall, 1967), p. 8.

²¹Ibid., p. 10.

In July, 1910, the office was moved to New York and Ellsworth was placed in charge of the Information Department. His job was to develop the area and to train men for the job. The new team developed lectures and illustrated them with lantern slides.

Ellsworth headed an elaborate public relations ceremony in 1915 marking the first transcontinental service. Telephone repairmen were positioned along the line in case an emergency occurred. Alexander Graham Bell was in the New York offices with company executives, municipal leaders, editors, and other guests while Thomas Watson headed the San Francisco ceremony. Under Ellsworth's direction, writers prepared answers to any questions which could be asked and illustrations and maps were readied for distribution. Telephone circuits were set up for newspapers.

In 1927, AT&T's newly elected president, Walter S. Gifford, hired Arthur W. Page as a vice president. Page was the first public relations executive to be given the position of vice president in any corporation. He emphasized policy development and the training of management to be conscious of the effects of all actions on the public.²²

²²L. L. L. Golden, "Lessons of History," Saturday Review, L (July 8, 1967), 62.

Soon after Page assumed his position, Gifford publicly established the company's policy on public relations. This was presented in the Dallas speech mentioned earlier. In it, Gifford emphasized that Bell Telephone was responsible for most of the country's telephone service. "This responsibility imposes an unusual obligation to the public to see to it that the service shall at all times be adequate, dependable and satisfactory to the user. The only sound policy is to furnish the best possible service at the lowest cost consistent with financial safety."²³

Page believed that the most important public relations tool a company had was its employees. He stressed that good public relations was the job of every person in the company and that publicity and advertising could not make up for inefficient service or discourteous treatment. Employee attitude toward customers was especially important since the telephone company was a "natural monopoly." Page said the Bell System, therefore, was confronted with three major problems. "One, there was a natural suspicion of the public that all monopolies are greedy and wish to make too much money; two, the public has a notion that a monopoly in itself breeds slothfulness and arrogance; and

²³Griswold, op. cit., p. 12.

third, the public suspects that monopolies are inefficient."²⁴ Page also pointed out, "Creating and maintaining a sense for public feeling in all offices and employees regardless of their particular function is the main object of the Information Department--more important than its direct activities such as advertising, etc."²⁵

Policy is important but it cannot do the job alone. To be effective, the policies must be practiced. Faced with the Depression of the thirties, the telephone company practiced Page's view that "public relations is 90 per cent doing and 10 per cent talking."²⁶ The employment problem was handled as fairly as possible, laying off only the number of workers absolutely necessary. Since force turnover was lower, the quality of the service improved. Shareowners received their dividends although the company had to dip into its emergency or surplus funds.

In 1935, AT&T was faced with an investigation by the Federal Communications Commission. Gifford's stand on the matter was evident when he announced, "In a business as extensive as ours which so vitally concerns so many people, the public has a right to the fullest information as to how its affairs are conducted. We, therefore, have no

²⁴Ibid., pp. 13-14.

²⁵Ibid., p. 14.

²⁶Prescott C. Mabon, A Personal Perspective on Bell Systems Public Relations (New York, 1972), p. 7.

objection to investigations by properly constituted authorities at any time."²⁷ The investigating committee tried hard to find any misconduct on AT&T's part and turned out reports without allowing the telephone company to make any response. The telephone company did all it could by publishing its own comments and distributing them to Bell personnel and anyone else who expressed an interest in AT&T's side of the story.

World War II and the post-war years provided another test to the public relations philosophy of the telephone company. Bell Laboratories and Western Electric devoted their energies to developing and improving wartime equipment for the government, and the at-home service was curtailed for government orders to be filled. Civilian customers were urged to reduce or to eliminate long distance calls and were often required to do without new or additional equipment or services. The telephone company during this period stressed upon its employees to be courteous always and tried to let the public know how appreciative the company was for the public's understanding. The post-war years brought increased demands for service and equipment. It took almost ten years for the company to become virtually free of orders. The Bell System had

²⁷Griswold, op. cit., p. 14.

to convince the public that customers were still of utmost importance and that the company was doing everything it could to provide the best, most efficient service at the least cost.

With the advent of manual telephone service came an additional problem--anonymous telephone calls. Although the Bell System could do little to prevent the calls, they prepared newspaper advertisements, bill enclosures, and lectures to inform the public about the company's concern over the matter and to tell the public how to handle such calls. Also, Bell Labs started developing methods of identifying calls.

One unexpected problem arose during Kappel's leadership. . .the public response to All Number Calling (ANC). The Bell System had three reasons for switching to ANC. One, Bell Labs researchers were concerned over the limitations of the area code plan adopted to ease Direct Distance Dialing. It was not possible to add more area codes since each one has to have a one or a zero in the center and the nation was running out of local telephone numbers. Two, Bell Labs also reported that the push-button telephone would be easier to use if no letters appeared on the buttons. Three, looking into the future, researchers saw that problems could occur in international direct distance dialing because of difference in alphabets.

The solution was to do away with letters and transfer to all numbers.

ANC was introduced first in smaller communities and, being met with no problems, was announced widely, but then ANC hit a hidden nerve. A vocal group criticized the phone company for turning its customers into mere numbers and charged them with "dehumanizing American life."²⁸ In San Francisco a group called the Anti-Digit Dialing League was formed. Although the furor has subsided, one result of the turmoil was a reassessment of the role public relations plays in the Bell System. More time is now devoted to testing public opinion and attitudes on all phases of Bell System operations.

Page had a tremendous effect on the public relations attitude and development at AT&T. He convinced management that public relations had a place at the top with real authority because a business can only survive with public support and approval. He was responsible for the establishment of public relations departments in all Bell companies. He encouraged the use of opinion surveys and insisted on beneficial public activities to enhance the image of the company.²⁹

²⁸Ibid., p. 59.

²⁹Mabon, op. cit., p. 12.

The company's fundamental belief is that "good public relations come by providing good service, not merely by talking about it" and the function of the public relations department is to help the company to discover "what the public wants and give it to them, not what you think they ought to have."³⁰ AT&T believes in two-way communication. Public opinion is just as important to all Bell companies as what the public relations personnel may say to the public.

³⁰Chester Burger, "The Public Relations of AT&T," The Public Relations Quarterly (Fall, 1967), 1.

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CHAPTER III

ORGANIZATION AND FUNCTIONS OF SOUTHWESTERN BELL'S PUBLIC RELATIONS PROGRAM

Southwestern Bell is one of the regional operating companies of the Bell System, serving Missouri, Arkansas, Oklahoma, Kansas, and Texas. There are eight operating areas: three in Texas, Dallas, Houston, and San Antonio; two in Missouri, St. Louis and Kansas City; and one each in Oklahoma, Arkansas, and Kansas. The three operating areas in Texas were divided in relation to the number of telephones in service. Southwestern Bell is in 300 of 1,000 Texas towns. Covering generally the largest towns, they are responsible for 84 per cent of the telephones in Texas.

In the Dallas area, the public relations manager, staff manager, commercial manager, chief engineer, general plant manager, and general traffic manager report directly to the vice president-general manager, Herb Bowen. Except for legal and auditing operations, the vice president is in charge of all operations in the Dallas area. Because Texas is divided into three large areas, the area vice presidents in turn must report to T. O. Gravitt, vice

president-Texas. Every Monday between 9 a.m. and noon all section managers meet with Bowen to present information which they consider important to the whole company, and Bowen tells what has happened and discusses future plans.

Organization and Philosophy

Experts agree that public relations is the responsibility of all department managers of the corporation from the top to the bottom and that the public relations department is an organization to aid personnel carrying out those activities. The public relations department works in close cooperation with all areas of the company. In order to meet most effectively its responsibility and best serve the company, it is widely supported that public relations be placed at the top management of an organization with the director reporting to the president and board of directors.

Southwestern Bell has a general headquarters public relations staff in St. Louis. (See Appendix A.) That operation is headed by the vice president-public relations, J. E. Hoy. Hoy is in charge of the public relations for the entire company and has approximately sixty people in his St. Louis offices. They are responsible for a company magazine, Scene; they handle the relationship with

the advertising agencies; and they conduct a number of staff functions for the various operating areas.

Another public relations staff is in each of the eight geographic areas and is headed, usually, by a general public relations manager. The area staff handle programs affecting only their own areas. C. F. Weekly is the general public relations manager for Dallas and works directly for the vice president-general manager in Dallas. There are twenty members in the Dallas public relations organization. (See Appendix B.) Although all are not as large as the Dallas operation, there are similar organizations in Houston, San Antonio, and the other operating areas.

Reporting to Weekly are an area public relations supervisor, R. J. Hutchinson; an area information supervisor, B. C. Kee; and a news services manager, J. A. Pattillo, Jr. Pattillo is a full-time press relations man, working with newspapers and radio and television stations, answering their questions, supplying them with information, and giving them news about Southwestern Bell in Dallas. Hutchinson has charge of advertising, buying of space, budget handling, and customer relations activities. Briefly, customer relations activities consist of promoting public talks and encouraging managers and district managers to accept speaking engagements. Kee is

chief editor of the employee newspaper, Telephone Times, and originates all stories on retirements, construction, service problems, and changes in operating conditions. The staff also includes a full-time lecturer, three school consultants, two public relations supervisors (one for Fort Worth and one for Dallas), one community relations assistant, three advertising assistants, two staff writers, one employee relations assistant, and three secretaries. At 2 p.m. every Monday, Weekly meets with the supervisory public relations staff to report on his staff meeting with Bowen, keeping the public relations area informed on what is happening in Dallas and St. Louis. The staff members report on what they are currently working on, so every segment knows what the other is doing.

Dallas is divided into seven districts and Fort Worth into five districts. The public relations supervisor for Fort Worth is Lee Cruse and the Dallas supervisor is H. C. Miller. The district manager in Wichita Falls has training in public relations and is authorized to handle some public relations responsibilities. He could handle anything which might occur on the spot. He might call and report what is happening and ask for suggestions or assistance, but he does have the authority to do what is necessary. One employee from each area, a plant manager, wire chief,

etc., is selected to serve as a public relations representative for his town and is trained by the Dallas office.

Weekly believes that his job is to do everything he can to create in the minds of the public as favorable an attitude toward the telephone company as possible, to be alert to trends which could be developing that would affect the company's operation, and to inform the employee body of the need of serving the public well. In Weekly's opinion, the employees are extremely important, and the company should ". . .keep our people as happy as we can keep them and keep them motivated to provide a good service because I don't think that any amount of public relations can ever be a whitewash for bad service."¹

According to Weekly, public relations begins with a good product or service. "If the product is not good, the public is going to find out. Everything we do is aimed at telling the company story to the public and keeping employees happy, informed, and motivated and interested in providing good service to the customers."²

General guidelines for the public relations program come from St. Louis, but Dallas sets its own numerical

¹Statement by C. F. Weekly, general public relations manager, Dallas, Texas, July 12, 1973.

²Ibid.

goals, including how many public talks, demonstrations, or programs will be presented. The main job of the public relations personnel is to serve as a liaison between the public and the top management of the company. They notify top management if any trends are developing that are adverse to the company. Their main function, according to Weekly, is to interpret the public to the company and the company to the public.

Specific plans are made for one year, but are often modified as the year progresses. In the fall, budget plans, advertising plans, and program plans are due for the next year. In October, 1973, the Dallas group presented a paper, "Service Requirements for 1980," at a San Antonio conference for top-level management. They prepared long-range plans based on estimations or guess work about the government attitude, public make-up, and company organization in 1980.

St. Louis has control over the budget. Dallas makes up an estimate and furnishes figures to St. Louis; these figures are usually approved. Accounts used by the company are prescribed by the Federal Communications Commission's Uniform System of Accounts. Subaccount 642 is used for advertising, films, exhibits, and similar activities. Subaccount 665 is used for employee information. The advertising budget for 1973 was about one million

dollars, and the employee information budget was approximately \$550,000, but advertising takes less than one-fourth of one per cent of the total revenue of the company. Television commercials are created by the advertising agency for general headquarters, but the television time purchased for this area is charged to the Dallas account, as are some salaries of St. Louis personnel.

Identifying Publics

Southwestern Bell recognizes that it has three main publics to reach. The first is the consumer, the telephone user, or the rate payer. This is the biggest and most important public and can loosely be described as the community. The investors or shareowners are the second public. Over three million people hold stock in American Telephone and Telegraph Company, the most widely held stock in the world. No other company has one-half as many stockholders as AT&T. Weekly points out, "There is such terrific demand for new capital that the investing community must have confidence in AT&T securities."³ The third public is the employee body, consisting of 70,000 in all the Southwestern Bell operating areas and over 14,000 in the Dallas area. The company believes that if

³Statement by C. F. Weekly, July 11, 1973.

the employee is to provide good service he must have pride in the company, he must know about the company, and he must be dedicated to service.

Government Relations

Pattillo would add an additional public, legislators and regulators. He is astounded by the swiftness with which the government is able to move in response to the public. "One of our concerns here, of course, is the sometimes frenzied response made to emotional outcry of the public that represents only the short view as opposed to the long view. We must live tomorrow with the policies and precedents set today."⁴

As a public utility, and as a monopoly, Southwestern Bell is under the regulation of the FCC in Washington and state commissions in most states. In Texas, the intra-state operations are regulated by the different cities or municipalities where the company operates. For twenty years, bills have been introduced into the Texas legislature for a statewide regulating commission. Southwestern Bell believes that the individual cities or municipalities are doing an effective job of regulating since Texas has

⁴Jim Pattillo, "Some Concepts of Public Relations at Southwestern Bell," speech given in Dallas, Texas, October, 1972.

"as good a service and rates are traditionally lower."⁵

As the biggest tax payer in the state, Southwestern Bell would find itself paying a lot of taxes to regulate itself. Weekly strongly believes, "We have all the bureaus and the government agencies we need. I don't think we need any more regulations. The public can regulate pretty darn good."⁶

Southwestern Bell employs a legislative representative to lobby against such bills and to represent the company's interests in other legislative actions. (AT&T is one of the few large corporations with legislative representation in Washington, registering five lobbyists.) Recently a law was passed which prevents fraud by telephone, making it illegal to use phony credit cards for free long distance service, and to use "Black boxes" to defraud the network to get free long distance calls. Lobbyists worked with the legislators to get it passed. Until this time no Texas law protected Southwestern Bell from fraudulent use of their services. Local people work with various cities and counties on any relationship the telephone company may have with them, not only on service but on taxes, evaluation, regulation, and rate cases. Actually this work is not handled by the public relations department.

⁵Statement by C. F. Weekly, July 11, 1973.

⁶Ibid.

The public affairs section of the company is responsible for this area, but the public relations personnel assist and work with them.

A company offering services to the majority of the community must have a public with a favorable attitude and one that knows the company and knows what it is doing to provide them with good service. Weekly realized that as long as SWB can furnish good service, it does not have many public relations problems; but if the service ever goes bad, there will be numerous problems. "Everything we do tries to explain and to let the people who use our service do so as best they can. We spend a lot of money telling people direct distance dialing and less busy night hours will save them money. This is in our best interest and in the best interest of the public."⁷

Southwestern Bell also has a responsibility to the customer to keep basic telephone service as inexpensive as possible so as many people as want it can have it. The basic telephone is a black telephone with a rotary dial. If the customer wants something else, the company has it, but the customer must pay for it. They do not believe in making everybody pay for the extras that not everyone needs or wants.

⁷Ibid.

Investor Relations

Since the turn of the century, American Telephone and Telegraph Company has been interested in its stockholders and have realized that by treating its customers properly it is treating its stockholders properly.⁸

Stockholder relations are often difficult to separate from other relations since most stockholders are also customers.

According to Rex Harlow and Marvin Black, American Telephone and Telegraph has had a successful investor relations program for many years. "They have been frank and honest with their stockholders, giving them an accurate, true picture of operations, financial progress, and successes or failures through the years."⁹ Most investor relations programs are conducted by the Southwestern Bell headquarters staff in St. Louis and the AT&T public relations staff in New York.

The importance of the shareowner is emphasized by Pattillo, "Our shareowners want a healthy return on their investment. . . . They want our consistent dividend, want it increased periodically, and want to see their stock grow. If it doesn't, they simply sell out. They act

⁸Kenneth P. Todd Jr., editor, A Capsule History of the Bell System (New York, 1972), p. 53.

⁹Rex F. Harlow and Marvin M. Black, Practical Public Relations (New York, 1952), pp. 144-145.

quickly in a rebuff to us if performance falls short of their financial expectations."¹⁰

Most public relations experts recommend plant tours or visits for stockholders. An open house or plant tour at the time of an anniversary or the opening of new or remodeled facilities is becoming popular with the nation's businesses. The stockholder is given the opportunity to see what use his money is being put to and to visit with top management.

Most companies send out letters of welcome to new shareowners. These letters can include the latest financial report, an invitation to visit the company's facilities, or simply state the company's desire to satisfy the shareowner with his purchase of stock.

The Dallas area actively participates in the Bell System's Shareowner Management Visit Program. One hundred SWB Dallas area employees are trained for this program. The treasurer of AT&T in New York sends a letter to each investor asking if a top level person can visit with the individual and answer any questions the shareowner may have. The investor is sent a card with his name and address. He is to return the card to his area company if he desires such a visit. After receiving the shareowner's card, the individual from SWB calls and makes an

¹⁰Pattillo, speech, p. 8.

usually older; people who attend open houses are usually younger. Weekly recalled one very successful open house held for shareowners and their families to see what their money was invested in. The group as a whole "seemed to be thoroughly intrigued with people, exhibits, refreshments, machinery, and the complexity of things."¹²

AT&T in New York pays quarterly dividends on January 1 and then at the first of each quarter. A newsletter, designed and produced by the New York staff, goes out with each check and includes a message from the president. AT&T also sponsors one less common program: any stockholder who has a question or who loses his certificate can call New York toll free and get answers.

The annual meeting provides the top management of the company with the opportunity for face-to-face communication with stockholders. Experts see an upward trend in attendance although the cost is often prohibitive for stockholders scattered across the nation. Companies have two methods of combating this distance problem. One is the issuance of a meeting report, prepared on the annual event and distributed to all stockholders. The second method is one being tried by only a few national businesses, the regional meeting.

¹²Statement by Weekly, July 12, 1973.

Public relations personnel play a big role in the preparation of the annual meeting for stockholders. The format of the meeting is basically the same from year to year. The president of AT&T holds a thirty-minute press conference before the meeting. Then he makes a forty-five-minute speech, written by the public relations personnel with his suggestions, to shareowners. This is followed by a routine business meeting, which includes the election of new directors, election of an audit firm, and voting resolutions proposed by stockholders. The meeting ends with a question-and-answer session.

Public relations helps with speeches, arranges locations, hosts a press luncheon for writers who are there, runs the press conference, and sets up exhibits for stockholders to view. The meeting is carried live over close-circuit television to all the major offices. The local office can invite members of the press to view the broadcast with them.

The meeting used to be held exclusively in New York. In the beginning meals were served; but with the growth in attendance, box lunches were provided instead. However, when attendance topped the 7,000 mark, meals were dropped from the agenda. Recent meetings have been held in Chicago, with an attendance of 3,500, and two years ago in Dallas, with an attendance of 1,800.

In order to let the stockholders know what is going on in the business and in an attempt to keep them investing in the business, AT&T in New York and Southwestern Bell in St. Louis prepare annual reports. The public relations department devotes a great deal of effort to writing the story of what went on and what lies ahead. Although public relations personnel write and plan it, the report receives a lot of top level executive attention. Directors are sent copies to approve before the final printing.

Experts agree that the annual report of the company is its best communications medium with the stockholder. The annual report is no longer merely a financial statement, it has become a showplace for company policies, activities, plans and goals, and philosophies on the company's place in American society. Cutlip and Center believe that an effective report should include "a distinctive cover design to attract interest and reflect corporate character; a table of contents; identification of managers; an illustrated narrative review of the year; a breakdown of the sales dollar; and comparative operating and financial statistics tabulated over a 10-year span." Information on civic participation, employee relations, and community relations should also be included.¹³

¹³Scott M. Cutlip and Allen H. Center, Effective Public Relations (New Jersey, 1971), p. 470.

In order to conform to the New York Stock exchange ruling, reports are mailed to stockholders fifteen days before the annual meeting. Practitioners stress that additional copies should be sent to employees, the news media, educational institutions, libraries, members of the investment community, and governmental leaders.

The AT&T report goes to over three million stockholders. Every Southwestern Bell management person receives a copy at his home and additional copies are mailed to financial reporters, economists in colleges, people in trust funds and in mutual funds, and to other top level business contacts.

Howard Praeger emphasized one important advantage of the annual report to the utility. "Through the annual report and through releases quoting the president or chairman of the board when the report is issued, erroneous conceptions of the utility's position can be corrected by a clear exposition of the status of the company."¹⁴

In addition to the annual report issued by AT&T out of New York, the St. Louis office of Southwestern Bell also issues a report to its stockholders. The 1972 report is a very attractive, legible report of the company's yearly

¹⁴Howard A. Praeger, "The Utility and Its Public," Public Relations Handbook (New York, 1950), p. 274.

activities. Physically, it is a twenty-six page, eight and one-half inch square booklet with a full color picture on the cover of a telephone installation man assisting a customer. It opens with a letter to shareowners from Angus S. Alston, president of the company, relating what happened in 1972 and plans for 1973. The directors and officers of the company are listed and the relationship of SWB to the Bell System is explained. In addition to the audited financial statements listing assets, liabilities and capital, income and reinvested earnings, and changes in financial position, narratives of the highlights of the year are presented and illustrated.

The narratives report on the growth of service, new and improved services, the financial status, dealing with the competition, serving the government and business, employee activities and relations (wages, benefits, training, awards), community relations, and the company's participation in equal employment, affirmative action, and employee upgrade and transfer programs. Photographs show equipment, facilities, construction, training programs, and employees in various jobs. Although photographs are black and white, charts and graphs are presented in orange and yellow. Covering comparative figures from 1968 to 1972, graphs show telephone gains, construction expenditures, wats lines in service, minority employees, payroll, earnings per share,

volume of calls, expense and revenues, customer dialed long distance calls, total telephone plant, and investment per phone.

News Services

Public relations practitioners recognize the value of substantial press relations for both the company and the media. Besides maintaining close working relationships with media personnel, the public relations staff should prepare and issue releases, be available with information when asked for it, give the facts quickly and completely, and should make available the home phone numbers of the public relations director or other staff members for after-hours emergencies.

At Southwestern Bell these activities are under the direction of Jim Pattillo, news services manager. A relatively new position, the job was created about two years ago in Dallas and within the last few years in the Bell System. Pattillo lists four main duties. His first duty is to handle inquiries and direct contacts with the news media. Second, he provides background information to the media so they will know what is going on. Third, he makes sure that the news media has sufficient and workable telephone service. His fourth function is to train the local news contact man in the outlying towns. Discussing his role in public relations, Pattillo believes it is his duty

"to see that the news media accurately and objectively portrays what we are trying to do and the commitment to quality and quantity of telephone service and the best possible telephone service to our customers toward the end that they will think better of us."¹⁵

Serving as a liaison between the news media and the company, Pattillo makes about 1,200 personal news contacts in a year. Not counting purely social visits, the number includes direct news inquiries, discussion of various service problems, and general visits where significant company matters are discussed. He keeps a log of these news contacts so he can easily check whom he talked with, when, and what was discussed.

In an attempt to alleviate his job and to aid the media more, he keeps an up-to-date file on various telephone related topics, including fraud, annoyance calls, local feature possibilities, Dallas rates, and competition. All the information is within reach of his telephone for easy reference in talking with newsmen.

As frequently as possible, Pattillo takes the initiative to call on media people. Believing that face-to-face contact is better than six phone calls, he will research information on a particular request and then deliver the

¹⁵Statement by J. A. Pattillo, Jr., news services manager, Dallas, Texas, July 18, 1973.

data to the reporter. In a normal week, he visits the Dallas papers about twice and the television stations once. He is also constantly offering news tips which he takes to the individual who is most likely to use them. However, if the news item concerns something that will affect everyone, it is released to all media simultaneously. Another method of direct contact is the plant tour. If a newsman is in the office, Pattillo might take him to a particular department to see new equipment or to view a new method of organization or management.

Southwestern Bell does not host any formal dinner meetings for the press and management. Pattillo sometimes eats lunch with a media representative, using the occasion to plan a story or discuss problems. He also offers his news contacts one small gift, a ballpoint pen with his name, title, office number, and, perhaps most important, his home phone number.

Press conferences are rare. There have been none since Pattillo has been in his position. They are held only when Southwestern Bell thinks there is a really legitimate story. One was held when the AT&T president was in Dallas for the annual stockholders' meeting. Another was held several years ago when Western Electric announced it would build a new plant in Mesquite and would hire 5,000 people. The president of Western Electric

and civic leaders from Dallas and Mesquite were present. The press was given the story and pictures and was allowed to interview the president and take their own photographs.

Pattillo believes it is important to socialize with the news media when the pressure is not on.¹⁶ During background visits, he talks about his business and encourages the reporter to talk about his. Although 60 to 70 per cent of his contacts with media people are for a specific reason, the reason may not be a specific story. He is not always looking for a particular story or a direct benefit from a visit with a newsman, but rather he is interested in a long-range benefit.

Another direct contact is related to the telephone service of the media. A newsman might mention a difficulty with equipment, or occasionally Pattillo visits specifically to ask about the quality of service. With the elaborate communications systems found in most media offices, poor service can create poor relations. Although Patillo would not be able to repair or to fix the trouble himself, he can get someone who can.

Probably the most widely-used method of transmitting information is the news release. Although everyone in the Southwestern Bell System accepts the responsibility of

¹⁶Ibid.

determining what items should be sent to the media, Pattillo has a strong voice in the decision making. The public relations department tries to release legitimate stories, not merely see how much free space they can get. According to Weekly, the department does not cover 10 per cent of the legitimate news that it could if it had the manpower and would devote the time to it.¹⁷ Managers and district managers are encouraged to call and let public relations prepare a story for their local papers. Operating with the philosophy that anything that affects the telephone service in a town is legitimate news, the telephone company handles the bad news as well as the good.

Most press releases are prepared by the staff writers who do not work directly under Pattillo. Since they are gathering information for the employee publications, they write public releases at the same time. These stories are passed on to Pattillo, who clears all releases. Not having to write all the releases leaves him more time to be with the news media. He has time to do his job without worry of administrative or personnel functions, he explains.

Major news releases are sent to all media in the Dallas area. Several releases are placed on the Public Relations News Wire, which goes to all media in the Dallas-Fort Worth

¹⁷Statement by Weekly, July 12, 1973.

area. If the story is especially important, Pattillo may call the media and let them know the story is coming across the wire.

As mentioned earlier, the fourth duty of the news services manager is training the local press contact men. All managers or chiefs who have the primary public relations responsibility in small towns take a one-day training course, "News Relations Training." Generally held in Dallas and conducted and planned by Pattillo, the training sessions are an on-going program with classes scheduled anytime there are enough people who need it. Training is based on the assumption that none of the participants have any prior journalism training.

The training program has five basic objectives. The first objective is to familiarize telephone people with news media expectations, requirements, and view points. The second objective is to define and discuss each department's responsibility in the total news job. The third objective is to develop techniques and skills in working with members of the press. The fourth objective is to stress the responsibility of each department in providing top quality communication service to news media and individual members of news staffs. The fifth objective is to stress news importance of good news relations to the

effective operations of the business and maintaining the company's good name.

Designed to gain total participation from the group, each session is limited to a maximum of twelve people. Prior to their coming to the training program, participants are sent a case history relating incidents which can happen in a typical small town. No solutions are given, and the case histories are to be read before the training session.

After opening remarks by the vice president, who explains the purpose of the program, the entire morning is spent in basic discussion of the case history material. Participants are encouraged to respond with logical reactions to these situations based on common sense. The morning discussion also includes basic information about the newsman and his job. Team work is stressed regarding the availability of news items and feature stories in each department, and the contact people are told how to get their information to the right media personnel. Usually, participants have lunch with a newspaper reporter or editor, who explains his side of the story. Time is allowed for a question-and-answer session.

During the afternoon, a television newsman talks about what the broadcast people expect in the way of news and the difference between what appeals to them and what

appeals to newspapers. Each participant is interviewed by the newsman, and his responses are taped. The interviews are all on different general topics and serve two functions: everyone can hear valid points on each issue, and experience is gained through the interview. Interview topics include rate issues, deposit policies, pressure applied in bill collecting, charging for unlisted numbers, charity contributions, obscene phone calls, state regulatory commissions, competition, equal opportunity employment, and disrupted service.

At the conclusion, the tape is played back, and the newsman critiques it from the broadcast media's viewpoint and Pattillo critiques it from the standpoint of company philosophy and logic. Pattillo emphasized the importance of the program, "A month following, you can see an increase in news activity. They have more confidence and know what newsmen want."¹⁸

Pattillo sees a trend in many public relations departments to steer away from controversy, but does not agree with that practice. "Controversy is with us. So it behooves public relations to help navigate a reasonable course through it."¹⁹ As a public utility, the telephone company

¹⁸Statement by Pattillo, July 18, 1973.

¹⁹Pattillo, speech, p. 12.

is faced with numerous controversies and must be prepared to handle them. Rate cases, disasters knocking out service, and strikes must be anticipated.

Disasters

Weekly's number one rule in dealing with disasters is "Don't try to keep anything out of the paper."²⁰ The department believes that they will get a better story if they tell all the facts at the beginning. For instance, if a cable breaks, the first and most important responsibility is to start repairmen working on the restoration. The next step is to notify Pattillo, who is on call twenty-four hours a day, and to give him all the information available. Pattillo carries a list of phone numbers of all media with him all the time so he is ready to get the proper information to the news media. The idea of getting all the facts to the public as fast as possible is based on the premise that customers do not mind an inconvenience as much if they are told why their service has been interrupted, what is being done to correct it, and when the service will be continued.

Strikes

All employees of Southwestern Bell, except management personnel, are members of the Communication Workers of

²⁰Statement by Weekly, July 12, 1973.

America. There is virtually no such thing as a local strike. A strike against Southwestern Bell covers the entire five-state area and usually results from an unsatisfactory contract negotiation or because the negotiations are not proceeding the way the union would prefer.

If a strike were to be called, public relations would probably be notified by St. Louis that negotiations had broken down and that the CWA would call a strike to commence at midnight Friday night. This information would be released immediately to all the media. Management personnel are automatically scheduled to work twelve hours a day on switchboards, and offices are reduced to the bare minimum in order to place more people on the switchboards. At midnight cameramen and reporters are present to photograph the walk out and to interview company personnel and management.

The public relations job at this point is to brief others who are going out for interviews and to record telephone interviews for radio. Also, the public needs to be told what is happening. They need to know how negotiations are going and why, how hard the management personnel of the telephone company is working to keep their service operating, and how the public can help. Customers are urged to dial their own calls rather than to rely on operator

assistance and to look numbers up in the telephone directory rather than to call information. They are also urged not to call repair service for such items as a burnt-out light on a princess phone. The telephone company must try to convince the public that employees are not being mistreated, but negotiations are being conducted in good faith. Also, the public needs to be aware that the size of the resulting contract may create a need for a rate increase. News releases are continuously being sent out to notify the public of each development.

Rate Increase Cases

Perhaps the toughest public relations job the telephone company faces is asking for a rate increase. The public never wants an increase, so the problem becomes one of telling the financial need of the business and the direct relationship between the company's making money and the community's telephone service. Since the public is opposed to rate increases, they need to know how the company invests in the community. The public needs to feel that a rate increase will benefit them in some way.

Hopefully, when a rate case starts, the public relations department has done everything it can to tell the company's story of earnings and need in normal communications prior to the rate case. Public relations and

other company personnel continually discuss the telephone rates, finances, and the need for good earnings. They believe that when a rate case begins, it is a little late to start telling the company story.

Preparations for a rate case are relatively standard. First, the department gathers facts and figures from the financial personnel. News stories are prepared for both the local media and the employee body. The local manager releases the story to the media when he files the rate case with the city. For rate cases in larger towns, charts and speeches are prepared for the division manager for formal presentation of the case to the city council. News releases, arrangements for interviews with the division manager, additional talks for public hearings, and answers to possible questions are prepared.

In Dallas, Birney Kee is responsible for notifying the employees of the impending rate increase request. He publishes an FYI (For Your Information) Bulletin informing the employees that the company is going to request an increase, when it will be announced, how much it will be, and why it is needed. According to Kee, "If we can give all the information to begin with, we think the employees will make the same decision the company made."²¹ Also, an informed

²¹Statement by Kee, July 19, 1973.

employee can answer questions friends, relatives, or acquaintances may have and can explain the need of the increase.

A large amount of the responsibility falls on Pattillo, who handles the news information. He helps prepare the talks to be given at the hearings and prepares news releases and gathers information for the media. During the last Dallas rate case, Wallace Brunworth, division manager, was selected to make the presentation at city hall. Pattillo passed out to the media a complete script of the division manager's talks each time he made a presentation. The written script enabled Pattillo to attract the reporter's eye by underlining key factors for emphasis and also made misrepresentation of the Bell story less likely.

Another new technique used by the Dallas operation during the last rate case was making sure that all the media representatives at the hearings had everything they wanted and offering to make Brunworth available right then for interviews. If Pattillo was unable to talk with the newsman before he left the hearing, he would call as soon as he returned to his office. Brunworth was made available at any time no matter what he was doing. According to Patillo, "We didn't want to suggest we were hiding anything. We

put the burden on them to do an objective job of reporting."²²

During this period, Pattillo was constantly issuing statements based on the council's taking actions and explaining how the telephone company felt about the particular action. After the rate case has ended, Pattillo sends a letter to the news media thanking them for their help in presenting the rate increase case.

Pattillo tries to view every relationship he has with a news media from two positions: his job with the phone company, and what he would think of the item or view if he were the newsman. He believes that pride in his work and a sincere belief in the company are two important ingredients in a public relations practitioner.²³

²²Statement by Pattillo, July 18, 1973.

²³Ibid.

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CHAPTER IV

SOUTHWESTERN BELL'S AREA INFORMATION AND AREA PUBLIC RELATIONS PROGRAMS

Southwestern Bell's largest audiences are its employees, its customers, and the community. Philip Lesly, utility public relations expert, stresses the importance of good relations with both the employee group and the community. "It is a cardinal principle of public relations that good relations must begin within the organization. What the employees think and say about the company will carry more weight than any other single method of publicity."¹ Since Southwestern Bell serves entire communities, a high public opinion of its services is invaluable. Indirectly, it is the customer who decides whether a rate increase will be granted, and, for Southwestern Bell, establishing good relations with its customers is an important task. The community must believe in the company and must realize that providing telephone service is not the only public function the Bell System serves.

¹Philip Lesly, Public Relations Handbook (New York, 1950), p. 268.

Area Information Program

Under the direction of Birney C. Kee, the area information program entails a wide area but primarily has responsibility for employee relations. According to Kee, "what the employees say about the company to their friends and how they act determine what the public thinks of the company. A well-informed, good employee body is the basic foundation for good public relations."² Kee views his area's function as providing sufficient information so the employee has a realistic picture of the company and its operations in order for the employee to serve as an ambassador of good will.

Primarily involved in employee relations activities, Kee also shares the responsibility for shareowner-management visits, contributions to charities, institutions, and other organizations, external news releases, news backgrounds, speeches, and College-Business Seminars. Kee is assisted by Marty Berg, information supervisor; Lorna Lovelace and Bernard Austin, information assistants; and Nell Short, secretary. Berg is the editor of the Telephone Times, employee newspaper, and is also responsible for external news releases, news backgrounds, posters, FYI (For Your Information) Bulletins, management reports, Newsline,

²Statement by B. C. Kee, area information supervisor, Dallas, Texas, July 19, 1973.

mailing lists, letters of commendation, biographical files, and customer requests. Besides handling special assignments, Lovelace writes articles for the Telephone Times and is Scene (Southwestern Bell's magazine) coordinator. Austin writes releases, articles for Telephone Times and Signal Magazine (another SWB publication), and is responsible for the Newsline, bulletin boards, news racks, and Pioneer News (supplement to Telephone Times).

Employee Relations

Experts believe that information regarding a company should begin as soon as the employee starts his job. They emphasize that the public relations role is to assist in educating and training workers and the supervisory force, to edit company publications, to share information about company services and policies with the employee, to furnish bulletin boards and a suggestion system, to encourage employees to further their education, and to measure employee morale and group opinion.

Perhaps the biggest job the area information program faces is getting company information to its employees. Kee and his staff utilize three main methods of communicating with Southwestern Bell's employees: 1) broadcast, 2) face-to-face, and 3) publications.

During a 1968 strike, public relations personnel needed to get information about labor negotiations to management people who were working day and night. At that time the telephone Newslines were developed to get the news to management, but it has since grown to be used as an information tool for all employees. The two-minute newscasts, using recorded messages and automatic answering equipment, are updated two or three times a day. Although announcing mainly telephone news, such as organizational changes, Kee believes the Newslines should include world, state, and local news. The July 11, 1973, newscast informed employees that some free tickets were available for a Dallas Symphony Orchestra performance, announced new job appointments, reported on the public response to AT&T's Direct Distance Dialing cost-saving instructions, and gave a weather report. The staff attempts to make the newscasts interesting enough for employees to get into the habit of calling. Also, the staff does not want to give the impression that the employee will receive only company policy. Although Kee does not think the Newslines have been really effective in terms of the number of calls, he credits the Newslines with a 90 per cent reduction in rumors about personnel changes and company actions.

Another important broadcast communications method is closed-circuit television. Although the operation of the

CCTV installation falls under R. J. Hutchinson's direction, it is used primarily for employee information. At the present time, only the eight operating areas of Southwestern Bell have receiving equipment connected with St. Louis and New York. Projections aim for a video link with all the substantial cities in the Southwestern Bell operation. The CCTV is used for the employee training program, transmitting important information from St. Louis and New York, and employee information programs by legal personnel, the company president, and revenue requirement personnel. In its initial stages, the CCTV network at Southwestern Bell consists of a camera, one video tape recorder, and two monitors. Kee envisions that part of the employee information program in the future will include a master control room, similar to a broadcast studio, television technicians, and remote receivers placed at strategic locations throughout the telephone buildings.

Face-to-face employee communication is in the form of group meetings jointly sponsored by the public relations department and the personnel department. Public relations staff members are responsible for most visual aids that are prepared and for script writing for most special programs. Employees get most of their information on the job from fellow employees or from their bosses. During 1973, Southwestern Bell initiated a program to eliminate all

unauthorized telephones hooked to their lines. As Weekly pointed out, this was "no way to win a popularity contest, but it's a way to maintain the integrity of our service"³ since extra telephones on a line can damage or weaken service to customers. Before the program was started, a series of employee meetings was held to explain what was being done and why. The vice president made a tape about the subject. The tape was shown to the groups and was followed by a group discussion in which employees were able to ask questions. Public relations provides a discussion leader's guide and makes the vice president's tape for the department chairman to use to run the meeting.

Additional employee relations activities include employee tuition plan, orientation/educational programs, discount service, and a special organization for employees with twenty-one years or more of service. Southwestern Bell has established a tuition plan through which any employee can take courses at any accredited college and have Southwestern Bell pay the bill if the employee passes the course. If he does not pass the course, the employee must pay the company back. Courses approved under the tuition plan have to be either part of a degree plan or beneficial to the employee on his job. There are some

³Statement by C. F. Weekly, general public relations manager, Dallas, Texas, July 12, 1973.

55-year-old college graduates who got all the way through college on Southwestern Bell's tuition plan. Some are chief operators who had started to work for the telephone company immediately after high school and who went back to school after their families were raised.

In the past, Southwestern Bell has conducted employee orientation programs which were changed and updated every few years. Formerly, the Staff Assistant Training Program consisted of one to six weeks of training sessions for people hired into management positions. Now, the company has a Management Development Program in which the operation department visits campuses for interviews and hires personnel right then. When the employee arrives at work, he is welcomed but not voluntarily given any information. He must ask the questions he thinks are necessary to do his job. Used only with management positions, the program is designed for the sharper employee who can get to work quicker than if he is tied up in an established training session.⁴ The public relations personnel act as consultants and help out with special training problems, but basic training is left to the individual department. Business office employees must go through an eight-week training course, and \$4,000 to \$5,000 is put into an installer's

⁴Statement by Kee, July 19, 1973.

training before he is sent out on the job.⁵ However, all new management employees participate in a Communications Workshop which covers problems involved in supervising others and in working with people. Although operators, plant craftsmen and other employees go through a training program before starting to work, management people start work and train through work.

Southwestern Bell provides insurance, pension plans, savings plans, and discount service for its employees. The personnel office has the main responsibility for these programs, but it is the function of the public relations office to get information on these services to the employee body. Arthur Page, who was the first vice president-public relations of AT&T, recognized the employee body as "the best ambassadors for AT&T."⁶ Page believed that employee security, good conditions, fair pay, and sound pension plans were all part of the public relations function. AT&T has provided an employees' pension plan, disability benefits, and insurance since January 1, 1913. Management personnel have the option of participating in a Savings Plan through which they can acquire AT&T stock, government bonds, mutual

⁵Statement by R. J. Hutchinson, area public relations supervisor, Dallas, Texas, July 18, 1973.

⁶L. L. L. Golden, "Lessons of History," Saturday Review, L (July 8, 1967), 62.

stocks, or any combination of the three. The employee can invest up to 6 per cent of his pay and the company will match one-half of that amount, but the employee must be in the program for three years before he can withdraw any of the company's part. All employees are able to purchase U.S. Savings Bonds through the payroll plan. Southwestern Bell also offers its occupational personnel a 50 per cent discount of basic service and its management personnel a 100 per cent discount of basic service plus one extension and a 50 per cent discount on two or more extensions. Also, a token amount of long distance calls are free for management employees with an emergency provision made for occupational people.

According to Kee, the telephone company has never presented a large number or variety of awards. However, individual departments present perfect attendance and service anniversary awards, and AT&T sponsors the Vail Awards. Established in 1920, through the Theodore N. Vail Memorial Fund, the Vail Awards are presented to employees who have "performed truly outstanding acts of heroism and public service."⁷ The Silver Medal recipient receives a \$1,500 cash award, and the Bronze Medal recipient receives a \$500 award.

⁷Kenneth P. Todd, Jr., editor, A Capsule History of the Bell System (New York, 1972), p. 48.

Veteran employees with twenty-one years or more of service are eligible to join the Telephone Pioneers of America, a service organization. Also a social arm of the business, the organization hosts two or three dances a year, holds an annual convention, hosts birthday parties for retired employees, and sponsors and plans family play nights for all employees. Members participate in the Talking Book Program for the blind in which various groups donate phonographs and the Library of Congress provides records of magazines and the Bible. The Telephone Pioneers spend a couple of days each month repairing the phonographs and keeping them in operating condition. Members also make cancer bandages and "talking balls." The latter is a ball with a bleeper in it that is powered by transistors and small batteries. They are given to blind children so they can play baseball.

Basically, Southwestern Bell reaches its employees through the printed word. The largest publications are the company magazine, Scene, which is edited in St. Louis, and the company newspaper, Telephone Times, which is edited in Dallas. Employees are also contacted through bulletins, letters, posters, bulletin boards, and news racks.

FYI Bulletins are issued to all employees whenever necessary. They are used to announce impending rate increase requests, policy changes, and reports on strike

appointment with the investor. If the stockholder owns 2,000 shares or more, a department head or the head of the local company visits with him. The resulting meeting is unstructured, but basically the investor is asked if his dividend checks arrive promptly and regularly and if he is satisfied with his telephone service. Also, local and system operations are explained. This program was designed to assure the shareowners that Southwestern Bell is interested in them. A report of the meeting, including comments by the stockholder, is submitted on each visit. Any significant reactions are sent to either New York or St. Louis.

Many shareowners do not want to be visited, but 60 to 70 per cent do take part in the program. Dallas representatives visit about 500 of the 700 shareowners in the Dallas area. According to Kee, "Most are surprised that a large company like AT&T would take the time and trouble to visit a stockholder."¹¹

If Southwestern Bell is holding an open house in a community, they may have a preview night for shareowners where the investor can receive special treatment without the general public's being there. One reason for the special open house is the age factor. Shareowners are

¹¹Statement by B. C. Kee, area information supervisor, Dallas, Texas, July 19, 1973.

negotiations, and the status of rate increase cases. The FYI Bulletin is distributed on the job and is used to get news or information quickly to an employee. A facsimile machine can distribute exact wording and artwork over telephone lines from St. Louis to all area offices. A message can leave St. Louis at 10 a.m. and reach all employees by 4:30 p.m. the same day. Management Bulletins are issued once a month to management-level employees only. This report goes into depth with more significant company developments such as employee benefits, changes in management, tips on communicating with employees, and reports on major issues facing the telephone company. According to Weekly, Southwestern Bell does not like to use paycheck inserts; "if someone has earned a paycheck, we ought to give it to him without preaching or telling him something."⁸ They are used occasionally if the message deals directly with the paycheck.

Another rarely used method of communication is the letter. Any employee who has been with the company for twenty-five, thirty, or forty years, receives a letter from the general manager, but it is prepared by the personnel department. Public relations may write letters to those employees who have done something really noteworthy

⁸Statement by Weekly, July 12, 1973.

or commendable. Usually, Weekly writes the letters and the vice president-general manager signs them and sends them out. Occasionally, if the item is very important, a letter, signed by the vice president, is sent to all employees at home.

With approximately 1,000 employee bulletin boards in the Dallas area, public relations is responsible for creating informative, attractive displays that the employees will notice and read. Space is limited to information strictly for, to, and by employees with one buy-and-sell area set aside for employees. Articles from various periodicals dealing with Southwestern Bell and its personnel are displayed along with posters on various themes. A large portion of the posters are provided by St. Louis and deal with the school tuition program, safety on and off the job, and guarding proprietary information.

The company also provides reading material for its employees. Southwestern Bell used to send all employees income tax books each year but discovered it was a waste of money because not all employees wanted the books. Now the company orders about 1,000 books and makes them available for employees who do want them. News racks are set up in various lounges and furnish company publications and other periodicals. Also, any employee can obtain a list of all the books in the company library in St. Louis and

can request any book he wants. The library sends the book free and the employee can return it at the company's expense. Books deal not only with telephones but also with photography, homemaking, and numerous other topics. An employee can sign up for a reading course in a particular subject, and the library keeps a record of his interest and sends him new books on that subject when they come in.

Two limited audience publications are Signal Magazine, which primarily goes to PBX operators outside the company, and Bell Telephone Magazine, which is made available on a selective basis. The latter covers new personnel policy, new techniques in management, and new technology and is mailed out to business professors and members of the business community.

Scene Magazine is issued monthly from St. Louis and is sent to employees at their homes. Lovelace checks out information on the Dallas area, sends in reports, and writes an occasional story. Basically a picture magazine, Scene is used to "communicate to our employees the image of Southwestern Bell as a progressive, dynamic company--a good place to work, a good corporate citizen, and a company dedicated to providing the best possible service."⁹ It is also

⁹"The Nuts and Bolts of SWB Public Relations," unpublished stock speech, St. Louis, Southwestern Bell, undated.

used to explain and interpret company policies and objectives. One entire issue was devoted to the company's commitment to equal opportunity. Articles are included on company personnel, progress reports, handling natural disasters, company programs, and issues affecting all employees.

The employee newspaper, Telephone Times, is published every two weeks. Whereas Scene provides in-depth company information, Telephone Times covers people-oriented stories on the local level. With 14,000 employees in the Dallas area, the staff is challenged to make it sufficiently interesting so that it will have a broad base of appeal. Published in each operating area, the newspaper was started around 1960 simultaneously throughout Southwestern Bell. Before this time, a one-sheet, two-page "News in Review" was issued.

In Dallas, the area information group decides the content of Telephone Times. They meet each Monday to discuss what is coming up, what will be covered, and who will cover it. Additional stories are added as the need arises. Berg, Lovelace and Austin collect and write all stories. A combination of linotype and offset, the type is set and halftones are shot at Dallas Linotype; and the actual printing is done at the Printing Center in Fort Worth. Most of the photography is by the staff writers, but occasionally some

pictures are taken by a free-lance photographer. All developing and printing is done by a commercial lab.

Before switching to its present format, the Telephone Times had been printed in Dallas on newsprint. A readership survey of Bell employees showed that employees did not like the paper stock and that readership dropped while newsprint was being used. Although the newspaper stock was economical, it lost readers. Public relations personnel decided to change the paper stock and, according to Kee, the resulting increase in prestige with employees justified the additional cost.

The main objective of the publication is to provide a continuing flow of information to employees. Attempting to give employees a wide variety of information, the staff tries to develop series on different topics. "Sensibly stylish" pictures men and women at work. The copy describes what the employee wears to work, why he or she chooses such an outfit, and what fashion he or she prefers away from work. According to Kee, this particular series was initiated to deal with an employee dress problem without causing hard feelings.¹⁰ "You're What?" pictures employees and tells what their jobs entail. This series could enable an employee to learn if he were interested in

¹⁰Statement by Kee, July 19, 1973.

a position if there were an opening in that particular area. "Why Work?" shows employees and lets them give their personal reasons for working. The staff needed to be selective in choosing employees for this series so the responses would not be the same each issue. An "I Level" column was added to give management people a chance to express their views. Although editorials have not been included for a long time, messages from the vice president are run occasionally at Christmas or the end of the year.

Telephone Times is mailed to the homes of all employees, to all retired employees in the Dallas area, and to area newspapers. The public relations staff hopes families will take an interest in the employee's job and company. Also, the employee has time at home to read the publication more thoroughly. One problem arises with the mailing of the Telephone Times to area newspapers. Occasionally, the company wants some information in the employee publication that it does not want handled publicly. One such case was last year's enforcement of the "unauthorized connection" rule. In order not to call attention to a story on the line check, the story was moved to an inside page.

In an attempt to improve the quality of photographs in the publication, Randy Black, Dallas Times Herald photographer, conducted a workshop for the public relations staff

on July 12, 1973. He critiqued photographs from past issues, commenting on cropping, content, and general quality. Then he set up scenes, had each staff member shoot a few frames, developed them, and compared the results.

Although all public relations experts agree that communication with employees should be two-way, Bertrand Canfield says employee surveys are probably the best. "Employee attitude surveys give employees an opportunity to express their views about the company, and enable them to enjoy a feeling of recognition and a sense of participation in company affairs. They are also a source of profitable ideas for cutting costs and increasing efficiency."¹¹

Employee Surveys

In May, 1973, the public relations staff in Dallas was presented with two new employee information surveys planned and prepared in St. Louis. The Employee Attitude Trend Survey was designed to be conducted on an annual basis. The questionnaire asked employees to rate Southwestern Bell on basic conditions of employment, on human relations factors, on service to and relations with customers, and on its standing in the community. They were also asked to rate their supervisors and their fellow employees. This

¹¹ Bertrand R. Canfield, Public Relations: Principles, Cases, and Problems (Homewood, Ill., 1968), p. 102.

survey attempted to identify trends of opinion of which management should be aware and offered a means of comparing employee attitudes with customer attitudes on certain areas of customer service.

InfoAction Survey is another survey designed to discover what information employees need or want. It is given as frequently as once a month, using the same randomly selected employees for three surveys and then using a different group for three more surveys. The survey questions employee's knowledge of various company policies and checks to see what information the employee picks up from employee information bulletins, periodicals, and posters.

Area Public Relations Program

Southwestern Bell's advertising and community-educational activities fall under the area public relations supervisor, R. J. Hutchinson. Although this public relations section attempts to represent the company to the public and the public to the company, most of the emphasis is placed on the former, especially in advertising. Hutchinson points out that the opportunities to be a channel from the public to the company are limited. Southwestern Bell's main methods are student and community leader meetings and science demonstrations. The advertising program includes bill inserts, print publication advertisements, and

radio advertisements. The community-educational activities consist of exhibits, tours, displays, films, and public talks.

Hutchinson also has the responsibility for personnel functions in the public relations office. He oversees salary programs and assessment programs, and is deeply involved in some equal opportunity programs. He views one of his biggest jobs to be the administration of the budget. Now planning for the next five years, he believes it is difficult to say what programs and what advertising efforts will be needed in five years.¹² He is in charge of advertising, community relations, educational relations and college relations, and is chairman of the area Public Attitude Trend Survey committee. His secretary-stenographer, Gerry Denney, is responsible for community relations reports, outside billing, and coordination of science demonstration bookings.

Gil Pappas, information assistant, is area coordinator of close-circuit television operations, speakers bureau, public talks, community and student leader meetings, school seminars and panels, and science teaching aids. He is also responsible for exhibits, films, Science Recognition Days, high school debate tournaments, and the

¹²Statement by Hutchinson, July 18, 1973.

Teletheater-Telemobile. As public information supervisor, Glenn E. Scott has the primary job of presenting science demonstrations.

The advertising supervisor, Gene Potes, is responsible for all newspaper, magazine, radio, television, and Yellow Pages advertising. He coordinates direct mail, bill inserts, and special advertising and works with other areas on brochures and pamphlets. He is assisted by Mervin Whalen, advertising assistant, and Louise Henry, advertising records analyst. Whalen writes copy for and oversees production of newspaper advertising and bill inserts while Henry is responsible for newspaper and radio advertising schedules, reports, departmental bill accounting, and field draft writing.

As public relations supervisor for the Dallas divisions, H. C. Miller's main responsibility is to work closely with division, district, and local managers in planning public relations activities and to deal with local public relations programs. He also supervises the work of Charlotte Bouw and Jackie Ballew, school consultants. Lee Cruse, division public relations supervisor for Fort Worth, has similar functions. Working with him as a school consultant is Anna Nettles.

Miller does some community relations, educational relations, advertising work, news contact work, and

employee relations. He actually serves as a liaison man for people in the field who have to execute the programs that the Dallas public relations office administer. His duty is to explain radio advertising schedules to the local news contact people, to train them to understand advertising, and to help them set up community leader meetings. According to Hutchinson, Miller's biggest job is reminding operating people, "Don't expect too much out of customers."¹³

Community Relations

Recommended community/customer relations include speaking before community groups; contributing to community drives, campaigns and movements; and cooperating with various community groups. The utility, especially, should aid the community not merely by extension of its services but also by promotion of its cultural and industrial projects. The Bell System has been aware of its responsibility to the community for many years. In 1938, Walter S. Gifford, AT&T president, pointed out, "Modern Business is everybody's business. It is responsible not only to its stockholders but also to the general public. In this modern world corporations, large or small, must give adequate attention to

¹³Ibid.

community obligations if they expect to keep the good will of the public."¹⁴

Contributions to civic and educational institutions and programs are funded through the advertising budget. Suggestions for contributions are reviewed by numerous management personnel in order to judge the advisability and desirability of such contributions. Although contributions consist of less than one-fourth of one per cent of the company's total revenue, they cover a wide range of organizations and programs. In addition to private colleges in the Dallas operating area, contributions are made to United Fund, Junior Achievement, Boy Scouts Jamboree, Girl Scouts, YMCA, Family Guidance Center, Children's Medical Center, Better Business Bureau, Collier Hearing and Speech Clinic, Zoological Society, Dallas Negro Chamber of Commerce, Creative Art Center, Dallas Historical Society, Dallas Junior Chamber of Commerce, and the Citizens Traffic Commission.

Open houses, public talks, films, tours, and exhibits are all part of community relations. Pappas is responsible for writing public talks, putting slide shows together, and getting exhibits and displays up to date, booking them, shipping them, and keeping them in good condition. Exhibits are designed for sales executives in trade shows, schools,

¹⁴L. L. L. Golden, "Lessons of History," Saturday Review, L (July 8, 1967), 62.

and fairs. Each year Southwestern Bell has an exhibit at the State Fair of Texas. In the past, the more popular exhibits seemed to have been the "Hear Your Voice" machine and demonstrations of direct distance dialing. Weekly explained that free long distance calls used to be given away during the demonstrations, but with the widespread use of direct distance dialing, long distance calls are no longer a novelty.

Public relations personnel attempt to set up over 600 public talks each year. Some talks are written especially for an employee to give to a particular group and others are stock speeches prepared and updated by public relations. Canned speeches in binders are given to all managers for their use. Examples of speech topics are "How to Handle Annoyance Calls," "How to Use a Computer," and "How the Telephone Works." Public relations writes speeches for the vice president to present on special occasions or to various community groups. Major talks are reprinted and distributed to a VIP list, including area media, but usually no more than one or two a year are reprinted.

Tours are handled by Miller and Cruse. Open houses are seldom held because, as Weekly explained, the buildings are not designed for that kind of traffic. Security is another problem encountered in open houses that can be dealt with in smaller tour groups. Tours are conducted by a

telephone guide who explains and demonstrates what happens when someone makes a telephone call.

AT&T produces a number of films on a nationwide basis with Southwestern Bell sharing in the production costs. Some films are produced directly by Southwestern Bell. At one time Weekly made several civic films on Houston, Dallas, Fort Worth, and San Antonio. However, since they are now obsolete, they have been removed from the film catalog. In all, approximately seventy films are available free for any group. Films deal with telephone usage, technical and scientific developments, safety, and cultural activities.

Southwestern Bell also makes available numerous free booklets produced by AT&T, Western Electric, and Southwestern Bell for the general public. Bell System booklets cover the telephone operator, the development of the telephone, an explanation of how the Bell System maintains its nationwide network, and a description of the role the Bell System plays in satellite communications. Western Electric publications include a review of its first century of service and a booklet of biographical sketches of Black American scientists. Southwestern Bell has produced "The Magic of Your Telephone," describing the mechanics of a telephone, uses of telephone communications, and research and development in the area. "Alexander Graham Bell" traces the life of the telephone's inventor. Descriptions

and explanations of various jobs available at the telephone company are included in "Management Careers in Communications." For media personnel, Southwestern Bell prepares a telephone directory for newspapers in Texas; the directory also includes the name and telephone number of a contact person for each paper. In 1922, AT&T began publishing an almanac similar to the farmer's almanac but interspersed with information about the telephone business. Although its circulation reached 2,500,000 in 1940, research later indicated that it was not reaching as many people as it once had and the almanac was discontinued about ten years ago.

Southwestern Bell sponsors two moving exhibits, Telemobile and Teletheater. The newest exhibit on wheels, Teletheater, employs six mechanized puppet shows to tell the telephone story. The trailer is sent from town to town and is usually set up at a shopping center where people can view the exhibits free. One exhibit traces the history of sound and explains how talking films and high fidelity were developed out of research for better telephone service. A working array of antique musical instruments and phonographs are displayed outside the

trailer. The two moving exhibits cover 30,000 miles a year and are viewed by more than 430,000 people.¹⁵

Community leader meetings are designed to furnish two-way, face-to-face communication with representatives of the community. Weekly or a department head or division manager and the town's manager will have lunch with four or five business or community leaders from the area. At the informal meeting, telephone personnel check on the quality of service and see if the community leaders have any suggestions regarding their service. Weekly describes the meetings as an "attempt to get some of our people out where the action is . . . and give these people the opportunity to meet us and to voice whatever opinions they may have."¹⁶

Educational Activities

Businesses are urged by public relations experts to work with schools on all levels, to provide educational materials, cooperate with schools on conducting conferences and courses, providing lecturers, and helping to develop a better understanding between educational and business institutions.

¹⁵"The Nuts and Bolts of SWB Public Relations," unpublished speech, p. 6.

¹⁶Statement by Weekly, July 11, 1973.

The three school consultants in the Dallas-Fort Worth area serve as liaisons between the company and the educational institutions. The consultants also act as executors of three educational relations programs. The first, "How to Use the Phone," is designed for elementary schools. The learning experience teaches the child to dial "0" for help, to distinguish the difference in the dial tone and the busy signal, to answer the phone properly, not to say his parents are not home, and not to play with telephones. The material includes a teacher's guide, student booklets, wall charts, a film, and filmstrips. The second program is "Teen Talk," produced for the middle level schools. The Teletrainer is used along with a record, filmstrips, and teacher's guide. The Teletrainer consists of a pair of telephones with a loud-speaker so the class can hear both ends of the conversation. This program emphasizes the proper use of the telephone in business as well as in homes. The third educational program for senior high students is business oriented. Stressing proper answering techniques, the program utilizes the Teletrainer, teacher's guide, practice cases, posters, and student booklets. The school consultants show the teachers how to use the materials and assist them in any way possible, but the teachers actually present the program.

One special program is used with handicapped children. "Speaking Over Barriers" teaches the child how to use the telephone. It has also proved beneficial in getting children to talk. According to Hutchinson, many people are surprised at how a telephone changes a child. Some children can hear over a phone but cannot hear someone in person. Other children cannot speak to someone in person but "talk up a blue streak" with a telephone.¹⁷

Scott is the only full-time lecturer at Southwestern Bell. He presents a science demonstration showing some of the new things that are happening in telephone research. Making over 300 presentations a year, Scott has traveled over 1,000,000 miles and appeared before a half million audiences in his twenty years as a science demonstrator.

The plant installer visitation program also gets SWB personnel before school groups. For this presentation, an installer will go to elementary schools and give safety talks. He describes the precautions he must take in climbing, driving, and carrying out his job, tells the children how a phone works, and warns them about the dangers of climbing telephone poles.

Honoring gifted high school science students in the area, a Science Recognition Day is held each year with 250

¹⁷Statement by Hutchinson, July 18, 1973.

to 300 students and teachers participating. The students are given a tour of the building with an explanation of its operations. A representative from Bell Laboratories makes a presentation, and participants see films, hear additional talks, and are given the opportunity to ask questions. In another student-related activity, Southwestern Bell joins with the University of Texas-Arlington to sponsor an annual invitational debate tournament for high school students. Southwestern Bell provides trophies and some publicity for the tournament, which draws approximately 200 entrants from Texas and Oklahoma. A third student-participation activity is designed for college students. Student leader meetings use the same format as the community leader meetings and were started in 1966 or 1967 as a reaction to discontent on campuses. Hutchinson describes the program as a "positive effort with Southwestern Bell seeing and listening to what is going on."¹⁸ Telephone company management personnel meet with students to find out how students feel about their telephone service and the company's policies and procedures, and to obtain suggestions for improvement. Hutchinson reported that at least one policy change in the five-state area has resulted from these meetings. In the past, the telephone

¹⁸Ibid.

company required a deposit from some customers for the installation of telephone service. Students revealed that they felt discriminated against, and the telephone company has since dropped the deposit policy except for foreign students or students with known bad credit.

Additional youth work is encouraged by public relations, but the individual employee must want to work with young people to be effective. The Fort Worth office runs a key punch class for underprivileged people with employees volunteering their time. Other employees go out on a one-to-one basis to help children with scholastic problems, some coach little league teams, and others advise Junior Achievement companies.

The College-Business Seminar is an effort of Southwestern Bell to relate to the college community and have college professors relate to the telephone company. Weekly describes the program as "a public relations gimmick all the way. Its purpose is to get acquainted with these people and let them get acquainted with us. Hopefully we learn about what's going on on the college campuses and about what the professors are thinking and they learn about what's going on in business."¹⁹ Composed of about twenty college professors and fifteen SWB representatives, the

¹⁹Statement by Weekly, July 12, 1973.

group meets for two days. The meeting usually begins on Wednesday evening with a dinner for the academicians and businessmen to get acquainted. The vice president-general manager presents an opening talk on the organization and responsibilities of the telephone company. Thursday and Friday sessions include presentations of papers by college personnel with responses by telephone company representatives and presentations by telephone company employees followed by responses from the college teachers. To assist in the planning, an academician serves as the moderator and selects and invites the professors who will participate. He assigns the papers which are to be presented on topics such as "Student Opinion," "Business and Social Change," and "Regulations and Earnings." The meeting ends with a critique session.

Customer Surveys

The Public Attitude Trend Survey (PAT) is conducted annually to try to measure customer attitudes in three broad areas: the company, what the company is doing, and what it should be doing. The survey compares Southwestern Bell with other areas and all the Bell System affiliates. Recent surveys have revealed that technically the service is better

but the public is getting more demanding and are not as trusting as they use to be.²⁰

A survey statistician in St. Louis runs a continuing survey of customer contact with the various offices of the telephone company. He selects people who have recently called the office for any reason and sends survey questionnaires to them. The questionnaire is designed to find out if the customer got the service or information he requested, if he was satisfied with the results, if the employee was courteous, if the request was promptly handled, and what the customer's opinion of the service was.

Internal surveys are conducted every day in every department. For instance, an installation foreman makes quality inspection tours. He visits the customer, asks for the customer's opinion of the work, and inspects the work.

Advertising

As mentioned previously, advertising agencies for AT&T handle network radio and television and national magazine advertising. Television commercials are produced by the agency, who also buys the time. The agency watches the ratings and buys so many rating points. St. Louis approves agency actions and Dallas is billed for media time

²⁰Ibid.

in its operating area. The Dallas office handles a print advertising and local radio advertising in the Dallas operating area. Most corporate advertisements are pre-tested and reviewed by psychologists and college consultants who do specific studies for Southwestern Bell. Southwestern Bell's corporate advertising program is divided into four main areas: 1) Yellow Pages, 2) service aid advertising, 3) long distance advertising, and 4) business-sales advertising. A fifth or miscellaneous category would include advertisements announcing changes in repair service or directory assistance telephone numbers in a town, advertisements telling why a rate increase is necessary, and recruiting advertisements.

Yellow Pages advertising is broken down into three categories. The first group includes canvas support advertisements which are designed to help Yellow Pages salesmen when they start a campaign on a particular book. The second category is user stimulation advertisements aimed at making people aware that the Yellow Pages are a useful tool for finding what they need or want. User stimulation advertisements serve an additional function, the more customers use the Yellow Pages, the more valuable an advertising medium the Yellow Pages become. The third group of advertisements announce the delivery dates of the telephone books and encourage customers to use them. Although various

vehicles for messages are available, most Yellow Pages advertising is through broadcast, especially television.

Utilizing print media only, service aid advertisements attempt to help the customer to use the service better. Most telephone company advertisements now tell people how to use the telephone more effectively and more economically. Local advertisements have offered an "Emergency Phone Call Card" for children. The durable, plastic cards have a slot for a dime and places for the child's name, address, and phone number, his doctor's name and phone number, and an additional name and phone number. Another advertisement offers a free booklet, "Thirty Ways to Use Your Telephone More Efficiently." When an area is converting to direct distance dialing, the telephone company runs numerous ads explaining how the new service works. The telephone company also runs advertisements advising customers that the white pages are going to press and they should make any changes or additions to their phone service if they want accurate listings in the new telephone directory. Local and national advertisements warn customers to leave emergency telephone numbers with babysitters and inform them that for the customer's safety telephone company repairmen and representatives have identification cards.

Long distance stimulation advertising tries to make people aware of the low long distance rates and to convince

them to talk longer. A large number of customers have "three minutes" in the back of their minds when placing long distance calls; the telephone company is now trying to tell these customers that rates are lower for each individual minute after the first three. Advertisements stress how far seventy cents will go when dialing direct on weekends and emphasize that the fuel shortage cannot prevent an inexpensive weekend trip by long distance. These advertisements also point out that Sunday rates are in effect on Saturdays and that the cheapest rates are between 11 p.m. and 8 a.m. Print, radio, and television are all used to advertise long distance calling.

Southwestern Bell offers all kinds of services and equipment for businesses, key equipment, PBX, Cyntrex. Business-sales advertising is important because of the tough competition Southwestern Bell has in this area. Advertisements are mainly placed on radio and television and in specialty print publications. Roger Staubach, quarterback for the Dallas Cowboys, was selected by an advertising agency in St. Louis to be featured in ads in their five-state area. He urges businessmen to "let Southwestern Bell's knowledge and experience help you."²¹ Staubach was

²¹Statement by Hutchinson, July 18, 1973.

carefully checked out to see how he would go over in other pro football regions before any ads were run.

Media selection can become a problem when the company is advertising services for limited areas. One special telephone service which would allow customers to dial frequently called numbers with only two digits and to relay phone messages to another phone is available in only a small section of Dallas where the equipment is set up. Newspapers, radio, or television cannot be used to advertise this service because it is not good public relations to advise residents that someone has a service they cannot have. For this campaign, direct mail and direct telephone sales will be utilized. The telephone company has never attempted solicitation, and for that reason they are hoping for success.

Described by Hutchinson as "probably the most single effective piece of advertising we have going for us,"²² Telephone Talk, the monthly bill insert, is also the most economical, costing one-tenth of one cent. Telephone Talk is produced primarily in St. Louis but local covers are added. Occasionally a replacement is used if the company has some information to get out to the customers, but it is never in the Telephone Talk format. Surveys show that 65

²²Ibid.

per cent of Southwestern Bell customers read the insert.²³ Proof of readership is also available through the letters and telephone calls received commenting on recipes or coupons returned for free booklets or brochures on services. One amazing response was an offer for a free copy of a poem, suitable for framing, "A New Day," written by Dr. Heartsill Wilson. The company expected 50,000 requests, about one per cent of the five million bill inserts, but received five times that amount, 275,000 requests.²⁴

²³"The Nuts and Bolts of SWB Public Relations," unpublished speech, p. 5.

²⁴Ibid., pp. 5-6.

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CHAPTER V

CONCLUSIONS

Experts agree that the public relations programs of public utilities are usually some of the best, but point out that the excellence of such programs is brought about through experience, planning, and hard work. As John Marston explains, "Public utilities are monopolies regulated by the government, and they hold their monopolistic position by virtue of their promise to give good service efficiently and courteously. If they fail to do so, a clamor for government ownership is always ready to burst forth."¹ Desiring government ownership of public services, critics charge utilities with gaining too much profit and with refusing service or being slow to provide service to unprofitable areas. The public, dependent on the utility for necessary services, often feels thwarted by rate increase requests. Marston believes that the utilities have faced these problems with five solutions: outstanding relations with and benefits for employees, good stockholder information programs, issuance of financial statements,

¹John E. Marston, The Nature of Public Relations (New York, 1963), pp. 78-79.

publicity on expansion and company's record of good service, and relations with the community through participation and support.² He emphasizes, "Both from necessity and long practice, public utility companies have become among the nation's best practitioners of public relations."³

As an affiliate of American Telephone and Telegraph Company, Southwestern Bell has a long and varied history of public relations activities. Since public relations has been a management concern of AT&T since the turn of the century, good relations with the employee body, customers, community, and stockholders has become almost a tradition. Arthur Page, former vice president-public relations of AT&T, explained the philosophy of the Bell System, ". . . as a large enterprise set up by the public to do an important task for it, we should constantly inform the public what we are doing, on what basis we are doing it, and what our policies are--and further, that we should do our own talking directly to the public and not hire other people to talk indirectly for us."⁴ Activities included in Page's policy of "telling the public" are issuance of statements by management personnel on the company's policies, objectives, and accomplishments; advertising; pamphlets and brochures

²Ibid., pp. 80-81.

³Ibid., p. 81.

⁴Arthur W. Page, The Bell Telephone System (New York, 1941), p. 163.

telling the company's historical and financial story; speeches before community groups by telephone company employees; plant tours for the community; and continuing relations with educational institutions.

Summary

Strengths

Southwestern Bell and the other affiliates of the Bell System are recognized for their public relations policies, programs, and activities. Howard Praeger, utility public relations expert, pointed out that the Bell System's good will in this country was developed through a planned program. "All company policies have been integrated with the public relations program and the company has made particularly effective use of institutional advertising, educational films, press relations, and a reputation for doing business as a good citizen of each community."⁵

With particular emphasis on advertising, Praeger praised the Bell System on its effective use of institutional advertising during the last twenty-five years. "The student of utility informational and institutional advertising will find in the Bell Telephone System program the best examples in American business today. The good public relations which

⁵Howard A. Praeger, "The Utility and Its Public," Public Relations Handbook, edited by Philip Lesly (New York, 1950), p. 285.

have resulted from this program over the years fully justify the type of advertising employed."⁶ Southwestern Bell's advertising program now emphasizes the customer, mainly in explaining ways he can save money. When describing services or efforts made by the company, advertisements stress that the customer is always the company's main concern. Most advertising dollars are spent to sell services or equipment, to promote long distance calls, and to help the customer, with few actual institutional advertisements run any more.

Southwestern Bell has followed Page's policy but does not seem to be content with the status quo. Although the company appears to have good relations with employees, customers, community, stockholders, and the media, SWB's public relations department is continually working to make those relations even better. Numerous opinion surveys are conducted annually among employee and customer groups. In explaining the purpose of public attitude research, Kenneth Wood, AT&T assistant vice president, said that the opinion pools are "exercises in listening, aimed at developing information that can be translated into action, action that will make the service more valuable to the customer. For action

⁶Ibid., p. 278.

comes from purpose and purpose comes from understanding, and understanding begins with listening."⁷

Although strong in all areas of public relations, perhaps the most outstanding and far-reaching effort of the staff is in educational relations. Southwestern Bell, as mentioned previously, has three full-time school consultants and one full-time science demonstrator-lecturer in the Dallas-Fort Worth area. Recognizing the importance of the teacher as a means of communicating with students, Southwestern Bell provides educational materials, trains and instructs the teacher in their use, and then steps back and lets the teacher present the material to his or her class. Working with all ages, the company has not forgotten one important segment of the educational field, the handicapped child. In addition to the special programs aimed at specific age groups, films, brochures, booklets, tours, demonstrations, and lecturers are available for the schools and community.

Another strength of the program that is not directly related to a particular activity but which has tremendous impact on the efficiency and effectiveness of the total program is the public relations personnel. Each member

⁷Kenneth P. Wood, "Understanding Fifty Million Customers," The Public Relations Quarterly (Fall, 1967), 24.

of the public relations staff is well trained and well qualified, but perhaps most importantly each has an enthusiasm for the telephone company and especially for his job. Although separated into distinct areas according to job responsibilities, staff members have a sense of harmony and cooperation with the other areas. This enthusiasm may have been aided by the organizational positioning of public relations among the top management in the company. Employees do the best work when they know that their efforts will not only be recognized but also supported.

Weaknesses

Using the check list in Chapter I as a guide, one finds few areas of weakness among the public relations practices of Southwestern Bell. The public relations department conducts all activities in the check list under stockholder relations and community relations and most activities under employee relations and customer relations. In customer relations, the public relations department is not responsible for designing bill forms, delinquent and cut-off notices, rate-change notices, and service-change notices. However, public relations personnel assist the various departments responsible for these forms.

One weakness in the employee relations program lies in the method of orientation and/or training for the new

management employee. As explained in Chapter IV, the Management Development Program places a new employee on the job and depends on his initiative and inquisitiveness to learn what his job entails. Although new management personnel participate in a Communications Workshop which gives them suggestions and assistance in dealing with others, no real orientation to the company is presented except through on-the-job training and experience.

The advertising program's greatest weakness is in the company's policy not to advertise in high school newspapers. As the future customers and employees of Southwestern Bell, high school and college students should be reminded or informed of their importance to the telephone company. Advertisements in school publications could emphasize proper telephone usage, services available for the customer, and general recruitment messages. The telephone company should not ignore the impact the youth market currently has on the nation's economy as well as the impact to be felt when the youth market becomes the adult market in a few years.

Another area of concern is in planning the public relations activities for the future. None of the public relations personnel interviewed seemed to have any definite long-range goals. Although the department had prepared a report on "Service Requirements for 1980," most plans are

made for one year only. Guided by the management-by-objectives system of planning, the individual areas set numerical goals for press contacts, science demonstrations, speeches, and other public relations activities. Most experts agree that long-range planning is an essential part of any public relations program. The company should look ahead and attempt to foresee any problems which could arise and to anticipate the need for any additional personnel or services, but the program should be flexible enough to allow for any changes which occur or any situations which arise during the year.

Recommendations

In reviewing the major strengths and weaknesses of the public relations program of Southwestern Bell, the need for improvements in certain areas is recognized. The following are recommendations which could improve the relationship between the company and its publics and increase the efficiency and effectiveness of the entire public relations program.

1. Set up a committee to establish long-range objectives and goals in addition to yearly, numerical goals.
2. Plan, organize, and conduct some form of employee orientation program for new management personnel to supplement and assist the employee's on-the-job training.

3. Adjust the advertising budget to allow for advertisements in high school newspapers and more advertisements in college publications.

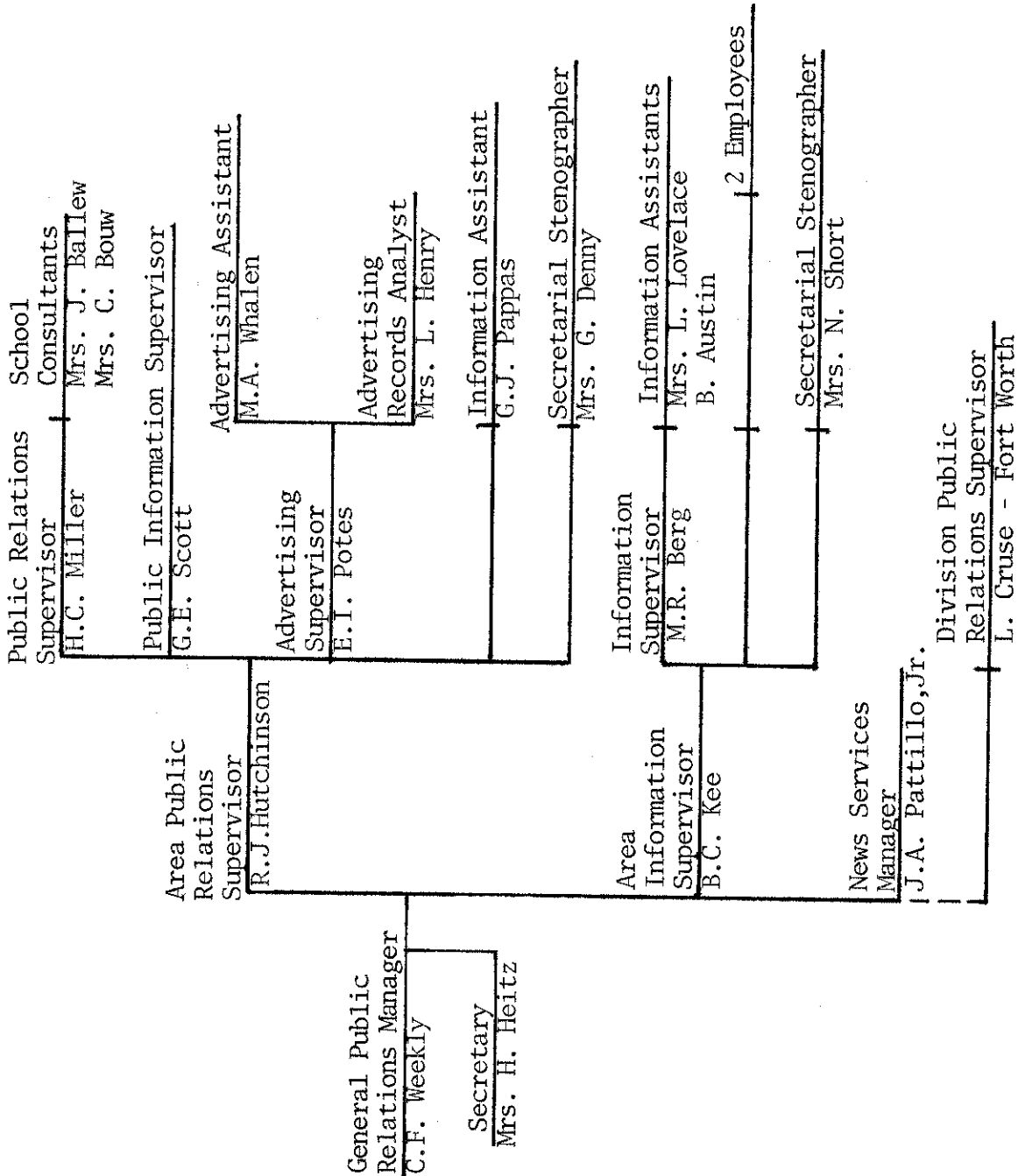
4. Return to institutional-type advertising to tell the public what Southwestern Bell is doing on the environmental issue. For example, for years, buildings in residential areas have been designed to match the architecture of the surrounding area. Also, the company is currently burying 80 per cent of its exchange cables. Neither of these actions has been publicized.

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APPENDIX B

ORGANIZATIONAL CHART
SOUTHWESTERN BELL-DALLAS



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