

RESTRICTED

OPINION MANAGEMENT BY INDUSTRY
22 March 1948

9-21

CONTENTS

| | <u>Page</u> |
|--|-------------|
| SPEAKER--Mr. Paul W. Garrett, Vice President, and Director of Public Relations, General Motors Corporation..... | 1 |
| GENERAL DISCUSSION..... | 24 |

Publication Number L48-113

THE INDUSTRIAL COLLEGE OF THE ARMED FORCES
WASHINGTON, D. C.

RESTRICTED

RESTRICTED

OPINION MANAGEMENT BY INDUSTRY

22 March 1948

GENERAL MCKINLEY: Gentlemen, thus far in the course we have been considering principally the relationships between the Government and public opinion. Now we are going to introduce into the picture, industry. This afternoon we have with us the Vice President, and Director of Public Relations, of none other than one of the biggest corporations in the world, that is General Motors. Mr. Paul Garrett is our speaker and he will address us on, "Opinion Management by Industry." I take great pleasure indeed in introducing Mr. Garrett.

MR. GARRETT: General McKinley, officers of the Industrial College of the Armed Forces, and guests:

I need hardly say that I am very deeply honored, being invited to address you here today. I confess I accepted General McKinley's invitation with some misgivings. I questioned, after the tremendous job the Armed Forces did in World War II, whether it needed advice from the outside. I also wondered how much the experience of a single public relations man in the industrial field would be worth. And right here I would like to make it clear that I do not speak, nor do I feel qualified to speak, for industry as a whole. What I have to say relates only to personal views from experiences in work with the company with which I am associated.

Then I thought that you were after all the best judges of any contribution I might make to your thinking. I decided that in these troublous days, which seem to become yet more troublous with each passing hour, if I could but contribute one small stone to a firm foundation of national security, I could do no less than make the effort.

It occurs to me that the importance of what we term public relations looms very large in this postwar world of ours. Certainly it is true that the thinking of our people is in ferment. New beliefs and strange ideologies have seeped in to challenge what up to now has been traditional in America. Along with this, public thinking here as elsewhere in the world has acquired a new power to shape man's mind and man's actions.

This spreading power of public thought must be reckoned with by the Armed Forces in laying down policies and plans for the future defense of our land just as it must be reckoned with by industry in building those institutions which are the core of our economy. Mind you I am not objecting to this new role that public opinion is playing. No doubt that is as it should be in a democracy such as ours. I am merely emphasizing that in our planning we must give it recognition.

RESTRICTED

RESTRICTED

The following chart illustrates some worries that we had in management some years ago.

You may think that management's only problem is to get out the goods, to set the processes and engineering program. Here are just a few of the worries that in recent times management has had to work through before it could really do its job. (Chart 1.)

I have no doubt that you too have a list of public worries well-fixed in your minds if not down on paper. Worries that have no logical relation you may think to organizing and running an army, air force or navy. Nevertheless, you must break through such outside opinions before you can consider you have done your job.

In the case of General Motors it all sums up to this: No longer is it enough for management to provide ever more and ever better products and services at ever lower costs. The public has come to demand that a company work toward sound social as well as sound economic objectives. The standing of the company as an institution has come to be increasingly important. In other words, people have become interested in the company as well as in its products. All of which raises the question of how a company and its products over the years come to stand well with people.

We have developed a simple formula in General Motors which we feel provides the answer to this question and which I would like to explain to you. Of three basic elements in the formula, first comes the formulation. (Charts 2. through 9.)

So far I have endeavored to make two basic points. The first is that almost every problem we confront in our company has its public relationship aspect--some more, some less. The second is that the policy set in meeting a problem as applied through and by people in the organization determines the degree of our public acceptance. The third point I now want to make is that the time to consider the public relationship aspect of any problem is at the policy-making stage.

The importance of thinking of these things at the policy stage can hardly be overemphasized. Yet it seems to be the most difficult of all public relations concepts to understand. The belief is widespread that public relations is the frosting you put on the cake. Or the "fix-em-up" publicity you put out the morning after. Nothing could be further from the truth. Failure to appreciate this fact is undoubtedly responsible for most of the so-called public relationship problems with which you and I are confronted. Keep it everlastingly in mind that the further back the public relationship aspect of any situation can be sensed and appropriate action taken the better the final result.

RESTRICTED

CHART 1.

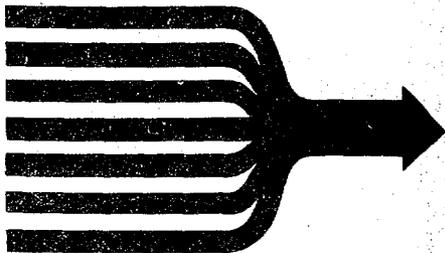
A few new "worries" that now confront management

RESTRICTED



CHART 2.

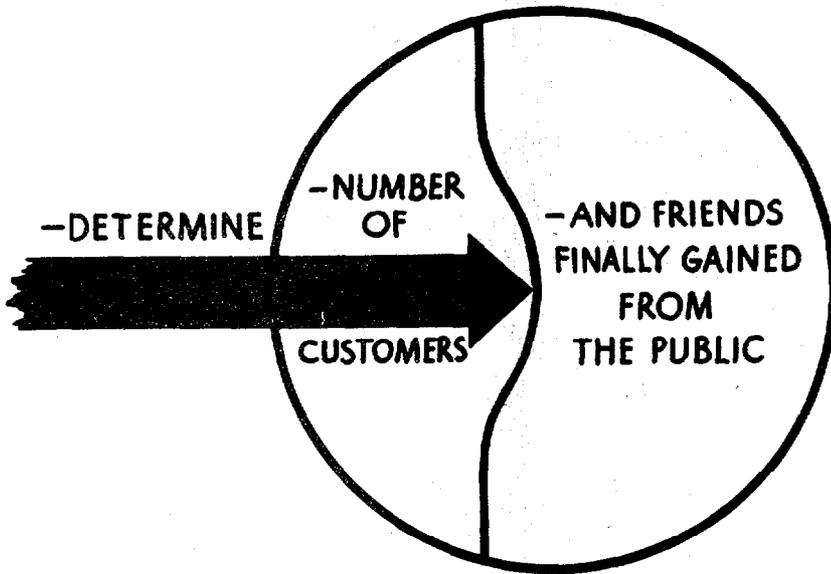
MANAGEMENT POLICIES



Next comes the application of management policies →

RESTRICTED

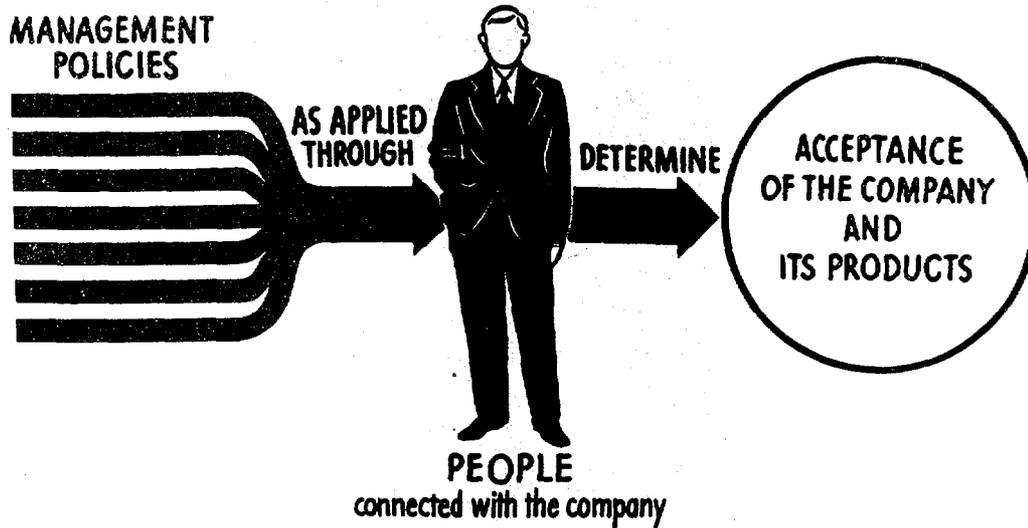
CHART 5.



Putting the elements together we have a →

CHART 6.

Basic Formula



900

RESTRICTED

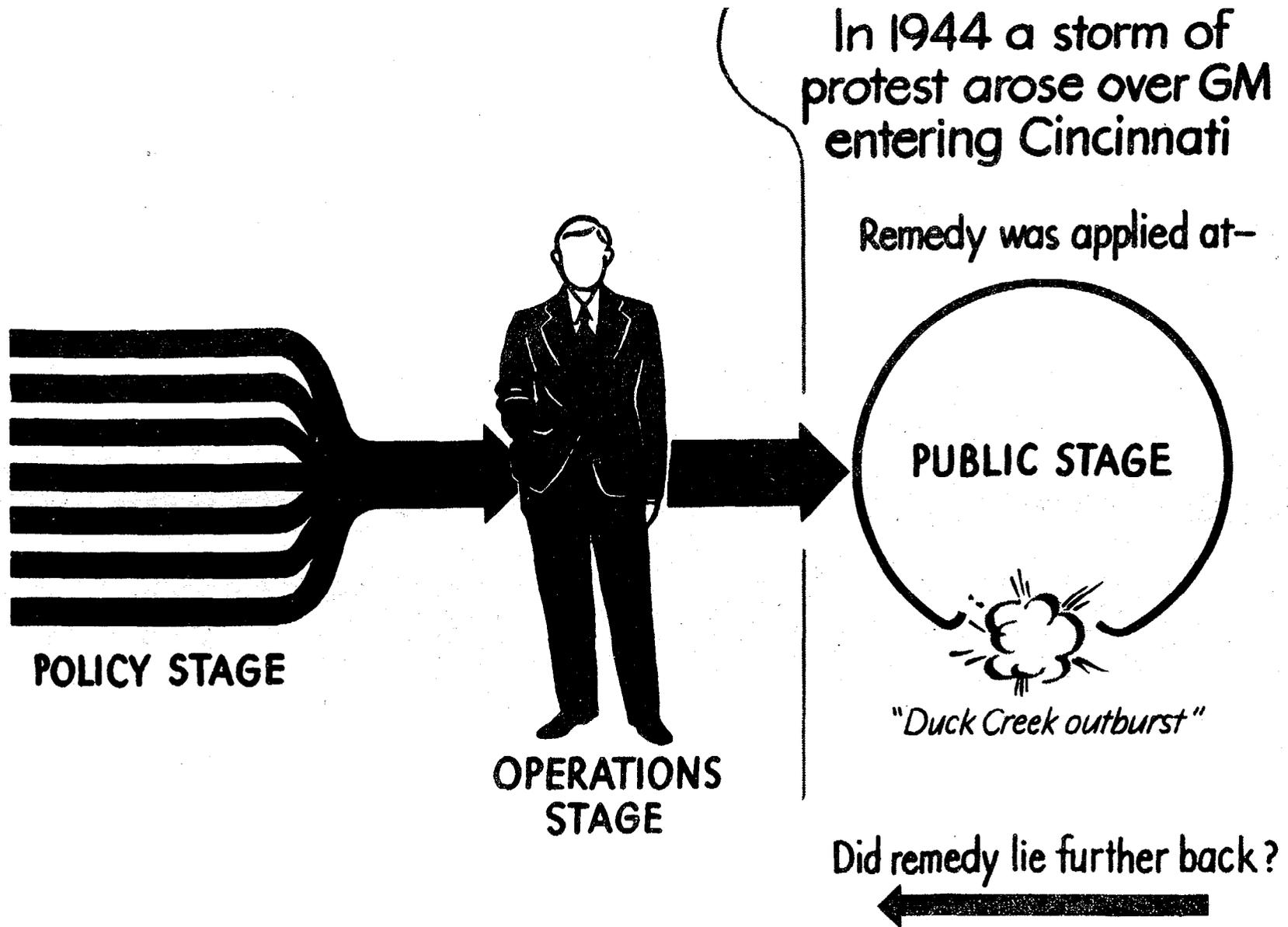
I do not wish to give you the impression that we possess any uncanny sense in General Motors that enables us always to recognize the public relationship aspects of developing situations or problems--far from it. Toward the end of the war we decided that our expansion program required the building of a new plant in Cincinnati. Once the decision had been made it seemed to us that all we needed to do was to acquire a site, put up the plant and then get some people to work there. We were sadly mistaken. We had forgotten to consider the public relationship aspect. But I am getting a little ahead of my story.

We put the real estate agents to work and before long they had quietly negotiated for the purchase of a number of parcels of land which together formed what appeared to us to be a very suitable site. Next we had our architects prepare plans; all done very quietly. Only a handful of people in the city knew anything about our project. We thought we were being smart until the day came when we had to file our plans in the City Hall. Then the storm broke. Newspapers, civic groups, women's organizations--all united in blasting us right out of town. Why? Ostensibly because they didn't want a plant in the particular location we had chosen. And who does General Motors think it is anyway? Actually, the reason was we hadn't consulted them, taken them into our confidence, and sufficiently studied their residence and parking zones. I am sure that if proper public relations steps had been taken, beginning at the policy formulation stage, the Duck Creek outcry against us would never have occurred. (Chart 10.)

The thing I am constantly trying to emphasize is that any problem must be approached, not at the publicity stage, as we did there, but back in the policy stage. Lest you think this example is typical, I hasten to add another in which we fared substantially better. You will recall that after World War I, a great hue and cry was raised about profiteering by holders of war contracts. The charge was even made, as I recall, that the entire war was cooked by a few greedy individuals with an eye to lining their own pockets. While General Motors was not involved in charges of war profiteering in the 1920's, several of our older executives clearly remembered what had transpired. They were determined that General Motors should not allow itself to get in the position of being tarred with that brush. Consequently, when war contracts began to flow in 1941, they were quick to sense the public relationship aspect. And they saw to it that, at the very beginning of the war and before Congress had passed any legislation having to do with profit limitation, General Motors adopted a policy of itself voluntarily limiting its own profits for the duration.

I hardly need to add that this policy paid big public relations dividends. Not only did we enjoy cordial relations with the government renegotiation boards but, more important, we successfully avoided being labeled a war profiteer. Even our more vocal friends in the C.I.O. have been unable to accuse us of making money at the expense of the war effort.

RESTRICTED



RESTRICTED

RESTRICTED

987

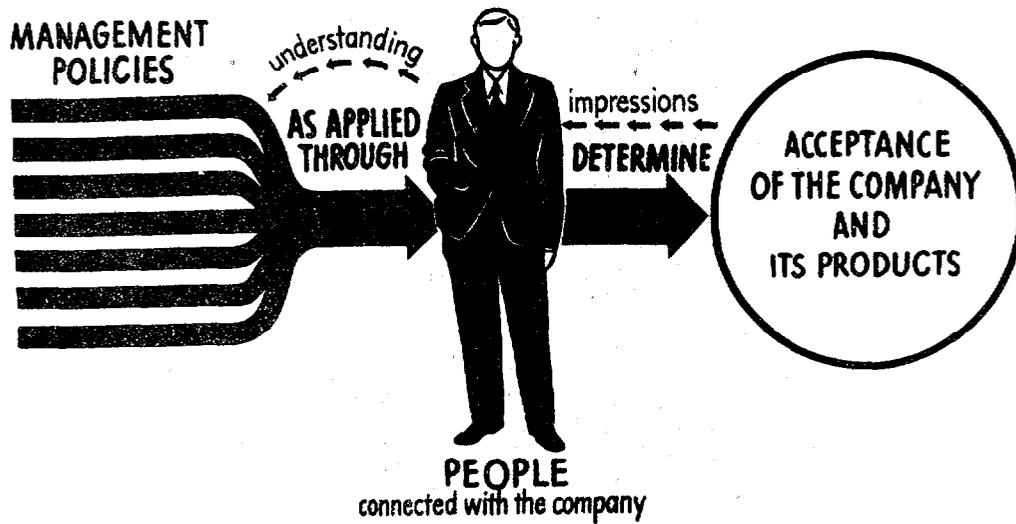
I hope I am not giving you the impression that it is my conviction that public relations should run the show--in other words, that the public relationship aspect alone should always turn the policy decision this way or that whenever a problem arises, whatever the problem may be. I certainly do not want to give you that idea. It is one thing to say that every problem has a public relationship aspect and quite another to say that that aspect should determine action in each case. In our case as in yours there are many, many situations when other considerations necessarily govern. But the point I want to make is that the public relationship aspect of every major problem should be considered in the forming of policy before action is taken. That is an important function of a public relations man, I may add--to call such aspects to the attention of top management so that it has a rounded appraisal on which to base any decision.

Policy consideration within General Motors of the public relations aspects of corporation problems is the concern of what we call the Public Relations Policy Group. This is a top management advisory committee functioning at the level of similar advisory committees relating to engineering, manufacturing, personnel, employee relations and distribution. The Public Relations Policy Group sits regularly once each month with the vice president in charge of public relations as its chairman. Its members include the president, two executive vice presidents and the vice president in charge of finance, vice president in charge of employee relations, vice president in charge of research, and the vice president in charge of personnel--in other words, our top men, who are in a position to consider the public relationship aspect of any problem before it gets to the point where you cannot do anything about it. The general counsel, who is also a vice president, acts as legal adviser to the group. We in public relations likewise have representation on the distribution, personnel, and employee relations policy groups.

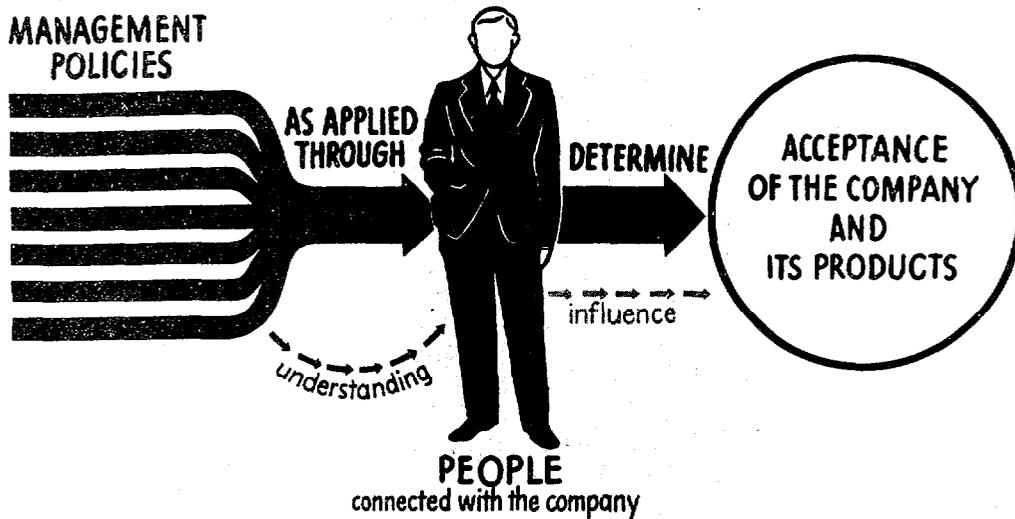
Public relations in General Motors like the other activities I have just mentioned is handled at the top level as a staff function under the president of the corporation. It is entirely separate from the line of administrative operating authority, which runs from the president through two executive vice presidents and the vice presidents in charge of operating divisions to the general managers of the divisions themselves. The organization of General Motors on a staff and line basis is comparable to that of the Armed Forces in general outline. The general manager of a division--Chevrolet, Pontiac, Oldsmobile, Buick, Cadillac--is our general in the field. He has full authority to plan and execute his own tactics. Broad policy or strategy, however, is determined at general staff headquarters in Detroit. In other words, policy flows from the top.

RESTRICTED

The flow to management helps in formulating good policies



The flow from management helps gain acceptance for good policies



RESTRICTED

911

In each plant city we have what we call a plant city committee that is composed of the top managers in that plant city. The committee is organized to deal with matters of community concern that come up in that particular community. The regional manager of public relations sits as secretary of the committee. There are 37 of these plant city committees. Beyond this we have General Motors clubs, composed largely of divisional representatives in the field, which meet monthly in 37 cities to discuss mutual problems and review material of broad corporation interest. The clubs often invite in leaders of the community to discuss corporation matters affecting the public. In 188 small cities there are GM clubs that meet quarterly. Then we have something like 2189 community relations chairmen in smaller communities who are appointed to serve as sort of local ambassadors for GM with the public in their various areas.

Of course, in addition to these activities, the department also cooperates with our GM divisional public relations men. Once a year a two- or three-day conference is held in Detroit to stimulate such cooperation.

During the course of a year many activities are undertaken which call for public relations action on a broad front. An example currently under way is the General Motors scrap metal drive. This drive is being carried on not only in GM plants and offices and in the homes of GM men and women, but the active cooperation of local public officials, service clubs, boy scouts and other organizations has been enlisted in many communities. General Motors had a selfish interest in starting the drive, but since no effort is made to channel scrap to any specific steel mills, all industry will benefit.

As another example of cooperative public relations effort, I might point to a happy sequel to what I referred to as the Duck Creek outburst. Perhaps that experience was worthwhile. As a result we have been able to perfect a satisfactory technique for use when opening a new plant in a community. We have had occasion to enter several communities since Duck Creek. In each case, by careful planning and timing, we have found ourselves welcomed as a desirable neighbor in the community. We have found that a most effective climax to the process of entering a town is to have a formal opening with appropriate ceremonies and a plant inspection. Such "open houses" are also worth repeating from time to time.

Through our plant city committees we seek to encourage our resident executives really to take an active interest in the affairs of their communities and to participate in worthwhile community activities.

We encourage them to appear as speakers before local service groups, to serve on committees for fund-raising drives and other worthy causes and even to take an interest in local government. We consider this a part of their job.

RESTRICTED

RESTRICTED

CHART 13.

Public opinion of a company is but the shadow cast by what it does

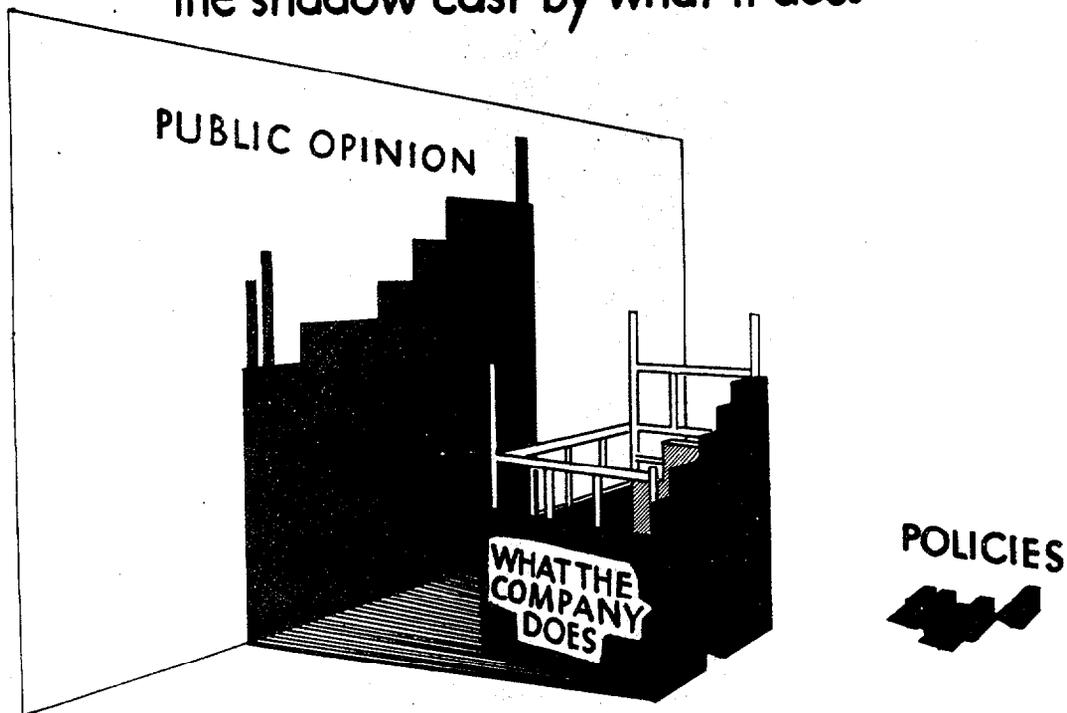
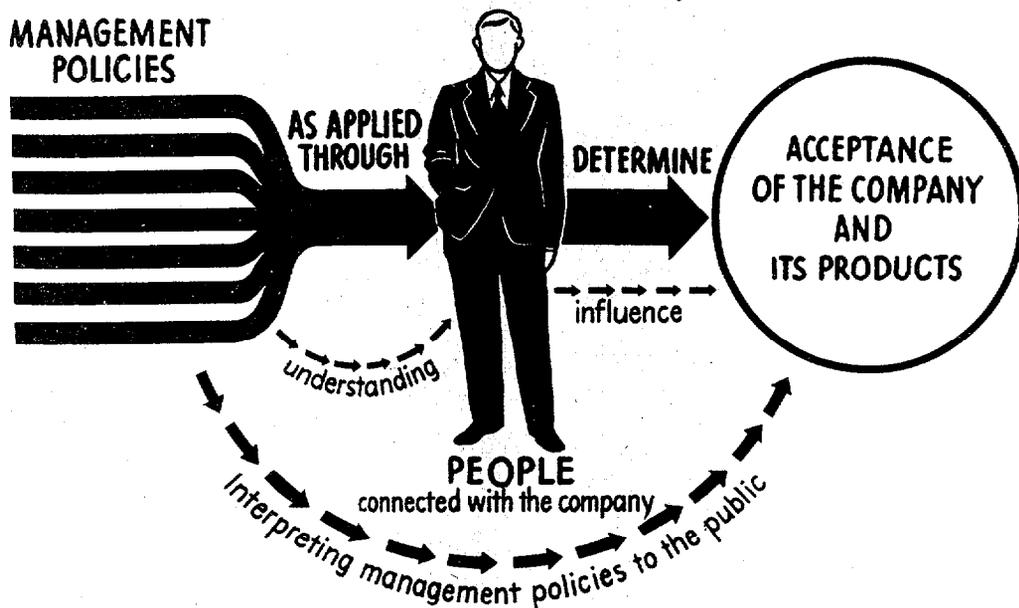


CHART 14.

What a company does needs telling in the right way



RESTRICTED

RESTRICTED

970

was said to be the reason why the public was having difficulty buying cars. As further evidence, the piling up of crates on piers was cited--as was the float of new cars parked alongside an assembly plant awaiting shipment.

Admittedly, to the uninformed, 100 crates on a pier look like a lot of cars even though they may represent only one hour's production at one plant. Admittedly, too, an hour's production parked in the lot beside the plant waiting for drive-away trucks looks like hoarding for some nefarious purpose.

The true story, of course, is simple. First, exports up to March 1947, were limited by government order to the percentage of production exported before the war. Secondly, since March 1947, we have voluntarily continued to restrict exports to the same percentage. Thirdly, the need for vehicles and especially trucks is so great in war-devastated countries that it would be unthinkable to stop all exports. And, fourthly, it would be very short-sighted from the standpoint of General Motors' future export volume to surrender all our export markets to foreign competition.

By publicizing these facts and also by following up each rumor to its source and then seeing to it that that source got the facts, we have been able to keep this particular situation well in hand. But if we had neglected to take these proper steps, we would probably have had the whole country by now thinking that the rumors were true.

Actions speak louder than words. But actions do not always speak for themselves. Actions must be spelled out. Unless you explain an action, it often passes by people. Worse still, it can be misinterpreted, even leading to attacks on you.

There are times when a policy is formulated that runs counter to the wishes of people. A price increase, for example, may be essential, but it is bad medicine nevertheless. In such cases you have to do the best you can and try to explain the point of view that led to the policy.

Often it is the point of view that people are interested in anyway. This is particularly true in any area in which people aren't too sure themselves what should be done. Remember one thing. If people believe your heart is in the right place, if they believe you're trying to do the right thing, they will want to be tolerant of your action.

Interpretation of an organization means far more than explaining what it does. It means explaining as well what it intends. Too often we in industry allow ourselves to get jockeyed into technical disagreements before the public on methods of attaining a good objective, thus giving the impression that we are against the good objective itself. Probably we have not done enough to impress upon people that we stand for high wages, for low prices, for more jobs, for high production, for employee security, for small business.

RESTRICTED

RESTRICTED

774

in this economy of ours to get a job done. We couldn't have built the train without the help of hundreds of other firms. They wouldn't have had a train to furnish parts and supplies for, if it hadn't been for an organization like General Motors.

Then there is the fourth reason, which we don't usually tell the public but which I have mentioned to you. The train is an excellent vehicle for conveying ideas. As I have indicated, the train itself expounds an idea. In addition to what, we are able to project ideas in the cities we visit--both directly to those who board the train and to those who hear our speakers at civic and other lunches, and indirectly through the medium of press and radio.

Finally, we have found the train to be exceptionally effective in adding to the community standing of GM field representatives, who are the hosts when the train comes to town.

Another effective vehicle for projecting ideas is the science show--a popular presentation, with plenty of props, of the many recent contributions of science to better living. We have four of these shows on the road constantly and they are in great demand. Three more are in preparation. Before the war--perhaps some of you may remember--we had the General Motors Parade of Progress, a motorized caravan which presented a complete science circus. Also we maintain stationary exhibits at the Museum of Science and Industry in Chicago and at the Steel Pier in Atlantic City. (Chart 15.)

Management, through outside polling research organizations, keeps itself informed about public opinion trends. We do a great deal of experimenting in this field. It is a relatively new field. But we know that management cannot make intelligent decisions without taking outside opinion into account.

Every one of us has his own way of getting a "feel" of public opinion. But beyond that there is need for an organized means of determining and reflecting public opinion trends for management consideration. We must learn to take soundings of public thinking that will help keep us off the rocks of popular prejudices. That is not to say that we should be governed by each new shift in the ground swell of public opinion. We don't want to "demagogue" our way through life.

There is however, an ebb and flow of social change brought about by shifting public concepts and by the action of pressure groups. These changes and pressures, whether applied in the social or in the economic areas, whether felt nationally or locally, are facts that must be reckoned with by business. The following chart shows our basic formula for building good public relationships. (Chart 16.)

RESTRICTED

975

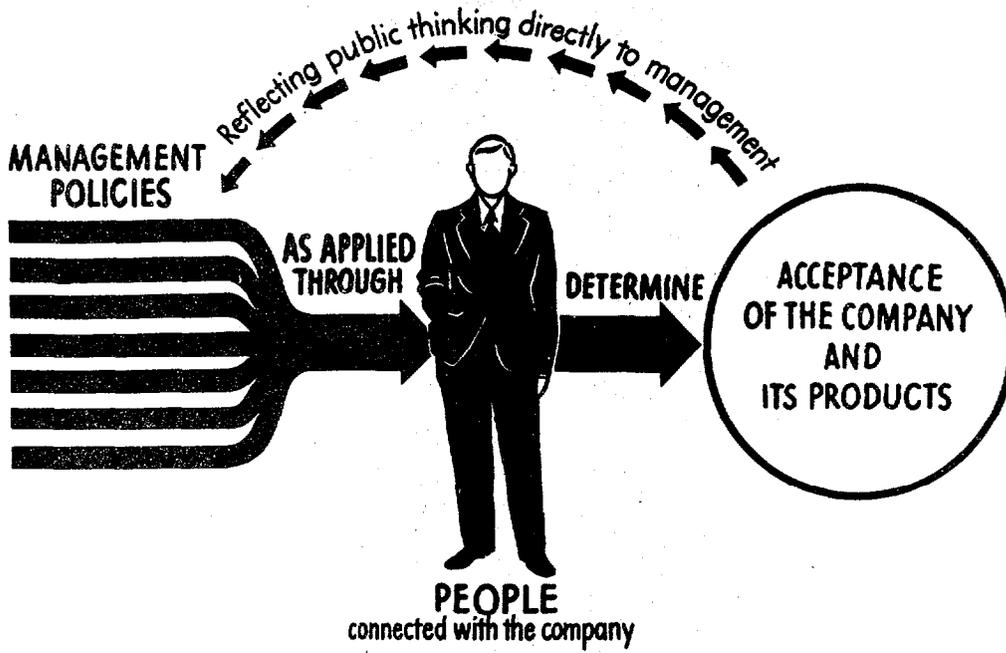
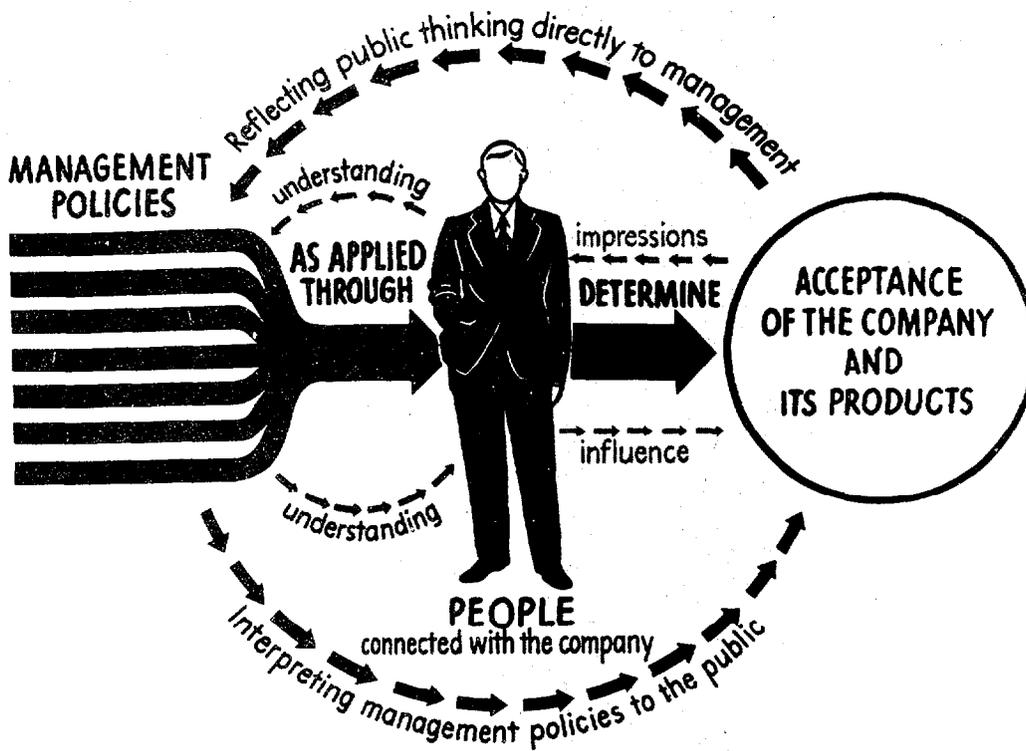


CHART 16.



RESTRICTED

976

First of all, the solution of any public relations problem begins at the time the policy is set, before the problem reaches the publicity stage. Next in importance is the job done. But unless the policy is understood by the people connected with the company, they won't do a good job. Nor will they reflect their views to the public. Beyond that the management must meet directly with the public through outside media, expressing and projecting its policies. We must bear in mind always that management must continually make use of sources both inside and outside the business to keep posted on drifts in public opinion trends, because in the final analysis the public is the boss.

In concluding it occurs to me that--it might be of interest to consider some of the major problems with public relations aspects not yet solved and that we in General Motors have currently before us. Some of these current problems are transitory, in the sense that time, if nothing else, will eventually solve them. Others, I fear, may be with us a long time--at least, for so far into the future as it is safe to look. Does that mean we should adopt an attitude of fatalism? Does that mean we should ignore them? No, it is perhaps all the more reason why we concern ourselves seriously with their public relations aspects.

A current problem which I fear is going to be with us for a long time from a public relations standpoint is the misunderstanding of profits.

In our free enterprise system profits are as necessary as seed corn to a farmer. That simple fact was once understood. A profit was something to be proud of. A man who made a profit was looked up to as a leader of his community and a pillar of the economy. But we in business and industry were too complacent; we were caught napping. We woke up to discover that a profit--to paraphrase a famous saying--was without honor save in its own company. Many people appeared to think that a profit was "something for nothing." Some people even seemed to believe that to make a profit was somehow sinful--a sort of throw back to the prejudice against interest in the Middle Ages. Profits became an ugly instead of a good word.

How many people acquired these peculiar notions need not concern us at the moment. We do know, however; that various groups are busily engaged in cultivating them and encouraging their spread. Leaders of these groups apparently consider them among the best ideological weapons they have ever had--although they have evidently never taken the trouble to figure what would happen if they achieved their apparent goal of wiping out profits.

We in business and industry on the other hand, against this opposition, have the job of re-educating people to understand what profits are and why they are necessary. I mean the service they perform in our

RESTRICTED

RESTRICTED

177

during the war. It is generally agreed that without this system industry could never have absorbed as many war contracts as rapidly nor could it have produced so much so fast. We do not need to be afraid of bigness of itself but only of its abuse. And in a democracy the abuse of bigness brings swift retribution.

So much for the incipient problem of bigness. We have a continuing problem with public relations aspects in the field of labor relations, but that is one that you can follow in the newspapers right now. There is, however, one other problem that I would like particularly to bring to your attention. This is partly because it is a broad, all-encompassing problem of which many other problems are really a part, and partly because it concerns you quite as much as it does us.

When you issue an order of mobilization, the presumption is that the citizens are fit to be mobilized. It would be impossible to have effective mobilization if they were not. So it is with our economy. No industrial mobilization would be possible if the economy were not fit. It is a concern of our national defense as well as of our way of life to insure that the economy remains strong.

That is a major concern with us now. We know it concerns you, too. Our free enterprise system has been the subject of vicious attacks in recent years. If these attacks continue, we fear for its health. The opponents of the system are persuasive and glib; they magnify its acknowledged faults, minimize its magnificent accomplishments. They are not bound by the realities in depicting utopian alternatives.

We have a job to do. It calls for the best that is in us. You are familiar with some of the work that has already been done by individual companies and by groups and by associations. But the surface has barely been scratched.

Representatives of industry are now working with officers of the Armed Forces in preparing plans that can be put into effect in the event industrial mobilization becomes necessary. I would like to close with the suggestion that similar cooperation in the field of public relations be established and put on a continuing basis as we face a new crisis.

You will recall that at the start of World War II both industry and the Army were accused of delay. Many people couldn't understand, or professed not to be able to understand, why we couldn't shut down our civilian assembly line one afternoon and start up a munitions assembly line the next morning. I believe that if we had such a committee in full functioning during 1942 such fantasies would never have taken root in people's minds.

It is my fervent hope that we shall never have need for such a committee again. I pray that an emergency never arises. But if one should arise,

RESTRICTED

MR. GARRETT: Yes. Each year, in addition to our annual report to the stockholders, we issue an employees' annual report in simplified form. We have not, however, gone to the extreme of some of these new simplified statements. Our form is simple, we try to make it more understandable; but, generally speaking, it is patterned after the annual report statement.

QUESTION: In the solution of your public relations problems have you ever thought of getting your public opinion direct from the public as the Gallup Poll does? Might that not be a valid way of getting it?

MR. GARRETT: We are experimenting with that, and I don't know, frankly, where we will end. We have one school of thought in General Motors that wants to handle such polling internally, and we have in development now a little research staff in the employee relations section. We have another school of thought that fears that the polling won't be objective if it is done that way. We are experimenting with both approaches. When we have a particular problem on which we want some employee opinion, we may give the job to Claude Robinson or some other experts in that field.

QUESTION: When you have some labor problem that is affected by public trends of thought, do you take a poll among your employees to see how they stand on the question, and are you guided by their stand on it?

MR. GARRETT: We don't take such polls ourselves; but, of course, Gallup makes polls, and we follow those very closely. It is not something that you can take a very definitive stand on, because the area of confusion is so large that you always have the feeling that, if you could clarify the elements involved, you would change the poll.

We have before us right now a third round of requests for wage increases. We ran a public poll and it shows that something like 30 percent of the public believes that a third round of wage increases should be granted, something like a third believe it should not, and another third is confused. In other words, if you take those that do not believe that another round should be granted and those that don't know, you have a wide area there that is in need of clarification.

QUESTION: Do you have any kind of week-to-week contact on this matter of employees opinion, such as a workers' committee?

MR. GARRETT: Each division has a personnel department. Then we have men in the field who are trying all the time to sound out opinion. The difficulty is to find out really what employees are thinking. That is why we occasionally go to outside sources. However, I don't think we do as much in that field as we should.

QUESTION: Do you have any questions indicating that large groups realize the need for increased production in addition to quality of production?