

**TEACHING STRATEGIC COMMUNICATION IN  
BUSINESS SCHOOLS:  
NEW EVIDENCE  
FROM THE C-SUITE**

*Arthur W. Page*

ARTHUR W. PAGE SOCIETY



## **VISION**

The Arthur W. Page Society is committed to the belief that public relations as a function of executive management is central to the success of the corporation. The membership of the Society will embrace those individuals who epitomize the highest standards of public relations practice, as exemplified by the Page Principles.

## **MISSION**

To strengthen the enterprise leadership role of the chief communications officer by embracing the highest professional standards, advancing the way communications is understood, practiced and taught, and providing a collegial and dynamic learning environment.

## FOREWORD

Impelled by a new era of technology, global integration and a world infused by data, organizational communicators around the world are grappling with profoundly new realities. To achieve their transformative potential, we need partners in every area and profession of our organizations – the leaders of Human Resources, Marketing, Finance, IT, Sales, Legal and every other dimension of the organization, up to and including its senior-most leaders.

This new report from the Page Society’s Business Schools Workstream provides valuable food for thought about this quest. Think of it as a provocation – informal but informative – on how new approaches to business education could shape a new generation of leaders. Even as we “skill up” our own profession – complementing the traditional tools of our trade with expertise in analytics, social media, behavioral science and other new fields – we will require communications-savvy partners who can join with us to build belief, nurture corporate character and create authentic advocacy at scale.

Thanks to the members of the Business Schools Workstream, and especially to the senior executives who gave of their time, experience and wisdom to raise these timely and important issues.



Jon C. Iwata, Chairman  
Arthur W. Page Society



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## EXECUTIVE SUMMARY

Business school deans, students and graduates haven't historically appreciated or understood the relevance of strategic communication to corporate, Wall Street, consulting and other post-MBA careers. That view is quickly becoming obsolete.

In this white paper, the Business Schools Workstream of the Arthur W. Page Society drew on relevant research, survey data, insights from business school professors and interviews with top executives to answer a central question: Do business schools need to teach strategic communication? The answer is an unequivocal yes.

Society and the business landscape have changed inexorably. There's an ongoing crisis in corporate trust. Social media have upended the media landscape. Companies must engage in continuing conversations, and it's difficult to recover from damaging events or verbal missteps. The public expects that companies will be transparent, accountable and authentic.

Research shows that a company's reputation can directly impact its financial performance. Particularly at the senior levels, executives must communicate effectively with multiple constituencies, including customers, media, shareholders, employees, regulators and others. Financial performance, communications and reputation are now inextricably entwined.

### Benefits for Business Schools

The majority of graduate business schools, however, have not elevated communications to an essential part of their curricula. That is changing, albeit incrementally. Some business

schools have recognized the potential and the benefits of integrating strategic communications, including:

- The ability to meet the high demand from companies and recruiters for MBAs with solid communications skills;
- The opportunity to gain a competitive advantage at a low cost. Schools can build a good program with very little capital investment; and
- A way to eliminate the risk of being left behind as other schools move forward.

It is important to note that the aim of communications education is not to produce the next generation of chief communications officers. The goal is to create an understanding among the next generation of top leaders, including chief financial officers, chief information officers and chief executive officers, about the role, function and power of communications as an executive management tool.

That has certainly proven to be the case for the executives the Page Society interviewed for this project. The goal of the research that led to this new report was to understand what these executives, four of whom have MBA degrees, were observing in their own workforces, what they looked for in new hires and the role communications played in their jobs. Each of the executives

explained that they are intensely involved in communications at their respective companies and believe communications awareness and skills are essential for MBAs throughout their careers.

Those views are underscored by an earlier study commissioned in 2011 by the Public Relations Society of America (PRSA). The study revealed a huge skills gap and contained a clear message for business school deans: 98 percent of senior U.S. business leaders responded that business schools need to integrate corporate communications and reputation management into the MBA curriculum.<sup>1</sup> Ninety-four percent believe that top management needs additional training in core communications skills.

Tellingly, just 40 percent of the executives surveyed rated their recent MBA hires as “extremely strong” at responding to crisis situations and building and protecting company credibility.

### **Pilot Program Launched in 2012-13**

One of the most significant developments in the gradual evolution of business education has occurred over the past year. During the 2012-13 academic year, five schools participated in a pilot program designed by PRSA to enhance the strategic communications and reputation management education provided to MBA candidates.

With the results of the pilot program forthcoming and a number of other resources available, including an offer from the Arthur W. Page Society to work with deans and business schools on expanding their curricula, it’s a good time to reevaluate what skills and competencies MBAs need to be successful.

MBAs must have the tools and skills to ascend to the top of their professions. How they communicate will not only determine their individual career paths, but also the fate of their companies. With the stakes that high, can forward-looking business schools committed to turning out top-notch grads be far behind the MBA communications revolution?

<sup>1</sup> Public Relations Society of America, “Public Relations Means Business,” Dec. 7, 2011 Survey, <http://www.prsa.org/Intelligence/BusinessCase/MBAInitiative/PublicRelationsMeansBusiness>

## INTRODUCTION

Corporate recruiters hoping to hire some of the nation's best and brightest business school students often confide that they have a list of skills they're looking for in an ideal new employee. That list frequently includes as many as eight to ten separate skill sets they believe are necessary for success on the job.

Technical skills such as finance, accountancy, economics, statistics and database management are always on this list. They are regarded not only as essential for success on the job; they've become table stakes for the interview. If a student does not possess these competencies, he or she will not be asked to meet with a recruiter. Such competencies are considered table stakes these days because every business school teaches them, from Wharton, Tuck and Harvard Business School, right down to the smallest part-time MBA programs based in remote locations.

Increasingly though, recruiters tell business school faculty that they're looking beyond technical skills. Technical skills, in fact, have become table stakes for a managerial career: necessary but not sufficient for success. They're looking to see how well a job candidate can write, speak, lead a team, solve complex problems, manage projects, think critically and influence others. These skills frequently separate the people who make it to the top of their chosen profession and those who stall in mid-management.

At the top of the list of desired non-technical skills is communications, a descriptor that covers a wide range of abilities, from writing and speaking to a thorough grasp of strategic communications and what it means to the success of an organization or a brand. Understanding what a company stands for and how its reputation will be measured are crucial to business success.

Arthur W. Page, the legendary public relations vice president at AT&T from 1927 to 1946, once said, "All business in a democratic country begins with public permission and exists by public approval." Strategic communications is clearly the process by which organizations, large and small, seek public permission and sustain public approval.

This informal study of senior executives in large and complex organizations sheds light on the value of strategic communications as an essential skill required of job candidates across an increasingly competitive global economy. And, it focuses on the role of business schools in preparing young executives to apply a strategic communications approach to effectively bolster everything from share price to market share to corporate reputation.

**TOP EXECUTIVES ISSUE CHALLENGE TO BUSINESS SCHOOLS:  
TEACH STRATEGIC COMMUNICATIONS OR BECOME LESS RELEVANT**

Eric Spiegel, president and CEO of Siemens Corporation, the U.S. unit of Siemens AG, has some advice for business school deans. “If you’re trying to turn out top-notch students who aspire to be executives, with the media moving as fast as it does, you must put more emphasis on communication.”

When Spiegel was hired in 2010, one of his top mandates was to raise Siemens’ profile and position it as a U.S. company. Siemens had always operated quietly in the U.S., despite having \$22 billion in sales, \$6 billion in exports and more than 60,000 employees. “Communication has been the biggest area of challenge and biggest area of improvement for me. If I had to do it over again,” Spiegel said, referring to his education, “I would flip some of the focus from accounting, finance and marketing to communication.”

In fact, Spiegel’s alma mater, the Tuck School of Business at Dartmouth, is one of a limited number of schools where today he could receive a solid grounding in strategic communications, including corporate communications and reputation management. In general, however, business school deans, students and graduates historically have not appreciated or understood the relevance of strategic communications to corporate, Wall Street and other traditional post-MBA careers. But as deans continually reassess how to best prepare their students, a growing number are considering whether communications courses should be an essential part of an MBA education.

The temptation, said Irving Schenkler, a professor of management communication at New York University’s Stern School of Business, is to make

communication an “add-on.” But, he adds, “the key to unlocking the real value of communication is to link it to macro issues, such as how organizations respond to a range of stakeholder concerns, rather than just focusing on the individual.”

To help explore the value of communications education in business schools, the Arthur W. Page Society, a professional association for senior public relations and corporate communications executives, went to the front lines and interviewed top executives. The goal was to understand what these executives, four of whom have MBA degrees, were seeing in their own workforces, what they looked for in new hires and the role communications played in their jobs. The executives included:

- Tim Andree, executive chairman, Dentsu Aegis Network
- Michael W. Lamach, chairman and CEO, Ingersoll Rand; MBA, Duke University’s Fuqua School of Business
- Ronald P. O’Hanley, president, Asset Management and Corporate Services, Fidelity Investments; MBA, Harvard Business School
- Keith S. Sherin, chairman and CEO, GE Capital; MBA, Columbia Business School

- Eric Spiegel, president and CEO, Siemens Corporation; MBA, Tuck School of Business at Dartmouth

The Society also explored relevant research and survey data and gathered insights from business school professors. The goal of the project was to answer a central question: Do business schools need to teach strategic communications? The answer was an unequivocal yes.

The executives who were interviewed said they are intensely involved in communications at their company, and believe communication awareness and skills are essential for MBAs throughout their careers.

#### **Communication as an Executive Management Tool**

It's important to note that the aim of communications education is not to produce the next generation of chief communications officers. The aim is to create an understanding among the next generation of top leaders, including chief financial officers, chief information officers and chief executive officers, about the role, function and power of communications as an executive management tool.

"The importance of communication has grown dramatically in this century," said Paul Argenti, a professor of corporate communication at Dartmouth College's Tuck School of Business and a leading advocate of communications education for business students. "Communication is how you execute strategy."

To run their businesses successfully, corporate executives must develop, align and deliver clear, concise messages to multiple stakeholders using multiple channels. They must engage employees, who need to understand and deliver on the brand promise, attract customers, provide a compelling story to investors and articulate a clear rationale for marketplace conditions to regulators and legislators. Strategic communications takes all of these

formerly disparate activities and integrates them into one strategic discipline.

Andree, of Dentsu, noted that communications today is "light years" from where it was just five years ago. "This is an opportunity to talk to business school deans, to discuss how they prepare their students for the 21st century marketplace," he said. "Managers need exposure to communications, especially now," he added. "The communications model changes every six to seven months. There's media convergence, new technology and new analytics. It affects how you need to communicate and how people get their information."

#### **Benefits for Business Schools**

Research shows that the majority of graduate business schools, however, have not elevated communications to an essential part of their curricula. That is changing, albeit incrementally. Some business schools have recognized the potential and the benefits of integrating strategic communications, including:

- The ability to meet the high demand from companies and recruiters for MBAs with solid communications skills;
- The opportunity to gain a competitive advantage at a low cost. Schools can build a good program with very little capital investment; and
- A way to eliminate the risk of being left behind as other schools move forward.

#### **Pilot Program Launched in 2012-13**

One of the most significant developments in the gradual evolution of business education has occurred over the past year. During the 2012-13 academic year, five schools participated in a pilot program designed to enhance the strategic communications and reputation management education provided to MBA candidates. The turnkey course was developed by the Public Relations

Society of America (PRSA) in partnership with Tuck School's Argenti.

The participating schools are the University of Maryland's Robert H. Smith School of Business, Northwestern University's Kellogg School of Management, Quinnipiac University's School of Business, the University of Texas at El Paso's College of Business Administration and the Tuck School.

The schools are working collaboratively to identify and document best practices in teaching methods and subject matter, and to aggregate their findings into a report that others can draw upon for information and direction. The goal is to offer the course and best-practices guide to business schools nationwide.

### **An Unmet Need**

U.S. executives see a yawning skills gap that needs to be addressed. In a study commissioned by PRSA, 98 percent of senior U.S. business leaders said business schools need to integrate corporate communications and reputation management into the MBA curriculum.<sup>2</sup> Ninety-four percent believe that top management needs additional training in core communications skills.

One reason may be the sheer volume of time executives spend in communications activities. "When I go to business roundtables and meet with other CEOs, it's amazing how much of their time is spent on communications," said Spiegel, who said communications activities consume more than half his time.

Tellingly, just 40 percent of the executives surveyed rated their recent MBA hires as "extremely strong" at responding to crisis situations and building and protecting company credibility. The survey included 204 respondents with the title of vice president or higher and was conducted in 2011.

However, the message appears not to have penetrated a majority of undergraduate and graduate business programs. A study of top-tier and second-tier schools by the Fanning Center for Business Communication at the Mendoza College of Business at the University of Notre Dame revealed that many top-tier and second-tier schools have no core requirements, no electives and no center devoted to management or corporate communications.<sup>3</sup> Programs also tended to be very traditional, with an emphasis on writing and speaking skills. Only six of the 20 top-tier schools have programs or centers devoted to instruction and research in communications. In the second-tier schools, just three have centers.

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Among the schools that have the widest array of offerings for business students are New York University Stern School of Business, The Wharton School of the University of Pennsylvania, University of North Carolina Kenan-Flagler Business School, the Tuck School of Business, Indiana University Kelley School of Business, University of Southern California Marshall School of Business, Johnson Graduate School of Management at Cornell University, University of Virginia, Darden School of Business, UCLA Anderson School of Management, MIT Sloan School of Management and the University of Notre Dame Mendoza College of Business.

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In addition to coursework in strategic communications and writing and speaking skills, areas for expansion include negotiation, persuasion and digital or social media.

### **The Rise of "Corporate Character"**

That big-picture view has become more important as society and the business landscape have changed inexorably. An ongoing crisis has engulfed corpo-

<sup>2</sup> Public Relations Society of America, "Public Relations Means Business," Dec. 7, 2011 Survey, <http://www.prsa.org/Intelligence/BusinessCase/MBAInitiative/PublicRelationsMeansBusiness> <sup>3</sup> University of Notre Dame, Mendoza College of Business, Fanning Center for Business Communication, "Benchmarking Study of Peer Schools MBA (and BBA) Management Communication Programs," June 3, 2011.

rate trust. Social media have upended the media landscape. This forces companies to engage in continuing “conversations” and also makes it more difficult to recover from damaging events or verbal missteps that have the potential to go viral. The public expects that companies will be transparent, accountable and “authentic,” and reacts vociferously when they feel a company falls short.

What has emerged is a crowded and dynamic ecosystem populated by customers, media, analysts, shareholders, employees and virtually anyone else who cares to make their opinions public. In this environment, “corporate character” becomes paramount.

Corporate character, as presented in the Page Society’s *Building Belief* report in 2012, encompasses a company’s unique identity and brand, including its purpose, mission and values.<sup>4</sup> Corporate character is represented in the integration and alignment of internal and external culture, communications and behaviors.

“You need good internal and external communications,” said O’Hanley, of Fidelity. “It’s about how we get 40,000 people moving in the same direction and how we position ourselves to clients, the public and other stakeholders.”

The lesson for business schools is that leaders must be able to define, live and communicate that character. “Internally and externally, all your stakeholders really pay attention to what you do and say,” said Spiegel. “In these roles, you’re always on. You need to be quick on your feet and understand messaging and how it works. What’s your strategy? You need to stay on point.”

A new Page Society survey of CEOs underscores this message.<sup>5</sup> Whether it’s a slogan on a wall, a tweet or a speech, CEOs believe that the same values must be reflected across all possible communications. They see a strong culture as one that intuitively grasps and acts according to the company’s best values. They note that, in a per-

fect world, there would be little or no daylight between their company’s values and their business plan, meaning that all stakeholders – from the person on the factory floor to the C-level executive to the industry blogger – would have the same information about the company’s values at all times.

### **Momentum on the Leadership Track**

Executives point out that if they don’t understand how to be effective communicators, they can be unprepared when they become more visible and widely accountable. “On the leadership track, there is often no time to step back and examine communication, either on a tactical or strategic level,” said Lamach, of Ingersoll Rand. “If you reach the C-Suite and can’t communicate with various stakeholders effectively, you may not be there long.”

Poor management performance and its repercussions can have a disastrous effect. There is growing boardroom recognition of the bottom-line value of corporate character and reputation.

Five years ago, financial institutions such as investment banks, private equity firms and hedge funds did not typically employ outside public relations agencies. Now, most do. This demonstrates a major shift in the mindset of Wall Street – a huge constituent of business schools – and is an acknowledgement that a company’s financial performance, communications from its leadership and its reputation can be inextricably entwined.

### **Reputational Risk Now a Top Concern**

Many businesses increasingly see reputational risk’s ties to business outcomes. In a 2013 survey designed to elicit top-of-mind (non-financial) risks in boardrooms, 73 percent of directors identified reputational risk as a primary concern, a 19 percent increase from just four years earlier.<sup>6</sup> The survey was conducted by accounting and advisory firm Eisner Amper and included more

<sup>4</sup> Arthur W. Page Society, *Building Belief: A New Model for Activating Corporate Character and Authentic Advocacy*, March 2012. <sup>5</sup> Arthur W. Page Society, “The CEO View: The Impact of Communications on Corporate Character in a 24x7 Digital World,” August 2013. <sup>6</sup> Eisner Amper, *Fourth Annual Board of Directors Survey 2013, “Concerns About Risks Confronting Boards,”* May 8, 2013

than 230 board members and directors. A separate study, by Ebiquity, a media and marketing consultancy, concluded that a company's reputation can account for a huge portion of its stock value.<sup>7</sup> In the case of firms in the Standard & Poor's 500 Index, reputation currently accounts for an average of 31 percent of share price.

Echo Research devised a formula that uses regression analysis to calculate the impact of numerous factors, including media exposure, financial analysis, intangibles such as the general thoughts and feelings about a company throughout its industry, and corporate reputation measured by innovation and social responsibility. The study concluded that a five percent improvement in the strength of an S&P 500 company's corporate reputation will deliver an increase in market capitalization of close to three percent.

The *CEO View* report also found another benefit of reputation building. When issues arise, they are more easily absorbed and neutralized. CEOs feel that strong, well-communicated corporate character allows the company to turn disappointments into opportunities – that adversity can be a chance to articulate and reinforce for all stakeholders a company's values at a time when it is the focus of unusual attention.

### **Skills for a Successful Career**

While much of the attention regarding communications successes and failures has focused on senior management, it actually permeates the entire career lifecycle. MBAs at all levels must also master many of the same communications requirements, albeit on a much smaller scale. It starts with recruiting and hiring. "A critical factor in hiring is how people communicate," said Sherin. "They need to communicate concisely about complicated topics. We look for people who can do that." O'Hanley notes that executives look for someone who has the requisite skills, has a broad knowledge of the business and is a fluent

communicator. "This ramps up the type of person we're looking for," he said, but is essential nonetheless.

Once someone is hired, their ability to advance may depend on their communications skills. "When we create succession plans or have openings in the company, 50 percent of the time we're not able to put people in those positions because of a lack of communication skills," said Lamach. "Higher-level individuals must have this competency."

Training can help people avoid trial by fire when they advance to higher levels, Lamach said. "We did a competency model for leaders. It shows what a compelling communicator looks like at each part of a career. Communications training is among the top three areas for development."

To move MBAs and others ahead in their careers, top management must be confident they have the ability to communicate at increasingly strategic and complex leadership levels.

"Leadership is often about driving transformation and change across an organization," said Lamach. "There is a need for leaders to be compelling communicators. Any transformation program is all about leading and powerful communications." There is also agreement that good writing is essential in the workplace but is becoming a lost art, with few people able to write well.

### **Succeeding in a Collaborative Environment**

Communications is also critical in today's workplace, which requires that people work in teams, on projects and cross-culturally. Nonetheless, people sometimes have a difficult time working with others. "They have an 'Eagles don't flock' mentality," Andree said.

He noted that "many are vertically directed, looking to the next job, and the job after that." But today's business models require communica-

<sup>7</sup> Ebiquity, *Ebiquity Opinion*, "Reputation's Fair Share," March 26, 2012

tion skills. “The best way to go vertical is to go horizontal,” Andree said. “They need a willingness to collaborate, to work with others and add new skills.”

### **Building Thought Leadership**

As the conversation among deans, executives, professors, students and graduates continues, Spiegel, for one, has no doubts about the essential role of communications and the need to teach it in business schools. He has strategically raised Siemens’ profile in the United States, which was one of his original mandates, creating an environment for business growth.

In 2012, sales were up substantially. Siemens and Spiegel have been mentioned twice in President Obama’s State of the Union addresses. In 2012, Obama recognized Siemens Energy as an example of how investing in manufacturing and innovative technologies can create jobs and build a strong America.

### **Bottom Line - Communication Now a Necessity for Business**

With the results of the pilot program forthcoming and a number of other resources, including the Arthur W. Page Society, which has offered to work with deans and business schools on expanding their curricula, it’s the ideal time to reevaluate what skills and competencies MBAs need to be successful.

While MBAs and their companies may not end up in a State of the Union address, they still must have the tools and skills to ascend to the top of their professions. How they communicate will not only determine their individual career paths, but also the fate of their companies. With the stakes that high, can forward-looking business schools committed to turning out top-notch grads be far behind the MBA communications revolution?

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## PAGE PHILOSOPHY AND PAGE PRINCIPLES

### The Page Philosophy

Arthur W. Page viewed public relations as the art of developing, understanding and communicating character—both corporate and individual. This vision was a natural outgrowth of his belief in humanism and freedom as America’s guiding characteristics and as preconditions for capitalism. The successful corporation, Page believed, must shape its character in concert with the nation’s. It must operate in the public interest, manage for the long run and make customer satisfaction its primary goal. He described the dynamic this way: “Real success, both for big business and the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively.”

### The Page Principles

- *Tell the truth.* Let the public know what’s happening and provide an accurate picture of the company’s character, ideals and practices.
- *Prove it with action.* Public perception of an organization is determined 90 percent by what it does and 10 percent by what it says.
- *Listen to the customer.* To serve the company well, understand what the public wants and needs. Keep top decision makers and other employees informed about public reaction to company products, policies and practices.
- *Manage for tomorrow.* Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.
- *Conduct public relations as if the whole company depends on it.* Corporate relations is a management function. No corporate strategy should be implemented without considering its impact on the public. The public relations professional is a policymaker capable of handling a wide range of corporate communications activities.
- *Realize a company’s true character is expressed by its people.* The strongest opinions – good or bad – about a company are shaped by the words and deeds of its employees. As a result, every employee – active or retired – is involved with public relations. It is the responsibility of corporate communications to support each employee’s capability and desire to be an honest, knowledgeable ambassador to customers, friends, shareowners and public officials.
- *Remain calm, patient and good-humored.* Lay the groundwork for public relations miracles with consistent and reasoned attention to information and contacts. This may be difficult with today’s contentious 24-hour news cycles and endless number of watchdog organizations. But when a crisis arises, remember, cool heads communicate best.

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