

MARKETPLACE COMMUNICATION WORDS MATTER



**A compilation of Merrie's UPI columns.
Every chapter offers sage, witty
communications advice.**

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TABLE OF CONTENTS

Introduction

Articles

1. **Middle East Peace Through Soap Operas:** Palestinian students show how to promote peace...and the U.S. made it possible!
2. **Speak Exxon Speak!** Businesses need to take a leadership role and engage the public in discussions.
3. **Stories as Proof:** Missed the first lesson on learning to tell stories? Try again.
4. **“As Prisons:”** Words can liberate or enslave. Take unions.
5. **Great Job!** Is there someone empowered to tell the CEO he did a crummy job?
6. **Memo to Merck:** Vioxx as a case study.
7. **Dollars and Sense:** The first question is always, “Who’s the audience?”
8. **Storytelling is for Adults:** Can’t tell stories? Learn.
9. **You Can Take it With You:** Citigroup CEO Sandy Weill is trying to.
10. **And it’s Working:** Everything old is new again.
11. **Lights, Camera, Action:** Why HealthSouth’s ex-CEO beat the Feds.
12. **He Didn’t Get it:** A CEO in a bubble, gets popped.
13. **Strike:** Don’t threaten. It is not just management that can hear you.
14. **Power of Pictures:** A great example of visuals telling a story.
15. **Apologize for What?** Love is having to say you’re sorry.
16. **Show Us All of It:** If the ‘mainstream’ media wants to compete, all it has to do is publish its notes.
17. **You Can’t Take it Back:** A toilet, once flushed, can’t be unflushed.
18. **Ends and Means:** If the end doesn’t justify the means, what does?

19. **Who are Your Ambassadors?** Why doesn't every company learn from Southwest Airlines?
20. **War:** Dr. Edward Tufte v. PowerPoint. We're betting on Tufte.
21. **What Goes Up:** Everything is public.
22. **GM & Culture Alarms:** GM throws a hissy fit and inadvertently tells us something about their culture.
23. **Lessons from the Pope:** His Holiness and *Horton Hears a Who*.
24. **In Personal Communication, Too:** Good communication isn't just for workplace relations any more.
25. **Loud and Clear:** Ordinary people tell CEOs the gravy game is over.
26. **The Media and PR:** Are reporters uninformed or unwilling to learn?
27. **Poor Barry Bonds:** He was criticized by reporters.
28. **Once Out, They're Never Back:** You can't take back something you've said. It will be passed on to others.
29. **Stupid Mouth:** Let he who has never said anything stupid, hurl the first stone.
30. **The Tyranny of the Right:** Not Hillary Clinton's vast right-wing conspiracy.
31. **Inaugural Commitment:** Words do matter.
32. **Language and Public Policy:** Social Security may be neither social, nor secure, but the words chosen seventy years ago may prevent reform.
33. **'Stingy' – the Power of One Word:** Secretary Powell, one of my personal heroes, gets BIMBO of the YEAR for falling into this too-predictable trap.
34. **Caught:** Ralph Waldo Emerson predicts Roe will be overturned.
35. **Employees as Explainers:** Enlist your employees to talk to their colleagues.
36. **The Age of Extremism:** Barry Goldwater was wrong.

37. **Names Matter:** Here are more examples of how the choice of a name, influences our perception.
38. **Poodle Stereotypes:** Prime Minister Tony Blair says the UK isn't America's poodle. He should be so lucky.
39. **Fraud Fraud Fraud:** Another word which has gotten politicized.
40. **If You Think Education is Expensive:** United's employees were shocked, shocked to learn the airline, and their pensions, were in trouble.
41. **Pay a Lot for Bad Advice:** Just one more sad example.
42. **Saving Craig Conway:** The PeopleSoft CEO could have kept his job if he'd followed our lessons.
43. **Can a Prince Change Culture?** Citigroup's new royalty.
44. **Statistics and the Power of One:** A single anecdote can trump the truth.
45. **Your Company's Speakers Bureau:** How to utilize the resources you already have in your company.
46. **Dan Fannie Rather Mae: Case Study:** Hearing what you don't like.
47. **The Write Stuff:** Want to get ahead? Learn to write.
48. **Missing in Action:** Business isn't active in the public debate and will suffer because of it.
49. **Executive Development:** Botswana anyone?
50. **Training Prevents Litigation:** A "how not to" behave around your own employees.
51. **The Power of Positive Thinking:** Freezing your trumpet.
52. **Did the President Lie?** This powerful word shouldn't be misused.
53. **Explaining Cost to Employees:** Memo to companies: You need to significantly increase your effort and your effectiveness. (Note from us: Effort doesn't equal effectiveness.)
54. **A Speech is More Than Words:** A short primer.
55. **They Travel, Too:** We mean words, not airline passengers.

56. **What Ken and Martha Haven't Said:** "I did it."
57. **Employees as Recruiters:** Your most powerful recruiting tool is underutilized.
58. **Angry and Frustrated:** How to deal with the customer who's legitimately angry and frustrated...and what not to say.
59. **Handwritten:** Make a real impression.
60. **Most When Employees Say Them:** The ultimate test. Are your employees using the same words in your advertisements?
61. **In Any Language:** Another pitch to learn more languages and carry the American vision around the world.
62. **Reagan was a Master:** On his death, some lessons learned, some personally.
63. **Don't Ban Ads for Twinkies:** More on the illusion of doing something.
64. **People Talk:** How to build a competitive edge.
65. **PR Needs PR:** Why is "public relations" so frequently criticized?
66. **The CEO is Sick:** Do celebrity CEOs have a right to privacy? Not on your penumbra.
67. **The CEO's Dead – Shhh:** Good and bad examples. (But remember death is permanent.)
68. **Reporters Need to Correct Lies:** Don't expect them to start anytime soon.
69. **Doing it Takes Practice:** A few books that may be helpful... but remember how you get to Carnegie Hall.
70. **Perception Affects Behavior:** If you want to motivate a group of people, learn from this example.
71. **Define Them Carefully:** Democrats should be careful before demonizing certain words.

72. **Communication Laws #2 and #3:** I do my best to top Don Elhert's great First Law; "You cannot communicate your way out of a situation you have behaved your way into."
73. **Set Up First:** The designers of podiums hate mankind.
74. **Smile, Condi! You're on TV!** And she took our advice!
75. **Think Before You Speak:** Fortunately for us, many people don't – providing lots of informative and entertaining teaching examples.
76. **But Actions Speak Too:** Executives can't plead for "teamwork" and then feather their own nests at our expense.
77. **Young Angry Conservatives – Learn from Ronald Reagan:** The Great Communicator understood that insulting voters, rarely wins them over.
78. **Lawyers and Logos:** Calling Southwest Chairman Herb Kelleher. Fire the lawyers.
79. **'Ain't goin' there':** Talking about customer service versus providing it.
80. **Global versus Local:** As corporations become global, they forget that news is still local.
81. **Pete Screws Up Again:** We need teaching examples, so we hope he lives forever.
82. **The Leader as Communicator:** Important lessons every leader should know.
83. **'04 Communication Trends:** One of those essays writers create when they can't think of a single theme.
84. **When 'Division' isn't 'Equal':** Daimler announced a "merger of equals." Those words caused trouble – predictably – later. Hello lawsuit.
85. **Communication as a Business Strategy:** How often should you check your brakes?
86. **Full-Page Ads – Communication or Illusion?** Who's really the audience?
87. **Say No to Barbara and Mike:** More wrong lessons from the Exxon Valdez. Interviews with Barbara Walters and Mike Wallace? Don't try this at home.

88. **Make it up:** President Ronald Reagan was aware of the power of words and chose his carefully. Docudrama writers get to just make up what they thought he might have said.
89. **Use Communication to Cut Health Care Costs?** How to let workers know what's happening to health care costs.
90. **'Routine' Shredding Policy:** Financial guru Frank Quattrone didn't pay attention to what happened when Arthur Andersen claimed it was just a 'routine' shredding policy.
91. **Someone Speaking One Language:** Americans need to speak more languages to be competitive culturally and economically.
92. **The American Image Abroad:** The right way to explain America to the rest of the world.
93. **Physician, Heal Thyself:** Powerful research on why "what matters" isn't what the doctor wants to say, but what the patient remembers.
94. **Moderating a Panel is an Art Form:** Everyone is going to moderate a panel sometime. Might as well learn how now.
95. **Twain Knew his Statistics:** Why his quote is better than the often-quoted "lies, damn lies."
96. **Powering Down PowerPoint:** Calling Lou Gerstner! Tell people to "just talk."
97. **Dallas – the TV Show – Updated:** Our politics is every bit the equal of J.R.
98. **Communication, Columbia & Culture:** Fraudulent communication gave NASA an unwarranted sense of comfort.
99. **Poor Communication Caused Blackout:** Not my conclusion. It belongs to *The New York Times*.
100. **Cut Off Your Nose:** Verizon's union wants customers to boycott...their own company?
101. **The Art of Conversation:** Business school students learn small talk.

102. **DARPA Needed Good Advice:** The best crisis is one that doesn't happen. Someone was smart enough to spot it and the boss was smart enough to listen.
103. **Production Values:** Why business can learn a lot from a public radio show on classical music.
104. **We Need to Tell Our Story:** Ambassador James Nicholson enlists touring school children to explain the U.S.
105. **Wrong Language-Wrong Message:** The recording industry still wants you to buy the whole CD to get the song you want. An opportunity lost.
106. **Are the French Tone Deaf?** Woody Allen as spokesman for the French tourist board?
107. **The Power of a Single Word:** Biblical truth updated.
108. **The Illusion of Communication:** Disclosure language brings the illusion of information.
109. **Ads Work – Lawsuits Don't:** The tobacco companies want you to know they don't put urine in cigarettes.
110. **You Agreed to Give a Speech:** Since you agreed to give the darn thing, you might as well know what goes into a good performance, besides your vast knowledge of facts.
111. **The Last War:** The Exxon Valdez oil spill taught crisis management consultants that the CEO has to get out and speak. The right advice, except when it's wrong.
112. **Interact with Your Audience:** Trade in speeches for Q&A.
113. **Behind the Podium:** Once again, people who design podiums hate speakers.
114. **In the Bubble:** Morgan Stanley CEO, Philip Purcell, wasn't following what happened to American CEO Don Carty. Remember Santayana's observation?
115. **Different Languages:** Science and lawyers battle for the public's confidence. Lawyers 1. Science 0.
116. **The Power of Predictions:** The impresario who said, "Never make predictions. Especially about the future." Larry Ellison proves him wrong.

117. **Cover-up or Tin Ear?** American CEO, Don Carty, wants concessions from the unions but thought he could hide bonus money for executives in an SEC footnote. Wrong.
118. **Reporting on Reporters:** What the military learned from Vietnam.
119. **Arnett's Baghdad Boo-Boo:** The mainstream media sinking.
120. **Microsoft and PR 101:** What works in the U.S. may work in China, if the value systems are the same.
121. **Ads Don't Work:** Beer drinkers and Muslims can't be reached the same way.
122. **Fake Resumes:** One place not to fake it, but if you have, what to do about it now.
123. **Lessons of Communication:** The illusion of communication is to over-communicate.
124. **Fair? What's Fair?** The ultimate American word – pressed into service in many ways.
125. **The Powell Package:** The Secretary of State packs a punch with a prop. If your prediction turns out to be incorrect, you have guaranteed the prop will be reprised many, many times.
126. **Love and Taxes:** How the choice of words can influence public policy. Luxury tax for Valentines Day anyone?
127. **Word-of-Mouth Power:** What your customer says about you to others can reinforce or destroy advertising.
128. **Foot-in-Mouth Disease:** Memorable BIMBOs from 2002 ... BIMBO of the year, and a reminder not to repeat or deny negative words.

INTRODUCTION

Anyone who has read *New York Times* columnist Thomas Friedman's book, *The World is Flat*, understands the 21st century is a time of unprecedented change and challenge. Even those who haven't read *Flat* have personally experienced change and challenge and found this new environment to be either terrifying, exhilarating or both, simultaneously.

Whether your business or career is facing outsourcing, globalization, competition from Wal-Mart, mergers, bankruptcy, labor issues, culture shock or other issues on the long list of "what to cope with today while we prepare for tomorrow," the one common theme is communication. Somehow, people and organizations need to communicate.

"Words Matter," the column I've written for three years for UPI, is an exploration about how we communicate. Mostly, it's about how we mess-up communication. We think we're communicating when we move our lips or tap on a keyboard. As a consultant, I urge my clients to approach communication with the same rigor they apply to other aspects of their business. Most of these essays deal with the business world because that's shorthand for our economic system, the most productive in the world.

This is a book of short essays or lessons. My hope is that they will be easy to absorb, useful and entertaining because we believe that it's not only fun to laugh at the foibles of others, it's the best way to learn.

When I routinely ask clients "What's your definition of good personal communication?" people typically reply:

- Not making a fool of myself
- Being able to get my point across concisely
- Being believable
- Speaking with confidence
- Being understood
- Getting rid of 'ums'
- Connecting with the audience

All these are reasonable answers but they lack cohesion. Here's the Spaeth approach to communication.

Most people communicate with the mindset "What do I want to say?" or "What do I think someone else needs to know?" Unfortunately, most listeners will remember only a few things from your conversation, presentation or interview. Influencing what the listener remembers requires a basic shift in perspective, and an understanding of why people recall certain information while forgetting other information.

In my communication practice, we studied this process and developed a philosophy and methodology that focuses on how to influence what the listener hears, believes and remembers.

The next step acknowledges that your listener will communicate with others and pass along what he or she remembers. Our objective is to harness and leverage this phenomenon to achieve strategic goals.

What we teach is very simple. “Words Matter” because people hear and recall a few key words, build their recollections around them, and the process can be influenced.

And, here are a few more communication tips you’ll learn more about in *Words Matter*:

- ✓ Information competes for memory. Understand this and apply it.
- ✓ Recognize that your listener or target audience is listening in his or her own unique, personal language. Respect how he or she listens and communicate accordingly.
- ✓ Effective communication techniques can be taught and infused into any corporation’s culture. Communication is powerful and a necessary tool for change in the corporate world.
- ✓ And remember, always tell the truth. In a pinch you can remember it.

MIDDLE EAST PEACE THROUGH SOAP OPERAS

Published 11/09/05

How do we improve America's image abroad? Several administrations have sent scholars abroad or sponsored academic and professional visitors here. There's a long list of other initiatives. So why is one of the most successful efforts a Palestinian soap opera?

A few of the less-than-successful efforts included Charlotte Beers, the famous advertising executive, who produced ads. Ads of happy Muslims living in the U.S. There were many problems with this approach. They were obviously ads, with all the flaws, one-sided, overproduced, etc. Several Middle East media outlets refused to run them. Most recently, the talented Karen Hughes was moved to the State Department and did a spin around the world. The news reports were not encouraging. Whatever she actually said, her words were interpreted as saying that Western women and ways were superior because we can drive ourselves and don't have to ask male relatives for permission. (Leave aside that she was exactly right. When something is perceived as lecturing or preaching, people listen differently – and frequently not the way we hope they will.)

An article caught my attention last week about a Palestinian soap opera called *Seriously Joking*. It's a runaway hit in its first season. The focus of the stories is about two Palestinian Muslim families, and their teenagers and young adults, and a Palestinian Christian family. The plots are familiar to Americans addicted to the genre, if tweaked for the region and culture. The episode described involved a 15-year-old girl being pressured by relatives to marry a man. She resists, saying she's too young. The debate, of course, is a microcosm of the clash of generations, familiar to every culture.

None of this sounds as if it's a core part of peace in the Middle East or of America's efforts to foster peace and understanding except that at the very end of the article, totally buried, was the information that *Seriously Joking* got off the ground with a \$170,000 grant from the U.S. Agency for International Development. Now that's news. I'm quite sure that when Congress authorized USAID in 1961, it had in mind water projects, providing seed for farmers, maternal and child health clinics and so on. Yet, *Seriously Joking* is exactly in line with what we should be doing.

First, for Americans, the episode plots may be about family dynamics, but underlying that, they are about individual rights – as opposed to the dominance of the clan or tribe – and women's rights. At the end of this episode, after much debate and agonizing, the girl's family agrees it should be up to her.

In other words, one of the things we take for granted is the right to what President Eisenhower famously called "normalcy," – the ability to determine for

ourselves how we spend our days and our money. Or what President Franklin Roosevelt called the Four Freedoms: freedom of speech and expression, freedom of religion, freedom from want and freedom from fear. It's astonishing – for us – to realize how many people of the world don't live normally – and the causes are the well-documented causes of corruption, war and aggression, terrorism and political systems, like communism, which destroy enterprise.

This is also exactly what USAID, and by extension the U.S., should be doing because we are fostering just what we value here – entrepreneurial effort and local knowledge. By our sponsorship, we're saying to the Palestinian people, "You can explore issues. You can live together. You can aspire to the future," and we'll support you.

Selling normal life on a soap opera is a strange but wonderful tribute to America. After all, they're called "soap" operas because the original television dramas were sponsored by companies like Proctor and Gamble and products like Tide.

We've also given them the freedom to pick what they explore. We might say that the young Palestinian producers have chosen to be what we would call politically incorrect. There aren't any Jews – yet – on this series. There were no inter-religious marriages or love affairs, and not a whiff of a gay community. But one of the producers says they don't rule that out and was quoted by *USA Today* saying, "To be able to gain trust and keep building a relationship that could continue to grow, you start slowly." Amen. Or perhaps Shalom would be more appropriate.

A second season of 20 episodes has already been commissioned. I hope they attract a wide audience, and that an enterprising cable channel buys and airs them here. I can't wait.

SPEAK, EXXON, SPEAK!

Published 11/02/05

Oil revenues are at an all time high. Democrats are calling for investigative hearings and a windfall profits tax. And Exxon is taking out ads saying “Oil industry earnings are high but not out of step with other industries.” It’s not enough. As Joan Rivers famously said, “Let’s talk.”

We get information from a variety of sources and through a number of predictable channels. In this case, we see the price of gas at the pump, sometimes changing – going higher – before our very eyes. We see what’s in the press. And we talk; we attend all kinds of meetings where people talk about all kinds of topics, and we talk to each other.

The so-called ‘media’ is first and foremost divided between what we know is advertising, controlled by Exxon, and news. There’s print media and electronic media, and there are headlines and the body of the story.

After Katrina and Rita, ExxonMobil started aggressively advertising to explain why prices rose so quickly and to tell the American public they were acting responsibly, trying to bring production back on line and getting fuel to first responders. When the recent news of almost ten billion dollars in quarterly earnings triggered headlines like “Big Oil Rakes in Historic Profits” (*USA Today*) or “ExxonMobil Profit Soars 75%” (*Washington Post*), they responded with ads titled “Oil and Apples,” trying to show that their profit margins are about middling for all industries.

Exxon executives and experts need to mount as major an initiative towards public education as they do towards oil exploration. “Taking on the world’s toughest energy challenges” is their slogan. For their sake and for the country, they need to take on the even tougher problem of economic illiteracy.

If not, the message from headlines and the electronic media may carry the day. Headlines across the country in national and local papers, and television, have trumpeted the unprecedented earnings. Interestingly, the print media, unlike twenty years ago, has done an outstanding job explaining profit margins, the amount of profit made on each dollar, and noting that banks and industries like pharma make more than twice what Exxon makes. Both local and national newspapers have devoted space to where the oil companies invest their earnings, who gets what from the price of gas at the pump and the difference between a refiner, distributor, owner and so on. In other words, someone reading all the print coverage would get a very balanced, even sympathetic understanding of the economics and come away impressed with how Exxon is conducting itself and preparing for the future.

The problem of course is that most people aren't going to read all the well written stories. They'll stop at the headlines and television stories. And the TV producers have obligingly amplified the calls for hearings and the attacks on the "obscene" earnings. Sen. Hillary Clinton, D-N.Y., wants to impose fees on oil companies that aren't promoting conservation and alternate energy sources. Sen. Byron Dorgan, D-N.D., feels the Democratic Party is politically bound to attack the oil companies and that Democrats "will pay a price" if they don't. Republicans, who should know better, are also jumping on the quote-worthy bandwagon.

Exxon's ads are excellent. They also produce a teacher's kit which is first rate. What they aren't doing is subjecting themselves to the gnawing and chewing of media interviews and community speeches. This is as much a campaign for the heads and hearts of the American public, and verbal communication, particularly in the question-answer format of interviews and town meetings, must be a part of the overall communication plan. It's seeing how spokespersons respond and interact, particularly when challenged, that helps us understand an issue. Ads and written statements are only the first few percent of communication. We need to be engaged as listeners and questioners.

The oil companies' earnings also provide what educators call a "teachable moment" which could help tackle Americans' economic illiteracy. Far too many Americans are clueless about the difference between revenue and profit, the role that price stability plays in a company's willingness to invest in assets which take years if not decades to mature, and the contribution Exxon makes to all the shareholders fortunate enough to hold Exxon stock. The real winners are the American public who know that gasoline will continue to be supplied and those whose pension funds have invested in Exxon stock. That's a great story, but it needs to be told.

STORIES AS PROOF

Published 09/21/05

Did Hurricane Katrina reveal a deep rift between African-American and White Americans? Was the rescue effort a mess? The conclusion you reach depends on which stories you choose to focus on, and because of the way the media picks stories to illustrate a political point of view, we risk learning the wrong lessons for the future.

The news media looked for victims. They found Deon Richard crying, sitting on a curb, 37 years old with nine children saying, “We don’t have water, we don’t have gas, we’re all sitting out on the corner waiting for someone to help us.”

Reporters decided early that the rescue effort was incompetent. They found 38 year old Curtis Green, a cook, saying “Nobody has any plans. We’re depending on them for food, water and shelter. Who’s in charge?”

Why is the choice of illustrative story important? Stories shape public opinion and our expectations and demands. Did President Bush purposely ignore New Orleans because of its heavily black population? We heard from an African-American man selling records in New York who said he believed the President felt “Blacks ain’t worth it.”

USA Today reported that 23 percent of whites agree with the statement that President Bush doesn’t care about blacks but 66 percent of blacks agree with it; that most African-Americans believe that the relief effort would have happened quicker if the victims had been white. This conclusion is shocking to whites including Hispanics. But it’s understandable given the stories and images the media chose to show.

The poignant stories of individuals trapped in their homes or the New Orleans Superdome are heartrending, but really beside the point from the point of view of bettering people’s lives. More important is what prevented them from leaving. Did they think, as in so many past storms, this one wouldn’t be so bad? (One expert has called this “hurricane amnesia.”) Except for those in nursing homes and hospitals or the incapacitated, people saw the storm approaching and could have found a way out if sufficiently motivated. Were they afraid to leave their homes because of potential looters? (A not entirely irrational concern.) There was much less media attention to low-income, minority residents who got themselves out of New Orleans early. Their stories would be far more useful to understanding human behavior and motivating people in planning for future disasters.

Did they not want to go without their pets? Allowing people to keep their animals with them would have made a difference – plus left thousands of fewer animals to starve, die and rot.

Discussion about motivation goes far beyond evacuation. Take the person with the nine children. The statistics are very clear; people, who graduate from high school, develop a skill or profession, have children in the context of marriage and stay married, don't smoke or do drugs, drink only moderately and pay attention to their health have a very bright future. It is not surprising that the person with nine children is in trouble, but there are two, very different points of view about what will improve their life and whose responsibility it is.

The federal government, not traditionally the first responder in a crisis, did its usual incompetent job. (Excepting the military, led by Lt. General Russel Honore.) However, private efforts performed magnificently and should cause people like Charles Steel Jr. of the Southern Christian Leadership Center to think twice about whether the government or the private sector is a better bet to help lift people from poverty and discrimination.

The real story of Katrina is told in the tens of thousands of people and non-profit institutions which rose to the occasion literally overnight, providing housing, furnishings, jobs, food and love. The stories which should pre-dominate; the white doctor from Baltimore who immediately came to Houston to volunteer to care for people; the office manager for one of the properties of the American Housing Foundation who organized a group of co-workers and churches and relocated hundreds of families into free apartments, furnished down to alarm clocks and bikes for the kids. One picture deserves to be replayed over and over. Three white rescue workers gently cradling an elderly Black woman, lifting her over the waters and to safety.

Did Hurricane Katrina illustrate relationships between the races? Yes, it illustrated the bonds of humanity are much stronger than the barriers of race and that the private sector is an effective ally.

“AS PRISONS”

Published 09/08/05

“Let us rise above the dogmas of the past,” said President Abraham Lincoln, trying to get the North and South to think beyond the hatred of the Civil War. His words could guide the labor union movement in the United States.

Union is a powerful word. In the 1800s, the word union represented workers who wished to be treated fairly and with respect. (Anyone who wishes to comment on the troubles of today’s unions should read the accounts of the treatment of workers at that time. Understanding the DNA of the labor movement helps explain their seemingly counterproductive behavior today.)

The union movement today is anything but unified. They need new words because the words of the past imprison them, and to redefine themselves, they need new ideas.

The word ‘union’ had starkly different meanings to people. To diehard union members, ‘union’ connotes a heritage of standing up for workers’ rights progress, health benefits, fair treatment and security. “Union” represents the average guy. To many other people, not just business people, union means unreasonable, inflexible, short term and irrational. That is, the unions of General Motors were willing to trade very short term wages and benefits for the future of General Motors and the auto industry in general. While one can certainly fault the General Motors management, union contracts, intransigence and inflexibility have been a major contribution to GM’s market share which has declined from 40 percent to 26 percent.

The reason union membership has been declining is that economics and industries have changed dramatically, and unions are the 1850s Southerners of today. If American unions really want to play a role, they need to take Lincoln’s advice.

Let’s take an example, the bricklayers and allied crafts; these are the highly skilled individuals who built American’s northern cities; the artists who laid the tiles and mosaics at public places. The BAC is one of the most farsighted unions and has its own research and training institute. These jobs are highly paid and carry health and retirement benefits. BAC members are enormously proud of their skills and discipline. They are also virtually invisible in Texas and areas of the country experiencing the largest housing booms. The word ‘union’ is anathema to home builders.

There words that dominate the building industry are “quality,” “safety,” “timeliness” and “cost.” The words which aren’t part of the debate but which should be are “illegal” versus “undocumented” and “private responsibility” versus “government.”

For many years, BAC workers claimed superiority in quality, timeliness and safety. (It's worth noting that builders do not necessarily share this rosy recounting.) Non-union workers were scorned for sloppy work and lack of safety procedures.

Today, non-union labor is just as concerned about occupational health and safety issues, and they are justifiably proud of their own skills. They are also highly likely to be Hispanic, and there is a direct relationship to illegal immigration. The union movement, as an ally of the Democratic Party, has generally ignored illegal immigration and uses the words "undocumented workers."

With 'quality' and 'safety' equal, 'cost' becomes the differentiating factor. And there's a huge cost difference. Some of the difference is attributed to wage differential, but some is due to health and retirement benefits. Union members get them; non-union members don't. In effect, the non-union wage differential puts the costs on the taxpayer. Health care is foregone or provided by public hospitals supported by taxpayer dollars. Parkland Hospital in Dallas delivers more babies than any other hospital in the country, and their patients are overwhelmingly minority with the Hispanic segment containing illegal aliens. For workers who stay in the country, pay Social Security taxes and end up as citizens, retirement becomes solely the responsibility of government.

If unions want to get the attention of the end user, the customer, simple education and an appeal to fairness isn't likely to be effective. The cost differential is still a huge barrier, but the union's marriage to the Democratic Party and their issues further separate the union from the end customer. The home buyer is highly likely to oppose illegal immigration and is potentially open to an appeal to play a role in closing off one powerful attraction – as long as cost isn't affected or isn't affected by a factor of two or three times. Instead of spending millions of dollars campaigning for candidates or attacking conservatives, the unions might consider this message: employ only our legal workers and we will make the contributions to health and retirement.

In other words, American unions need to rethink which constituencies they are "unified" with, what the messages are that they are currently sending and what actions – and therefore new words – might pave the way for new 'unions.'

GREAT JOB!

Published 08/31/05

When your CEO does a mediocre job in an interview or speech, and says, “How’d I do?” do people automatically say, “Great job!”

Our video library is filled with examples where a senior executive did a poor, sometimes horrible job, in an important forum. (These can be internal as well as external. Giving a boring, listless presentation to employees can be more damaging than flopping before a business or industry group.)

There are predictable reasons many executives don’t do as good a job as they should. First among them is lack of communication philosophy. “I speak, therefore I’m good,” seems to be the operative philosophy, closely followed by “I’m an expert. What can they ask me that I can’t answer?” This out-of-date attitude forgets that the listener/audience only remembers a few things, and a more effective philosophy is to ask who the intended audience is and what the executive wants them to hear, believe and remember.

Following a clear philosophy of what’s expected from effective communication, the next thing needed is training. Good presentation skills aren’t only about eye contact and hand gestures. They’re not unimportant, but much more important is structuring the remarks or presentation to influence what the audience ultimately hears, believes and remembers .

The most frequent mistakes I see are:

- Failing to prepare adequate material, including illustrative and motivational stories.
- Failing to practice or rehearse. Any presentation is part performance, part information. Take out the performance elements and you have an article. The most frequently cited reason for not rehearsing, “I’m too busy,” is no excuse. President Reagan rehearsed everything. So did CBS founder and CEO William Paley. He even rehearsed toasts and congratulatory remarks.
- Rambling. Executives who think while they talk almost always ramble. Rambling is defined as taking 60 seconds to say what could be said in ten seconds. (A properly structured point may take several minutes, but that’s with a clear headline, factual material to give it intellectual heft and stories or quotes to make it interesting.)
- No outside (or honest) critique. When someone says, “Good job!” be instantly suspicious. I see CEOs and senior executives of global companies who don’t smile, project confidence or energy and endlessly ramble... and an honest critique would shock them. Why is it important for a senior executive to smile? To project energy? Because he or she is the leader. We don’t just listen to their words, even assuming they’re properly composed. If the senior executive doesn’t look happy to be there, it affects how the audience listens.

If the executive doesn't appear to be enthusiastic about what he's saying, why should we, the listener?

- Laughing at your own jokes. As every great comedian knows, humor is serious business. Of course, humor is a critical part of speaking and leadership, but don't depend on laughter from your underlings to confirm that you're really funny. Anyone wishing a vivid lesson on this need only watch lawyers in a courtroom. Judges' humorous comments always get an appreciative chuckle or laugh... no matter how lame they are.

An effective first step is conducting audience surveys, which ask the audience to rate the speaker on both material and delivery. These can be eye openers. One senior vice president who considered himself a powerful communicator was shocked to get feedback that he wasn't funny, didn't connect and didn't listen.

Videotaping and outside critique is also helpful. The camera may not tell the truth, but the camera shows what the audience is seeing. In 1984, when then-vice president Bush debated Congresswoman Geraldine Ferraro, the Democratic candidate for vice president, I was on the team rehearsing the vice president, and went along to hear the debate. I thought Mr. Bush wiped her out, and I was surprised to hear that people who watched on television said it was a draw. When I went back and watched it on television, I had a very different impression. Mrs. Ferraro seemed much more focused, much sharper. Mr. Bush seemed strident, not forceful.

I can promise that executives who take this advice to heart can be sure they'll really be doing a – great job!

MEMO TO MERCK

Published 08/23/05

A jury in a small town in Texas just awarded \$253 million to the widow of a man who took Vioxx. Merck, who made Vioxx, argued facts and issues of law, while the plaintiff's attorney presented a compelling anecdote – the dead husband.

The first issue is where the trial took place, not as a matter of law but of communication. In a small town, everyone knows everyone. The Merck folks were from “outside.” They wore more expensive clothes. They ate by themselves. Right away, the two sides are in different universes.

The power of the anecdote versus facts. Merck's facts were that Robert Ernst died of arrhythmia, which had never been linked to Vioxx. Indeed, the coroner in the case listed clogged arteries, not heart attack, as the cause of death. Case closed? Not nearly. First of all, Ernst was indubitably dead, and the jury of non-medical people could hear the “facts” without buying into what was correct scientifically.

Even more important, Merck's entire strategy was defensive. Vioxx was on the market in the first place because it helped people!! The tens of thousands of people who depend on Vioxx and find it helpful or essential never came to light. Without them, Mr. Ernst had a lock on the human element of the case.

The framing of the case and the language was also an issue. In the closing statements, one of Merck's lawyers told the jury that if they absolved Merck of blame, they would also absolve the widow of her guilt from encouraging her husband to take Vioxx. That line could not have been tested on any competent communications people because they would have come out of their chair with a recommendation not to use it. After the verdict, Merck's General Counsel said that their appeal would be about “fundamental rights to a fair trial.” That may be the legal argument, but the public argument should have been about the importance of developing drugs which help people and that the people who develop these drugs are also, well, human. They dedicate their lives to helping people. Merck had no “people.” It was a big company versus a person.

Statistics and perspective also caused trouble. The plaintiff's attorney, Mark Lanier, made much of Merck's \$22 billion in revenues – so what's a mere \$200 plus million? Again, Merck never personalized or humanized what it does with those revenues – who are the individual shareholders? Employees? Projects to save lives? So it was just a humongous number from which a Big Company could easily spare some change.

It's no secret that people have been watching television for decades, and that has changed how people process information and react. The concept of “likeability” is important. I can't tell from a distance whether the jury liked Merck's

lawyers and witnesses, but the reporters seemed not to. They reported when witnesses “bristled” or seemed defensive.

Perhaps part of that was linked to Merck’s seeming inability to admit any wrongdoing. Lanier showed marketing material called “Dodgeball” which apparently trained marketing people how to avoid tough questions. Could Merck have admitted this was a horribly named mistake?

The vast differences in style were also on display with how the lawyers presented their cases. Mr. Lanier used PowerPoints, props and cartoons, which the Merck lawyers dismissed as Saturday morning television. Wrong. It may be a court of law, and they may be discussing legal issues, but if the jury is watching television and entertainment, Merck better consider how that impacts how they display their case.

Why is this important? One of the charges on which the jury found Merck guilty was that the company acted with “conscious indifference” and knowingly sold a dangerous product. The opposite is true. The great pharmaceutical companies, including Merck, are dedicated to improving the quality of health and saving lives. It’s dangerous for the industry and for the public to believe that Merck or any other company is just in it for the buck.

Last week, the former President of the University of Colorado had some advice for everyone. Elizabeth Hoffman left her job over the intense criticism of a professor, Ward Churchill, who wrote an essay blaming the victims of 9-11 for their own deaths. (He had a lot of other problems, too, as it turned out.) She said, “I wish I’d listened to the communicators more and the lawyers less.” We aren’t telling Merck not to listen to the lawyers, only that the issues in this case weren’t just legal ones.

DOLLARS AND SENSE

Published 08/17/05

Can communication have a direct impact on a company's financial condition? Here's a clear example.

Tempur-Pedic, the high priced foam mattress company, announced that it would introduce a low(er) cost model. Wall Street had been expecting the announcement would be news of a super premium model, costing as much as \$5,000. Tempur-Pedic stock lost almost a quarter of its value. One analyst who downgraded the stock said, "The communication was mismanaged."

It certainly was. Where did investors get the idea that the announcement would be the debut of an even higher priced product? Apparently from the CEO himself. It would certainly make sense. We live in an age where a charity couldn't auction off a \$50,000 Mustang as a door prize because the amount of money seemed inconsequential to the hedge fund managers who attended. (Recall, Martha Stewart walked into court with an \$8,000 handbag – and a mattress is something you sleep on every single night!)

The first question to ask is always – who's the audience? In pricing questions, the customer is usually the priority audience. But Tempur-Pedic's most important audience should have been investors. The company's "stellar" financial results, as *Business Week* described them, depend on very attractive margins of 27 percent. Lower prices usually mean lower margins, meaning lower profits. While public companies may be limited in what information they release and how, they have enough leeway so key audiences don't have to be shocked. The CEO wasn't prepared to sell the news as he made the announcement so his explanation – that he'd make it up in volume --appeared reactive and defensive. Worse, it implied an entirely new marketing strategy and business model.

It's a new business model because lower prices put Tempur-Pedic directly into competition with much larger companies like Sealy and Simmons. It's a new marketing challenge because selling to the elite involves positioning a product whose high price is part of its intrinsic value. Selling to the middle class with back problems requires explaining a product more expensive than the foam sold by the competition.

In hindsight, it's easy to see Tempur-Pedic's mistakes. The harder question is why the company made them in the first place. The answer lies in the communication model.

CEO Trussell bought the U.S. rights to Tempur-Pedic in 1992 because he loved it. He believed in it so strongly that he aggressively pressed it on others. The story about how he got Brookstone to carry his pillows has passed into business lore. Trussell nagged and nagged a Brookstone merchandising manager for

weeks, finally persuading him to take a pillow home. The manager's wife's reaction to the pillow persuaded Brookstone to carry it, despite the price tag. This "story" pops up over and over in case studies, business books and other examinations of how brands become real.

In other words, Trussell's communication strategy was to believe in his own instinct. But, every company grows; market conditions change; competitors change. It's no longer the company the founder envisioned. Or perhaps we should say, it's no longer only the founder's company. For one thing, it's a public company, and that makes it accountable to the shareholders.

Even if Trussell is proved correct, he needed someone close to him, who understood him and loved the product as much as he did, to focus the discussion of what different audiences would think and how to prepare the company to explain itself persuasively to those audiences.

As Trussell explained his thinking afterwards, he had his reasons. The overwhelming percentage of mattresses cost much less, so down-market is where the growth is. Again, this doesn't answer the questions about margins, profits and new competitors, so this strategy should have been buttressed with research and anecdotes about what potential customers would invest in a mattress. It may have needed to be bolstered, no pun intended, with how customers would finance their purchase.

Trussell may prove correct again about the preferences of the buying public, but that won't allay all of Wall Street's concerns. Successful entrepreneurs develop a circle of expert and honest advisors. Some may be board members; some may be high level employees and others may be peers outside the company or industry. But the history of business is littered with companies with a great start that became insular and eventually faded or failed. Mr. Trussell should look in the mirror and consider this a Polaroid moment.

STORYTELLING IS FOR ADULTS

Published 08/10/05

The best business book of the year doesn't have any pictures of the author or a glossy paper cover and wasn't written in the United States. *Storytelling: Branding in Practice* was written by three Danish consultants who believe that "storytelling" is how a company explains its values and builds its brands. These writers say, "Today, the lines dividing these categories (advertising, marketing, communication and public relations) have blurred." What holds them together? Stories.

Most of corporate America distained storytelling for decades in favor of facts, slogans, or "messages," those drippy platitudinous sayings that are supposed to make everyone feel good.

The ubiquitous use of PowerPoint as a visual aid has damaged storytelling. There's no template for a story on PowerPoint. It doesn't fit into bullet points or bar charts.

"If your company's employees cannot explain how you make a difference, then it is naïve to think that customers should choose your company over your competitors," say writers Klaus Fog, Christian Budtz and Baris Yakaboylu. To do this, corporations need to tell what they do in terms of what it means to an employee, a customer, a neighbor, and an investor. Berkshire Hathaway is a sterling example of a company with stories of what it has meant to investors. One share of stock for \$18 in 1965 (the year Warren Buffet bought the company) is now worth \$85,000. There have been countless stories of what has been referred to as the "Berkshire Hathaway Miracle." For example, the Rhode Island Foundation received their third largest donation to date last year from Ruth L. Kilton. Ruth's husband purchased 175 shares of Berkshire Hathaway stock in the late 1950's. Mrs. Kilton never sold the stock, and left it to the Rhode Island Foundation to assist in helping children, the elderly and animals. The stock was sold for \$17 million, all of which will go to Mrs. Kilton's favorite causes.

True stories can be leveraged by advertising. For example, an Air Zimbabwe flight from Harare to London refueled in Marseille. Unbeknownst to Air Zimbabwe, there was a 2700 Euro fee to land - which the pilot didn't have and wasn't prepared to pay. He asked the passengers for help or advice and one of them put the fee on his American Express card. The story "proves" the AmEx line "Do more."

For years, stories about FedEx's reliability and devotion to customer service have been legendary. There's the story of a FedEx Express driver whose truck broke down in New York City, so he hired a cab to finish his deliveries, and the one about the driver who had to deliver his package by bike. At the close of

Castaway, Tom Hanks delivers the package that floated ashore with him years before.

Storytelling tries very hard to teach readers how to tell a story: you need a conflict, a hero, a benefactor, a beneficiary, and a goal. I'm not sure any book can teach someone how to tell a story. The best way to identify a story and see if it strengthens the company's brand is to identify the target audience – employees, potential employees, customers, potential customers, and so on – and find a story which makes the target think, "they could do that for me." The goal is for the listener to in some way identify with one of the characters in the story.

The real benefit of *Storytelling* is to validate that it's ok, in fact it's crucial, to move beyond slogans, facts, and PowerPoint slides and to start, well, talking and telling stories.

Stories can help bring about change. For example, General Motors desperately needs to convince its unionized workers of the importance of contributing to the cost of their own health insurance and radically rethinking their pension costs. The authors tell a number of stories about companies and individuals seemingly caught in a hopeless bind who had the courage to change. As President Lincoln put it long ago, "to rise above the dogmas of the past." Of course, on the flip side are all the stories of companies, workers, and executives who couldn't get it together and became extinct.

EDS has a worldwide program underway to enlist every one of its employees to learn and tell the EDS story, and in so doing, to commit to developing and delivering the stories of the future.

A few caveats for companies that embrace storytelling. They resonate because they're true. Fake or hyped stories damage credibility. Stories that rest on values or build a brand also require consistency. The current crop of Emperor CEOs will have a hard time using stories of loyalty or innovation or any of the hallmarks of long lasting brands unless they take a cold, hard look at their own behavior to see if they are modeling the articulated values. Like the story that begins, "Mirror, mirror on the wall..."

YOU CAN TAKE IT WITH YOU

Published 07/27/05

July 18, 2005, 3:02 p.m. "Citigroup Chairman Sanford Weill to step down," CNBC reported.

3:15 p.m. Citigroup CFO Sally Krawcheck tells CNBC their report is incorrect.

3:36 p.m. "The CNBC report that Sandy Weill is leaving as Chairman of Citigroup is wrong," according to a statement released by Citigroup.

It turns out that CNBC was right; Weill is leaving, and he intends to take the company's private jets and a lot more with him. And he's only the latest in the line of Royalty CEOs who create structures which reward them "almost obscenely," according to Arthur Levitt, former chairman of the SEC. (We can take out the "almost.")

Thanks to the First Amendment, we've been able to read all the details. What's even more interesting is what we're learning about why Weill may not get his way.

Weill was paid over \$1 billion, over almost twenty years as he built Citigroup into a powerhouse. Whether he created something "built to last," the phrase author and businessman Jim Collins uses to describe truly great companies, is in dispute. Successor CEO Chuck Prince is trying to salvage the company's reputation after years of ethical lapses and resulting regulatory furor. Citigroup's private bank in Japan was shuttered for wrongdoing.

Jeff Kleintop, chief financial strategist for PNC, was quoted by Bloomberg saying, "Prince is paying the price for Sandy's strategic and cultural moves." While Mr. Prince and other successor CEOs, like John Mack at Morgan Stanley, clean up, the departing guys leave with full pockets.

Phil Purcell ran Morgan Stanley after their merger with Dean Witter, and Discover & Co. in 1997. Morgan stagnated for years vis-à-vis their competitors. Purcell drove off a steady stream of talent, and finally, and only after a public campaign by the departed executives, Purcell's hand picked board reluctantly waved goodbye – but so his feelings wouldn't be hurt, they awarded him "exit benefits" of \$62.5 million, plus \$250,000 a year, plus \$250,000 of Morgan's money that he could direct to charities – still not done – plus an office and secretary. And this was on top of the \$62 million he got in stock and other accrued benefits. And, there's more. Purcell tried to insulate himself by appointing a deputy, Stephen Crawford, who served three months as President. He got \$32 million to leave. Slight paraphrasing from Macbeth "Nothing in his job benefited him as much as his leaving of it." (*Shakespeare's actual quote read, "Nothing in his life became him like the leaving it."*)

We know about both of these sweetheart deals because of the requirement of public disclosure.

We learn that Mr. Weill may not get out of his contract early, or may have to suffer the indignity of flying First Class, or shell out for his own plane because the board was concerned about “unfavorable publicity” given the outcry over Purcell’s obscene self-enrichment. One headline said, “Weill Exit Barred by Citigroup Board over Fears of Pay Backlash.” Board members told friends they were concerned about the “appearance” created of having Mr. Weill starting a new venture and using Citigroup’s planes, particularly because Mr. Weill wanted out of his contract and into his new life because, according to Roger Berlind, who runs another securities firm, he sees an opportunity to make “insane” amounts of money.

What’s ‘insane’ is that the board isn’t acting because it’s clearly inappropriate for Mr. Weill to treat Citigroup as his private chauffeur and piggy bank; they’re acting because they’re afraid of bad publicity.

Citigroup may be a sophisticated financial company, but their communications strategy is way behind, which is why the public heard the vehement denials about Weill’s departure. Apparently, they weren’t embarrassed to be caught giving flat out false information to a major business reporter and allowing their own CFO and top woman executive to look as if she were either lying, totally in the dark, or a fool.

The moral of this story is that if regulators and shareholders make enough noise, the Boards of Directors will be a little more responsive. Not because they’ve had an epiphany about what’s the right thing to do, but because they’re cowardly. Why cowardly? Because if diverting huge amounts of shareholder assets to failed CEOs or CEOs who outlived their contribution was the right thing to do, they would stand up and stoutly defend the payouts.

They’re afraid of what Roger Raber, head of the non-profit National Association of Corporate Directors calls “the perception of greed.” Gee, why would we perceive that these CEOs are greedy? Perhaps because they are.

AND IT'S WORKING

Published 07/21/05

It's the Internet Age, so everything is web based, right? Wrong. Listen to Mark Gibson, marketing director for Compass Bank who says, "You have to go out and speak to people."

So although banks in the Dallas area have doubled their media spending over the last four years, Alabama-based Compass Bank hired an actor, equipped him with a purple mobile ATM and told him to attend community events, sporting venues and other places where people gather. When they approach the vehicle – which looks like what might be produced were a Brinks truck and an ice cream van able to share a night of love – he talks to them about what makes Compass Bank different.

Century Bank has a six foot tall foam number "7" which shakes your hand as you walk past. The idea was to remind people the bank is open seven days a week. The bank president says he initially was concerned it wasn't dignified, but that today, "we think it's working like a charm."

These remind me of the old saying, "everything old is new again." One of Dallas' first bankers, Fred Florence, who founded what became Republic Bank, in the 1920s used to stop people on the street and ask, "Do you have an account with my bank? Why not? What can I do to convince you to open one?"

Companies that understand how to "talk to people" one-on-one, and how to attract them – like Compass Bank's mobile ATM with its garish sign, "ATM FEES. That ain't right." – are reinventing what Fred Florence knew a century ago. A genuine personal approach gets attention better than anything else.

A genuine approach plus humor, like Century Bank's "7," works even better. The idea is to have the effort aligned with one of the institutions strategic, differentiating messages.

Once a company has its own personnel reaching out one-on-one, the next step is to define a company's or organization's "family" as more than the employee; that it should include everyone the company touches. This would seem like common sense, but too frequently, organizations discourage their "family" members. Several years ago, Carol Farkas, a volunteer at Memorial Sloan-Kettering Cancer Center in New York City, sent a letter to two dozen friends asking them to contribute \$10 to the Home Care Program and to send the letter on to ten friends. Mrs. Farkas also happened to be married to the former chairman of Alexander's, so her circle of friends included some very tony individuals, and they did as she asked, sending the letter to their friends, including Gregory Peck, Lauren Bacall, Katie Couric, Elizabeth Taylor and many, many others.

The letter raised \$215,000 for the cancer center. Were they pleased? They were not. In fact, they were furious. They asked Mrs. Farkas not to speak to the press, and sniffed “privately” to *The New York Times* that they considered the letter “tasteless” and “unbecoming.” Their official reason was that the cancer center also has a national direct mail campaign asking for donations as small as \$25, and that Mrs. Farkas’s effort might be “confusing.” We’ll bet the cancer center’s list doesn’t include Mike Nichols, Betty Rollin, and songwriter Carole Bayer Sager.

The center also tarred Mrs. Farkas’s letter as a “chain letter.” Poor Mrs. Farkas slunk back into her role as quiet volunteer. Rather, she should be presenting herself – as a highly paid consultant – to banks like Century and Compass. Mrs. Farkas illustrated the Holy Grail of marketing – enlisting your customers. What should the cancer center have done? They should have integrated her wonderful, creative – and successful – initiative into their marketing and fund-raising campaign. They should have followed up with everyone who gave money with a thank you note... and of course later, an invitation to participate in an event, which just coincidentally would require funding.

Mrs. Farkas’s effort was actually perfectly aligned with what Sloan-Kettering is trying to do: position itself as a national institution, recognized and respected by a wide variety of individuals.

People who got the letter also got a photocopied list of previous recipients, and the result is a fascinating sociological study of who-knows-whom. *The New York Times* traced how the Farkas’s friends knew Hollywood celebrities, who also knew famous lawyers, who also knew members of the art crowd, who also knew TV producers, and so on. Sloan-Kettering couldn’t have had a better example of who talks to whom about Sloan-Kettering.

Sloan-Kettering, of course, is a revered non-profit institution. Can commercial enterprises, like banks, like JC Penney, and just about every other kind of organization, use the same techniques? We believe they can. The question is whether the members of the “family,” including customers, care about the organization and value what it does. Commercial enterprises can be mission-driven as much as non-profits. Saxon Publishing, the small company that revolutionized how math is taught, is now part of Harcourt Achieve. Teachers who have experienced the results of Saxon button hole others to excitedly describe what Saxon can do for their students.

Mrs. Farkas, come back! All is forgiven. In fact, we want you to teach everyone. Mrs. Farkas’s only comment to the press in the beginning was that she never thought of asking for permission;

“I just did it,” she said.

Today, organizations are energetically trying to learn how to “just do it.” Their reason is, as Compass Bank’s ATM driver, Randy Sparks, says, “It’s working.”

LIGHTS, CAMERA, ACTION

Published 07/06/05

The acquittal of former HealthSouth CEO Richard Scrushy is being dissected as a case study for lawyers. There are important lessons for business executives, too.

First, know your audience. Legal experts say the prosecutors made their biggest mistake not moving the trial out of Birmingham, Ala., where Scrushy had given away millions. The local defense attorneys clearly knew who they were talking to – their neighbors. Too many executives forget to ask “who’s my audience?” for a particular message or they use the wrong communication network. A few years ago, the Kellogg Company lowered cereal prices, and their CEO went on “Good Morning America” to discuss it. He never used the words which motivate us to buy cereal – delicious, convenient, healthy, kids like it, nutritious and of course, ‘toy inside.’ Instead he talked about “consumer learnings” and how they would use coupons “more judiciously.” This wasn’t a bad message – for a marketing or business group. On *GMA*, his audience should have been Mom, and while Mom is interested in value, she is primarily motivated by all those positive words.

The poet William Butler Yeats once wrote that we should speak in the language of the people. Scrushy’s defense lawyers called the judge “ma’am” and used local colloquial language, making fun of one prosecution witness by calling them as “clean as a Winn-Dixie chitlin’.” The prosecutors used legal jargon. The same lesson applies for business, with some caveats. If you’re in Dime Box, Texas, using words like ‘bloviate’ and grammar like “to whom should I address this missive?” serves to differentiate you. In New York City, Texans who say ‘thee-ay-ter’ for theater lose credibility.

Don’t bore people. The defense team had a simple message – everyone else is a liar. Improbable as that seemed, it prevailed against the mounds of complicated evidence the prosecution loaded on the jury. Related to this lesson is the importance of keeping a sense of humor. Lead defense attorney, Donald Watkins, held up a cartoon of a rat as he described one of the prosecutions witnesses and wore a tie with a rat on it. By contrast, the government lawyers were grim and plodding. Today’s business leaders need to study CEOs like former Southwest Airlines’ Herb Kelleher, who made humor an effective part of his business strategy.

Remember the power of hope. It’s not just about facts. One of the most innovative strategies of the Scrushy defense team was their appeal to the juror’s hopes that black and white people could work together. Although critics viewed it as a cynical ploy when Scrushy suddenly switched from a wealthy white church to an African-American one and found a sudden desire to preach at black churches, jurors and Birmingham citizens wanted to believe he was sincere because, in their own words, it proved that Birmingham had moved beyond racial

conflict. The selection of African-American attorney Watkins was not seen as an attempt to influence the jury, but rather as proof that a rich, white man would hire a talented black professional. It's not even worth commenting on how the prosecutors failed here. The lesson for the business community is to be much more passionate and aggressive talking about the mission of providing jobs; how creating assets creates stability and fulfills hopes and dreams. Quarterly earnings are just the way we measure the steps to get there.

Lights, camera, action. When Scrushy joined Guiding Light, the African-American Church, he funded an outreach program over the airwaves, with himself as host and local ministers as regular guests. The importance of adding a television component to communication cannot be overstated, and Scrushy was good television. He should be Exhibit A to business executives about why they need to aggressively, regularly and effectively use television. Few executives are natural TV talent, but everyone can learn enough skills to include this important communication channel.

Match negatives with positives. Although prosecution witnesses and taped conversations – not to mention the actual facts – appeared to show Scrushy cognizant of the accounting sham and indeed its architect, there were also comments on tape such as “I will never put anything on the balance sheet or income statement that is not 100 percent accurate.” Given Scrushy's sophisticated understanding of communication, it's highly likely he seeded those comments to protect himself in the future, and it worked. In the business world, the drug companies have repeatedly been tripped up by e-mails or memos discussing the side affects or dangers of the drug being attacked in litigation. Juries don't understand that this is how scientists and researchers talk. Those “smoking guns” would look much different if they were simultaneously accompanied by comments about the lifesaving potential of the drugs being studied.

While it may have been a mockery of justice, Scrushy's acquittal will serve the public if our business leaders learn the lessons and use them honorably.

HE DIDN'T GET IT

Published 06/29/05

Phillip Purcell didn't get it. The just-ousted Chairman of Morgan Stanley didn't catch on to the major changes in how CEOs need to communicate. He didn't know how to listen, and he failed to recognize the business environment had changed.

Insiders have been following the clash of communication cultures for some time. Purcell came from Dean Witter when it took over iconic, elitist Morgan Stanley in 1997. The general wisdom was that the Morgan execs would run the business because investment bankers had more savvy than retail investing types. It didn't work out that way, and Purcell took over as CEO. Purcell never grasped that just because he didn't need the support of the Morgan Stanley executives to become CEO, he needed them even more to succeed as CEO.

Morgan Stanley was also caught up in the new era of Sarbanes-Oxley. Like other Wall Street Institutions, the firm found itself a target of the SEC and New York State Attorney General Eliot Spitzer's newly discovered mission to protect the investing public from self-dealing and hyped research reports. Morgan had to shell out tens of millions to settle.

Settling with the SEC or Spitzer is like the black widow's mating ritual. The male wants to get it over with as quickly as possible and lay low. Purcell illustrated his lack of communication sophistication when he disparaged the importance of the settlement to a group of analysts and investors. Not surprisingly, his comments were reported in the press, and he had to write a letter of apology to the SEC.

But still, he didn't catch on. A successful executive has to be keenly attuned to various audiences and understand how they hear things. He needed to listen to those executives who disagreed with him. When he was a consultant at McKinsey, didn't he advise executives to listen to news they didn't want to hear? Instead, he chose to force approximately 55 executives out of Morgan Stanley.

Wise or unwise, Purcell probably could have survived this, but he failed to recognize yet another change in the business environment. Where high priced, successful ousted executives might have once shrugged and gone on to other high paying jobs, eight of the top executives decided to share their concerns with the Board and then when the Board slapped them down, they waged a media savvy battle in the court of public opinion. They hired the Edelman PR firm, lined up interviews, took out full page ads in the major business publications, dubbed themselves "grumpy old men," and eventually caused the Board of Directors to question Purcell's leadership. Last week, he "went on to other pursuits."

Ironically, at the initial press conference in 1997, John Mack, the Morgan Stanley executive who became President, explained that the two different firm cultures

could get along because “our personalities will make it work.” Richard Fisher, the firm’s chairman, said about the merger, “If our two firms can’t get this kind of thing right, it says something about our ability to help our clients.” Purcell himself added that the firm would run by “consensus” and noted how a previous merger of two financial firms, Shearson and Lehman Brothers, was undermined by turf wars and rivalries. Although he spoke the words, he didn’t realize he had to mean them. Melding the two firms wasn’t about processes and bonuses; it was about building bonds and relationships.

Another dramatic change in the business environment post 9-11, the dot-com bust and Sarbanes-Oxley is that audiences now expect that top executives be truthful, or at least not say what are obvious untruths. Last March, at the annual shareholder meeting, when Purcell insisted that the merger “has done great things to improve our performance,” investors were taken aback. Morgan Stanley’s performance has been well below its competitors for five years.

Purcell seemed stuck back in the early ‘90s. He apparently missed the scores of articles about the importance of reputation management and its components of how employees and customers judge a firm in terms of trust, integrity, innovation, and vision.

He had only to look across the street where Chuck Prince, CEO of Citigroup, has been turning himself inside out to convince Citi employees that it’s a new day and a culture of integrity is required, and – equally important – that they all have to work together to achieve it.

Purcell just didn’t get it. Of course, now he’ll have lots of time to catch up on his reading.

STRIKE

Published 06/23/05

The United Auto Workers says it's considering a strike. They'll regret this, and if General Motors is deconstructed by Kirk Kerkorian, when business schools teach this as a case study, the consideration of a 'strike' will be seen as a critical moment.

The business condition and problems of General Motors are well-known to business readers. In the go-go times, GM agreed to rich contracts, including health benefits, which are unsustainable over the long period. GM's market share has fallen from 41 percent to about 25.2 percent now. The company is profitable only because of the contribution from GMAC, the financial arm.

The UAW argues, with reason, that GM's problems aren't just labor costs but include GM's calcified bureaucracy and risk adverse designers. And the union leadership is rightly infuriated by GM management's decisions to give themselves pay raises or bonuses when workers are being asked for cuts. (Of course, the UAW workers don't pay a penny of their healthcare costs and GM execs do, but that's really irrelevant.) The union points out, again correctly, that Cadillac turned itself around from a has-been "your grandmother drove this car" to a hot brand with a wide variety of fans. (Disclosure: I drive an Escalade.) But earlier this year, *The Wall Street Journal's* respected columnist Holman Jenkins analyzed GM's culture and noted that GM management was so in hock to current and future employee obligations that they were running the company to try to assure fulfilling those.

GM certainly doesn't win any awards for communication savvy. Earlier this year, they pulled \$10 million of advertising from the *Los Angeles Times* in a snit because of a review of a new Pontiac by the *Times'* reporter. GM's action turned a one day story into a two week national one.

The UAW's contract doesn't expire until 2007, and GM's desire to reopen the issues of contribution to healthcare costs and pension have caused the UAW to float the idea of "considering" a strike. "Strike" is one of those words that are hard to call back.

The UAW is trying to pressure GM, but who else hears the word 'strike' and what do they think when they hear it? Of course, there are customers – like you and me. Do you want to buy a Yukon knowing that the workers are 'considering' a strike? To the customer, 'strike' means delayed delivery, potentially sabotaged autos, and workers angry enough to shut down their plants. What about dealers? The word 'strike' has all sorts of nasty implications. And, what about Mr. Kerkorian? He has a record of being good with numbers. He's undoubtedly read those analyses, which show what GMAC could be sold for and what the auto business is really losing.

Finally, there's Congress, which did bail out Chrysler in 1979-80. Today, things are very different. Detroit's major Congressional powerhouse, Congressman John Dingell, himself heir to his father's Congressional seat, is a savvy dealmaker but also a liberal Democrat. It's doubtful that a conservative, Republican Congress and Administration will be tempted to come to the rescue of union members who worked hard to defeat the president.

That there is truth in the UAW's charges doesn't change the lack of judgment in raising the specter of a strike. Another audience is the UAW's own members. If they think a strike is a reasonable option, they will listen differently than if they don't.

Of course, what's really needed is leadership. Bill Gates recently noted that the United States school system is broken. The automotive industry needs a Bill Gates to deliver the news to the UAW members that if they want to maintain a U.S. auto business, they need to reinvent themselves. And, yes, it's true there's a lot to criticize in GM's management, but their behavior, as Jenkins noted, is heavily influenced by the company's situation, which is heavily influenced by its cost structure.

Instead of using the word 'strike,' GM and the UAW should be talking about the opportunity for lightening to 'strike' everyone who can save the company. Or, despite so many lessons from the past of what happens to unions and companies that refuse to be realistic about a dramatically changed business environment, the UAW refuses to budge. Now that's striking.

POWER OF PICTURES

Published 06/15/05

The old saying, “a picture is worth a thousand words,” can be true, and users of PowerPoint too frequently forget it.

A graphic representation of the world’s main problems is circulating around the world. Brazilian born Icaro Doria is a reporter for the Portuguese magazine, *Grande Reportagem*. His self-appointed challenge: how to design something meaningful in many languages; with a clear point of view; how to simplify yet dramatize, and finally, something where the “words” – that is the written words explaining the issue or the spoken word would work together with the graphic.

The result is a set of images so powerful that they are rocketing around the world, passed by e-mail from person to person. They came to me from Singapore.

The concept: the flags of certain countries, with the colors or designs representing issues. For example, the flag of Angola is divided into two horizontal bars of red and black with a hammer, sickle and star in the middle, occupying perhaps five percent of the space. The red illustrates the number of people in Angola infected with HIV; the black bottom bar or horizontal half represents people infected with malaria, and the small, yellow hammer, sickle and star shows the people who have access to medical care.

Burkina Faso, a country of 14,000,000 people in Africa, has a very similar flag; two horizontal bars of red and green dividing the flag in half and a small, yellow star in the center – about three percent of the total flag. The red area depicts children dying before the age of one; the bottom green bar, children dying before the age of three and, the small yellow star shows the number of children reaching adulthood.

China’s flag has an entirely red field with five stars in the upper left quadrant, approximately five percent of the space. Red represents children under fourteen who are working, and the small yellow stars represent children of that age who are in school.

The European Union flag also has a full field color of blue, and a circle of twelve stars of gold; blue depicts the consumption of oil and the gold stars the production.

Somalia’s flag is also a full blue field, with a single white center star, again less than five percent of the total space and representing women who are not subjected to what’s euphemistically called female circumcision but which Gollar squarely labels “mutilation.” You guessed it. The full blue field represents women subjected to the barbaric practice.

Brazil's lovely flag is the most complicated: a green background with a centered diamond of yellow, and within the diamond, a large blue circle. Scattered across the blue circle are 25 tiny white stars. Green, perhaps fifty percent, represents people living on less than \$10 a month; yellow, perhaps eight percent of the space, represents people living on less than \$100 a month; the blue, people on \$1000 a month, and the white stars, perhaps a quarter of one percent, people living on more than \$100,000 per month.

The stars and bars of the United States were also included: with red representing those who support the war in Iraq; white, those who are against it and the blue quadrant those who do not know where Iraq is.

Although the package was called "The Power of Stars," the final flag, Columbia's, is starless but is divided horizontally into three bars; yellow, the top half, representing exportation of cocaine; the bottom half is divided into two bars, blue and red. Each -- or 25 percent -- represents the exportation of bananas and coffee.

The images are prize worthy because of what they accomplish: they are more than informational. They are shocking and involving. It is impossible not to be emotionally moved by their message. They are universal. They communicate in every language. They are an excellent example of how to use PowerPoint, or as Yale Professor, Dr. Edward Tufte preaches, "Use the full screen as an image." There is no template; no logo cluttering up the top, bottom or corner. There is no wasted space saying "Graphic of World Problems, 2004" on each slide. And it can be used as a handout, with the legend of explanation in small print, or as a visual, with the speaker walking the audience through it. Finally, it's not "stacked in time," another Tufte term, meaning the listener must slog through slides one through eight, the visual equivalent of those awful automated telephone "service" lines. The eight pictures can be arranged in any way.

You can find it at

<http://www.dizajnzona.com/forums/lofiversion/index.php/t2152.html>.

This isn't the end of the story, however. Along the e-mail chain, someone decided that Mr. Doria wasn't an impressive enough creator and invented a Norwegian diplomat, Charung Gollar, and assigned him the credit. It turns out the United Nations had no role in the concept or execution of the campaign, and that's a shame. In fact, the UN's absence goes a long way to explaining why the problems depicted in the flags exist.

APOLOGIZE FOR WHAT?

Published 06/08/05

Should a doctor be able to apologize for an “unanticipated outcome?” Should a business person or company? A fresh, new debate is underway among lawyers about what constitutes an apology and what it means to the law. But by failing to recognize some key issues in communication, lawyers may find they are debating only part of the issue.

It's welcome news that lawyers understand that the words “I'm sorry” can have a powerful impact. There are an increasing number of articles and essays on the topic. Some lawyers have become consultants to teach other lawyers how to use apologies as defensive and offensive strategies. There is at least one legal and ethics scholar, Lee Taft, writing about whether it's ethical to apologize as a strategy. Even *The Wall Street Journal* wrote about the topic last year. (Rachel Zimmerman, “Medical Contrition; Doctors' New Tool to Fight Lawsuits; Saying ‘I'm sorry.’” May 18, 2004.)

However, being lawyers, they behave as if they are still in law school, and they operate under the principle that because they can talk, they can communicate.

In reading the literature about apology, particularly in health care, a number of words are used virtually interchangeably: accident, mistake, error, negligence, wrongdoing and miscalculation. In health care, they all roll up under the jargon phrase, ‘unanticipated outcome.’ (Most lay people don't know that an ‘outcome’ is a medical term by itself. It means “what happened.”) These words mean very different things to a listener.

These words can also produce enormously varying results. Gross negligence might still result in nothing major going wrong, while what was clearly an accident such as a needle stick can result in the other person getting AIDS.

These words are usually all heaped on the patient or family under the heading of “risk,” which no one pays much attention to until after the problem.

There are now models of how to communicate after the fact, but most of them have two flaws. First, they appear to rely on verbal communication, ignoring how television has changed how we absorb information. Communication today should include visuals as well as video and audio. (Hey, it's an MTV world. Relying on a “conversation” is like trying to race with a four cylinder engine.) And it should include repetition.

Next, at least one of the groups thinking about this issue, the American Society for Health Care Risk Management, assumes rational discussion and thought took place, even though they are frequently missing from discussions and almost always absent after something goes wrong. Lawyers and their allies thinking

about this issue should also include the concept of irrational communication. Effective communication need not be rational, thoughtful, informed and considered.

Next on the problem list is the frequency of the phrase “well-crafted,” as in “well-crafted apology” or “well-crafted empathetic disclosure.” *Wall Street Journal* columnist John Fund once ridiculed Congress for arguing that reform needed to be “well-crafted.” Certainly written and verbal communication should be thought through and rehearsed, but “well-crafted” is too often a synonym for irritating legal writing.

Finally and most important, the concept of apologizing needs to be based on a philosophy of communication. Most people approach communication thinking about what they want to say or what they think the audience or listener needs to know. This is clearly the unstated foundation of much of the discussion about what to apologize for and when. A number of articles discuss how people want facts about what was supposed to happen and what actually did happen and why.

Since the listener only remembers a fraction of what is said, a better approach is to understand your audience and what they hear, believe and remember. Further, to understand that communication is not a snapshot but a flow. Add to understanding what the person hears, believes and remembers the concept of who they in turn will talk to. The strategy is to understand this process, anticipate it, harness it and align it with the issue or challenge.

The reason the words “I’m sorry” work is because they have the power to compete with words like “fault,” “negligence,” “accident” and so on. When we ask, what will the patient, employee or family pass on to the next person, the word “sorry” will be included along with “fault,” “accident” and so on.

There are more aspects of this important development in communication, but I only have 750 words. And I’m sorry about that.

SHOW US ALL OF IT

Published 06/01/05

The news for the so-called “mainstream media” has been bad. Viewership and readership are dropping. Consumers have many new choices today. Corey Bergman, a Seattle TV producer and blogger, has an idea that could save publications like *The New York Times* and ABC, CBS and NBC. They won’t like it – but consumers will.

For years, the main complaints of readers, viewers and those interviewed for stories have been: the reporter has the story in mind before he writes it; the reporter picked the wrong quote; the reporter was only looking for controversy; the reporter didn’t understand the issue. This is not a new problem. Decades ago, Irwin Knoll, Editor of *The New Republic*, wrote what’s come to be known as “Knoll’s Law of Accuracy in Media.” It states: Everything you read in the newspapers is absolutely true except for that rare story of which you happen to have firsthand knowledge.

Every executive has had this experience. Last summer, I was interviewed by *The New York Times* and the reporter asked if I had done any work for the Bush White House. My answer: No, the only time I’ve even been to the White House (was that the only time...I don’t know if I would say that...how about...the only time I’d ever been to the White House in the last few years was when my husband and I took our daughter to D.C. for the wedding of Ken Starr’s daughter, and we took our daughter to the White House for a tour.) *The Times* printed: Ken Starr took Spaeth on a tour of the White House.

What’s Bergman’s idea? Post the complete, unedited version of interviews and news on web sites. Stations could still edit the news for the traditional half hour or hour show, but put it all out there. He calls this tearing down the façade of how the news is compiled. Better yet, he suggests including “behind the scenes” clips. Immediately, an enormous reservoir or opportunity opens up. These clips could include the producer going over questions with the “talent,” discussions with technicians about why a certain shot was hard to get or is particularly good or just why it was positioned a certain way. Particularly interesting would be the discussions in the editing room. It’s not uncommon for a reporter to want one thing and the editor to suggest another because of how the shots will fit together. This happens frequently in shows like *PrimeTime* or *20/20* where the editors are gifted artists in their own right. (I still thank Ruth Iwano at *20/20* for taking the mounds of tape I shot of Liberace and turning it into a compelling profile.)

Posting “all of it” will educate viewers in a way that no textbook ever could. And that in turn will help educational efforts such as Dr. Mark McClellan’s outreach efforts to defeat obesity at the Centers for Medicaid Services.

How would this work for publications? Reporters, like the one who interviewed me from *The New York Times*, take copious notes. Post the notes. That will be illuminating. Take out the names of sources if necessary.

We use the “show it all” approach in a much smaller way. When one of the “investigative” shows comes to interview an executive, you can guess it’s not a favorable story. We recommend filming the news show doing a story on the company. Set up the cameras and record it all right alongside. It makes a very good internal communication vehicle. This technique started for litigation purposes, but it has much broader applicability.

Don’t expect either the networks or *The New York Times* to rush to do this – even though Bergman is absolutely correct. It would engage readers and viewers and benefit everyone. The so-called mainstream media want to guard their ability to pick and choose, to edit, to make their point. Making everything available would reveal that the complaints above have a real basis: reporters frequently know appallingly little about a topic; and oftentimes they do have their minds made up beforehand. (Just one example: it’s hard to think of any reporter outside the specialty business magazines who had actually started or run a small business. Small business owners understand what it means to put your capital at risk, cope with hundreds of often confusing regulations and spend thousands of dollars to have a professional do your taxes. Reporters too frequently accept the stated purpose of a regulation as if it will work just that way, without considering the benefit or cost. Any attempt to streamline or cut back regulations is regarded as dangerous.)

If reporters and the mainstream media are truly interested in strengthening their reputations, they should seriously think about incorporating some of Mr. Bergman’s suggestions.

YOU CAN'T TAKE IT BACK

Published 05/25/05

Newsweek Magazine says it has “retracted” its story that American military guards flushed a copy of the Koran down a toilet. No such chance. To “retract” means to ‘take back.’ *Newsweek* can’t ‘take back’ anything.

What can we learn about communication from this episode and what should *Newsweek* do?

What happened has been well publicized. *Newsweek*’s respected reporter, Michael Isikoff, spoke to one anonymous but apparently highly placed “source” at the Pentagon about the incident. It ran as a blurb in a column. When it was translated into other languages, Muslims rioted around the world, leaving 16 people dead. The original source backed away from his documentation. *Newsweek* then published a “retraction,” a long letter from its editor and an even longer story on the incident which was making international news.

The concept of “retraction” is meaningless to the nations most upset. All it did was create another round of the story. Once a sensational story or comment is released, some people will always remember and believe it. Just ask Texaco. In 1994, some employees charged that executives used what’s euphemistically called the ‘n’ word. Transcripts of tapes were released to *The New York Times* which gleefully printed the allegations. When the actual tapes were examined, it proved that no one had used the word. Noise on the tape made the actual words hard to hear, and the transcriber heard what he or she wanted to hear.

Just ask former Senator Edmund Muskie. In his 1972 bid for the presidential nomination, snowflakes melting on his cheeks caused reporters to write that he was crying. He never lived it down and dropped out of the race.

Almost everyone has a personal experience where someone called us a name – and we’ve never forgotten it.

What should *Newsweek* do now? The retraction and halfhearted apology aren’t enough. The magazine should seek to turn the crisis into a contribution to the image of the United States abroad and an education that Americans badly need. The magazine should devote substantial resources to looking into the allegations that interrogators have sullied the Koran. Detainees have complained about desecration of the holy work since the beginning of the war in Afghanistan, but the military has repeatedly denied wrongdoing, and it would be strange for the military police to hand each detainee a copy of the Koran and then destroy it. *Newsweek* could launch an intensive investigation. But an investigation is just the start. A retraction doesn’t mean anything overseas because our concept of a free press – and all that goes with it – is poorly understood in countries like

Afghanistan. With a free press comes the right to assemble, to worship as you wish, and all the other rights enumerated in our Constitution.

A visit to the Center for the Constitution in Philadelphia would be in order, to illustrate how our founding Fathers changed the world when they wrote that freedom was a right bestowed by God on each individual. The Center does a magnificent job bringing alive the debates that raged about the scope of powers, who qualified as a voter, and how representation would be divided.

Muslims in nations that rioted over the alleged report could gain a clearer understanding of what America truly stands for. And they'd learn that a free press gets to make mistakes. (Some of us think the mistakes are much more frequent than reporters are willing to admit, but none-the-less, we admit that messiness comes with freedoms.)

So instead of trying to pretend the whole thing never happened, *Newsweek* should find out what's really happening, and in so doing, help educate Americans who are dangerously ignorant about Islam. The magazine can show the rest of the world that the U.S. is indeed a bastion of freedom.

(Now, as an interesting side note: The only people who apparently think they can say whatever they want, whenever they want are Senators. Senator Schumer (D-NY) just said that the filibuster against nominees of President Bush to the federal bench was a way of standing up for 'our precious system of checks and balances.' Back in 2000, when Republicans were holding back Clinton nominees, Schumer said such a behavior was "a mockery of the Constitution" and "a breach of the Senator's constitutional mandate," meaning it had to vote on a President's nominees. Senator Patrick Leahy (D-Vt..) said "we fought a revolution in this country for a Constitution where the Senate would provide a balance and check," but he conveniently forgot that in 1998, he said "I would object and fight against any filibuster on a judge. The Senate should do its duty," meaning an up or down vote. Both Senators should make a quick visit to the Center for the Constitution.)

Newsweek can't take it back. But they could build on it.

ENDS AND MEANS

Published 05/18/05

We all know the old saying, “A picture is worth a thousand words,” but sometimes just a few words change the whole picture.

Economics may be the “dismal science,” but Philosophy is the dangerous one. Do the ends justify the means? That debate has occupied countless philosophers over the centuries. Most of us have never studied Bentham and John Stuart Mill; our only familiarity with ‘Kant’ may be how Prince Charles declines to do something, and we think Sartre is some kind of dip. And we have seen many examples of where lying can get you in real trouble.

The debate has snuck into the business world in a book inappropriately titled, “The Bottom Line on Integrity,” by Quinn McKay. It received a favorable review in one of the nation’s leading human resources professional magazines, and the reviewer noted that the author says we must “allow that lying is sometimes the right thing to do. Absolutes like never tell a lie don’t work in reality. There are justifications for lying, when the ends are good, such as when the truth would jeopardize a life or a major institution’s future.”

There is a huge difference between “saving a life” and “the future of a major institution.”

The classic moral dilemma: you are a German family harboring Jews in the midst of World War II. The Gestapo shows up at your door and asks if you’ve seen Jews in the neighborhood. What do you do? If you tell the truth, you’re all dead. The problem with that example is that few of us find ourselves in that position. We’re much more likely to find ourselves mid-level in a company, questioning some procedure and thinking “Gee, if I blow the whistle on this, I lose my job, and no one will ever hire me again.” Or, the more common situation of the employer who has terminated a mediocre employee and another company wants a reference, so the temptation is to avoid trouble and litigation and just duck.

On a grand scale, the CEOs and top executives of WorldCom, Enron, Tyco, Global Crossing and others, equated themselves and their own wellbeing with the company, justifying all sorts of evil behavior. Many familiar with the “oil for food” scandal involving the United Nations attest to the rule bending, self-dealing and diversion of funds that went on. This not only lined the pockets of people who didn’t deserve it; the willingness to look the other way while Saddam Hussein tortured his own people, diverted the oil funds from humanitarian uses to weapons and grand palaces only reinforced the dictator’s belief that he could do anything and no one would stop him.

The author of “The Bottom Line” is wrong. Moral absolutes do work and are important. They are the philosophical equivalent of Oscar Wilde’s comment that

hypocrisy is the accommodation virtue makes with vice. There's a reason the 9th commandment is "Do not bear false witness." One of those reasons turns out to be a communications challenge every leader struggles with. The great statistician John Tukey said, "It's better to be approximately right rather than exactly wrong."

Complexity encourages or authorizes rule bending. A hasty review of the debate reveals this. John Stuart Mill is better known (or used to be, but that's another column) for his 19th century essays on social and political philosophy, promoting women's rights and so on. However, he also defended a theory called Utilitarianism which held that – in greatly condensed form – actions are right or wrong solely by what consequences they cause, and pain is bad and happiness is good. Then there's a very complicated calculation called the utility calculus. If this is too confusing, just remember Machiavelli, the 15th-16th century Italian 'prince.'

At the other end of the scale is Emmanuel Kant, the German philosopher who argued that intentions are the only thing that matter, or the ends never justify the means. Doing the right thing isn't enough. You have to do it for the right reasons. Kant's oversimplification is exposed immediately in today's workplace. If I blow the whistle on a dangerous practice in my workplace, and doing so will save many lives, but I do it because I loathe my supervisor, by Kant's analysis, I'm not morally correct. Of course, we take actions, particularly ones that put us personally at risk, for many reasons, and it's impossible to sort them out and assign a moral weight to one versus the other.

Now along comes Jean Paul Sartre... but at this point, all of us except the pure intellectuals who enjoy arguing while someone else makes dinner, have checked out.

Moral absolutes are important because we can remember them, and because by-and-large, they should guide our lives for many reasons. That's why there's a difference between "values" and "law." Values can say, "Don't lie." Law says, "Here are the exceptions and circumstances in which you may lie and here are the procedures to challenge those actions if we disagree with them."

I repeat...the bottom line of integrity is to have some.

WHO ARE YOUR AMBASSADORS?

Published 05/11/05

Southwest Airlines' business model changed the airline business 34 years ago. They set out to make travel by air as convenient and commonplace as it was by bus. They succeeded in that and in an unplanned but equally effective revolution, they made it good business to make the workplace fun. Now, they're out to change an outmoded airline restriction but while they're at it, they may end up proving that a company's most important communication asset are their own employees.

Southwest's specific goal is to repeal the Wright amendment, named for former House Speaker Jim Wright. Passed in 1979 to protect the Dallas-Ft. Worth (DFW) Airport, the amendment restricted Southwest's Dallas Love Field flights to Texas and surrounding states. DFW has flourished and is the country's largest and fourth busiest airport. American Airlines (AA) has grown huge, and if AA has had problems, it's not because of competition from Southwest in Dallas. The Wright amendment allows American Airlines to keep prices high. For example, a full fare ticketed trip from Houston to Las Vegas costs \$875.30 but Dallas to Las Vegas costs \$1,218.40. Southwest, meanwhile, is no longer limited to its name but flies darn near everywhere. And the airline would like fly to there from its home base in Dallas. (Full disclosure: I am an American Airlines Executive Platinum flyer and hate the non-assigned seating model of Southwest, but a good communication case study is just too good to pass up.)

Southwest described itself as "passionately neutral" about the Wright amendment until this year. Now, Southwest has taken a public position that the Wright amendment is wrong for competition. They're right, and they've taken the unusual step of publicly enlisting their employees, asking each of them to try to talk to at least two people a day outside the company to boost awareness of the issue. For example, they want you to know that Southwest customers in Pittsburgh can fly to 37 other cities, but Dallas passengers don't enjoy the same privilege.

They kicked off this campaign – and it is a campaign – in typical Southwest fashion. They had fun. They dressed in clothes from the early 1970s when Southwest was started. It was also public. They invited reporters. It may have been fun, but it's serious business with implications for many people. Air travelers would benefit, and Dallas travelers in particular would see an immediate drop in prices. One expert estimates that ticket prices from Dallas will drop by as much as 50 percent. Southwest employees and shareholders will benefit because it will create more growth for Southwest. Residents around Love Field are concerned that noise and traffic will increase, although Southwest points to the master plan, which controls those issues. And American Airlines would be forced to confront its own business model.

What makes Southwest's effort any different than any other company's attempt to change a regulatory barrier? It's the specific charge to employees and the recognition that person-to-person communication is the most powerful weapon they have. Oh sure, Southwest has lobbyists and ads. But – as President Bush is discovering with his stalled campaign to reform Social Security – engaging individuals and getting them talking is the key to bring about real change. Southwest's efforts are of interest to all businesses because they're so targeted and so public. We'll be able to follow this case study step-by-step.

While the concept – which we developed almost 19 years ago – of “employees as ambassadors”, is getting more and more attention from companies, Southwest is betting that it will make the critical difference in this battle.

A few additional observations: these techniques were actually pioneered by the direct marketing companies such as Mary Kay, Home Interiors and Gifts, and Amway. Mary Kay now has over 1.3 million independent sales force members (all independent contractors) around the world, all selling by utilizing person-to-person contact. If you've ever encountered a Mary Kay salesperson, you know they never miss an opportunity to tell you how wonderful Mary Kay products are. And they're convinced that they're doing you a favor.

That's the case with Southwest, too. They believe passionately that they're doing their customers a favor by lifting the Wright amendment; that it's a barrier whose time has passed; that it's unfair, anticompetitive and un-American.

Other companies want to know how to enlist their own employees for their strategic business purposes. It's easy. All you have to do is ask.

(Actually, you do have to do a little more. The target has to be clear and simple, and like Southwest and Mary Kay, when a company asks its own employees or contractors to get involved to tell its own story, that story better be true. And the top executives can't screw it up by doing what American's previous CEO did: asking for givebacks, cuts and layoffs from employees and hiding a \$25 million bonus for executives in a footnote filing with the SEC.)

But, if you do it right, Southwest is a model in many ways. One of Southwest's ads ends with a pilot-like voice saying, “You are now free to fly around the country.” We'll see if Southwest's employees can convince the public that means from Dallas, too.

WAR

Published 05/05/05

A much longer war than the one in Iraq is being waged by Yale Professor Dr. Edward Tufte. To his admirers, Tufte is bigger than Bono. If you haven't heard of him, you will. He is best known as the foundation for a fast growing backlash against PowerPoint, but he has really declared war on fuzzy thinking and lazy business practices.

Tufte's weapons are a razor sharp intellect, an unparalleled grasp of how important "information" is and that how we organize – display – it can affect decision-making, a wicked sense of humor and many, many examples and props.

Tufte began as a statistician and expert on the display of statistics. His three books – *Visual Explanations*, *Envisioning Information*, and *The Visual Display of Quantitative Explanation* – are works of art, self-published because no commercial publisher can meet his demanding standards.

His language can seem intimidating, but his examples illustrate his point and convince you of the importance of learning these lessons. For example: what's a small multiple? No, it's not a diminutive mammal. It's a way of displaying and organizing information "adjacent in space." His example: the chart used by defense lawyers for Mafia chief John Gotti, with a list of the prosecution's witnesses across the top and a long list of crimes, ranging from murder, theft and arson to assaulting a priest, down the left side of the chart. Then, large Xs marked which witnesses had committed which crimes. The impact was overwhelming. The message: that the prosecution's witnesses were worse than Gotti and had obviously cut a deal to save themselves. Plus, the lawyers left the chart up in the courtroom so jurors could look at it for days. Tufte contrasts this with "relentless sequentiality" of information, or what he called "stacked in time," where a lawyer would go through each witness and review the crimes he had committed.

(His example of "stacked in time" is those dreadful automated phone systems where the caller has to choose from endless menus of one, two, three and so on.)

Think this is not terribly important? Galileo literally changed the world with "small multiples." He studied sunspots and recorded them for 37 days. Placing each picture next to each other, he proved that the sun was not perfect. This was no trivial matter. Aristotle had thought the "spheres" were perfect, and the Church adopted that philosophy and made it a point of dogma. God made the spheres, so they were perfect. Disagree with us and you're disagreeing with God. Galileo changed "science" from philosophy, or what Tufte calls BOGSA – a bunch of

guys sitting around – to a requirement that theories be tested against evidence. All with small multiples.

Take this one concept, small multiples, and add 100 or so more, and you begin to get some idea of the impact of Tufte's analysis and thinking. He is literally revolutionizing how companies think, giving them powerful tools to improve decision-making and to influence others.

He is well aware that this requires a change of thinking and that change is not easy. The crutch that business leans on which draws his deepest scorn is PowerPoint.

Again, he makes his point with examples, both funny and tragic. One of the funniest is Peter Norvig's version of what the Gettysburg Address would look like on PowerPoint. Everyone should see the bar chart of minus 87 years – to illustrate "four score and seven years ago" – or the bullet point: *gov't of/for/by people*. Norvig's point is that PowerPoint's Autocontent Wizard formatted the material, a product described by *New Yorker* reviewer Ian Parker who called it "a rare example of a product named in outright mockery of its target customers."

The tragic example, of course, is the infamous PowerPoint slide from Boeing, shown to the executives of NASA analyzing the probable or possible damage done to the shuttle Columbia by the foam insulation that was observed hitting the wing during take-off. Tufte's exegesis of the slide is devastating. He notes that the title "Review of Test Data Indicates Conservatism for Tile Penetration," cleverly uses the word conservative to influence the listener's perception, but even worse, by saying "tile," the engineers ruled out that the foam could have directly hit the carbon edge of the shuttle's wing.

How to note, "what's missing?" from evidence or a presentation is one of Tufte's most important lessons. Even NASA's management apparently didn't notice this enormously important omission.

Then Tufte goes line by line in the slide, pointing out how the organization of material, pronouns – 'it' instead of 'damage to the wing,' jargon – 'ramp' instead of 'piece of foam,' misled and confused the viewers. Study reveals that the slide is actually about two tests, not a real analysis of the damage to the shuttle. But it's impossible to figure out that one test is actually a model of the first test, where NASA shot one piece of foam at a shuttle to see what would happen.

The final brutal flaw is that the slide uses "cubic inches" three times but denotes it three different ways, and the last, tiny line, notes—

Volume of ramp is 1920cu in vs. 3 cu in for test— it actually says that the piece of foam that NASA shot during its test had the impact of velocity cubed where as

the shuttle's impact with the foam was at 1920 cubed, but the slide couldn't display that information because PowerPoint doesn't allow for exponents.

It is heartbreaking to see Professor Tufte analyze this slide. NASA and Boeing personnel literally closed off even further research into possible damage to the shuttle, turning down an offer from the military to photograph the under wing of the shuttle, because of how PowerPoint organized their information.

Fortunately, Tufte's incredible intellect and ability to motivate is producing a growing body of converts whom he hopes will join him to improve American analytical thinking by, of course, understanding small multiples and their relatives and how visual display of information is a powerful tool.

WHAT GOES UP

Published 04/27/05

The old saying, “What Goes Up Must Come Down,” can be rendered in this age of globalization as “What Goes In, Will Come Out,” meaning that it’s a mistake to think that anything can be kept secret. That’s what former AIG Chairman Maurice “Hank” Greenberg and Canadian Prime Minister Paul Martin are learning.

Greenberg has been fired from his long-time post as head of insurance giant AIG over allegations that the company smoothed out its earnings by using less-than-legal means. Once revered and lionized, his personal habits of intimidation and screaming at people – as well as his use of offshore entities to provide millions to AIG directors and managers - have been on the front pages of the major business publications.

The Canadian Liberal Party and Prime Minister Paul Martin have also been on the front pages for allegations that they tried to improve their image in Quebec by diverting millions of Canadian dollars to entities by routing them through local ad agencies – which skimmed millions for themselves.

What’s the lesson here? That there are so many communication routes today that virtually everything should be viewed as public, and that if something is enticing, illegal or it provides a competitive advantage to someone else, it *will* become public.

The routes where information can leak out today are literally endless.

The Canadian debacle came to light, first because of suspicious sponsorships, but more because of two painfully frequent human tendencies. People want to brag, and when a number of people are involved, someone will feel it’s important to tell the truth.

The Liberal party’s first response to charges that it had funneled money through favorite communications firms was to deny the charges. As the scale of the scandal grew, they denied louder. Justice John Gomery was appointed to head an investigation. The first witnesses were described by the *Canadian National Post* as plagued with “evasive amnesia,” but Jean Brault, former president of Groupaction, one of the agencies involved, was so eager to cooperate he was, again described by the *Post* as “offering more evidence than required.”

In this age of globalization, there is another huge and important crack in the armor of secrecy. Canada has strict laws allowing Justices to determine what can and cannot be reported. Justice Gomery decreed a total blackout on testimony before him. However – and here’s the next human trait – people want to talk, and one of those attending the hearings knew an American living in

Minneapolis who has a blog. The blogger, jocularly known as Captain ED because of his Star Trek passion, writes, as most bloggers do, for his own enjoyment, but he became the information route to millions of Canadians by posting the day-to-day, seamy details of the Gomery hearings.

As we say: they should 'a seen it coming.'

Now to Mr. Greenberg: back in 2004, he apparently bullied the President of a Berkshire Hathaway division, General Re, into what's called "repapering," that is, rewriting the accounts of a deal to make it look as if General Re paid A.I.G. for a deal instead of the other way around. The dollar amount, from A.I.G.'s perspective, was a paltry \$10 million, but that was enough to help give the consistency to A.I.G.'s quarterly earnings that Greenberg wanted. How do we know this? Because Berkshire Hathaway's law firm had been reviewing e-mails and documents for another lawsuit, and when they found evidence of the 2000 deal with A.I.G., they promptly turned it over to law enforcement authorities. The lesson? Sort of that all roads lead to Rome, or in this case, the S.E.C. and the State Attorney General.

In other words, bend, twist or break the law and there is a very good chance that you will be found out. Neither the Prime Minister's status nor Hank Greenberg's billions protected them.

So what's the answer? It's actually provided by another player in the Berkshire Hathaway-A.I.G. mess, BH Chairman Warren Buffet himself. Known for his long-term investment strategy and homey letters to investors, Buffet has also been a consistent voice for honesty and straightforwardness. Last year, he criticized himself in his own annual report, noting one area in which he felt he had done a poor job.

Reporters and regulators have fallen all over themselves to make clear that Buffet is cooperating with investigators. Indeed, Buffet has forthrightly said he knew of the transaction in question and should have scrutinized it more carefully. No denial or selective amnesia here.

Finally, in what's apparently an apocryphal story, the head of General Re said he asked Buffet if the transaction passed "*The New York Times* test," meaning, "how would we feel if we were in *The New York Times* with this." There is a dispute about whether Mr. Buffet was in fact ever asked this question, but it's a good lesson for the rest of us. What ever it is you're doing, how would you feel about it and what kind of risk would you run if your mother, your spouse, your employees, your voters or the law enforcement authorities learned about it in the paper? Think about that and act accordingly.

GM & CULTURE ALARMS

Published 04/20/05

General Motors (GM) has pulled \$10 million in advertising dollars from the *L.A. Times* out of pique over a review of a new Pontiac by the paper's automotive columnist where he called the car "entirely adequate" and GM's CEO "entirely inadequate." The question this raises is when you hate media coverage, what do you do? And in this case, what does GM's action tell us about GM?

Where to start? With Public Relations 101. Who is GM's audience? If the audience is car and truck buyers in California, the nation's largest automotive market, the way to counter a negative review is to change the advertising and buy more of it. McDonalds did this in Britain when the documentary, "Super Size Me," premiered. They even set up a website, supersizeme-thedebate.co.uk, and bought ads in the movie theaters showing the film.

Who is likely to read one automotive column anyway? But GM's action generated a ton of publicity – hitting every major newspaper, wire service and the lead business show, "*Marketplace*." This coverage reached other GM audiences, such as analysts and shareholders, and every story reminded them that GM's market share has dropped from 41 percent to 25 percent. Worse, coverage in the business publications explained why: labor contracts ensure United Auto Workers full pay even if their job disappears; employees don't contribute anything to their own health costs, and pension benefits are, well, extraordinary. *The Wall Street Journal* also noted that GM officials have begun to criticize the media as other reporters give their cars less-than-glowing coverage as if there is a vast media conspiracy to dump on GM products. *The Journal's* respected columnist, Holman Jenkins, pointed out that the reason the Pontiac G6 and other GM cars were "adequate" and likely to stay that way, was because GM's *only* audience is its unions and retirees. GM isn't investing money in the future because of its obligations to current and retired employees.

The PR 101 lesson is that by yanking its ads from the *L.A. Times*, GM took a negative review about one car and turned it into a nationwide story on GM's broader problems. In addition, GM hurt its own credibility. The company notified the paper of its decision the day after the negative review, but a spokeswoman first insisted that the two weren't related, saying that the company had problems with factual errors over time. However, she added they wanted to "keep our discussions between us and the paper private." Of course, GM ensured the publicity that followed by yanking the ads.

GM doesn't understand how to use communication to do more than offer car deals. Their public relations and advertising staffs, who are much more than "adequate," could have mapped out a strategy to counter the negative review. PR people are also used to dealing with problems after-the-fact. They could have advised management not to say that the company's actions weren't related

to the paper's review and to stick to the true part of the statement that the media covers what it wants and advertisers are free to decide where to spend their money. (Admittedly, that sounds huffy, but at least it's true.)

Corporate governance classes will also be looking at this as an example because it's clear that not only does GM management not consult with or listen to its communications staff, but everyone – the Board of Directors, management and the unions – has accepted the idea that the company will slide, like *The New York Herald Tribune*, into oblivion, but that it will take so long that the current players will be long gone.

Who are the audiences GM should reach for? Their car dealers would seem to be the first target – unless they're all opening dealerships for Toyota and Hyundai. Car dealers are one of the most formidable industry groups in the country. Many of them are still family run and privately owned.

Don't they want to survive to pass the entities on to children and grandchildren? Young workers should be another audience. It's not rocket science to see what's happening to GM and compare it to other industries or companies whose unions and timid management ultimately sent them into extinction. Alas, there will be no meteorite hitting Detroit to bring the message home; it's more like dying of obesity. Five pounds here, ten pounds there, and after a few decades, you're 200 pounds overweight and have diabetes and circulation problems.

What about the suppliers? Or are they lining up contracts with the Japanese and Korean companies?

Notice we haven't mentioned shareholders. They should be demanding that the company confront the implications of past actions. Are they betting on a government bailout of some form?

GM's action of pulling its advertising set off alarms. Does anybody hear them?

LESSONS FROM THE POPE

Published 04/14/05

Many articles about Pope John Paul II mentioned his ability to communicate. Leaving doctrine aside, are there lessons for business leaders?

We find ten, a nice Biblical number.

Sincerity: in Dr. Seuss' book, *Horton Hears a Who*, Horton the elephant says, "I say what I mean and I mean what I say." Pope John Paul spoke with immense sincerity. A listener knew he believed what he was saying. Too many business people are insincere, and the listener – employees, customers, shareholders, community members – spots it.

Repetition: in advertising, repetition is a given. The Pope repeated his message for 26 years. The leaders of business organizations should remember that they need to articulate their core values and mission frequently for several reasons. First, to make sure it's something people can actually say, as opposed to the blather of many value and mission statements. Next, senior executives take their cue from the CEO. If the CEO frequently repeats the founding values of the company, they will too.

Personal: face to face-- while preaching to over 100,000 people in Central Park or 300,000 people in Cuba's Plaza of the Revolution may not seem 'personal,' Pope John Paul took his act on the road. My daughter and I saw the Pope in a relatively small group of about 500 people at his summer residence, and he did make you feel as if he were speaking to you. Particularly in large companies, leaders forget they need to follow the Pope's example and be seen in the flesh and talk to people in the same room or even in a football stadium.

Multi-media: while much has been reported about the Pope's shrewd use of television, certainly a medium business leaders should learn about, he also used dozens of other ways to reach people, from the formal Encyclical to flyers and post cards. Companies can learn a lot from him.

Pageantry: too many company events are dull and colorless and lack audience involvement. One need not go the whole white gown and mitre number, but meetings and events would be a lot more effective if they were livened up a bit.

Point of view: almost 20 years ago, I heard strategy guru Harry Clark tell a group of worldwide partners of one of the Big Four accounting firms, "Always have a point of view. We always knew where the Pope stood. One might not agree with all his positions, but they were always clear." Again, I've listened to businessmen and women give speeches, write memos and function for a long period of time without having a clear point of view.

Simplicity: In his famous *Elements of Style*, E.B. White says, “Omit unnecessary words.” The advice applies more broadly. Despite the elaborate clothes and rituals of the Church, the Pope spoke simply. Even as he departed, the image of the simple wood coffin carried this theme. Both in writing and living, our business leaders should follow his example.

Long term: It seems appropriate to reach for the old saw, “Rome wasn’t built in a day,” and certainly the Pope took an unusually long-term perspective. Eternal, one might say. American executives particularly need to lengthen their time frame, whether for investing or communicating. (This is not the same thing as deferring or drifting as so many business icons did. That puts you out of existence. Look at General Motors, whose market share has gradually declined over decades.)

Listen: the Pope not only spoke. He listened. Real business leaders listen, and they set up mechanisms to make sure they hear what’s going on. (That’s one of the most infuriating excuses from CEOs like Dennis Kozlowski, Jeff Skilling, Bernie Ebbers, Richard Scrushy and government big wigs like CIA director George Tenet. “We didn’t know.” That’s hoey.)

Humility: returning Roman generals celebrating victories with what we would call a very, very big parade, had a slave in the chariot whispering, “All are mortal.” The Pope, again despite the opulence, spoke with humility. One need not believe in the Almighty – although it helps – to realize that whatever we accomplish, a lot of people helped. Real leaders not only know this. They believe it, and they live it. (Clip this column and send it to your Congressman.)

Can we call these the ten commandments of communication? Too grandiose, but they are ten lessons to learn from Pope John Paul.

IN PERSONAL COMMUNICATION, TOO

Publish 04/06/05

Recently, one of our corporate clients observed that our communication techniques had changed his business life and asked if they work on spouses or in personal communication. They do – and they're even more important.

As in our analysis of communication in the workplace, we start with memorable words. We have all experienced the disruptive power of negative words in personal relationships; an aunt who says something nasty, a spouse who speaks disparagingly, a friend who says something ugly. We remember all these comments, sometimes for years. (Over 50 years ago, my maternal grandmother shook her head sadly and said to me, "What a shame you'll never be as beautiful as your mother." I've never forgotten.)

Similarly, we remember the kind word, the genuine compliment, the empathetic observation. Our mothers and grandmothers advised how to apply these lessons to family life and friends. Remember, "If you can't say anything nice, don't say anything?" This doesn't mean one never provides honest feedback. It means swallowing the insult, the catty comment, the snide and hurtful outburst, and it means never, never speak in anger. (Abraham Lincoln once advised a furious aide to write a letter to the target of his anger. The aide did, and Lincoln said, "Now put it in a drawer." In other words, get it out of your system, but don't send it in anger.)

My paternal grandmother was so good at making her children and grandchildren feel wonderful and capable that a long ago boyfriend told me she should give grandmother lessons. She was actually a determined, moralistic individual, but she always had an encouraging attitude. As a Northerner transplanted to the South, I was initially skeptical of Southern graciousness until I realized that most of it is genuine, just like my grandmother's – just accented. (Of course, my Southern friends think I'm the one with an accent.)

Words become what we call headlines. A corporation or organization builds a culture by articulating and repeating its mission and values. For example, talk to FedEx employees and you'll hear "people-service-profit" or "purple promise," "focus on the customer" and words like "reliability." Interestingly, many companies do a better job than we do as individuals regularly reminding their "family members" of these values. Last year, I attended a ceremony where a couple celebrated 25 years of marriage and renewed their vows before friends. They explained their marriage had been happy and lasted because they expressed their vows daily, as a reassurance to each other and to remind themselves of what they promised to live up to. When was the last time you told your spouse or partner of your love and commitment? Or told a long time friend of your appreciation?

Beyond words, of course, is action. Again, despite all the stories of corporate wrongdoing, most American companies have grappled with codes of conduct to foster a civil, productive workplace. They work hard to articulate what's expected. Astonishingly, we fail to have similar codes of respect and behavior for our personal lives – family, friends and neighbors.

Without drifting too far from day-to-day advice, it's worth reminding Americans that these codes of conduct came directly from the evolution of centuries of Judeo-Christian law, from the concept that each individual has value. The power of this concept resulted in recognizing women's rights, abolishing slavery, grappling with the hypocrisy of discrimination and including disabled and handicapped individuals in daily life.

After remembering the power of verbal communication, we must focus on what we communicate by writing, gestures and acts. Once again, many companies and organizations have done a better job thinking about how to build this into work life than we have in our daily lives. Whether it's a letter of congratulation, an award, a lapel pin for a level of achievement or an e-mail, companies have thought about how to recognize – and therefore encourage – positive behavior. (This is not the same thing as awards which recognize financial performance such as sales or profits.)

The risk in our personal lives is that we become so frantically busy that we neglect similar ongoing recognition for those we encounter in our personal lives. (Our neighbors pick up the paper of an elderly woman and bring it from the sidewalk to her doorstep each morning, a simple expression of love and respect.)

So my client was correct: the techniques of effective communication which we teach and rate and continually improve in our work lives should be practiced first in our personal lives.

LOUD AND CLEAR

Published 03/23/05

The jury that found Bernie Ebbers, former WorldCom CEO, guilty also rendered a verdict about how we listen and hear. They also sent a clear message of their own to the managements and Boards of Directors of American companies and the other celebrity CEOs on trial for taking their companies into worthlessness.

The courtroom testimony and antics provided regular fodder for business reporters covering the trial. It wasn't quite Martha Stewart, but it was entertaining. CFO Scott Sullivan admitted using cocaine. Others told tales of Ebbers cutting out free coffee and water for employees to save \$4 million, but apparently overlooking billions in accounting manipulations. Ebbers and Sullivan couldn't even agree on how many times a day they talked. (Several times a day according to Sullivan. Infrequently according to Ebbers.) Or even how close Sullivan's office was to Ebbers. (Sullivan described it as next to Ebbers who thought it was "down the hall.")

Ebbers' defense, like the defense of Enron ex-CEOs Ken Lay and Jeff Skilling, HealthSouth ex-CEO Richard Scrushy and Qwest ex-CEO Joseph Nacchio was that his underlings came up with the idea to defraud stockholders; that he was shocked to discover it. The defense spent a long time trying to show that there was not a single order or piece of paper where Ebbers directed underlings to fudge the numbers.

The prosecution tried to prove that Ebbers "ordered" or "told" CFO Scott Sullivan and others to "cook the books." From a strictly legal point of view, the charges included making statements about the company's financial position that weren't true and that were "material," that is, that were really important and would have caused investors to think differently about the stock, and that Ebbers made *or caused to be made* false financial statements.

The jury listened carefully to the arguments on both sides, but this was a case that could have been decided on the first day. The jury understood that a CEO, particularly one who has built a company over two decades, sets the mission and values of the company. When Ebbers said repeatedly – that WorldCom had to "hit its numbers," meaning it had to meet Wall Street's quarterly earnings projections – he sent a message about what mattered and what didn't. When he richly compensated himself, including buying the largest ranch in Canada and a 14,000 square foot mansion in his home town, he sent a message that rewards followed those who heard his message.

Just as interesting was what wasn't presented to the jury. No one talked about a mission statement; there was no statement of ethical values; there were no examples of the legal department overruling sales, or finance or public relations.

Of course, mission and ethics statements can be meaningless, as Enron proved. They had an ethics booklet that was going for \$100 on E-bay after the company went into bankruptcy, largely purchased by people like me looking for examples of documented hypocrisy. But at virtually every well run company, the internal lawyers and auditors are empowered to intervene and overrule departments, which they believe are placing the company at risk by their actions. Certainly WorldCom's financial department would never have been allowed by? (to) record key expenditures called 'line costs' so they didn't who? (add) up as operating costs, thus making earnings appear larger than they were. The general counsel or internal auditor would have engaged in a screaming match and would have marched into the CEO's office – wherever it was on the executive hallway – to force the issue. But that didn't happen at WorldCom and the only explanation, which the jury heard even though the prosecution didn't make it, was that the CEO already knew what was going on and was "causing" it to happen.

There are a number of high profile court cases against CEOs and scores more against Boards of Directors. Those executives and directors should seek counsel beyond the high priced lawyers who assure them there is no direct evidence of wrongdoing. The American juror is saying loud and clear that they understand how a company works, and that those who were willing to take home millions and take the credit when things went well, got to do that precisely because they claimed responsibility for how the company operated. Fine, says the jury, if that's the case, you get all of it. President Harry Truman was supposed to have had on his desk a plaque that said, "The buck stops here." The jury agreed with him.

THE MEDIA AND PR

Published 03/09/05

Do reporters hate public relations? Or, are they uninformed and unwilling to learn?

The media's "What should Martha do now?" coverage was exemplified by CNN's decision to interview a woman CEO of an advertising agency about what Martha should do to "improve her image." The advice? First, "Make me laugh, Martha," followed by: hire a comedy writer, be humble, show empathy and finally, "give them a surprise."

While all of this seems to make sense at first, it's actually dangerous. Today's public relations professional would first ask: Martha, what are your goals? Her counselor would note: your stock price has shot up from \$8 to \$24; your company's financials are deteriorating and bleeding cash, and analysts suspect that demand for your products isn't as strong as it appears because your contract with K-Mart guarantees minimum payments even if sales targets are missed. So, Martha, is your priority to increase ad sales for the magazines and increase demand for products?

The magazine has announced Martha will bring back her "Ask Martha" column, allowing readers to feel they are hearing from her directly.

So, it's an enormous mistake to say "let's improve your image" without asking, "For what strategic business goal?"

Humor, humility and empathy are admirable traits. The people who use them correctly use them honestly; these are windows to a person's soul, not a new hair color. Martha doesn't really need an outside comedy writer. She first needs some supportive but brutally honest feedback from someone who can explain the difference between celebrity and reputation. Celebrity can vaporize. Reputation endures.

Space does not permit a discussion of the reasons or motivations which may have led to the sale of her ImClone stock. More dangerous to Martha in the long run are the numerous stories of how she treats the little people. These stories are growing. I have important, wealthy friends in New York who know Martha and love her and report she is witty and attentive. I also have a friend whose brother owns a small shop in East Hampton, and Martha borrowed some of his products, did not give him credit for them, and then dumped them back on his porch when his shop was closed. When he protested, she told him it wasn't important. That old saying is true: pay attention to the people you meet on the way up; you'll meet them again on the way down.

Martha's trusted public relations counselor – quite different from what the field calls a publicist – would tell her this behavior is linked to her belief that she could flout the security laws or, putting the best face on the incident, ignore public perception.

Martha's trusted counselor would bring the concept of "image" into this discussion by explaining that "gracious living" must include how you treat people, not just what kind of fresh baked cookies you serve them.

False humility is dangerous.

Whether it is televangelists or politicians, the public wants to hear us say we're sorry for wrongdoing, but they have to believe we mean it. While most readers probably weren't alive in the 1950s when Richard Nixon apologized for what was perceived as taking money from lobbyists, he saved his VP spot on the ticket with Eisenhower. However, he left the public with the nagging suspicion that he was only sorry he'd been made to apologize, and there was no reservoir of goodwill in later years when he needed it.

Martha's trusted counselor would note that Martha has earned a lot of trust in her new community of Bedford by hiring local workers to help renovate and expand her estate, and that she has posted on her web page a note about the women who were in prison with her, saying "They would be much better served in a true rehabilitation center rather than in prison." However, she continues, "I look forward to being home, to getting back to my valuable work, to creating, cooking and making television." Martha, there's a big disconnect here. You've just spent five months with these women. How could they be rehabilitated? What did you learn about them? We read stories about things you taught them to do. Could Martha Stewart Enterprises employ any of these skills? Could you train them to do more? What are you going to do to include this new family and community or were they just a backdrop – a reality television show – a photo op? Now that you're moving on, they're fired.

This is what a real public relations counselor does. It's time the media understood that.

POOR BARRY BONDS

Published 03/02/05

Poor Barry Bonds. Not because he's rich, famous and about to break Babe Ruth's home run record. Barry's to be pitied because there's no one close to him who will tell him the truth. He struck out at his first press conference at the start of spring training.

His comments have made headlines. When asked if he'd used steroids, he snapped at the press, saying, "Why do you keep asking the same questions? I'm not a child." When asked if other baseball players would come forward about drug use, he attacked the reporters, charging, "All of you guys lied... All of you have dirt, all of you."

Not content with putting both feet in his mouth on the topic of steroid use, Bonds accused a *San Francisco Chronicle* reporter of "lying" by reporting that the Giants expected him to play by March 15. And he suggested that he is being scrutinized as he approaches the Babe's home record because he's black.

This entire column would be taken up with his comments. They're an issue by themselves, but there are others. Barry apparently has no one around him who will tell him the truth. He may be a great hitter, but far from being treated harshly because of his race, he's gotten a free ride because of his celebrity status.

He's dissembling and ducking on the issue of steroid use; he totally misunderstands the role of the press. The reporter he accused of "lying" about what the Giants said had actually received the initial press release, which said the team expected Bonds to be "competitive" by March 15. When the reporter called to clarify if that meant Bonds would play, head trainer Stan Conte confirmed it did.

It's clear that the Giants aren't planning to help Barry understand the real world. When the team provided the transcript of the press conference, they edited out the question about steroid use plus his response. This only confirms to the reader that the team believes he did use steroids.

When a Roman general returned to be feted by the populace in a parade so opulent it was called a "triumph," someone stood behind the general in the chariot whispering in his ear, "All are mortal."

Bonds has several kinds of coaches who undoubtedly do not pull their punches – to mix a metaphor – when they see something wrong with his footwork or swing. He trusts them to be straight with him to help him improve. He needs a communication coach who will be equally tough.

The questions could have been easily handled. The questions didn't make the press conference the stuff of multiple headlines. It was Barry's answers and demeanor that did.

The question about steroids was framed, "Have you ever inadvertently or otherwise used steroids?" Since Bonds' Grand Jury testimony is sealed, he could have taken refuge in the phrase, "While that investigation continues, it's not appropriate to discuss the topic," or he could have tried for light humor and said, "If I did anything 'inadvertently,' how would I know?"

When asked if other baseball players would come forward, all he had to say was, "I don't know." A similar strategy would have sufficed for the question about what he thought about Jose Canseco's book. If he hadn't read it, all he had to say was, "I haven't read it."

Instead, Bonds said much too much. To the question about other players' behavior, Bonds said, "You guys are like rerun stories. This is an old stud. I mean, it's like watching 'Sanford and Son,' you know rerun after rerun. It's almost comical." And he kept going. When asked about Canseco's book, Bonds first attacked Canseco, accusing him – and other writers – of writing, "just to make a buck. That's all it is. It's about making money." Again, he kept going, saying "I don't know Jose. I was better than Jose then, and I've been better than Jose his whole career. So I don't have anything to say about Jose." He doesn't realize that's exactly what he has been doing, talking about Jose.

Barry's not the only one without a communication coach who will tell him the truth. We have an extensive collection of CEOs blowing interviews or giving boring, self-serving speeches. When these high-ranking executives turn to their staff to ask, "How did I do?" the less-than-truthful answer is always, "Just great." The truth is something else.

Since Barry's apparently not about to look into the mirror anytime soon, perhaps others can learn from his public demonstration that it's a mistake to think one can simply open one's mouth and speak good sense.

ONCE OUT, THEY'RE NEVER BACK

Published 02/23/05

CNN executive Eason Jordan is not a victim of lunatic bloggers. He's a case study of the new, immutable dynamics of communication, lessons everyone should learn.

Mr. Jordan was forced to resign from CNN over remarks he made on an off-the-record panel at the annual World Economic Forum in Davos, Switzerland, saying that American forces were targeting – and killing – journalists.

Rony Abovitz, a businessman attending the panel, was also a contributor to the Forum's own blog where he posted the comments – but not without some forethought. He wrote that he challenged Mr. Jordan's assertion during the panel and afterwards, asked those journalists attending the conference if they planned to include the comments in their reports. When they told him they did not, he concluded journalists were just protecting one of their own colleagues – so he wrote about it.

First lesson: today, we're all journalists. The self-described "mainstream press" now competes with Rony Abovitz.

Not surprisingly, people who believe our service personnel are honorable were outraged, and Mr. Jordan's comments were widely circulated.

Second lesson: Anything interesting will be passed on to other people. Anything outrageous will be passed on to a lot of other people. Since you can pass things along electronically, the interesting or outrageous comment will move fast. Further, since individuals know who's interested in what, these self-selected channels will find those who care most about the particular item or subject matter. (This is actually great news for companies trying to get their employees and customers involved in sharing information, sort of one-on-one advertising, recruitment, and communication channels.)

Mr. Jordan then issued an e-mail statement through a former colleague, backtracking and saying he had meant something else. Shortly thereafter, CNN sent an unsigned posting to blogs. That they did this, rather than on their own network, is an admission that this new medium is speedier and more powerful than CNN itself – saying that the blogs took Mr. Jordan's comments out of context. The problem with this approach was that other publications, like *USA Today* and *The New York Times*, were tracking down and interviewing other attendees, including Democratic Congressman Barney Frank, who confirmed Mr. Abovitz's story.

In addition, the session was videotaped. Conference organizers declined to release the tape, saying that the session was off-the-record. Of course, the

lessons here are that nothing is ever “off the record,” and there’s always someone with a camera. In today’s era of camera cell phones, that’s becoming even more true.

CNN tried to take refuge in the “we don’t have the videotape” defense, but it didn’t ring true, because they – as the world’s TV network – could surely have asked the conference organizers for at least that snippet of the transcript. So CNN looks like it’s covering up and dissembling, always damaging to credibility.

The New York Times also dug more deeply into the idea of whether troops target reporters and found other journalists, like a BBC anchor, have been making this charge publicly for years. So the fact that Mr. Jordan might believe his accusations had some context. (It did not help Mr. Jordan that in 2003, he wrote an Op Ed piece for the *Times* admitting that CNN had suppressed coverage of Saddam Hussein’s brutality in the first Gulf War in order to continue broadcasting from Iraq. Third lesson: when you’re in the news, suddenly everything you’ve said or done before is in the news.)

And of course, the lesson here is that there are still multiple routes of reporting, and – if not “the” truth, at least a credible picture will emerge, as it does here. Mr. Jordan apparently believes the military targets reporters, said so aloud, was called on it and tried to backtrack and weasel out of his original comment. As with every crisis situation, that only makes things worse. If he only had a case of “stupid mouth,” where we say things we really don’t mean, he should have corrected himself on-the-spot or admitted it and apologized. If he had said, or written, “I did say that. I’m worried about the safety of our personnel and angry that some have died, and I shot off my mouth, and I’m sorry,” the entire affair would have been over. If he truly believes his charges, he should have stuck with his assertions and entered a debate. People could vigorously disagree with him, but it would be a debate. Final lesson: never weasel.

It’s only a matter of time before companies experience similar, if less spectacular, situations. Keep this advice handy.

STUPID MOUTH

Published 02/09/05

Stupid mouth. All of us have had the disease at some point. We opened our mouths and the most incredibly stupid, or hurtful, or ridiculous words came out. Lt. General James Mattis caught it this week. This is a case where only those who have never sinned have the right to criticize – or as my mother used to say, “People in glass houses shouldn’t throw stones.”

Speaking on a panel in San Diego about lessons learned from Afghanistan and Iraq, the General apparently began talking about being on the right side of the issues such as defending women in Afghanistan who had been brutalized by the Taliban, but the words he used were that it was “fun to shoot some people.”

Whatever other lessons the General and others learned that we might benefit from were lost, as the “shoot them” comment went worldwide, was featured in countless headlines and occasioned endless tsk-tsking by columnists. Typical of the sneering comments was Adam Brookes’ of the BBC who noted that, “General Mattis is a hardened veteran of combat and appears to have developed a taste for it.”

Most of the reporting portrayed the General as a blood-thirsty, weapon wielding, blood-in-his-eyes escapee from some violent video game.

The military handled the story perfectly. Others familiar with General Mattis immediately jumped in and defended him, so their quotes got into the reports. Marine Corps Commandant, General Michael Hagee said, “General Mattis is a superb leader and one of the Corps most courageous and experienced warriors.” Another Marine General pointed out, “The last three times the general has been in combat... his actions and those of his troops clearly show that he understands the value of proper leadership and the value of human life.”

The focus of this column isn’t on how to handle “stupid mouth” when it occurs, but about how to prevent it.

First, our concept of “good” and “bad” words would have served the General well. A “good” word is one you want the listener to pass on. A “bad” word is the opposite. The problem with “bad” words is that they crowd out the “good” ones, or in this case, whatever the General thought we should be talking about as a lesson learned from the past two years. This simple division saves a good deal of embarrassment.

The next step of the process is whether the people around you can help you. Someone should have immediately said to the General, “We all know what you mean, but I’m sure you’d like to take the opportunity to express it differently.” That trigger would have – should have – immediately caused the General to say,

“Of course, what I meant is that there’s a camaraderie among warriors that can’t be described to those who aren’t, and in Afghanistan, we could feel good that we were doing the right thing for the right reason – and damn that’s fun.”

That might have saved Trent Lott his status as Majority Leader when he praised Strom Thurmond in December 2002 saying the country would have been better off if Thurmond had been elected President. It took a few days for people to point out that in 1948 Thurmond was running on a platform of separatism and anti-civil rights.

Next, nothing’s private. There’s always a video camera somewhere. General Harold Campbell was caught on tape in 1993 before making his speech, joking that President Clinton was a “gay loving, pot smoking, draft dodging, womanizer.” He apologized and was forced to resign.

The most remarkable example of this was when an amateur videographer caught the Concorde on July 25, 2000 taking off from Charles de Gaulle airport and exploding on take-off. How did he know to be there? He didn’t. But there’s someone everywhere – with a video camera.

One of the fascinating things to me is how often “stupid mouth” comments are really the exact opposite of what the speaker actually believes, and I’ll bet this is the case in General Mattis’ situation. I still remember a personal situation where I used a slur – which just came out of my mouth – unfortunately in front of someone from the indicated group. He pointed out the inappropriateness of my comment, and I was mortified. My own beloved father once commented that “women didn’t belong at Yale.” I pointed out to him that he was on the local interviewing committee and was aggressively pushing women candidates. He looked at me very surprised.

Finally – to the journalists living in glass houses. Let’s give the “gotcha” stuff a rest. The main reason? At that panel when the general spoke, there were probably very important lessons for citizens and taxpayers from our troops’ experience over the past two years, but none of those got reported.

THE TYRANNY OF THE RIGHT

Published 02/02/05

This column is about tyranny, but it's not about interest groups. This is about PowerPoint, and the tyranny of the right hand margin.

This is not a trivial matter. Tens of millions of people in all walks of life are using PowerPoint to inform, to market, to sell. Students today use it as a support for term papers. We educate the next generation of physicians and engineers with PowerPoint. It has become a ubiquitous tool.

The PowerPoint backlash is already in full swing. *Fortune* ran an article by Thomas A. Stewart in February 2001 titled, "Friends Don't Let Friends Use PowerPoint." Everyone who considers him or herself a senior executive or accomplished presenter should read carefully Yale Professor Edmund Tufte's treatise, "The Cognitive Style of PowerPoint." It shows how PowerPoint formats can lead to disastrously wrong decisions, as in the case of NASA's internal discussions about whether the insulating foam which fell off the Columbia shuttle during takeoff could have damaged it. Tufte was granted access to NASA's decision making, and examines how the data presented on PowerPoint slides directed NASA personnel to the conclusion that the shuttle would be undamaged.

PowerPoint has become an element of corporate culture.

Does your company expect you to use PowerPoint if you are making a presentation or report?

Is the prevailing attitude that the more PowerPoint slides you have, the more prepared you are?

Has your company fallen into the trap of using PowerPoint as a visual, and the handout, and the speaker's notes?

If you answered 'yes' to any of these questions, you have a PowerPoint problem.

I don't expect to be able to exorcise PowerPoint, as recommended by Mr. Stewart, nor do I expect that corporate culture will tolerate an all image presentation. Few speakers are prepared enough to carry the verbal part of a presentation entirely. And, words are a vital part of visual. In addition, some of the "advice" is just plain silly. For example, one "how to" book offers cartoons of a runner jumping over a hurdle, "Are we ready for the next hurdle?"; a thermometer, "The competition is putting the heat on"; or a desert island, "There's no escape from these facts." None of our clients would be caught dead using those. However, there are some techniques that can make it more effective.

Eleanor Roosevelt said, “no one can make you feel inferior without your consent.” A comparative version of that is we need not be tyrannized by the most common mistake in creating PowerPoint slides unless we let ourselves be.

Many slides featuring bullet points or sentences are created by typing the words or numbers on to the screen. The line goes to the right margin and then returns all the way to the left. This results in the language version of hanging chads, a few words or a single word dangling down on the second line. That might be acceptable in a paragraph in an article, but it’s not how a viewer visually absorbs material or how a speaker articulates it.

If sentences must include several lines, they should be laid out in phrases as we would speak them. So, a line like this: “90 percent of the attendees were not at the last all-employee meeting,” would have “90 percent of the attendees” on the top line, then drop down and indent and continue with “were not at the all-employee meeting,” rather than “90 percent of the attendees were not at the last all-employee” on one line and “meeting” all the way to the left on the line below. This simply looks at how phrases flow naturally. It improves eye contact for the speaker using the computer screen as a prompt, because this layout allows him to read the first phrase and then look up and out at the audience for the conclusion.

Using ellipses at the end of the first phrase and at the beginning of the indented second phrase on the second line also helps link the two visually.

So “90 percent of the attendees...” is the first line, followed by the indented second line, “...did not attend the last all-employee meeting.”

What if the information you have takes more than two lines? That should be a signal that the bullet point or sentence is too long. (The exception is the provisions for safe harbor, which begin all financial presentations. The dense paragraph is read verbatim if hurriedly, and the audience of analysts or shareholders knows it by heart.)

This common sense reformatting will make information presented on PowerPoint clearer and easier to present. And it won’t get you in trouble for violating the expectations of the corporation’s culture.

INAUGURAL COMMITMENT

Published 01/26/05

President Bush made a mistake. Early in his second inaugural speech, he said, “Our duties are defined not by the words I use,” but he then proceeded to use words which carry powerful commitments and raise expectations.

He advised other governments that “success in our relations will require the decent treatment of their own people.” Were I a dissident in Russia, I would take heart. But how can the United States have any impact on how Russian president Putin treats his own citizens, currently cutting their benefits, stealing private wealth and falsely imprisoning businessmen? How is the United States going to open Aung San Suu Kyi’s front door in Burma where the generals are looting the country’s timber and lining their own pockets?

The President said, “The leaders of governments with long habits of control need to know: to serve your people, you must learn to trust them.” Is he going to tell the medieval rulers of Saudi Arabia to allow women to drive and vote?

When he says “even the unwanted have worth,” what will be our actions to help the lowest caste members in India, still “untouchable” despite half a century of legislation? Does he mean to help women who live in cultures where they eat last or have their genitals cut out? Does he mean to tackle the sex trade which flourishes in Thailand, a country into which we are pouring hundreds of millions of dollars without any preconditions?

And what does ‘freedom’ mean? Here in the privileged United States, the treasured ‘four freedoms’ as enunciated by Franklin Roosevelt are freedom of speech and expression, freedom of religion, freedom from want and freedom from fear. There are only a handful of countries in the world even close to sharing those values.

The President derived our freedoms, and our concept of freedom, from the Judeo-Christian values of the founding fathers. He referred to God five times, and firmly grounded his call for individual rights on the belief that each human is created in God’s image.

In what will compete for “understatement of the year,” the President noted that we as a people have “known divisions,” but insisted that “those divisions do not define America.” Alas, they do. A sizable group of people have firm plans to eliminate that root value that the President discerned. They are the ones that sue school districts that allow children to sing “Christmas” carols, substitute “holiday trees” for Christmas trees, and welcome the homosexual American Indian float but ban a local Christian church float from the Denver “Parade of Lights.” How do we meet those in our own country who seek to rationalize license, not liberty, and who define tolerance as embracing everything except

religious teachings of both Christianity and Islam when those teachings prohibit certain acts? We meet them with words.

The President was certainly correct when he noted that developing freedom is “not primarily the task of arms.” It’s the task of words. The President himself noted that he was “speaking” anew to nations of the world and to his fellow citizens. It is through words, beginning with the biblical enumeration of acceptable behavior and definition of equality, that we spread the meaning of freedom as we define it – our constitution, bill of rights and rule of law.

There is a significant difference from the days of the founding fathers, and the President alluded to it when he spoke to the nation’s children, saying “I ask our youngest citizens to believe the evidence of your eyes.” Images through television are a powerful tool. Women shuddered when we saw Afghani women covered in burkas with only a small screen to peer through, or who saw the moving documentary about how women were treated under the Taliban including the execution of one unfortunate woman by shooting her in the head. We blessed our luck at living in America. The old joke is that Soviets were staggered by our overflowing supermarkets and that people in the Soviet Union didn’t believe those who had seen them with their own eyes.

We can make a start by pledging that every citizen should not only know the pledge of allegiance, including ‘under God,’ but also the Declaration of Independence and the first ten amendments to the Constitution (the Bill of Rights). Parents can require children to add the Ten Commandments which are more than a road map to a healthy, productive life. They are words. Words matter.

LANGUAGE AND PUBLIC POLICY

Published 01/20/05

Social security. Franklin Roosevelt understood that language is a significant tool in defining public policy. Most people think it is a trust fund, a myth further propagated this week in a front page story in *The New York Times Sunday Magazine*. Alas, it is not a fund, and the trust turns out to be badly misplaced.

It was Theodore Roosevelt who described the most powerful weapon of the presidency as its “bully pulpit,” and President Bush has used it to focus attention on Social Security. Where once it was a taboo topic, the ‘third rail’ (surely a puzzling image to anyone living without subways,) is now a staple of talk shows and news reports.

Social Security isn't in any more trouble than it was ten years ago, meaning that depending on the economic assumptions and numbers you plug in, you can decide that the fund is in trouble in 2018 and unable to pay benefits in 2042 (*Business Week*) or 2052 (Congressional Budget Office). Scott Burns, financial columnist for *The Dallas Morning News*, using numbers provided by the Social Security Administration itself, finds that the system becomes unstable by 2010, only five years away.

The debate over both the current condition of Social Security and how to “fix” it shows the importance of words or language as a component of public policy. Applying the term ‘trust fund’ was brilliant as well as responsible for the current predicament. A ‘trust fund,’ usually an asset of the wealthy, is a separate account of money that pays interest which the lucky recipient can spend. As people are slowly beginning to understand, Social Security is a pay-as-you-go tax and welfare program. Its “assets” are IOU's from the Federal Government. There is no separate “fund” of U.S. Treasury bonds sitting somewhere to finance future benefits. Social Security taxes current workers and pays money to retired individuals, no matter what their economic status, and has been expanded to provide benefits for families whose wage earners die early, as well as the disabled.

The stark changes from 1935 are now dawning on most Americans. In the 1930s, there were 11 workers for every retiree, and the average age of death was 68. Today, there are about three workers for every retiree, and people are living well into their 70s, 80s and 90s. Initially, the payroll tax was a puny one percent on the first \$3,000 of income. Today, it's 12.4 percent and applies to \$90,000 of income.

Liberals, largely Democrats, talk about “starving,” “deserving,” or “vulnerable” elderly who must turn to “dog food” for sustenance. ‘Private’ is a positive concept to conservatives, largely Republican, but an anathema to liberals. To talk about a ‘private’ solution to the funding problem is so damning that AARP, the lobbying

behemoth, struck a deal with both sides – agreeing with the Democrats to lobby against changes and agreeing with the Republicans not to repeat the charge of ‘privatizing’ Social Security.

Conservatives point out that if wage earners are allowed to “save” some of the money which currently goes to the payroll tax, over forty years or working life, it builds up to “millions” of dollars. As Al Neuharth, founder of *USA TODAY* writes, “The math is not simple but the results are staggering: \$1000 invested annually in the stock market with its historical 10 percent a year average return compounded would grow to more than \$440,000 in 40 years.”

Words are also being used to attack the other side. Thus, Roger Lowenstein of *The New York Times*, writing that there’s no problem at all with Social Security and that it can be “fixed” by increasing the payroll tax about two percentage points more or cutting benefits 13 percent, describes those who favor allowing taxpayers some ownership and control over their funds as “ideologues” and President Bush as a “demagogue.”

President Bush himself is trying to reshape the philosophical debate by using the term “ownership,” implying that the taxpayer, not the government, “owns” the earnings. This is actually a significant philosophical difference with the opposing view characterized by Swarthmore College Professor Barry Schwartz, writing that what’s taken out of a taxpayer’s salary in payroll tax is not the taxpayer’s money, that “It’s our money,” meaning that it belongs to the collective public for Congress to allocate as it sees fit.

It’s not clear yet whose language will prevail. My bet is that the days of Professor Schwartz’s views are waning, and we’ll settle on a new word familiar to all kindergarten children: “let’s share.”

“STINGY” – THE POWER OF ONE WORD

Published 01/12/05

Stingy. When U.N. official Jan Egeland charged that the United States was “stingy” in the amount the U.S. committed following the tsunami, he triggered a communication war.

Mr. Egeland actually said, “It is beyond me why we are so stingy.” He also included Europe with the United States and, added that politicians in both continents “...believe the taxpayers want to give less. It’s not true. They want to give more.” Reporters only used the ‘stingy’ quote. In many reports, the word was also in the headline. Negative words always crowd out positive ones.

The incident also illustrates the wrong way to respond. Secretary of State Colin Powell amplified its power and guaranteed a debate by snapping back, “The United States is not stingy,” in a *CNN* interview. Again, there was more. He added, “We are the greatest contributor to international relief efforts in the world.” But the quote featured was “The United States is not stingy.”

The last Google search produced 3,760 articles written about or mentioning the “stingy” quote and that doesn’t begin to count the number of radio talk shows or television pundits’ comments on the topic.

At least the argument focused the attention of the public on foreign aid and showed how political viewpoints color reporting. Columnists and publications that favor larger amounts of government aid pointed out that the initial commitment of \$35 million was less than the Administration plans to spend on the inaugural festivities. Conservatives like Thomas Sowell countered that “real generosity is shown by those who voluntarily give their own hard cash, and Americans give more than anybody else.” Others pointed out that estimates of aid didn’t include the cost of the military’s role, which adds up to tens of millions. This moved the debate into the realm of statistics and which numbers to count.

When it became clear that the United States was going to do its part, the debate about whether we were “stingy” moved to whether we had been “slow” in our response. A second wave of discussion has engulfed the columnists and talking heads. However, at the same time the argument about whether we were “slow” was going on, pictures began to roll in of American soldiers manning dozens of helicopters loaded with supplies. The charge of “slow” was invalidated by the images.

Secretary Powell could have looked for communication help in other areas as well, because as aid rolls in, reporters are covering the concern that a large amount of aid and relief will be stolen. One story nonchalantly quoted an official saying that 30 percent of relief money was assumed to be skimmed off by corrupt local officials.

The diversion of funds intended to alleviate suffering could have been anticipated. There's been substantial coverage of the corruption in the Iraqi "oil for food" program where billions of dollars were shunted to bribes, favored politicians, or Saddam Hussein's own accounts.

Reporters are also accurately portraying the logistical difficulties of getting food, medicine and building supplies to some of the remote areas. One coastal village in Somalia that was wiped out is 250 miles from the nearest airstrip and ten hours over rutted roads from the next village.

How could we have responded without focusing on the negative? "On the contrary. We guarantee the United States will be generous. We'll also be focusing on the individuals who need it. That means figuring out what they need and just as important, how to get it to people in remote areas."

This would have used another technique, the power of predictions or guarantees; substituted the word 'generous' for the word 'stingy,' and raised the topic of individual instead of government and delivery as a component of effective relief.

It would have been interesting to see what the debate would have been if Powell had added, "And we want to make sure it's not lining the pockets of governments which are corrupt." Corrupt is as memorable as 'stingy,' and it certainly would have been true.

CAUGHT

Published 01/05/05

New Year's is a time for prediction. Here's one. *Roe v. Wade*, the 1973 decision that had the effect of legalizing abortion in the United States, will be overturned.

How do I know? Because the pro-Roe coalition split following the 2004 election. In fact, the division is so sharp it's as if Moses returned to part the figurative sea of Democrats. Having once communicated that the legal philosophy behind *Roe* is flawed, there's no way the Democrats can mount a unified front.

The declaration of the attack on *Roe*, or more precisely on the legal underpinnings, came not from right wing Republicans or the groups like Right to Life or Phyllis Schlafly's Eagle Forum. It came from advocates of gay marriage, who suffered a decisive defeat on November 2. Constitutional referendums banning same sex marriage were on 11 state ballots. They passed in all 11, and they passed by wide margins.

Heated debates are going on in publications and internet sites such as PlanetOut.com, Gay.com, outandabout.com, *Out* magazine and *The Advocate* magazine, chat rooms and forums where issues of concern to the gay community are discussed and outline what the future strategy should be. Some call for continued legal challenges by individuals or couples, hoping to create a body of court decisions in sympathetic states and circuits. A pile of decisions ruling that bans on same-sex marriages are discriminatory would lay the groundwork for when the political tides turn, as they argue, and they inevitably will, clinching success in currently hostile states.

A counter argument advises focusing on legalizing civil unions and obtaining benefits for domestic partners, pointing out that the polls show the public is more favorably inclined to them. These individuals are quoting President Bush, noting he said a state could grant legal protections if it chose. This argument was concisely voiced by Jonathan Rauch, himself gay and an advocate of gay marriage, and the author of *Gay Marriage: Why it is Good for Gays, Good for Straights, and Good for America*. Rauch chose the pages of the eminently conservative *Wall Street Journal* to write, "The best chance of averting a culture war is to localize the issue by leaving it to the states, letting them go their own way at their own speed." This, of course, is precisely the argument that the Left and Democrats reject in the abortion debate.

The movement to overturn *Roe* is characterized by NOW President Kim Gandy as "women's rights are under siege," and "sending women farther back than the dark alleys."

Actually, the argument is that *Roe* was inappropriately decided at the Federal level, with the Supreme Court finding a right to it within a right to privacy which

itself is not enumerated in the Constitution but in the late Justice Blackman's famous phrase, in the "penumbras" of the Constitution. Overturning Roe would, as the advocates of gay marriage recognize, return the decision to the state level, which could be expected to react predictably. Abortion would be legal in New York, as it was in 1973, and states like Vermont and California. It might be legal in the first trimester in some states; legal in some circumstances such as rape, incest, life and health of the mother in others. There will be differences, just as the constitutional referendums on gay marriage varied.

Ralph Waldo Emerson's famous quote, "Foolish consistency is the hobgoblin of little minds," might be rendered that it is foolish to expect any consistency in politics. The Republicans, pressing for a constitutional amendment to define marriage as between a man and a woman, are now advocating the same position of the pro-choice forces, exactly the opposite position they are taking on overturning Roe.

The parties' positions on judicial activism, and the ability of judges to push interpretation of the law to the point of making it, are similarly self-serving. Democrats approve of judicial activism, when, as in Massachusetts, judges ruled in their favor, but are opposed to it if it means a Judge rules that the 10 Commandments may be displayed. Far Right Republicans disapprove of judicial activism but only because conservative judges have unexpectedly proved just that, conservative, and have resisted the temptation, despite urging from the Right, to write their own laws. Indeed, Judge Patrick Higginbotham of the 5th Circuit was the target of criticism from the Right for his decision in *Margaret S. v. Edwards* 749 F 2d. in 1986. That decision struck down a Louisiana statute on grounds of vagueness, a finding which does not bar state regulation but only requires greater clarity in its drafting. Nonetheless, Judge Higginbotham was roundly attacked because his decision wasn't "right."

Rauch concludes that "popular sovereignty is alive and well in the states." Indeed it is, and should be on both these volatile issues, and Republicans should thank him for making the argument so convincingly.

EMPLOYEES AS EXPLAINERS

Published 12/15/04

IBM is once again making front-page news for changing its pension system. Buried in the articles is *how* they announced those far reaching changes, by posting a memo on the company's internal web site. This illustrates a huge opportunity lost. Instead, this would have been the perfect time to activate a network of employees as explainers, if IBM had previously set up this vital internal communication technique.

This is IBM's third attempt in ten years to try to revamp its pension plan in order to achieve multiple goals: meeting the needs of younger workers (who will almost certainly work for several different companies over their careers and therefore want to take their pension money with them), saving IBM money, and making the amount IBM would have to contribute more predictable, while simultaneously meeting accounting requirements which have changed (again) and grown more onerous.

In 1999, IBM attempted to move from a traditional pension plan, where the value builds up most rapidly at the end of a career, to a "cash balance" fund where the company puts in money for employees each year. Older workers panicked, they sued, and IBM just agreed to settle that litigation for over a billion dollars.

This latest change will affect new employees who will be excluded from the existing system. Instead, they'll have the opportunity to contribute six percent of their salary to a 401(k) savings plan, which IBM will match. (If you wonder what that means, think of the publicity about privatizing Social Security. The tables show that if workers put the approximately 14 percent tax bite of Social Security into their own stock index fund, they would all be millionaires, plus own the money to leave to someone else if they die.) This is a very generous plan, although it does require the employee to participate, and that's the unknown.

Many companies have found that employees, particularly younger employees with family demands, don't put what they could into retirement accounts even if the employer, as IBM has, is matching it dollar-for-dollar.

IBM has recognized correctly that the company needs to adapt constantly and be accountable to a variety of constituencies – younger employees, older employees, shareholders, and regulators. What's peculiar is that a world-class company would use out-of-date methods to communicate it to their employees.

Employees talking to each other has long been referred to as the "grapevine." Some years ago, *USA TODAY* had a front-page story about how IBM had hired a chef for then-CEO Lou Gerstner, paying her \$125,000 a year. This tidbit made it into the news because one person told another, who told another, and so on. It

almost certainly was not a malicious chain of gossip, but more of a “can you believe this?”

Companies today don't have any choice about employees talking to each other. But they can choose to understand and anticipate those networks, and to harness and align them with their business goals.

IBM's situation is an excellent example of how a network of “employees as explainers” should work. It's entirely voluntary, as a company enlists employees who want to take the time to learn about something and agree to talk to others.

Time and again, companies make several typical mistakes. First, they fail to even think about incorporating these chains of communication into their plans. Second, they provide too much information, and they provide it in a way that requires the employee to pore over and absorb it. The correct way to organize material as we say it is, “so that it can go in the eye and come out the mouth.”

The benefits of thinking like this should be obvious; employees will learn a lot more about IBM's benefits from verbal communication than from lengthy material. Employees are much more credible carrying the message that IBM is trying to provide for them and legally comply with complex regulations. In this case, it also appears as if the accounting rules can produce dramatic changes on a company's balance sheet. It can even render a company, even one like IBM, technically in default. (That means the ratios of debt to equity could require lenders to call zillions of dollars in loans, lines of credit, etc. It won't happen because the problem will be fixed, but it's still scary.)

The most powerful reason for companies like IBM, and others, to recognize and enlist “employees as explainers” is because you get an added bonus, employees as motivators. If employees don't regularly contribute the six percent to their 401(k) plans, they will arrive at retirement woefully unprepared. Not only will they suffer, but they will undoubtedly turn around and sue IBM. And management will have to explain that to their stockholders.

THE AGE OF EXTREMISM

Published 12/08/04

Barry Goldwater got it wrong. Extremism is a vice.

History will record that our language has become extreme, and extremism is now required to get attention. It's not only annoying, it's dangerous. This week's examples include a career physician at the Food and Drug Administration and a columnist for the *New York Times*.

The late Senator Barry Goldwater actually said in his 1964 Presidential campaign, "Extremism in defense of liberty is no vice, moderation in the pursuit of justice is no virtue." But since the Democrats were eager to characterize the Senator as a trigger-happy war monger, only the word "extremism" was repeated over and over again. Ultimately the Senator was depicted as an "extremist," and extremisms were bad. That characterization has now been turned on its head.

Is Merck Pharmaceutical's drug Vioxx a boon to millions of sufferers of crippling arthritis or a cause of cardiac arrest? Anyone reading the newspapers knows that Vioxx was withdrawn from the market this fall amid concerns that the drug's users had a higher rate of heart attacks and strokes. This is not an unusual development, and the typical process works as follows: a new drug is created, works well in clinical trials and is made available on the mass market. Only after several years do potential problems show up. Because the drug is serving people who have pre-existing health problems, there is a period of debate about whether higher incidents are a result of the new drug, the pre-existing health problems, or some combination of the two.

Dr. David Graham, an FDA staff member, believes strongly that Vioxx is the problem. He went before a Senate Committee last month, but he didn't just describe the scientific back-and-forth that goes on. He walloped the entire FDA, saying, "What I'm painting is a picture of an FDA that is completely insensitive to drug safety." That's not true. In fact, the opposite is true, and Dr. Graham knows it. The FDA staff is highly professional, objective and dedicated. What they also are is opinionated. And apparently there's been a lot of scholarly and scientific debate. But scholarly and scientific doesn't get you on *CNN*, *Nightline* and *Good Morning America*, all places recently visited by Dr. Graham. And it probably doesn't get you national news before the U.S. Senate. Dr. Graham described Vioxx as a "potential disaster." That's also not true, but it is heaven sent for the plaintiffs lawyers who are engaged in making Vioxx the next asbestos.

Further north, *NY Times* columnist Maureen Dowd described the Bush re-election as "the forces of darkness" taking over the country, and she predicted that their agenda would be to punish "society's most vulnerable, the poor, the sick, the sexually different." She continued, accusing the Americans who voted for Bush as characterized by isolationism, nativism, chauvinism, Puritanism and

religious fanaticism. Leaving aside the unusual combination of the poor, the sick and the sexually different, Ms. Dowd, just like Dr. Graham, knows all this is baloney. The only religious fanaticism around is 10,000 miles in either geographic direction.

But it wouldn't grab as much attention to say, in a calmer tone of voice, that she believes the country would be better served by Senator Kerry's global approach of consultation and consensus.

Our public communication has become one extended version of *Crossfire*, but without the elegance and insight, not to mention the correct English of William F. Buckley.

The danger in this, as any elementary school child can tell you, is that it crowds out discussion and real coalition building. You don't make many friends by calling them "the forces of darkness," and I can't imagine that many scientists are going to look forward to a team project with Dr. Graham. If you dare disagree with either of them, they'll not only call you vile names, but question your professionalism, your patriotism and your parentage, with the added bonus of doing it in the spotlight of the national press. These extreme statements scare people and shake public confidence. (And I haven't even discussed the conspiracy theorists that are saying that the election was "stolen," and rife with "fraud.")

George Santayana wrote the oft quoted but little followed, "Those who do not learn history are doomed to repeat it." Back to the Greek's admonition to know yourself and take everything in moderation, history is one, long, sad lesson of where extreme language leads. It leads to real extremism.

If the media were truly interested in helping the debate become more civil, they would look to the examples of recent history. Extremists look for targets. For starters, it's always anyone who disagrees with them, but then it becomes more focused. Jews. Business owners. People of different religions. How about a nice documentary on Robespierre?

Senator Goldwater, where are you?

NAMES MATTER

Published 12/03/04

Shakespeare really got it wrong when he wrote, “A rose by any other name would smell as sweet.” Leaving aside that modern roses have had the fragrance bred out in favor of color and other attributes, what we name something affects, even determines, what we think of it.

Sometimes naming rights belong to the owner, like No Child Left Behind, the Bush Administration’s education initiative. Bush wanted to end the strategy that some schools were using to claim improvement by citing overall statistics to mask what was happening to some groups of children, particularly minority and lower income kids. No Child Left Behind was named to put the focus on an individual child as opposed to a school or district.

Sometimes names are accidental, like the so-called Uruguay Round of trade talks in the 1980s. Named for Uruguay where the talks started, the far-reaching goals of reducing trade barriers and stimulating economic activity became totally obscured.

Other names are historic – and historic in blatant disregard of George Santayana’s advice, “Those who ignore history are doomed to repeat it.”

Examples abound at every level of political activity.

At the national level, the greatest naming achievement or boondoggle, depending on your point of view, was to describe Social Security as a “trust fund,” and what you pay into it as a “contribution.” Social Security is a pay-as-we-go regressive wealth transfer tax where current workers pay approximately 12 percent of their salary to fund benefits going right into the pockets of retirees. People still think that there’s some bank account with their name on it. Interestingly, the move to allegedly “privatize” Social Security has fanned an emotional debate, whereas a truly “private” system would create the very trust fund people so earnestly believe in.

Of course, no discussion to truly “privatize” the system is really on the table. President Bush is using the word “ownership” to describe a proposal which would allow workers to keep a small part of the Social Security tax and have something like shares in a mutual fund. In other words, the worker would actually “own” the account.

Texas’ Robin Hood solution for school funding is another example of a wildly successful naming strategy. In many states where schools are funded by local property taxes, schools in districts with less property to tax have historically found themselves with less money than districts with a growing tax base. Legislative and legal advocates for property-poor districts in Texas successfully raided the

wealthier districts by calling it a Robin Hood solution. Even people who never saw Errol Flynn in tights (but may have seen the newer version of the movie with Kevin Costner and a cameo appearance by Sean Connery) understand this means taking money from fat, elite, fur-swathed bad guys and giving it to poor, rag-draped deserving people. The Robin Hood name and image have been largely responsible for preventing Texas from finding new, constitutional and effective ways to fund poorer districts.

Another example: Dallas is in the throws of an increasingly emotional debate about whether to adopt what's called a "strong mayor" form of government in place of the current city manager.

The description of a "strong mayor" has sent the African-American members of the city council into a frenzy of opposition when actually they, and their constituents, would be the prime beneficiaries. The city manager form of government was dreamed up in the 1930s as an antidote to graft and the unfortunate tendency of officials who won elections to fire all the city workers and fill the jobs with their own supporters. Supposedly, this new strong mayor form of governance would mean that a municipality would be "managed" – another word fraught with meaning – in a modern fashion. What's happened in Dallas, the largest city by far to still hang on to the manager system, is that a mayor and council members are elected, but really have no duties other than hiring and firing the manager. In theory, they direct city policy, but in practice, the manager runs the staff, produces the budget and directs operations. The council members simply bicker and posture, like those actors who appear before Congressional hearings and say, "I'm not a doctor but I play one on TV."

The name "strong mayor" is simply a historic term, but the minority council members immediately assumed it means they will be weakened. If the debate were renamed "effective mayor" or "accountable mayor," it would generate a far different response.

In the business world, the equivalent of names like the Uruguay Round, obscure critically important issues. IBM, for example, tried to convert its pension plan to a "cash balance" plan. The move makes sense in a world where people don't spend 25 or 30 years at one company. Money would be set aside each year, and if you left your job after three or four years, you would still own the account and could take it with you. When IBM proposed the change, older workers panicked and assumed the change disadvantaged them. It did not. But statistics being malleable, lawyers and judges ruled that IBM could not adopt this eminently sensible change which would have benefited its employees who will not spend their careers at Big Blue.

Names can inform or misinform or, like Uruguay Round, confuse. They are a sign or label, telling us what to think of the idea. They can link us to an image, like the Robin Hood plan. They can unite, or divide.

The lesson? If I were a rose, I'd think twice before agreeing to another name.

POODLE STEREOTYPES

Published 11/24/04

What's with the attacks on poodles? It must be human nature to fall back on stereotypes as a way of expressing ourselves. Most people have learned to stay away from the old stereotypes about lazy African-Americans, mafia Italians, dumb Poles, money-hungry Jews and so on. Even fat people have advocates scolding that we should not stereotype them.

Britain's Prime Minister, Tony Blair, just announced to the world that "Britain would not be America's poodle." European commentators repeated approvingly "Blair said Britain would not be America's poodle."

No argument, no disagreement from the media. But why should we expect that? Important columnists, like Michael Barone of *U.S. News and World Report*, and Ruben Navarette, of the *Dallas Morning News*, have used the poodle metaphor to describe someone who is spineless, captive, and willing to blindly follow.

Blair's snarl about not being America's poodle was echoed earlier this year by columnist Barone. He wrote about the efforts of Germany and France to build support for their high-cost-high-regulation societies, calling Belgium 'France's poodle,' meaning France kept Belgium on a short leash and Belgium would do whatever France told her to.

During the presidential campaign, in his own column, Reuven Navarette urged the media to be more critical of political candidates, saying they were less like attack dogs and more like, yes, again, poodles, lazy and undemanding.

The term 'poodle' derives from the German 'pudle' or lake dog, and the hardy retrievers plunged into frigid lakes to bring back downed ducks and geese. They are loyal, tough dogs.

Poodles are exceptionally intelligent. The value of that has become clear to me when our five-year-old poodle, Theodore Roosevelt, was joined by an 8-week-old female West Highland terrier. She's as cute, and spunky, and about as bright as a Kilgore Rangerette. Wait! That's a stereotype too. Just because the high kicking girls have short, short skirts doesn't mean they're airheads.

As for the term 'poodle' meaning to be kept on a leash: when I lived in New York City, I had a wonderful brown standard poodle. To observe the city's new leash law, she would walk right next to me, carrying her leash in her mouth. People would say, 'Lady that dog is supposed to be on a leash.' I would reply, 'She is on a leash. The law doesn't say I have to be holding on to it.'

The breed is courageous. A 30-pound miniature poodle I knew was tossed into a cellar by burglars and made so much fierce noise, throwing herself at the door

and clawing it, that they left in haste. They thought they must have awakened another huge dog in the cellar. This dog could amuse herself by dropping her ball at the top of the staircase and then running down to retrieve it.

Poodles don't shed, are easily trained but understand the difference between useful things and dumb tricks. Most important, they have good judgment. Affectionate family dogs, friendly and intensely curious with others, they are able to distinguish between the FedEx man, the pizza delivery guy, the stranger whose son wants us to buy wrapping paper to support his school --- and the stranger who is casing our garage. Isn't that what we want the media to do? Or Belgium for that matter? Or even Britain as our ally and advisor?

Perhaps, when no ethnic, minority or sexual group can be stereotyped, we search for other stereotypes to satisfy our need to denigrate. Since we can no longer ridicule fat people, dark Middle Eastern men with hostile eyes, bald men, pregnant women, blind people, Italians or anyone else with a noisy advocacy group behind them, animals are an easy target. Sly as a fox, placid as a cow, fierce as a lion. Stereotypes are really a cheap shortcut. Rather than find other ways to describe a point, or look for a telling story or appropriate quote, stereotypes do conjure an image. The problem is they are frequently inaccurate. Foxes are actually shy. Female lions do all the hunting. It would be more accurate to say, "Lazy and sex-crazed as a male lion."

Blair's comment proves he's just a snobby Englishman, and the media? They're all cats. Selfish, untrainable bird killers.

(It's a joke. Okay?)

FRAUD FRAUD FRAUD

Published 11/18/04

If you say something often enough, some people will believe it. That must be the strategy behind why a minority of Democrats and die-hard conspiracy theorists are screaming that the election on Nov. 2 was stolen by fraud.

The debate is an excellent illustration of the power of words. Clay Shirkey, adjunct professor at New York University, attributed the controversy to people who “can’t imagine any universe in which a fair count of the votes would result in George Bush being re-elected president.” But the impact of continuing to charge “fraud” is dangerous.

Web bloggers together with elected Democrats like John Conyers, D-Mich., and Jerrold Nadler, D-N.Y., are calling for an investigation of the “fraud.” Despite Conyer’s claim that “this doesn’t have anything to do with partisanship,” the strategy is to play to the suspicions of some groups of voters, particularly minority ones. The allegations use words like hacking, rigging and fixing, and confirm historic fears. This has resulted in an unusually high level of first-time minority callers to talk radio shows, all of whom make the point that if there wasn’t “fraud,” why would there be so many allegations?

The battle between facts and cherished perceptions is joined, and people are signing up for one side or the other.

Looking at the debate from a communications perspective, the Voting Technology Project of MIT and the California Institute of Technology are dead right. “The ‘facts’ that are being circulated on the Internet appear to be selectively chosen to make the point.” Just as those who insist the Holocaust never happened, Conyers and crowd and the Internet bloggers are picking and choosing factoids to scare people.

Extreme positions are good for fund-raising, which is why Blackboxvoting.org has taken the position that “fraud took place in the 2004 election,” and is asking for contributions.

The actual facts about how the election process worked are not at issue here. Some voting machines, including the new electronic ones which do not also produce paper ballots, malfunctioned. Instead, Conyers points to computer programs, like one in Ohio that allocated absentee ballots to one particular site or precinct, making the print out look as if thousands of mystery votes appeared. Was it fraud? Or, as one of the more extreme writers, like the aptly named English.pravda, asks if it really was a malfunction or, “Did something more sinister happen?”

The presidential campaigns and candidates are trying to be responsible. "As a party, we've got to acknowledge that Bush produced more votes than we did," says Paul Maslin, Howard Dean's strategist.

Inflammatory charges of "fraud" are much sexier and more memorable than world like "anomalies," the word used to describe the problems in Florida and Ohio. It only means "something didn't work right but we don't know what or why." And when the lead lawyer for Kerry in Ohio says, "I have not seen anything to indicate intentional fraud or tampering," he doesn't reassure or convince the doubters. He's still talking about "fraud" and "tampering," and the listener wonders if fraud and tampering exists and he just hasn't caught on yet.

Negative words overpower hedged explanations, and those fanning the flames of the debate know it. Referring to counties in Florida with a preponderance of registered Democrats but a Republican majority for the president, Nadler said, "Maybe they've been voting Republican for 20 years or maybe there was fraud or error." Of course, there is a huge difference between "fraud," which is intentional wrongdoing, and "error" which is a fact of life, particularly in elections that are run by local governments.

Why does this matter? It matters because the rumors feed on themselves, deepening distrust and strengthening minorities' beliefs that they will never be treated fairly.

There has already been exhaustive examination of the difficulties in various states and localities. Bush won cleanly. The issue now is whether all levels of government can move forward to improve voting or whether everyone will be tied in knots over what Matthew Damschroder, the director of elections in Cleveland, calls "a snowball of hearsay."

In order to use communication effectively in this instance, one must understand the motives of the accusers. The accusers know they can't change the results of the election. Their goal is to muddy the future by instilling doubt and fear.

The unfortunate fact is that those most likely to be dissuaded from voting in the future are the very new and minority voters Conyers, Nadler and the bloggers claim to want to help.

IF YOU THINK EDUCATION IS EXPENSIVE

Published 11/10/04

“If you think education is expensive, try ignorance,” said Derek Bok, president of Harvard from 1971 to 1991. The employees of Bethlehem Steel, US Airways and Consolidated Freightways learned this hard lesson. The employees of United and Delta Airlines are just learning it now. And employees of other companies should pay attention.

United has a pension plan that is severely underfunded. In June, United missed a \$72 million contribution, but the pension plans were only 50 percent funded. Because the 1974 legislation governing pension plans is woefully out-of-date, United was in compliance with the law.

Without going into the minutia of why these pension plans collapsed, the key element is that the employees were all shocked. As the *New York Times* put it, the employees “had not been told anything was wrong.”

What’s wrong with that sentence? A simple Google search produces reams of criticism about companies’ pension structures and regulations. Among other things, companies were allowed to contribute their own stock, so if stock prices plummeted, funds were in trouble. And accounting rules allowed companies to understate their future liabilities to the pension funds.

On Delta’s end, the company is trying to get its pilots, the most highly paid in the industry, to accept major pay cuts as a key element in avoiding bankruptcy, along with a freeze for the pension plan. Delta’s pilots have been intransigent, even in the aftermath of 9-11. Instead of compromising, they ignored the sea change of skyrocketing fuel costs and brutal competition from the low-fare airlines and dug in their heels. Management used its solid financial position to raise cash, but the pilots looked at it as a piggy bank rather than a security blanket.

Unfortunately, Delta’s financial strategy was undermined by management missteps, awarding executive bonuses when they were asking employees, including the pilots, to sacrifice. That infuriated the pilots. Although Delta’s management was telling the truth about the permanent changes in the industry’s environment, the hidden bonuses eroded trust between management and employees.

The lesson here is that management must take a much more energetic and effective role in getting employees to pay attention to the financial issues which affect their industries and individual companies. And preferably undertake this kind of proactive effort without the kind of “shoot yourself in the foot” actions like awarding yourself a bonus or pay increase while you cut jobs or salaries for others. The message for employees is that you need to take responsibility for learning about issues which affect you, like pensions and industry conditions.

The government has a role to play too. One of President Bush's second-term priorities should be making financial reporting something that the average employee can understand. Although employees of publicly held companies should be reading their own annual reports and studying the balance sheet, those forms are always complex, confusing, frequently misleading and many times intentionally difficult to read.

As a side note, unions are in a particularly difficult position. Because union leadership looks narrowly at their own jobs, they have an incentive not to educate their members. That's what happened with Bethlehem Steel. They "won" a contract and pension benefits far beyond what the company and industry could sustain long term. Company management bear some of the blame, although their thinking was undoubtedly that a miracle might happen and if it didn't, the problems would fall to future management – which they did.

Education, particularly education dealing with seemingly complex topics and far-reaching time frames, requires new thinking, energy and time. And that does take resources. More than resources, it takes will and sustained commitment. But the cost is miniscule compared to what Delta's and United's pilots and other employees are paying now.

Ignorance isn't bliss. It's a clear miss – missing the point that employees need to know a lot more in order to protect themselves.

PAY A LOT FOR BAD ADVICE

Published 11/03/04

I'm always surprised that savvy companies make terrible decisions about which outside advisors to turn to for professional advice, particularly in crises, where communication and legal advice frequently team up. A.I.G., the world's largest insurer, is the latest example.

A.I.G., the latest target for New York Attorney General Eliot Spitzer, is being investigated for bid rigging and price fixing, and two executives recently pleaded guilty to criminal charges. A.I.G. needed crisis communications help and turned to DC-based Qorvis Communications. Qorvis enlisted other firms, and one of them sent e-mails to four prominent financial individuals asking them to consider attacking Spitzer and defending A.I.G. and the insurance industry. The experts were offered \$25,000 plus \$10,000 for opinion pieces and television appearances – all of which were to appear as spontaneous expressions of differing expert opinion.

A.I.G. fired Qorvis after one of the four targets shared the e-mail and the strategy with the *Wall Street Journal*, the *New York Times* and other national publications. Spitzer declared himself outraged. A.I.G. was revealed as trying to excuse and rationalize its actions rather than reform its procedures. And the crisis communications “experts” and the lawyers who approved their actions were revealed as pimps who accept high-dollar retainers only to tell the client what he or she wants to hear rather than deliver the unwelcome news that, as Don Etling, of Fleishman-Hillard once said, “You simply can't communicate your way out of a situation you've behaved your way into.”

At least A.I.G., Qorvis, and the unnamed lawyers, who must be relieved no one ratted on their role in this, provide a good teaching example for other companies.

First, do not hire an outside firm more interested in its high fees than providing sound advice. And remember, the advice will almost always contain unwelcome, critical components. Good advice in these situations will involve behavioral changes because it's the description of the behavioral changes which provide the opportunity for positive messages and publicity.

Second, while it is indeed normal to involve third parties to write about or comment about industry practices, this was the wrong way to do it.

As noted above, A.I.G. has not indicated any awareness that its own practices, or behavior, had anything to do with its problems. When Drexel Burnham Lambert was accused of unethical and misleading activities, it hired former U.S. Attorney General Griffin Bell to conduct an internal review and recommend changes. Although Drexel paid Bell, the former AG is known as a man of unimpeachable

integrity. He may be retained, but he can't be bought or ordered around. They took his advice.

When Mexican-based Gruma Corporation was caught in the Starlink controversy in 2000, they sought advice from ethicist Dr. William Carl III as well as formed a science advisory committee to review their operations, procedures and decision making process. (Incidentally, Gruma never sought publicity for those experts. They were interested in objective experts, not window dressing.)

A.I.G. isn't going that path. They are trying to take a shortcut, almost certainly because the company knows that any reputable outsider would offer criticisms of their governance structure.

When Qorvis enlisted other firms, it increased dramatically the possibility that the strategy would be revealed, and the use of e-mail to communicate, coupled with very high-dollar "incentives" ensured it.

(While many companies post lengthy rules governing e-mail, my own list is very short. If an e-mail has a negative word in it or a comment about someone else, it will be passed on to someone else.)

A.I.G. insisted it knew nothing about this strategy and that Qorvis' firing was unrelated. Nonsense. Qorvis may overcharge and be too eager to tell a client what it wants to hear, but it is a reputable firm headed by very smart individuals. They simply would not have implemented this strategy without the client's approval including either the internal or outside attorneys. Qorvis publicly said that A.I.G. knew nothing about the overtures or potential payments, but this case has all the earmarks of Qorvis and the other firms taking the fall for A.I.G.

Other companies in recent memory which have committed the same errors include Arthur Andersen, HealthSouth, WorldCom and a long list of other, well-known names.

When I worked as a special assistant to William Webster, director of the F.B.I., he once said that the quality he looked for in recruiting advisors was "good judgment." I asked him how one developed good judgment, and his answer was, "From all the times you've used bad judgment." The true test of good judgment is to learn from the actions of others. It is in this area that A.I.G. and the others fall so short.

SAVING CRAIG CONWAY

Published 10/28/04

Craig Conway, just-fired CEO of PeopleSoft, could have kept his job if he knew how to acknowledge questions instead of duck them.

At an analysts meeting in September 2003, an analyst asked if Oracle's overtures were causing customers to wait to see what happened before buying PeopleSoft's enterprise software. A transcript just revealed in litigation in Delaware, shows Conway responding, "I think people have lost interest in it," and continuing that customers who initially put purchases on hold were completing their sales. Analysts reported his comments. Banks raised their ratings. The only problem: it wasn't completely true, and in today's environment, being only partly true means it's misleading.

Mr. Conway's positive statement could have been true if he had used what we call an "acknowledgement phrase" which allows a speaker to truthfully respond to a question without being trapped by its parameters. The analyst asked a straightforward "framing" question: Is Oracle's bid causing customers to put purchase decisions on hold? This appears to demand that Mr. Conway answer "yes" or "no," and only "yes" or "no."

But from a listener's point of view, any short phrase is an acceptable response. Apparently, the truthful, responsive acknowledgement could have been "Yes and no." That is, in September 2003, Oracle's bid was indeed causing customers heartburn, but PeopleSoft had a strategy to hang on to them and it was having some success. Indeed, by October 2004, the strategy was working well.

Conway could have accomplished his goal of reassuring analysts by saying, "Yes and no. Yes, of course, it's created a concern among many users, and that's a problem, but no, we have been able to overcome much of it and expect we will continue to be able to do so."

He could have also said, "let me put it in perspective," and continued with the same answer. Or, he could have said, "It depends how you look at it." These would all have been true. Phrases such as "Not necessarily" or "We haven't heard that," would not have been true.

Why are all these short phrases fungible? Because the listener understands that the speaker has heard the question and is responding to it. The listener gives the speaker far more flexibility than the speaker gives himself.

Earlier this year, then-Solicitor General Theodore Olson argued before the Supreme Court that the words "Under God" in the Pledge of Allegiance were constitutional. Those words have not always been in the Pledge; they were added in the early 1950s, and one of the Justices leaned down and asked, "Do

the words “under God” mean the same thing they meant 50 years ago?” Olson responded, “Yes and no, your Honor,” and proceeded to explain why.

Mr. Conway had also assigned himself the role of answering questions, and the role you assign yourself determines how you communicate. He thought his job was to answer questions, and he didn’t like the question as posed, so he ignored it.

Acknowledgement phrases must be short, truthful and convey that the person had heard the question. Two out of three doesn’t cut it, and perhaps Mr. Conway would have made the wrong choice after all. Apparently, PeopleSoft’s communication skills and strategy aren’t nearly as sophisticated as its software because it recognized immediately that the answer, as uttered, was misleading. The company did correct its CEO with the language above but slipped the correction into a “corrected” version of the transcript of the analysts meeting filed with the SEC. The company also buried the reason for the correction, identifying neither what nor whom they were correcting.

They should have trumpeted their “correction” loudly and immediately. Why? Because it would have given them a chance to tell a positive story in a truthful way, saving Mr. Conway’s credibility (and probably his job), the company’s reputation and a lot of legal fees. And that’s worth acknowledging.

CAN A PRINCE CHANGE CULTURE?

Published 10/22/04

Can a prince, in this case, Charles Prince, CEO of Citigroup, change a corporate culture and is communication the key tool? Yes, if that tool is as sophisticated as Citi's other business efforts. No, if it's not.

Citigroup has garnered headlines all year for drawing the ire of regulators in a number of countries, and although Prince was elevated from General Counsel to deal with problems left over from the '90s, new ones keep popping up. As he starts his second year as CEO, one of his priorities is to change Citi's super aggressive "win at all costs" culture to one which lives up to new standards of ethics and integrity.

Prince has used PR 101. He's talking to his troops, sending e-mails, using internal video, attending "town meetings" around the world and using the media, giving startlingly honest, lengthy interviews to the *Wall Street Journal* and *Business Week*.

Critics and analysts compare his task to turning around an aircraft carrier; however, that's not the correct analogy. Citigroup just had two record quarters of earnings. No one wants to mess with success. It's how the crew – employees – steer the craft that's the problem. And merely increasing their training with things like mandatory ethics courses, or toughening compliance, will not change what they think about the new steering instructions.

Several suggestions for Mr. Prince: his own communication skills need improvement. In his quotes to the media, he commits a classic BIMBO, saying "We are not a deal-focused company." Readers familiar with our teaching know that people eliminate the denial and actually believe the opposite of what the speaker is trying to say. (Named for the young woman who announced to the world, "I am not a BIMBO," monthly and annual BIMBO comments can be seen at www.spaethcom.com.)

Next, he commits the error of perspective by sending an e-mail to employees informing them of developments in Tokyo, where regulators are forcing the private bank to close, and London, where traders gamed international trading markets, writing, "There will always be a small minority of people who will cross the line." That's like saying, "There will always be some child who dies from the polio vaccine." It's true, but if the doctor says it, parents flee from his office. Setting ethical standards requires very simple statements, like the Ten Commandments or the Golden Rule, repeated over and over. It cannot tolerate nuance or perceived waffling. This is frequently difficult for executives, particularly lawyers.

Mr. Prince needs to take speaking lessons from Bishop T.J. Jakes. This is not about information. It's about near-religious fervor. A "but" and "can't" message will fail. "Citigroup must be profitable but can't run afoul of regulations," will gain at best grudging compliance. "Citigroup must be profitable and will set the standard for stewardship" can succeed if it will turn ethics into a competitive advantage, not a drag on how to do business.

To sell this message, Mr. Prince has to believe it. He obviously believes Citi has to clean up its act, but he also must believe behavior can be a business advantage.

By all accounts Mr. Prince is an exceptionally smart and farsighted individual and amazingly gifted in navigating Citi's internal politics. Let's assume he has also surveyed the industry landscape and noted that trust is a highly regarded differentiator of a brand and that the community banks are prospering because they provide service and enthusiasm to their customers.

Mr. Prince should set up an internal ambassadors initiative and speakers bureau. His executives are touring the world speaking to employees and customers anyway. This is akin to a political crusade, and his direct reports and their direct reports need to be enlisted, trained and equipped to talk persuasively about these new beliefs. Publishing new rules and even articulating them is only a start. Expecting executives who've grown up in another culture to be able to explain, let alone sell it, without help is unrealistic. It's the mindset which says, "I don't need to rehearse, I already know everything about the topic." Citi needs to better package its material, and benchmark the skills of the presenters who will deliver that material. If Citi has not done this, it's a sign that the old arrogance is still alive and well.

The final piece of the new culture is an enabling of internal or external communication experts to tell Mr. Prince and others the truth. It was totally absent under former chairman and CEO, Sandy Weill, who built Citi into the air craft carrier. And Mr. Prince can't count on a fairy godmother to help him. But if he doesn't succeed, his pumpkin will be waiting.

STATISTICS AND THE POWER OF ONE

Published 10/13/04

Lies, damn lies and statistics. We've all heard the adage. The controversy over whether anti-depressant drugs make 6- to 16-year-olds more likely to commit suicide provides another illustration of how numbers mislead and how the single anecdote can be powerful but misleading to the point of endangering other people.

The Food and Drug Administration recently decided that such drugs should carry what's called a "black box" warning, a disclosure which causes joy among lawyers and fear among parents and physicians.

The push for the so-called disclosure came from parents who suffered the tragedy of a child committing suicide. If a depressed child was taking one of these drugs such as Prozac or Paxil and committed suicide, it is understandable that the parent, desperate for an explanation, would see cause and effect. Understandable, but wrong.

The FDA reviewed more than 20 studies and issued the warning. Reading the headlines, it seemed as if they linked the drugs with suicide. How many suicides would it take to require a warning? For the parent whose child took his or her own life, just one would be enough, but the sum total of suicides in these studies was zero. The studies actually examined suicidal thoughts, but even that is a tricky comparison because kids taking placebos had suicidal thoughts, too.

Missing from the equation are, of course, the kids suffering from depression who may not have access to drugs which could restore their quality of life or even save their lives. Parents may be frightened when a physician suggests such medication, and doctors may hesitate to prescribe it because they fear litigation.

Numbers are not really hard facts. They give the illusion of reality, but they are only that, an illusion. Our perception and perspective determines what we think of them. The parent whose child suffers from depression listens to the heart breaking story of a young person who committed suicide, and thinks, "That could be my child."

Regulatory policy in this country is heavily influenced by what economists call "anecdotal evidence," what happened to one person. That's why there are prizes now for ridiculous warning labels, such as the hairdryer with the admonition, "Do not use while taking a bath." Or the cup of coffee that warns, "Contents may be hot."

Perhaps the most dramatic example of anecdotal evidence influencing regulation would be the terrorist hijackings on Sept. 11. On the first three airplanes, they used box cutters to attack the crew and gain control. (Notice, this tactic did not

work in the fourth plane when passengers on cell phones learned the fate of the earlier planes.) The terrorists gained control not because of the box cutters but because the paradigm of dealing with hijackers called for the crew and passengers to remain calm and not risk crashing the aircraft. We failed to imagine the evil that would wish to use airplanes and innocents as weapons.

The result is billions of dollars spent on airport “security” where old ladies in their 90s are stripped, buxom women with underwire bras are patted down, and millions of travelers are inconvenienced and humiliated. Tiny scissors for needle work, tweezers and nail files were confiscated as potential weapons. None of this makes the skies safer in a day of plastic explosives and a private aircraft industry which is dangerously unsecured.

Just as generals plan for the last war, our aviation security efforts are based on a “find the box cutter” mentality, despite the overwhelming probability that passengers would overwhelm any future terrorists.

Anecdotes overpower dry facts with the help of the media. During the hearings about antidepressants, a number of parents told stories about their son or daughter. The stories moved listeners to tears. Inevitably, the parent ended with a plea to remove the drugs from the market or label them as dangerous to young people “so what happened to my child doesn’t happen to another child.” Regulatory agencies and business have historically tried to counter anecdotes with a perspective of the broader picture. It’s not persuasive to the general public because the media tells the more powerful story. The anecdote about the individual whose life is saved or improved is omitted.

Tom Siegfried, science writer for the *Dallas Morning News*, calls statistics “slippery” and notes it’s “foolish” to base public policy on them. For the young people who would benefit from antidepressants, it’s more than foolish, it could be suicidal.

YOUR COMPANY'S SPEAKERS BUREAU

Published 10/08/04

Every company has its own speakers bureau. Most don't even know it, and few companies understand and use this extraordinarily powerful tool as part of reputation management, visibility, marketing or community relations.

What's a speakers bureau? It's an agency which books speakers who are celebrities or experts to give speeches to organizations or events. Your company has its own leaders or knowledge experts who appear at internal and external meetings. Here's a quick way to benchmark whether your company is using its speakers effectively.

First, are your company's speeches proactive or reactive? That is, are your executives and others appearing at conferences they've always attended or been invited to? Or has the company gone through the exercise of identifying its most important audiences and looking into where they congregate? You may be getting invitations to speak, but are they the right ones? It's important to solicit invitations, particularly from business schools or leadership groups.

Next, do your executives see internal presentations on routine topics as a way to rally colleagues and employees, and change or reinforce the company's culture? Too frequently, executives look on internal meetings as transfers of information or a review of some process. Companies need to look on internal presentations the same way they would regard a series of external presentations.

Who should be in a company's speakers bureau? In general, most of your top executives and what we call your 'knowledge experts.' Hot business topics include supply chain management, globalization, outsourcing or best sourcing, and many, many more. You have experts you don't even know about. For example, obesity and wellness are huge issues today, and every hospital has nutritionists and dieticians who are knowledge experts.

Most of these potential speakers aren't the ones organizations pay money to hear for one simple reason. They're not interesting. In many cases, your executives are participating in what we call the illusion of communication. Several years ago, after an important internal meeting for one of the then-Big Five accounting and consulting firms, we did a survey of attendees to ascertain what they remembered from their key speeches. The survey showed attendees remembered very little. Not surprisingly, the speakers gave themselves good to high marks for their presentations. The audience members gave them mediocre to poor marks.

It's not hard to be a top-quality speaker. The secrets are: good, substantial material, perfect packaging and rehearsal.

Let's start with good material. Merely being knowledgeable on a topic isn't enough. The material presented must be relevant, timely, and extremely important to the audience. Too many executives get up and talk about their company. The goal should be to tackle a key topic and subtly weave in the facts or anecdotes about your company.

Then we look at packaging that material into a speech with specific elements:

- A powerful opening
- Relevant humor
- Interaction with the audience built in
- Visuals beyond static, bulleted PowerPoint slides
- Props
- Lots of story telling
- An ending that makes people wish they could hear more

Packaging also includes the structure of the presentation. Audiences have been watching television for years, and it's changed how people absorb and process information. Smart speakers structure their remarks around how people listen rather than with the attitude of what the speaker wants to cover.

Finally comes rehearsal. The two most frequent, overused and untrue excuses are "I don't have time," and "I already know this material." Ronald Reagan rehearsed diligently out of respect for the people who would be listening to him.

Before you say, "Oh yeah, he was a politician," speakers are similarly campaigning for attention and buy-in, whether they're speaking to internal groups or external conferences.

Why go to the trouble to identify, train, improve, equip and deploy your executives and knowledge experts? Because they are already speaking. Companies neglect this last five percent of effort which will, in the end, differentiate them from competitors, reinforce their brand, make their marketing real and strengthen their reputation.

The definition of success is when someone calls and says, "Mr. So and So was so impressive at the meeting last week, could he address my colleagues at our meeting next month?"

Again, this is true of internal as well as external presentations. One of our best examples is the now-CFO of Kimberly Clark who turned a presentation about investing in a 401(k) and company stock into a presentation so interesting and funny that he was asked to give it over and over.

Can your company do it? Absolutely. As Cher famously said in her advertisements for a gym, "The only hard part is getting started."

DAN FANNIE RATHER MAE: CASE STUDY

Published 09/29/04

Business Schools like to teach through case studies. That is, by reviewing an actual company, decision or incident to see what can be learned from it and applied to other situations. Dan Rather's story about alleged preferential treatment for President Bush and the Texas Air National Guard – and the ensuing firestorm over the documents which turned out to be forged – offer lessons for business communication. At the same time, regulators issued a report showing that that Fannie Mae, the quasi governmental mortgage and financial services agency, had cooked its books.

The issue for "Words Matter" isn't the documents, or the type font, or the president's missed physical. Or, in Fannie Mae's case, the smoothed out quarterly earnings. It's the filters in the decision making process.

First, Dan Rather and CBS: they carefully listened to some information and just as carefully screened out or rationalized everything that didn't agree with them. Journalists who bemoaned that this incident showed the need to check facts more carefully are missing the entire problem. CBS had already decided which facts to check and which not to.

Analyzing this as a business school case study, we find a classic example of a CEO, Rather, and a trusted, powerful assistant, producer Mary Mapes, with a preconceived idea – that Bush had pulled strings to get into the Guard and then had failed to perform. They defended their decision to believe Bill Burkett by saying they had talked to his friends. Dorothy Rabinowitz thoroughly discredited that strategy in the *Wall Street Journal*: "In a country where, after all, ax murderers are routinely described by friends and others in the community as fine people, honest, quiet, quick to lend a helping hand – routine testimonials no reporter is surprised to hear." Rather and Mapes filtered out Mr. Burkett's other bizarre claims, comments and behavior. Anyone who disagreed with CEO Rather's vision, such as the widow of the Guard officer who allegedly wrote the memos, was ignored. Other experts such as handwriting specialists were lined up, but their credentials turned out to be exceptionally thin; their so-called inspection superficial and their alleged confirmation hedged.

Now, onto the Fannie Mae story. Providing a forum for challenge and disagreement, even of the CEO's most precious beliefs, is critical to keep any enterprise from pursuing a dangerous path. At Fannie Mae, someone in the controllers department did raise questions about the accounting procedures. He was ignored. Fannie Mae's stock plummeted the week the report was released, and the repercussions are likely to be long-lasting, as they also revealed that the company has much less equity capital than was previously believed using the old, manipulated numbers.

Former Federal Judge William Webster transferred his law clerks to the FBI when he was appointed director, and part of their assignment was to let Webster know what the bureaucracy was trying to anticipate and decide what he wanted to know, and then confirm that, or try to influence what he thought by shaping information he received.

Many people thought President Reagan had James Baker as chief of staff, Mike Deaver as deputy chief of staff and Ed Meese as counselor because he was trying to buy off various constituencies. The real reason was that the three had different points of view, and listening to all three of them provided depth as well as different opinion routes.

'60 Minutes' and Fannie Mae offer case studies of how organizations can willfully mislead themselves. Will other companies take note and apply those lessons to themselves?

THE WRITE STUFF

Published 09/23/04

This may be the age of MTV and e-mail, but the ability to write well is a competitive edge in career skills. Unfortunately, the American worker's ability in this area has declined precipitously according to a new study by the College Board's National Commission on Writing. But they identify the wrong culprit. They blame the educational system. I blame the leaders of our large corporations.

The study's findings shouldn't surprise anyone. Writing skills are important at every level. Those surveyed – human resource VPs, industry leaders and others – complained that workers are deficient in accuracy, clarity, spelling, punctuation, grammar and conciseness, which pretty much covers everything.

Decades ago, a famous study looked at “Why Johnny can't Read,” and began the debate about whether phonics or what's called “whole language” was a better way to teach reading. Without revisiting that debacle, the point was that Johnny wasn't reading. And today, a grown-up Johnny can't write, and it hasn't dawned on anyone that reading and writing are two sides of the same coin. Those who read widely and voraciously for education and pleasure are much more likely to write well.

The unfortunate truth is that our business leaders today still see themselves as ‘managers.’ Leaders have to display the behavior they preach. And too many of our business leaders give wordy, dull speeches. They accept or write dull, complex material, and they use miserably complex and wordy PowerPoints. In other words, written material at the top of today's corporations violates the principals of good writing.

And writing and reading are closely linked. A decade ago, my husband, Tex Lezar, announced that it was time to reread *The Federalist Papers*. (Notice, he was rereading them.) I decided to write an article about what CEOs were reading, and I abandoned the effort when it became clear that CEOs weren't reading anything except newspapers, business magazines and excerpts of publications. They weren't even reading intellectually stimulating business books. (They bought them but didn't read them.) *Who Moved My Cheese?* and *Good to Great* may offer insights, but they aren't examples of insightful, thought-provoking writing.

Years ago, Robert Greenleaf, director of management research at AT&T, taught executive decision making by using great literature. It's a safe bet that when he retired, so did the advocacy for reading classics.

Let's be clear. A good quote is not good writing. It's just a good quote.

I began this column alleging that good writing gives one a competitive edge in today's competitive environment. The College Board study found that more than half the companies surveyed reported that they count writing in hiring and promoting workers. One of the executives interviewed worked for a manufacturing company and noted that shift workers need to write clearly in order to leave instructions for those on the next shift. The president of the West Virginia Coal Association explained that electricians, engineers and others need to be able to draft proposals and reports for government agencies and regulatory agencies. Therefore, those technicians need to take highly technical information and make it clear and concise. Sometimes, it must also be persuasive, and it certainly helps to be interesting.

Too much writing is pretentious and wordy. For example, "To construct an amalgam you have to be willing to split open its component parts." A complicated way to say, "To make an omelet, you have to break a few eggs."

Good writing differentiates people in all professions. The general counsel of one of the world's largest insurance companies said that he had been about to fire Ted Olson, now-famous as the former solicitor general of the United States, as their outside counsel to save money until he started to read the legal briefs Olson was writing on their behalf. "Suddenly it was clear to me that there was a difference between competent legal writing and great legal writing, and that it was worth paying for," the general counsel said in a public setting.

Fortunately, learning to write well is just that—something that can be learned. However, learning to write means loving to read, not filling out writing workbooks in some writing seminar. And if our business leaders want better writing from their employees, they need to show they value it, and that means picking up something other than the on-line version of news clips. The rhythms and rhetoric of great writing will eventually affect how they speak and write themselves and what kind of written materials they accept.

MISSING IN ACTION

Published 09/16/04

Despite the erupting pimples of side controversies, this Presidential election involves issues of critical importance to business and the American worker. Both candidates are handling them with the usual election year political sound bites, which is to say, their comments are of limited educational use. American business is missing an opportunity to join the discussion and inform workers.

If the issue really is “the economy, stupid,” take the issues of whether jobs, particularly manufacturing jobs, are being “lost” to Mexico or other offshore sites.

To listen to the Democrats, American jobs are gushing overseas, particularly manufacturing jobs, because costs are lower. For good measure, they accuse free trade of being partly responsible. The Republicans talk about general job creation and more job training for people who lose jobs, implying the situation is, indeed, dire.

The real situation is that the global economy has lost millions of manufacturing jobs in the last four decades. China, which everyone thinks of as the low cost country bringing in manufacturing jobs, actually lost 15 million such jobs between 1995 and 2002. The top 20 countries lost 22 million manufacturing jobs over the same time period. The first culprit is increasing productivity, and the beneficiaries are consumers everywhere, especially in the United States. One need only look around to see how different things are from even two or decades ago, let alone half a century ago. I remember getting my first cell phone 18 years ago. It cost \$1,000 and was mounted in my car. Today, cell phones are basically free. Our first home computer in 1985 cost \$3,000 and had PFS Write. That was it. Today, a \$500 Dell is more powerful than anything that existed outside a lab 20 years ago.

Since Democrats are convinced that the public is easily misled and scared, and the Republicans seem to feel that the public isn't smart or interested enough to understand, the business community should use their daily opportunities to talk to workers and explain what's going on.

As always, anecdotes and examples inform better than statistics. It doesn't matter if the economy has gained 100,000 jobs last month or grew at 2 percent. If you know someone who lost his job, or if you lost your job, the economy stinks.

When someone comments about “all the jobs moving overseas,” tell them about the factory Honda built in 1982 in Ohio which now employs 16,000 people. Analysts believe that Honda's presence in Ohio has helped create over 128,000 jobs.

When someone replies that all the new jobs are slinging hamburgers, show them the articles about the need for tens of thousands of nurses. Point out the “help wanted” ads for thousands of pharmacists with a starting salary of about \$60,000.

The examples of opportunity abound. One of our clients closed a factory in the paper industry. It was no surprise; environmental regulations have been toughening, and the company would have to spend more than a new factory would cost. While the area was producing new jobs, they didn’t match the union pay. However, the company took the time to find former workers who had already been through a job loss and had to reinvent themselves to assure affected workers that it was possible. I remember one in particular. The company had closed the workplace clinic and the nurse had lost her job. She had found a job in a nearby school district. Her severance had paid for her to return to school and to upgrade her nursing license. She found she liked the nine-month school cycle with summers to spend with family or to study.

The reality is that the nature of work is changing. Businesses are subject to international cost pressures and strictures, and most workers cannot expect to spend their lives at a single job with an ever increasing hourly wage. Workers will need several skills, including new ones like foreign languages, adaptability and the expectation that they will need to upgrade their skills several times during their lives. With this attitude, their futures are optimistic.

Who’s going to have to make this argument? It’s not going to be either political party. There is a wealth of research from think tanks like the National Center for Policy Analysis, the Pacific Research Institute, the American Enterprise Institute and even the left-of-center Cato Institute. But these are only reported in similarly scholarly media, and it’s unlikely that your press operator is going to read them. For the message to get out, anyone who owns a small business, a big business, runs a department – you get the picture – people in the business community need to use one-on-one communication to talk about these issues. People are interested because the issues are in the news – at least in sound bite form. It’s up to us to talk about the rest of the story.

EXECUTIVE DEVELOPMENT

Published 09/08/04

Leadership is one of the current business buzzwords—and an important skill for business people to cultivate. Here's a way to develop leadership, increase your executives' skills and your company's visibility, and improve the American public's understanding of crucial business issues.

There are many approaches to leadership. PricewaterhouseCoopers, the accounting and consulting firm, sends promising partners to the developing world for eight weeks of service. Called the Ulysses Program, PwC partners work on everything from ecotourism in Zambia to organic farming to AIDs awareness.

This program is undoubtedly fascinating, produces great photo opportunities, spots those who can find unconventional answers and even teaches them something about communication they can use in their regular jobs. The participants said they learned that face-to-face conversations are much better than e-mail in building trust.

If your company isn't about to send you and your colleagues to Botswana, here's an alternative: Create an executive speakers bureau to deploy your potential stars to talk about public policy topics which affect your company or business environment. The public needs to learn and care more about a lengthy list of issues: global trade, tax policy, health insurance, science education and research, and many, many more. Study after study finds the public's knowledge dangerously limited. Take the issue of manufacturing jobs. Most people think America is shipping manufacturing jobs off shore, but manufacturing jobs worldwide are shrinking because of productivity and technology. If the U.S. tries by legislative fiat to keep those high-cost jobs here, we will fail precisely because this is a global trend over the past four decades. The solutions involve anticipating what jobs and skills will be in demand and creating favorable environments. Business, civic and other groups will take a speaker who can address a topic which is timely and newsworthy, but the speaker needs deep knowledge about these topics and must make them interesting.

Trying to step outside the narrow boundaries of your job or industry is a challenge which will pay dividends to the individual participants as well as the company.

One stellar example is Dr. Gene Huang, chief economist for FedEx. *Business Week* anointed him the best economist of 2002 in terms of accuracy of forecasts. Dr. Huang's reason for his accuracy, that FedEx is very close to its customers and therefore has real-world-real-time information, gave him a platform to speak about global economic and trade issues that affect FedEx and its customers.

Training is a key component in creating and deploying an executive speakers bureau. As an economist who spoke to other economists, Dr. Huang initially spoke in econometric paragraphs with complex PowerPoints. He quickly learned to simplify his message, incorporate personal stories, humor and props, and of course, describe how FedEx closely aligns themselves with their customers to provide solutions.

A recent early morning breakfast in Dallas drew 100 of the city's top business men and women leaders. Dr. Huang strode confidently to the podium, laid out his notes and led the audience through his analysis of what he expected in the coming months. Normally, such a speech, no matter how distinguished the speaker, would be charitably described as straightforward, a synonym for important but boring. Dr. Huang peppered his comments with his own story as an immigrant from China, of being in the World Trade Center for a seminar on Sept. 11, and with a series of self-deprecating comments about the limits of being an economist. His audience hung on every word.

FedEx also makes him available to groups of its own customers. One executive said, "An hour with Dr. Huang was worth a half year of planning."

Anyone can become good at this, but it takes training, commitment, good writing and a willingness to think differently. Most business people think they are equipped to talk about a single topic because they are an expert on that topic: Why the estate or "death" tax should be permanently repealed, why heart disease is a growing health problem, why free trade benefits outweigh short term disruptions, or why family businesses should all have succession plans, for example. Unfortunately, the opposite is true. Frequently, the more a speaker knows about the topic, the worse he or she is at presenting the material. That's because the speaker tends to overload the audience with information.

The correct strategy is to make two or three points and illustrate them vividly with stories, interaction with the audience and elements like props and video. The goal is to convince the audience to pay attention to the topic in the future and enlist them to pass on one point to their colleagues. Why? When the listener tells a colleague about the speech, he also passes on that the individual and his company are acknowledged as leaders in the field.

Over time, this strategy helps a company create and manage reputation in a way that advertising, charitable dollars and other traditional methods can't equal.

TRAINING PREVENTS LITIGATION

Published 09/01/04

Is it big news that a company's employees will talk about each other and the company? Apparently it was to the Double Eagle Hotel & Casino, which tried to affect what their employees said by issuing guidelines about what they could and couldn't talk about. Instead of following them, the employees filed an unfair labor practices complaint with the National Labor Relations Board, which recently ruled in their favor. Wouldn't it have been a whole lot better – and cheaper - to give the employees “Employees as Ambassadors” training so they understood that wherever they are and whomever they talk to, they're the face of the company?

The casino's goals were reasonable. They didn't want employees talking about other employees in front of guests or complaining about employees to guests. They didn't want employees sharing proprietary information with other companies.

Unfortunately, the Casino totally flubbed how to achieve their goals. They issued written guidelines which were brisk to the point of being insulting. Employees were “prohibited” from discussing “company issues, other employees and personal problems to or around our guests” and also forbidden to talk about “any confidential or sensitive information concerning the company or its employees to any non-employee.” If an employee wished to do so, he or she had to seek “approval from the general manager or president.”

Not only did the casino management apparently miss Employee Communications 101, it missed the opportunity to enlist its employees to talk about positive news from the casino!

What should they have done? Obviously this didn't come out of the blue. It had to have been a response to employees whining and talking inappropriately. The way to convey that's not appropriate is to draft advice or guidelines written colloquially and then distribute them in employee meetings where people could ask questions and discuss the situation verbally.

The reasons employees shouldn't be gossiping about each other to guests is that it's inappropriate, sends the wrong message, intrudes on peoples' privacy and is disrespectful. You don't trash your employer to customers because it's disrespectful and makes the customer/guest wonder just what kind of place this is. You don't share confidential information with others because it violates your commitment to your employer. This should be common sense.

So how do you train employees to be Ambassadors? The wrong way is by calling a meeting to say “don't do these things.” That starts the effort out on the wrong note. Instead, get the employees together and have a facilitator walk through these easy questions:

- Who are our audiences? (Guests or customers, other employees, people we know, people working at competitors.)
- What do we hope employees will say about us and the Double Eagle Hotel and Casino? (Good things such as “fun place to go,” “beautiful scenery,” “great food,” “friendly people.”)
- Do these words appear in our brochures, ads and marketing material? (What a surprise, they do.)
- What message does it send to our important audiences like guests if the words are in all the glossy brochures but we don’t verbally articulate them? (That we don’t believe them.)
- What message does it send to our guests if, in fact, we’re not only not making the messages real by our words and actions but we’re dissing each other? (Really, don’t believe them.)

There is an intermediate but important step in this drill. When all the “good words” are listed out, whoever is running the session will learn quickly whether employees think they’re true or not. If the list includes words like “treated fairly” or “respect,” and employees say “but they’re not true,” the company has a problem it needs to deal with.

Watch for snickering. That’s the non-verbal way of saying, “That’s not true.” It’s the signal that the marketing or HR people are printing and pushing out things that the employees know first hand are hype or flat out falsehoods.

Generally, people are proud of their company and the work they do. Sometimes they have to be reminded of this. When employees realize they make the words and messages in marketing and recruitment material real, they will stop “discussing employee and personal problems” with guests. In other words, The Double Eagle Hotel and Casino would have achieved its goals if it had enlisted its employees rather than scolded them.

This could have been a win-win, but it became a lose-lose. Perhaps that’s not quite correct. Once again, the lawyers won.

THE POWER OF POSITIVE THINKING

Published 08/25/04

Almost everyone has heard of Norman Vincent Peale's 1952 book, *The Power of Positive Thinking*, but few people have read it. In many ways, its influence is widely felt in the business world today – in our concepts about leadership, customer service and performance potential.

Peale's insight pops up continually in strange places. The *New York Times Arts* section ran a piece about the lengths brass players go to in order to coax richer, better sounds from their instruments. The current craze is to cryogenically freeze your trumpet. Does this really make it sound different? Dr. Chris Rogers, an engineering professor from Tufts University, studied it and wrote, "If the player believes it will make a difference, he or she will play better." That's the power of positive thinking.

Peale understood how an attitude could affect behavior and how that, in turn, could affect a situation.

One of the basics of customer service is friendliness and empathy, particularly for the customer with a complaint or problem. The sales associate or customer service representative whose attitude begins with, "I like you," will automatically move to, "And I can help you." The customer service program which concentrates on process, without the underlying attitude of positive thinking about the customer, can get bogged down.

We just moved, and it took almost a month and a dozen phone calls to get new phone lines installed and working and our old number forwarded. The first 11 calls to SBC found people who paid attention to the process, did a cursory check and when the process appeared to have been followed, they pronounced the problem fixed. Because an error had been made in the initial order establishing the new service, the problem was not fixed. By the 12th call, I was angry. But the service representative immediately disarmed me by her tone of voice and her immediate assertion, "I am going to get to the bottom of this."

Positive thinking, as Peale envisioned it, is about finding the good in anything, about developing excitement and passion. It sounds strange to say that positive thinking and sales isn't about dollar figures. Companies which have sales rallies to promote sales targets miss the real message. It isn't about thinking, "I can make this sale," it is about thinking, "This product is so good that I am helping this customer by sharing it with him."

Positive thinking is sometimes confused with the self-esteem movement which actually perverts Peale's idea. Educators got the idea that kids needed self-esteem and that would lead to good study habits. As is now well documented, it only contributed to the steady decline of standards and achievement. Peale

actually taught that positive thinking gave you the backbone to stick with something, and that a positive attitude along with effort created results.

Some people wrongly think that Peale preached happy, happy, happy, but his philosophy and methodology is much more robust. He describes positive thinking as a good habit requiring mental and physical discipline and as being fundamentally rooted in Judeo-Christian values, including some which have fallen by the wayside in our modern culture: modesty, humility and stewardship for others.

We had to help a company close an obsolete factory. Company executives were providing severance and assistance packages, but they knew employees would be distraught and angry. They focused on how to help employees believe they could take a next step and that the company was committed to help them. Because employment at the plant had been shrinking for years, there were employees who had lost jobs before and successfully reoriented their lives. One was the nurse at the plant clinic. She had gotten a job in a school district. It paid less than the factory job, but she used her severance for training to upgrade her nursing skills and found she could take interesting summer jobs. Her message to the affected employees, "I survived and made it positive. You can, too."

Rereading *Positive Thinking* to remind myself of Peale's teachings, it's clear that his advice is to reach outside oneself. The book is a combination of simple comments which would be platitudes except that they are illustrated by scores of anecdotes or example of individuals for whom they worked. Peale's unspoken message is, "You pick what you focus on. You can focus on positive examples or negative ones. You can expect positive things or negative ones. And the ones you choose have a powerful affect on what actually occurs."

DID THE PRESIDENT LIE?

Published 08/18/04

Contrary to the headline of this column, it's not about whether President Bush 'lied' about weapons of mass destruction in Iraq as a rationale to lead the United States into war. It's about how politics is redefining the word 'lie' and the danger to business, commerce and individual communication.

A lie is a knowing statement of false information for the explicit purpose of deceiving someone. A lie is also what lawyers would call 'material;' that is, it's important information. Hence, a 'white lie' means we lie, but it's trivial or for the purpose of avoiding hurting someone. If your coworker asks you if you like her new blouse, rather than tell her it's the wrong color, fabric and design for someone with her body shape, it's alright to say, "It's very fashionable," or "I'd like one just like it."

Political discourse is growing more shrill and less civil. No news there. But if we redefine what we traditionally mean by a lie in politics, it will spill over into communication in all walks of life.

Business people act on what information they have at the time. Capitalism depends on people putting their money, reputations and relationships at risk. If the information, decision or course of action turns out to be wrong, but everyone was acting in good faith, we pick ourselves up and go forward. If we have been lied to, we go to court.

We act on incorrect information all the time, but we don't regard it as a lie. For example, our firm spent days preparing a response to a Request For Proposal (RFP) from an organization. We had been approached and encouraged to compete, and assured by those making the decision that we were their choice. We weren't awarded the work, and it turned out that the CEO already had another firm chosen. We didn't think we had been lied to. Things just turned out differently. Yes, it cost us time and money, and yes, it annoyed me no end. But there's an enormous difference between misinformation, misleading information, wrong information, incomplete information – and a lie.

I already see the tendency to redefine wrong information as a lie in common speech. Our scheduler came in to say, "I lied about which flight you were on." She didn't lie. She gave me the wrong flight number, but certainly not with the intent of having me get on it. (Actually, her predecessor really did send me to the wrong city one time. It was a huge mistake, but it wasn't a lie.)

The implications of redefining what it means to lie are enormous and unpleasant for labor relations, customer service, medicine and virtually every other profession and industry sector. It's good news only for the lawyers.

Imagine the CEO who says, "I expect to add jobs next year," but he loses a large account and has to eliminate jobs. If employees think he lied to them, that's the message they'll confirm to each other, tell potential employees, customers, and so on.

Or the physician who tells the cancer patient, "This combination of treatment has the best chance of success." When the patient dies, the family will head to court.

How will prudent people react if this trend continues? They will be more and more, to use the economist's words, risk averse. That is, they'll take a variety of steps to protect themselves, and they will be less willing to share information in the first place. The doctor will insist on witnesses or additional layers of paperwork or may decline to make any recommendation when he discusses the risks and benefits with the patient, so he can say to future jurors that the patient made the choice. Some may say, "Well, why not do it that way?" The reason is that it adds cost and time-consuming steps. It also will result in less information being shared with the patient and deprive the patient of the doctor's best judgment.

The CEO who fears being accused of lying if he turns out to be wrong will share less information with employees.

Back to President Bush. The intelligence on which a large group of Democrats and Republicans believed Iraq had WMD may turn out to be flawed. It's still too early to tell, although Saddam Hussein obviously was interested in developing those resources. It is legitimate to criticize the decision making process and the quality of intelligence. (Although critics conveniently forget their own role in starving and handicapping our intelligence-gathering ability.) Many people have a different view of the wisdom of the initial decision to go to war and in how it was conducted, although again, hindsight is just wonderful. However, to characterize these actions as a 'lie' carries great dangers far beyond the November election. And that's the truth.

EXPLAINING COST TO EMPLOYEES

Published 08/11/04

If you're an employer and your health care costs are skyrocketing, you have an additional problem: your employees don't understand, they don't believe you when you tell them and they don't make the connection to the impact those costs have on your ability to compete or be profitable.

A scary study from Towers Perrin, the human resource consulting firm, found that nearly half of the employees say they don't believe what their employers are telling them about rising costs. Employers are equally upset with employees. Two-thirds of employers think employees are not trying to live healthier lives. Employers don't think employees care about using available health care efficiently.

The study conducted by Towers Perrin concludes, "The impasse is largely caused by poor communication." The study urges companies to do a better job conveying how to be a better consumer of medical care and the benefits to the employee of being healthier. Instead, the study found employers "harp" on cost and employees are increasingly resentful. Finally, the study concluded on a pessimistic note, observing that companies and their workers had "perpetual differences" and predicted businesses and workers will probably keep paying more as a result.

It doesn't have to be like this. There are really two issues here: first, encouraging workers to live healthier lives and to use medical care in a cost-effective manner, and second, explaining and dramatizing the impact rising costs have on the business.

Companies that want to encourage employees to live healthy lives need to examine what they're making available to foster good health. And they need to sell those programs just as they would sell a product or service to an external audience.

For example, one of our large clients launched a program to encourage employees to invest more in their 401(k) plans and to take more advantage of the company's match of stock. The company was concerned first about making sure employees were prepared for retirement but also wanted to foster the concept of employees as owners. Instead of presenting the information in a boring, educational way, the executive turned himself into Regis Philbin from "Who Wants to be a Millionaire?" and the presentation was a real performance, complete with competitions and give-aways. Employees loved it. Departments actually asked the executive to come do it at meetings, and it accomplished its goals.

Companies need to make “be healthy” pitches entertaining and interactive rather than educational. Is there really anyone who doesn’t know smoking is bad for you? And both the pitches and on-going participation need incentives and disincentives.

Similarly, to convince employees that rising health care costs are detrimental, companies need to communicate in multiple formats. They need person-to-person programs, outside experts and speakers, Q&A sessions, and – most importantly – executives and managers who see themselves as an internal speakers bureau. They need to be prepared and trained to deal with this topic, and to do it in a motivational, entertaining way.

Finally, executives need to recognize what they are communicating to employees by their other actions. Every parent recognizes the problem with “Do as I say, not as I do.” I’ve been preaching for years that companies undercut their message that employees need to be cost conscious when those executives have fancy dining rooms, expensive cars and lots of perks. The most glaring disconnect between what executives seek for the company and what they seek for themselves has been in compensation. For over a decade, employees have witnessed executives richly compensating themselves while laying off employees and holding salaries down. Worst of all have been companies whose stock price has decline – or in some cases, disappeared during a bankruptcy – and senior executives still collect large salaries or bonuses.

We saw a good example this week saw a real example of how to communicate with employees when AMR CEO Gerald Arpey declined a 22% raise of \$110,000 offered to him by AMR’s board. He said it would “send the wrong message” to employees at a time when they are trying to drastically reduce their cost structure to compete with companies like Southwest. Finally, a CEO who gets it. It probably took about 10 seconds for every American Airlines employee to hear that news. When Mr. Arpey speaks, about any topic, his employees are going to believe him.

A SPEECH IS MORE THAN WORDS

Published 08/04/04

Speechwriters and your corporate superiors – listen to me. A speech is more than words.

Corporate speeches today are a form of torture. Language is drafted, circulated through various departments including the legal department, producing text – rather than spoken language. One of my favorite video examples is Jack Smith, former-CEO of General Motors, coming to a podium and reading “Thank you for joining us at such short notice.” A CEO should be able to greet people without reading it from a text.

Here’s a short primer of how to put together a good speech.

First, ask who’s the audience and what you want them to remember. Who will they talk to and do you want them to pass on something to someone else? Too frequently, people skip this important step. Without it, you’re just collecting information.

Next, prepare your outline. What main points do you want to make and what information do you want to cover? Most people stop here, but it’s just the beginning—a recipe card, if you will.

Then you’re ready to begin turning it into a speech. Let’s add elements. What’s an element? The speech equivalent of wind, fire, water, air. It’s what makes it interesting.

Stories and examples. Stories and examples make facts real. For instance, take the American Heart Association physician who was speaking to a group of African Americans about high blood pressure. This group suffers a higher rate than Caucasians and many people don’t take their medication regularly. He told a story about two of his patients: one, a woman and semi-retired accountant who took her medicine diligently and had recently traveled to her granddaughter’s wedding in Los Angeles for which she had purchased a snazzy pair of new red shoes; the other patient was a man who has just died from a heart attack, aggravated by his lack of attention to taking his medicine regularly. The man left a wife and children behind.

Quotes. Most people think a speech needs quotes. They’re helpful to illustrate or validate a point, but throwing in a quote from Winston Churchill without a reason only makes the speaker look silly. Quotes can come from authoritative sources, like the American Heart Association website: “It [high blood pressure/hypertension] affects more than 40 percent of African-Americans. High blood pressure develops earlier in life in blacks than in whites and is usually more severe.”

Props. I like to marry quotes with props – and speeches need props. A prop is anything you hold up. If you mention something, bring it along and use it. An executive for an insurance company held up a letter to one of their agents from the son of a deceased policyholder and read a paragraph. The son had written, “I thought you were just trying to talk my Dad into more insurance, so I advised him against it. Now I realize you were trying to help him provide for us and had his best interests at heart.”

Props should be used strategically, to help emphasize a point. A banker speaking to employees from a newly acquired company was talking about mutual funds offered by the Capital Markets Department and picked up a copy of the Wall Street Journal and said, “Look, no wonder people are confused. There are four pages of very tiny type where mutual funds are listed.”

But props can also be funny, and speeches need humor. Tom Leppert, CEO of Turner Construction and one of today’s best speakers, is frequently asked to talk about future economic trends. He likes to say, “We have deep planning and analytical resources at Turner,” and holds up a crystal ball or Magic 8 Ball.

Audience interaction. Working a crowd should be built in rather than left to the Q&A. The best example I ever saw was Jim Barksdale, CEO of Netscape, making the point that Microsoft was a monopoly. He said to the audience, “I would like a show of hands if you use an Intel-based PC. Most of the people raised their hands. He continued, “Of that group with their hands raised, how many of you use a PC without Microsoft’s operating system?” All the hands came down. He pounded home his point saying, “Gentlemen, that’s a monopoly.”

Now we have some elements – stories, quotes, props, and audience interaction – and we’re ready to construct the actual speech. Start with “guideposts,” a brief overview at the start of what will be covered, and most important, what you want the audience to believe or take away.

If the speech has to be written, circulated and cleared before it is delivered, it needs to be put into a performance script. That is, opening lines like “thank you” aren’t written out but put in as a cue to the speaker. “Greet the audience. Mention host, Tom Smith.” If it’s what we call a “texted speech,” meaning it’s written out, the language needs to be in spoken English, not written English. That means lots of half sentences, repetitions, and so on. Churchill said that an article had periods but a speech has dashes, dots and exclamation points.

The whole speech shouldn’t be written out but should have cues and places where the speaker extemporaneously tells a story or makes a comment.

Mark up the text. I use highlighting to remind the speaker to look up at the end of a key sentence, underlining to emphasize key words, italics to indicate where to pause, smile reminders and other hand written cues.

Think you're finished? We've just begun. Next week: how to prepare visuals.

THEY TRAVEL, TOO

Published 08/04/04

“Persian kitty, perfumed and fair, stepped into the garden to get some air...” is the start of a wonderful song from the ‘40s. She meets a tom cat, “dirty and yaller,” who says, “you must abandon your backyard fence, ...what you lack is experience.” The song ends with the production of more kittens which, predictably, are not Persian but black and tan, and the kitten singing, “their pa was a traveling man.” Well, words travel, too, and words that seem purrfect to one audience can appear very different to others. In today’s world, company officials have to assume everyone will hear everything.

The country’s large insurance companies, particularly Allstate, are publicly telling Florida officials they need higher rates and help because of the flood of claims from four hurricanes. However, many of those same insurance companies are telling investors and analysts that they’re in great financial shape.

Matt Reed, a Tallahassee reporter covering the hurricanes and the fallout, listened in on Allstate’s third quarter earnings conference call. A Merrill Lynch analyst asked whether the storms would have an impact on the company’s financial plans, and an Allstate spokesman said they were generating good amounts of free cash flow and that they had “more than enough capital.” The same spokesman was queried by the analyst from Deutsche Bank about whether the company would stay in Florida and was told the market offered good returns.

With a tip of the hat to Mr. Reed, who was doing just what reporters should be doing, the question for this column is why Allstate thought it could tell Florida officials, media and public that the hurricane had wiped out a decade of profits when they were telling stock analysts things were peachy keen.

In this age of a 24-7 news cycle and electronic communication, companies have to assume that every audience will hear every message. Allstate certainly could have learned from what happened to Philip Purcell, CEO of Morgan Stanley, earlier this year. The company paid \$127 million in fines to resolve state and SEC regulators’ allegations that they, along with other firms, misled investors by issuing hyped analyses and ratings on stocks at the same time they were privately denigrating the same stocks. Morgan Stanley was also accused of producing favorable analyses of stocks to gain investment banking business. In addition, Morgan Stanley admitted that it had paid almost \$3 million to other companies to produce favorable and undeserved analyses. As part of the settlement, Morgan Stanley agreed not to contradict the allegations, in other words, to give the usual corporate pap about “putting this all behind us” or that the allegations were “without merit.” Before the ink was dry on the agreement, Purcell spoke to a group of analysts and investors at a conference at a fancy New York hotel where he said that the settlement was no big deal and wouldn’t concern the average investor. His clear implication was that the average investor

wasn't smart enough to know about the settlement or what it represented. Inevitably, people at the conference told others. The media reported it, and the chairman of the SEC publicly reprimanded Purcell in a public letter, saying he showed "a troubling lack of contrition."

The implications for companies are twofold; they need to stop assuming they can compartmentalize communication, and that means they are going to have to dramatically improve how they explain themselves, particularly their finances, to other audiences, particularly the public.

That, in turn, will mean taking a hard look at what they are doing and how they are doing it – from their operations and legal structure to their own internal communications.

The oversimplified explanation of why insurance companies can say they are bankrupt in Florida but flush in New York is that they set up Florida subsidiaries, passing the profits up to the parent company, and registering the losses in Florida. This behavior may be legal and good business, but it's horrible communication. The companies risk losing credibility, and worse, risk convincing customers, regulators and their own employees that they can't be trusted.

Allstate's own employees in Florida believe the company is in bad shape. Reporter Reed tracked down one of their customers, Jeff Kupec. Allstate isn't paying his retired parents' claims although they've been customers for over twenty years. The Allstate adjuster told Kupec that the "company was hurting."

As the SEC's chairman, William Donaldson, told Purcell, this kind of cavalier attitude showed "disturbing and misguided perspective."

Like the Persian kitty, if you lose your pedigree, you can't get it back, and the explanation of bad parentage may work in an old song, but it risks a hurricane of regulatory activity in business.

WHAT KEN AND MARTHA HAVEN'T SAID

Published 07/22/04

Ken Lay, former Enron CEO, and home diva Martha Stewart dominated the news recently. Lay was indicted and Stewart sentenced to jail. Even more interesting than what they said – was what they didn't say, and what they left unsaid speaks volumes.

Both of them have said plenty. Ken Lay defiantly said at a press conference, "I take full responsibility for what happened at Enron. But saying that, I know in my mind that I did nothing criminal." He conveyed he wasn't responsible for the actions of CFO Andrew Fastow and others. His lawyer said that they were "Comfortable that Ken did nothing inappropriate or criminal." Martha Stewart said that what she made selling her ImClone stock "amounted to approximately \$40,000, about .0006 of my net worth."

Lay's defense is that he was not involved in what the company was actually doing, even when he returned as CEO after former CEO Jeff Skilling's abrupt departure just before Enron's world collapsed. After her conviction, Martha Stewart only said she would appeal the conviction.

Both Lay and Stewart had the highest priced lawyers, but what they needed was better thinkers and writers. Let's turn back the clock, and imagine if they said something different, something truthful--something which indicated they really understood the situation.

Ken Lay, for starters, should have said, "I should have listened to Sherron Watkins." Next he should have said, "It was a mistake to assign the internal investigation to our long-term law firm. I should have realized that they have an inherent conflict of interest." But most important, he should have said, not the wishy-washy, unbelievable, "I accept responsibility but I wasn't responsible," but "I accept responsibility, because as CEO, I should have known, and it was my job to ask tougher questions and make sure I got outside, objective analysis." I believe him when he says he didn't know fully what Fastow was up to, but it certainly seems as if he didn't know *because he didn't want to know*. True, there are plenty of things that CEOs don't know. But it's their job to make sure systems are in place to catch discrepancies.

One of the most damaging allegations against Lay was the millions and millions of Enron stock that he sold, allegedly to cover margin calls, but instead of selling on the open market, he sold it back to Enron, so no one knew. His defense is apparently that it was not illegal. Maybe not, but it was sure stupid and misleading. He should have said, "Maybe it was technically legal but it was stupid and harmful to do it privately."

What would have happened to Martha Stewart if, right at the beginning, she had said, "I made a bad decision. Since I've been a stock broker, I should have known it was the wrong thing to do." Even if she's telling the truth that she didn't have an overt tip-off, and even if she had the undocumented stop-order to sell at a certain stock price as she claims, what if she had said, "I'm smart and experienced, and I should have known what the perception would have been." That would have rung true. Further, as the queen of perception and image of high quality, she could have continued, "I above everyone else understand the importance of the reality of quality as well as the perception of quality, and of not taking short cuts. I made a terrible mistake. And I'm sorry."

I'm sorry. Neither Lay nor Stewart has said or conveyed regret. The only thing either one of them is truly sorry for is getting caught.

In other words, charitably – but not probably – there may be some truth in their story. The problem is that by not admitting that they should have known better, they undercut whatever crumb of truth may be there. By not genuinely apologizing for miserably failing in their fiduciary responsibilities, they infuriate their shareholders. By not admitting that they fell short in the very areas where they were experts, they undercut their legal arguments. In Lay's case, it was his ability to envision the future and spot trends. In Stewart's case, it was her ability to create an image of high quality.

My daughter is reading *Silent to the Bone*, by the wonderful writer, E.L. Konigsburg, where a boy is struck dumb after the family's au pair abuses his infant baby sister. He had known about the au pair's behavior for months and said nothing. His best friend, who is trying to help him, observes, "I've discovered that silence can be a lie."

If these things had not been left unsaid, Ken Lay and Martha Stewart would have saved more than millions of dollars in legal fees, and both would have saved their reputations.

EMPLOYEES AS RECRUITERS

Published 07/14/04

Hospital administrators, read this. You already know health care has a significant and dangerous staffing crisis, particularly in areas such as nursing. What you may not know is that your marketing and recruiting people are ignoring your most powerful, dependable, effective and cost-effective recruiting method: your own people.

The shortage is real. According to the American Hospital Association, vacancy rates in nursing are more than 10 percent in almost every area of the country. Vacancy rates for personnel like radiologists, pharmacists and others are even higher. The U.S. Department of Labor projects a 21 percent increase in the need for nurses by 2008. Human resource publications are filled with articles describing how to interview applicants, how to woo them away from other institutions and how to instill the mission and culture of the institution.

Recent research shows that job applicants referred by current employees are 40 percent more likely to remain with a hospital. We find that instead of equipping, encouraging and motivating hospital personnel to talk about the hospital, large institutions actually do the opposite. They discourage people from carrying the message.

Interestingly, patients are much more likely than hospital personnel to talk about the hospital, by telling stories of their own good experiences. The reasons are usually that employees, including doctors, do not feel they know enough to speak credibly. They are concerned about saying something wrong, and most importantly, they don't see themselves as the one ingredient which makes the hospital's marketing and recruiting material real. They consider it "someone else's job." Hospitals which understand this and turn around that attitude by enlisting and equipping their people, will solve their staffing problems.

The first step is a realistic comparison between what the hospital does and what it says. This is always an eye-opener. This analysis must be done by an outsider in order to have an objective report. It usually reveals that personnel don't see the marketing and recruiting material or frequently feel it's overstated or hyped. Employees don't feel informed or equipped. They don't know how to answer questions in areas like salary. They tell us that the administration may talk a good game but doesn't live up to the mission depicted in the glossy brochures. Health care is in such a crisis that employees frequently describe all that's wrong – overwork, burnout, politics and insane regulations for starters. However, the same employees, when prompted, will passionately describe the difference the organization and their own job makes. The individual testimony of working at a job that means something, illustrated with real individual stories, is the most powerful recruiting and advertising tool hospitals have today.

Some hospitals are beginning to understand that members of their hospital families can be viewed as ambassadors, and they are providing the kind of communication training which both equips and motivates people to talk to others. This is the beginning of a radical redefinition of how institutions communicate. *Business Week* recently had a major article, "The Vanishing Mass Market: New technology, product proliferation, fragmented media. Get ready. It's a whole new world." The authors are right when they say that recruiters, advertisers and marketers today are "talking to a group of one," but note that people locked in traditional thinking find this "dauntingly counterintuitive." Actually, anyone who has been through Ambassador training understands immediately how to harness person-to-person communication.

Training, however, while a crucial step, is only a first step. Michael Dowling, the CEO of North Shore-Long Island Jewish Health System, points out, "It's important to make the distinction between learning and training." An ongoing system of learning turns the training into an effective recruitment and communication vehicle.

Here's the next area institutions fall down. They provide too much information, so that the employee who did want to talk about the institution has to pore over it, master it and then express it verbally in his or her own words. The goal is to serve up the same material so it can be easily absorbed visually. Video is a powerful vehicle, but again, less is more. Print, a traditional and cost-effective way to disseminate information particularly with the ubiquity of e-mail, needs to be in a format which we call "in the eye and out the mouth." That is, it can be absorbed visually at a glance. The employee doesn't have to labor over reading it.

The last piece is to understand this is not a recitation of facts. It's a clear, mission-based message illustrated with motivational stories, and hospitals of course, are the mother lode of these anecdotes.

ANGRY AND FRUSTRATED

Published 07/08/04

How do you deal honestly with a customer or employee who's 'angry and frustrated,' and has good reason to be, without reinforcing how angry and frustrated they are? Traditional training takes one approach: repeat the bad experience back to show empathy. There is a better way. Why not focus on the solution instead of the bad experience.

This debate came up recently when a company that was exiting a line of business for the right reasons was preparing how to tell the different groups of affected employees. They were providing help for those whose jobs would disappear, but their challenges were clear: recognizing their own distaste for delivering unpleasant news, identifying the defects in their existing communication training for employees who dealt with customers, and developing a truthful, but positive, context in which to present the news.

Not easy challenges considering the studies that show more than 40 percent of employees prefer a work environment where there is little risk even if there is little chance of advancement. Translation: most people don't like losing their job even if they are readily employable. Executives understand this, and they know that when it comes time to make difficult announcements, like job eliminations or layoffs, they risk appearing uncaring and defensive.

To make matters worse, most people begin by thinking, "If it's somber news, I should look somber." Not true: Even bad news has to be delivered in an empathetic, positive manner, and most people have to practice this to be comfortable that it's the right thing to do. Change must be presented as an opportunity, even if a less-than-welcome one. This doesn't mean the deliverer makes light of the problems, fear and inconvenience. It does mean those delivering the news must go to great lengths to illustrate how they or others have turned the loss of a job into a chance to grow.

Anecdotes, stories of how other people have survived and even prospered are the best tool. Our office manager's husband, a CPA, has been on the losing end of three mergers. Each time, the other guy got the job. Each time, he has redone his resume, signed up with Account Temps and ended up with a new job, a better job and more money. His wife said to me, "You were right about how to do it, but it's certainly stressful." No doubt. But life is about change, and we all have to understand how to deal with it, recognize opportunity and come out stronger on the other side. The company's employees had also absorbed the familiar sales training which advises you to repeat the words the customer uses. So, if an angry customer says, "I'm angry and frustrated," they were taught to repeat, "I'm sorry you're angry and frustrated." We believe this only reminds the caller that he or she is angry and frustrated. Those familiar with the Spaeth philosophy know the Number One rule is to identify so-called "bad words." Don't repeat them, because

they crowd out 'good words.' Don't deny them, because the listener ignores the denial. Instead, wrap a cocoon of truthful good words around them. "I'm so sorry. Tell me all about it, and let's see if we can map out a plan of action and a solution." "I'm so sorry you've had to experience this. I hope my promise to follow the steps we've identified will reassure you that we want you to be satisfied."

When managers are dealing with employees, the same rules apply. To employees who say, "I'm angry, and I feel I've been betrayed" the wrong response would be, "I'm sorry you're angry and feel you've been betrayed." The right response would be, "I'm so sorry you feel that way, and I can understand it. I know no one plans for or likes these circumstances, but I want you to know that we are absolutely committed to helping you, and I feel confident because in preparation, we found many individuals who had successfully surmounted a similar situation."

In other words, the manager must resist the temptation to sympathize and moan and groan, agreeing that the affected employee has gotten a raw deal. The manager must remain in the character of leader and coach, just as if it were a difficult project assigned by the corporate office. The manager who wants to curry favor with employees by agreeing with their complaints actually abdicates his or her role as team leader. It's not easy or popular to advocate a positive, long-term attitude, but it's important for the employee.

Angry and frustrated? I understand – but I'm not about to use those words.

HANDWRITTEN

Published 06/30/04

A handwritten letter is an entirely different form of communication. Too many business people have forgotten that. Yet with the recent death of President Reagan, we are reminded of the impact of handwritten letters.

Letter writing in itself has declined as a skill (as has writing, but that's another column), and preprinted cards and e-mail have waged the equivalent of nuclear war against letter writing, but for those hardy souls who do write letters, typed letters are the norm.

President Reagan's handwritten letter to then-prime minister Michael Gorbachev in 1985 is especially revealing and should put to rest once and for all the myth that Reagan was an actor-puppet who let others do his thinking. The letter follows their first meeting, and in his first paragraph Reagan writes, "There are some things I would like to convey personally and privately." Then the leader of the Free World assures the Soviet leader that the U.S. does not intend to place offensive weapons in space and that he and Gorbachev agree on the most important issues.

The personal method of conveyance – a handwritten letter – makes the words credible.

This past winter, following my husband's sudden and unexpected death, we received cards and letters from hundreds of people. All were appreciated. Former Cabinet members and others wrote long, eloquent letters about Tex's achievements and contributions. People like Rudy Giuliani and former colleagues from the Department of Justice, Federal Bench and friends sent pages of handwritten remembrances and condolences. Susan Whyman, historian and expert on English letter writing in the 17th and 18th century, writes about how we feel "opening a letter that has just arrived," and about "the feel of the paper as it is unfolded." She is correct. A handwritten letter was a special joy.

People wrote on all sorts of paper and in cursive, print and unique combinations of penmanship. We were stunned – and pleased – to receive a long, handwritten letter in bold calligraphy from Tom Campbell, the former congressman, now dean of the Haas Business School at Berkeley. Dean Campbell wrote, "Perhaps he shared with you how he intervened to help me in the 2000 Senate race." Actually, Tex never shared that with me, but Dean Campbell did, and the words were more welcome and poignant in the elegant black letters on his personal stationary. We will keep all the letters, but the handwritten ones are reread over and over.

Short, handwritten notes, as opposed to several paragraphs or pages, have an impact, too. We recommend that all business people get postcard size note

cards with their name at the top so they can write a handwritten hello, thank you or other comment. (Tip: cards with a line across the top or forming an interior box allow the writer to get away with a single line.) I have such notes from Presidents George H.W. Bush and Reagan, and William Paley, founder of CBS, and they're framed and hung on my walls. My prize is a small note from E.B. White to whom I had written asking if he would autograph a book for Michael Deaver. White wrote back, "You may send the book. I don't want to annoy the White House."

But letters, ahh--longer graphs of handwritten comments, are most special. Those in need of assistance can turn to Eras of Elegance which offers stationary, pens and advice on how to write, and provides it electronically on the web at www.erasofelegance.com.

Resurrect the handwritten letter. Although it takes somewhat longer to write than a typed one, handwritten letters jump over their competition. They are saved, and as with those on Tex's death, reread. Letters turn comments into communication and transform associations into relationships and then into friendships. Preprinted cards for various occasions can be wonderful but should not be a substitute for letters

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In President Reagan's 1994 letter, he discusses the diagnosis of the disease which forced him and Mrs. Reagan into a decade of seclusion and ultimately took his life. He chose the handwritten letter as the method of announcement, infinitely more effective than a statement or typed letter, and wrote, "We feel it is important to share it with you." Not only was he correct in his generosity, he understood that writing in his own hand was the perfect vehicle for the personal message. As individual citizens and business men and women, we should relearn that lesson.

MOST WHEN EMPLOYEES SAY THEM

Published 06/24/04

The ultimate test of whether the words in a company's advertising and marketing material are true is if employees look for opportunities to repeat them.

Advertising and marketing have become 'someone else's job' to far too many people in the organization. The result is that customers, potential employees, investors and other key constituencies discount the advertising and marketing because employees aren't willing to use the power of person-to-person communication to make the messages real.

The direct marketing companies have always understood this, and that's why representatives of companies like Mary Kay always want to share the virtues of some new product.

The former Texas Commerce Bank (which became Chemical, then Chase, now JPMorgan Chase,) used to have "Star Treatment" as its tag line or slogan. Then-CEO Marc Shapiro used the phrase himself in as many internal communications as possible. I refinanced my home at one point, and the banker filled out all the forms for me using previous filings, and faxed it over with a note to make sure the information was current. I called her back to express amazement that she had done the onerous job for me, and she said, "Marc is always talking about 'Star Treatment,' so we have to deliver it." That's what we call true 'message alignment.'

In the past week, I held seminars for employees of a large utility, the general counsel of one of the country's most prestigious retail chains, physicians from a large hospital and the administration of a well-known university. We tested a wide range of real-life interactions, ranging from encounters with neighbors, to presentations to other executives, to dealing with questions or complaints from various audiences. Each organization had extensive material prepared for various audiences: print and electronic advertising, brochures, annual reports, newsletters, statement stuffers, signs, external websites, intranets and other methods. At each organization, someone had carefully thought of what to convey to a target audience. However, we found that the words in this material were rarely or never verbalized by the executive or employee when we taped real-life situations. There are several culprits. First, advertising and marketing have become a specialty, and any specialty carries the risk of sending the message to non-specialists that they should stay out of our turf. In some companies, advertising and marketing are actually different departments and insist that they are completely separate disciplines and efforts.

Next, the cynicism of the age ridicules enthusiasm and loyalty. This has been aggravated by the despicable 'winner take all' or star celebrity of CEOs or executives who look out for themselves instead of their employees. In other

words, when a company mouths words like 'teamwork,' 'fairness' and 'commitment' in internal communications but blatantly ignores them in practice, it breeds contempt from the employees which spills over to their communication to external audiences.

Companies have also become so large that many do not even show their advertising, marketing and recruitment material to employees. (Recruiting brochures are simply marketing to another audience.) The reasons usually given are: we've never done it before; it would be a hassle to do it; and – my favorite – our employees would know what's not true.

When a company energetically commits itself to 'spreading the word,' there's a rippling effect. I was once standing at the business office of the Convention Marriott in Philadelphia, waiting to send home a package that was too large for my suitcase. The man before me wanted to send a birthday card to his mother on the West Coast. The clerk at the counter said, "If you absolutely want to be sure, you'll send it FedEx." The 'Absolutely Positively' campaign stopped running years ago, but people still repeat the words.

Here's a test for your organization. Make a list of all the words or phrases in advertising, marketing or recruitment material and then listen to your colleagues for a week. Observe not just how employees interact with the end-customer and with each other, but count the times you hear the words from advertising or marketing used in a non-pitching situation. If you never hear them used, you have a real problem. If you rarely hear them used, you can increase willingness to use them if you energetically do it first. If you hear the words used enthusiastically and frequently, you have a valuable competitive edge already. Just hope your competitors don't read this column

IN ANY LANGUAGE

Published 06/16/04

News stories are still full of people without jobs or worried about losing a job because with similar skill sets, no one has an advantage. Our American forces in Iraq are fighting a language barrier as well. There's one skill that Americans could arm themselves with that would prevent the language debacle in Iraq and equip hundreds of thousands of Americans to find, keep or improve a job? The ability to speak another language.

When the United States was founded, the educated class always spoke another language, usually French and Italian, and Latin, if you count ancient languages. So what happened? Two centuries followed where our economic success coupled with our geographic isolation led us to complacency in assuming all we needed was English. *Workforce* magazine recently declared that English is "the undisputed language of business," and Chris Van Someren, president of global markets at the search firm, Korn/Ferry is quoted saying, "There's very little commercial application for foreign language skills." Sony's Berlin headquarters has 45 different nationalities, but rather than teach everyone German, Sony conducts business in English. When Koreans do business in China, they speak English to their Chinese counterparts. So we might be tempted to think we were right. All we need is English. We are wrong.

Companies like Proctor & Gamble, IBM, Intel and others find that foreign language skills have many benefits. P&G notes that speaking another language is a sign of respect, an attitude echoed by Nancy Lockerwood at the Society for Human Resource Management. She points out that trust is a key component of doing business and "Trust can take a long time to establish and it can take even longer if you only speak English."

The culprits are not hard to identify: U.S. attitudes and our school systems. The attitudes of the last centuries are still pervasive, and U.S. public schools are embarrassingly behind in language training. Few schools offer foreign languages in the lower grades, and it's usually voluntary in upper school. Even private schools which provide many years of a foreign language do not require that their students develop a real fluency. Contrast that with China where mandatory English begins in third grade – for everyone.

And that's the next problem with our attitude. In other countries, foreign language skills are for everyone. Here, they're for executives. Climb into a cab in Zurich, and your cab driver is likely to speak English, French, German, and maybe Italian, too.

Intel is taking a much more advanced approach. Realizing that people at all levels of the company work with counterparts in other countries, they provide training in Mandarin, Japanese and Spanish. Intel's courses are free and

provided in many locations and at three levels of intensity. Employees are allowed to repeat courses as many times as they wish. Employees are encouraged to take courses if they speak directly to clients who speak another language, even if the business conversation is conducted in English, or if they work with technical counterparts at Intel in another country.

The reason language skills must start young is because it's a long-term effort which goes much better when started in elementary school. A second language puts you ahead of everyone with the same business skills. Van Someren says that companies don't ask him to find an employee with a set of skills and they'll teach him Chinese. They ask for someone with those skills who can already speak Chinese.

American business should nag schools to start languages very young, and, like Intel, they themselves should provide various levels of learning. The most basic involves the ability to say hello, ask for directions, read street signs, purchase items, and inquire about the health and well being of colleagues. Other levels demand more and still more. Workers who are fluent in the most basic, conversational language are far more likely to learn more later in life or to challenge themselves.

One can almost say that you will never be without a job if you equip yourself with an additional language for several reasons. You'll be first hired and last fired. You'll be much more flexible in what you can tackle or accomplish. If your employer is downsizing, but you can speak Korean and you have a client in Korea, you have a much better chance of proposing that you rearrange your duties.

As the economy picks up steam and workers want to be better prepared for the next downturn, which will come, they might think about how important it is to "soyez prêt," ... "sia pronto" ... "esté preparado" ... be prepared.

REAGAN WAS A MASTER

Published 06/10/04

The Great Communicator died this week, but his lessons live on for those wise enough to learn them.

It was a privilege to work in President Reagan's White House because he understood that communication was not a soft or ancillary skill. It was critical to his ability to achieve his goals. It's timely to remember what we can learn from him.

- Learning these techniques takes time. Reagan honed his skills during his years as president of the Screen Actors Guild and during his years touring the country talking to workers at GE plants.
- Practice. Reagan always made time to rehearse and try out lines. He considered the impact of what he said. CEOs explain why they won't practice saying they don't have time and they already know the material. President Reagan understood the difference between knowing the material and the performance required to deliver it in a way that would hold people's attention.
- It's a TV world. Kennedy may have been the first president who understood the power of television, but Reagan was the first president who understood that television has affected all communication. It's changed how people process information. Television is a personal, intimate way to communicate. Reagan mastered that.
- Inspire. People want to be inspired. They want to be challenged. They want to contribute.
- Use humor and make yourself the first target. I was in the White House when rumors circulated that the President slept in cabinet meetings. For months, he would say, "Could you speak up? I must have dozed off." And he posed for countless pictures with animals and children. I handled the photo op when Mrs. Reagan gave him a puppy. It relieved itself on the leader of the Free World. He thought it was hilarious.
- Be humble. He had a plaque on his desk that read, "There's no amount of the good you can accomplish if you don't mind who gets the credit."
- Tell stories if you want to change how people think. Instead of the great communicator, Reagan might properly be called the great illustrator. He knew that headlines become platitudes, and facts and statistics become meaningless. He found and told anecdotes to illustrate his point.

- Use props. Reagan's favorite prop was a letter from someone. He loved reaching into his jacket and saying, "I just got a letter from..." and reading it to reinforce his point.
- Good writing matters. Reagan, a great writer himself, valued great writing, and those around him rose to the occasion. Everyone remembers his comment, "Mr. Gorbachev, tear down this wall," or his remarks to the nation when the Challenger exploded.
- Stick to your values. Reagan didn't live by polls, and he was comfortable being unpopular. He would articulate what he believed. He would try to sell it by illustration. He hoped you would agree, but he wouldn't shift his position just to obtain support. Representative Dana Rohrabacher says that Reagan was an idealist. He believed that everyone could be responsible and accountable, and that we had to hold them to the high standards they could achieve.
- Take risks. President Reagan understood that change carried risk and that a risk-free path, whether in policy or politics, doesn't bring change. In communication, Reagan was willing to try new technologies like satellite television as a way to reach the public. In 1983, rigging up sequential broadcast interviews from the White House had just become possible, and the technology was not reliable in the beginning. He risked the problems with technology to reach out to a broader audience.
- Don't just talk to the converted. The president wanted to talk to groups and individuals who disagreed with him. I brought women's magazine editors to the White House when even Chief of Staff James Baker was skeptical. The president wanted to do it, so the editors came. After the briefing, Ellen Levine, then-editor of *Women's Day*, said she didn't agree with much of what he believed but she found she liked him and was impressed by how he listened to her.

Those of us fortunate enough to be part of his Administrations found he liked us and listened to our ideas. And we were impressed.

DON'T BAN ADS FOR TWINKIES

Published 06/03/04

Obesity is the number one health problem and has become a children's health problem as well. Packaged food companies spend billions a year to advertise and market food – like Twinkies, Coca-Cola, and Captain Crunch – with no nutritional value and lots of calories, sugar and preservatives. Is the solution to ban advertising on children's TV? The Center for Science and the Public Interest (CSPI) thinks so, and they've been joined by the American Psychological Association and the World Health Organization.

The movement to ban advertising of snack or "unhealthy" foods to children is more dangerous than the ads. Not that a Coke and Reese's is a good lunch. Obesity is a problem because we're eating too much, too much of the wrong thing and exercising too little.

The increasingly self-righteous call to ban advertising to kids is dangerous because it won't work. Worse, it creates the illusion of doing something to fight obesity. As Tim Muris, chairman of the FTC, says, "Obesity is a complex problem, and there's no simple, silver bullet solution."

Those who want to ban advertising argue that the government successfully banned tobacco advertising, but that's an apples and oranges comparison. Tobacco, although legal, is a uniquely harmful consumer product whose consumption is rooted in tradition. Furthermore, banning cigarette advertising did nothing to keep kids from finding out about cigarettes, seeing people smoke or thinking that smoking was 'cool.' The research is overwhelming. When teenagers say 'no' to smoking, it's because they've been influenced by peers or others to think smoking is the opposite of cool.

In addition, there's the little problem of the First Amendment. Truthful commercial speech is protected. Thus, ads for pills that make you "Lose Weight While You Sleep" can be successfully challenged by the Federal Trade Commission. Ads that say "Sponge Bob Square Pants Pop Tarts" cannot.

The next issue is one of definition and description. Those who favor a ban use the term 'junk food.' (The comparison to what's called 'junk bonds' is ironic, because 'junk bonds' were actually a way to unlock significant value in companies by linking increased risk with higher-than-average returns.) What is junk food? A bagel can have more calories than a donut. Is one Happy Meal (cheeseburger, no pickles) worse than Szechwan Pagoda's fried rice and egg roll? Is a diet coke with no calories better than a glass of apple juice?

Imagine the battles over the government drawing up a list of 'junk food?' It would make the redesign of the food pyramid look tame. Nuts are supposed to be good protein, but a bag of salted almonds has an enormous amount of sodium.

Proponents of an advertising ban argue that they only want to ban ads to children or during children's programming. Any parent recognizes the flaw in this logic. Children are watching all kinds of shows. There is no clear line between children's and non-children's programming.

The critics are correct when they point out the imbalance, both in money and talent, between advertising for so-called junk food and for apples, bananas and other healthy and easily consumable food. Frito Lay spent \$52 million to introduce Baked Lays. The group that plugs apples spends under a million a year. Plus, ads that plug health are no match for the "Wanta Fanta" hot-pants-clad colorful foursome. But the tobacco experience shows that funnier, hipper ads that understand their audience can have an impact despite a much lower advertising budget. The anti-tobacco ads in California, which appeal to the cynicism and humor of teens, have had a measurable impact on teen smoking.

Finally, CSPI points out that the ads for snack or fast foods on programming for very young children are designed to make the child demand the food. The report they've just issued is called "Pestering Parents," and this is the real heart of the problem and the solution. The answer isn't to ban ads. It's to remind parents that if they are overweight, the chances are overwhelming that their children will be, too. What's going on here, I fear, is that parents want to be their kid's best friend, and it's hard to say, 'Over my dead body,' to a screaming, sobbing four year old. Alas, given the long-term damage of obesity and bad eating and exercise habits, parents who don't exercise their parental 'no' may find that's exactly the right analogy.

PEOPLE TALK

Published 05/26/04

“Sixty-three percent of marketing managers plan to incorporate word-of-mouth” was the headline of a recent survey of several hundred marketing managers around the country. It’s about time.

Person-to-person communication is the neglected step-child of communication. It’s ignored by virtually every corporate function: human resources, legal, marketing, investor relations—even public relations. It’s not hard to figure out why. No flashy displays. No Super Bowl spots. No glossy brochures. In addition, person-to-person appears to be uncontrollable. Actually, it’s quite predictable, and companies like Mary Kay and Amway have built a successful business model on understanding, anticipating, harnessing and aligning person-to-person communication with their business strategies.

Everyone knows that word-of-mouth communications, sometimes misunderstood or given the limited characterization of “buzz,” is the most powerful form of communication. “Let’s face it. People will talk,” says Tammy Galvin, editor-in-chief of *Training Magazine*. Barry Schwartz, author of *The Paradox of Choice*, offers this example: You plan to buy a book to read on a trip. You study reviews, and then, as you leave for the bookstore, a friend says, “Buy this one instead. I thought it was really good.” Schwartz says this is an example of how the person-to-person comment, with its personal endorsement, “trumps” thoughtful research and facts. Naturally, social scientists have gotten in on the act and produced a name for the phenomenon, “availability heuristic,” which is meaningless and hinders understanding.

Start by asking 1) who you are talking to, 2) who that person will talk to, and then 3) who that person will talk to. What do you want them to pass on and why? What are you already spending money on to communicate to whom?

Here’s an example: A hospital has a new cardiac care building and program. The challenge is to enlist the hospital staff and employees to help spread the word. But how?

The most common mistake organizations make is not providing information to their own employees, followed by providing too much information in a manner that is difficult to absorb and pass on verbally. Organizations that think they are communicating with their own people are usually just creating the illusion of communication. That is, the material is not embraced, internalized and passed on. A brochure or memo on the new Heart Hospital does not equip, empower or motivate employees to pass on information.

Effective “ambassador” communication has several characteristics. It has very simple key phrases – like a headline or bumper sticker. (Think of FedEx and

“absolutely positively” or today, “The Purple Promise.”) These phrases are energetically articulated by everyone starting with the CEO, and they are heard in every venue, not just a sales or marketing venue. (And they must be true and not undercut, but those are future columns.)

These phrases are followed by anecdotes, quotes or personal endorsement, like the friend who recommends another book by saying, “I found it useful.” William Rothwell, professor in charge of workforce education and development at Penn State-University Park, says that we share experiences “through storytelling.” The genius of the direct marketing companies is that they understood that people can tell each other’s stories. Thus, “The Heart Hospital saved the life of the husband of Nurse Smith” can be a story told by an employee who doesn’t know Nurse Smith personally.

Employees and others associated with an organization – like customers or vendors – need very frequent snippets of information. It has to be compelling, and written or conveyed in a way that the listener or viewer can turn away and repeat it.

In a marketing venue, companies are trying many ways to enlist word-of-mouth. Bank of America hands out simple forms that say “Recommend us to a friend, and you get a \$25 Visa gift card.” KLIF, a Dallas talk radio station, promotes calling in with a friend and then listening at certain times. If they call your name or your friend’s, and you call in five minutes, they give you a \$1000. They add, “Get a bunch of friends to sign up, and then listen for each other.”

An effective word-of-mouth campaign can boost sales, but it’s much more powerful if the concept starts with a passion for conveying the mission of the organization and telling every employee that he or she represents the reputation and future of the company. Companies that do this will find that their people embrace the opportunity and create, over time, a richer understanding of the company, its people, services and products. Over time, these opportunities build a competitive edge.

PR NEEDS PR

Published 05/20/04

“Facing an election, Liberals resort to grubby PR tactics,” read the headline in Toronto’s *The Globe & Mail*. Why is ‘communication’ good, but public relations is so frequently derided? Does PR need some PR?

The Globe & Mail columnist, Jeffrey Simpson, was complaining that politicians were hijacking press releases which announced the appointment of distinguished university positions endowed with government funds. The Canadian Research Chairs program is entirely autonomous, but politicians began rewriting the announcements to include their quotes of congratulations, implying they had something to do with the appointment. Simpson calls this “the great political scheme of jostling for undeserved credit.” He is correct, but how is that “grubby PR?”

Public relations is simply understanding the relationships between an entity and its “publics,” which includes the internal audience of employees as well as customers, investors, regulators, competitors and the general public. Public relations’ own image problems can be traced to several causes.

First, communication and dealing with the various publics is now divided between departments. Human resources claims employee communication. Investor relations monopolizes stockholders. In many companies, community relations has become its own department and deals with the local communities. The legal department frequently deals with regulators and elected officials. Sales or marketing targets customers.

Public relations should be the route to all these publics and the internal consultant for both communication and building relationships, which goes far beyond communication. With the natural tendency to protect one’s own turf, the risk is that public relations becomes marginalized into a press release issuing machine with little control or input into the organization’s ongoing or long-term business strategies.

The Globe & Mail’s Simpson correctly identifies that all politicians like to make announcements which will make them visible to the voters, but says, “this illustrates the depths to which these politicians will descend to grab whatever tiny bit of the public-relations limelight they can find” and he says voters should “expect more cheap public-relations tricks.” And, with one more slap at PR, he notes that elections force politicians to bring back “the little corruptions of petty public relations.”

And this is the problem. He sees public relations as the practice of claiming undue credit, of hyping something and of being fundamentally deceitful. Actually, public relations is no more these things than the practice of law is inherently

misleading juries or abusing the judicial system. There are lawyers who abuse the system, but we do not hold the legal system hopelessly tarnished by their behavior.

Another part of the image problem is training. The general counsel went to law school, but the head of public relations may have come from journalism, political campaigns, or almost any other career. William Webster, former director of the FBI, once said he looked for one thing in hiring -- "good judgment." When I asked him how one developed good judgment, he smiled and said, "From all those times you used bad judgment." And that's the crucial quality of PR which is so hard to quantify. The most successful people in public relations have developed good judgment over the years by racking up the broadest possible experience in a wide variety of fields and through an almost limitless number of events and situations.

The field of public relations has struggled with how to train people who call themselves public relations professionals, even developing an exam and an "APR" -- Accredited Public Relations, designation. But there is really no credential for good judgment, let alone for good values and humility.

PR has gotten a bad reputation because it has allowed its superiors to over promise things, to hype, to comment or make public only good news, not bad news. An effective PR person does not compromise his or his employer's integrity, but usually must use persuasion rather than command-and-control, to convince others of the correct action.

It must be admitted that PR has contributed to its own problems by those individuals who place themselves in the public eye and say things they know aren't true, or who go along with the CEO or the lawyers rather than jeopardize a large retainer. Yet, do not lawyers similarly say truly bizarre things in public and give their clients awful advice?

Public relations – again, understanding, communicating and maintaining relationships - is a critical function of an organization. It deserves respect.

THE CEO IS SICK

Published 05/05/04

When a CEO gets sick, does he have a right to privacy while he's diagnosed, treated and recovers? Or, as with any other event which threatens to disrupt a company's business and threatens its reputation, does the importance of communicating with key constituencies come first? If CEOs want to be highly paid celebrities, they better be prepared to have their hearts and hemorrhoids out in the open.

Kraft's CEO Roger Deromedi disappeared a month ago with no explanation, and the company tried to claim his right to privacy. Kraft finally broke its silence to explain Deromedi was suffering from "a viral infection accompanied by acute dehydration" and that he would be back in the office soon.

Kraft's board spent several weeks trying to figure out what to do. They had just demoted Mr. Deromedi's co-CEO, Betsy Holden. After telling the world she wasn't up to the job, they could hardly appoint her. Fortunately, Mr. Deromedi was not, as at so many companies, chairman, CEO and president, and Kraft's Chairman Louis Camilleri stepped in.

How should a company handle a CEO's illness? Kraft's strategy of silence wasn't the right choice. The principles of openness, honesty and transparency need to apply when the CEO is sick, just as they would in other situations - such as a glitch in manufacturing, litigation over hiring practices, loss of a major customer and so on. Obviously, this is not particularly comfortable for the CEO, but a company cannot claim to be committed to the principles of corporate governance and then exempt the CEO just because he's uncomfortable.

CEOs today have become highly compensated leaders and stars. The whole debate over Kraft's attempt, and failure, to have two CEOs, with Deromedi "winning" is a result of the current system which makes the CEO the center of attention, like a top contender at the Kentucky Derby. The CEO who wants responsibility and huge compensation loses privacy.

Other companies and CEOs provide examples of how to do it right. In 1993, Mike Walsh, then-CEO of Tenneco, developed brain cancer. He was open and candid about his situation and kept his wonderful sense of humor. His death was a great loss, but the way he handled it was a gift to all around him. It couldn't have been easy for a hard-driving, successful individual like Walsh to have shared his deterioration, but he did it for the greater good.

Andy Grove, as CEO of Intel, developed prostate cancer and also made the details public. He tackled his illness like any other scientific business problem, exploring the options, funding research, and writing and publishing. He survived

and today has become one of the leading voices prodding the cancer research community to change how it approaches the disease.

Back to Kraft, who made another classic mistake which should be avoided in crisis communication. Apparently Deromedi's doctors took several weeks to diagnose what was going on. They didn't talk because they didn't know what was happening. A large public company simply does not have that luxury today. In any crisis, management spends hours, then days, trying to figure out what is going on, but the first requirement of crisis management is to understand the importance of communicating with key audiences before you have any or complete information. The company's inability to handle this shows the deficiency in their crisis planning and a weakness in their corporate governance.

Brinker International faced a similar situation when CEO and founder Norman Brinker was injured when his horse fell on him during a polo match. He was in a coma for some time. The company was ready. The president and COO, Ron McDougall, took over as CEO. The new executive team functioned superbly while Brinker's life hung in the balance and during his recovery. When it was clear he would live and fully recover, McDougall stepped back from CEO to president and COO again.

As Kraft's CEO was in the hospital, McDonald's CEO, Jim Cantalupo died from a heart attack. McDonald's board appointed a new president within hours. From a company's point of view, communicating the death of a CEO is bad enough, but it's even more difficult with an illness. The answer isn't silence and refuge in a claim to privacy. It's full disclosure and updates on what's happening – no matter how uncomfortable it makes the CEO. Sharing information is the hallmark of real leadership.

THE CEO'S DEAD - SHHH

Published 04/28/04

Smart companies anticipate crises. They plan for them, even do simulations to judge employee performance. But it's forbidden to talk about one potential crisis – the sudden death of the CEO.

The recent death of McDonald's CEO, Jim Cantalupo, should remind all companies that even CEOs are mortal and can die at inconvenient moments. That McDonald's board met and appointed a new CEO within six hours is a result of two important things about the company: they have a board capable of working together and they had a true leader that guided the company with the management skills and foresight to develop a second-in-command. The latter also shows Cantalupo's magnanimous character, which sharply contrasts CEOs like Disney's Michael Eisner who wants to be the sole center of attention.

Interesting that a CEO death is absent amidst all of the other crises organizations prepare for: fires, work stoppages, chemical spills, strikes, lawsuits and terrorist attacks, to name a few. In fact, Coca Cola's 1999 European crisis, where a well-publicized funny odor instigated a product removal from the shelves of three European countries, has many companies planning for imaginary crises. After weeks of bad publicity and months of investigation and debate, public health officials decided the 'crisis' was simply mass hysteria amplified by the media and regulators.

So if we're planning for imaginary situations, why do we get an uncomfortable silence when we ask, "What's the plan if Mr. Jones drops dead?" "Death of the CEO" is left off the list of anticipated crises by almost all public companies.

Sudden death is actually just a subset of succession planning. Although GE has elevated management development and succession planning into a case study taught at business schools, the topic gets a lot of lip service at many companies and it is frequently ignored in practice at the very top level. When I wrote for Bill Paley, founder, chairman and CEO of CBS, the company went through a series of presidents whom Paley recruited as his successor. When they reminded him of that, he fired them.

It's not hard to figure out why "sudden death" may be a topic when watching a sporting event but not in crisis planning. No one likes to think about death, let alone plan for it or develop draft press releases or statements. "*John Jones, CEO of Great Plains Investments, Dies in Car Accident,*" isn't likely to be submitted to legal for pre-clearance any time soon. Death is the proverbial elephant in the room, tiptoeing around while everyone pretends it's not there.

The unwillingness to add the topic to the list of possible crises may be aggravated by the tendency of CEOs to claim the chairman title as well. Rarely

does Mr. Jones, Chairman, say to himself as CEO, “What happens if you drop dead?”

The studied silence on the topic is surprising given the number of examples over the past few years, including Jerry Junkins, CEO of Texas Instruments, Bailey Thomas of McCormick, James Farah of Farah Manufacturing, and Fred Koch of Koch Industries.

The publicity generated by Cantalupo’s death could be useful to public relations, human relations and legal departments or to a company board looking to raise the topic with their own CEO. Virtually every major business publication has not only covered Cantalupo’s death, but written extensively about the lack of attention to succession planning. For examples, reporters point to aging executives like Rupert Murdoch, of NewsCorp, and Summer Redstone, of Viacom and Paramount. They note that Disney never recovered from the death of its 62-year-old president, Frank Wells, in a helicopter crash.

The directive to think about the issue must come from the CEO himself. It is unrealistic to imagine that anyone who reports to a CEO will say, “We ought to think about what happens if you die.”

Look for success strategies from organizations that have to plan for succession. The military, for example, would be an excellent resource—they have to have a full-proof plan. Transferring command hastily and under adverse circumstances, including the death or incapacity of the leader, is just one more thing to plan for. Self-pity or discomfort simply isn’t allowed because it would jeopardize other people and the mission.

Leadership, crisis planning and reputation management are major corporate buzzwords these days. Companies run leadership institutes, sign people up for leadership training and emphasize leadership skills. They draft crisis plans and do simulations. They hire reputation management consulting firms. The CEO who truly wants to be a leader, anticipate crises and burnish his reputation will consider and provide for the ultimate need: who’s next?

REPORTERS NEED TO CORRECT LIES

Published 04/21/04

“Reporters have their minds made up beforehand,” is a common complaint. An unexpected case study demonstrating this comes as rumors about whether Senator Kerry really deserved or even qualified for his three purple hearts which allowed him to leave Vietnam after only a few months.

The issue here is not Senator Kerry but a lengthy record of supposedly hard-nosed reporters, including *60 Minutes*' Mike Wallace, who aired mistruths and then refused to correct the fraudulent stories.

Actually, the story does begin with Senator Kerry. When he returned from Vietnam, he testified before the Senate Foreign Relations Committee that was investigating alleged war crimes. Kerry provided riveting and detailed testimony about of what he termed “atrocities,” saying “They were not isolated incidents, but crimes committed on a day-to-day basis.” He claimed soldiers “raped, cut off ears, taped wires to genitals,” and worse. Because so many members of the press were opposed to the war, these allegations appeared to confirm their preconceived ideas.

The second part of this story is that the soldiers who committed these crimes became renegades, mentally degenerate, even criminals.

This myth has continued for more than 30 years, even though in 1971, Senator Mark Hatfield asked for a formal investigation of the allegations. That inquiry revealed that most people who said they had witnessed atrocities refused to cooperate even with the promise of immunity; those who did cooperate provided vague descriptions and no specifics or improbable stories. The worst stories came from imposters who had committed what we now call identity theft, taking the names and persona of real vets.

The poster child for how the media swallowed these stories and then stubbornly refused to look for or even accept the truth was Joe Yandle who was convicted of accessory to murder in 1972. Yandle claimed that the horrors of Vietnam had driven him to heroin use and participation in the crime. Mike Wallace did a moving story about how Yandle did two tours in Vietnam, survived a siege and was highly decorated. Yandle, a former Marine, actually never set foot in Vietnam. Another former Vietnam veteran and now-author, B.G. “Jug” Burkett, made it his life's mission to reclaim the honor of those who served and died in Vietnam. He thought the Yandle story had all the earmarks of fraud, so he checked the public record and discovered Yandle's story was a fiction. When Burkett informed *60 Minutes* and they did nothing about it he brought the story to ABC's *20/20*. They interviewed Yandle who admitted, on camera, that he had made it all up. Only when Burkett told CBS that ABC was going to unmask the deception did *60 Minutes* try to get Burkett to appear on CBS first.

Mark Bowden, a *Philadelphia Inquirer* reporter, analyzes why so many similar stories go unchecked. He writes, "Journalists are not just reluctant or too disinterested to check the record.... Sometimes they're hostile."

Here are more examples. The Buffalo News refused to believe that a local politician did not receive the Distinguished Service Cross he claimed. *The Detroit Free Press* ran a profile of a vet who said he was psychologically devastated by his tour in Vietnam who also claimed to have won the Navy Cross. When presented with proof that he hadn't, the paper and editor replied that the story had gotten a very positive response and there was no need to revisit it. Even *The Dallas Morning News* declined to correct a story where a veteran claimed to have received the Distinguished Service Cross. (The paper also ran an extensive series about the founder of a North Dallas Music Academy who claimed credentials and degrees she didn't have.)

Burkett has uncovered literally hundreds of cases where people who claim to be psychologically damaged vets never served in Vietnam or were in the military at all. Or of people like the Buffalo politician who served but never received the honors they claimed. Now, a few other reporters have started checking claims. Bowden writes, "the hardest frauds to unmask are those who did serve in the Vietnam War but have inflated their military record, inventing a more heroic past than the one they lived." (Will this turn out to be Kerry?)

Some people ask, "Who cares after all these years?" Journalists ought to care because they are constitutionally, as well as by self-appointment, charged with reporting the truth. We ought to care, first because our economic and political system rests on accountability and what business people call 'transparency,' and to honor those who serve that we might maintain our freedoms.

DOING IT TAKES PRACTICE

Published 04/06/04

People often ask, "Is there a book that will teach me how to communicate?" Alas, no one book will show you the way to become a moving speaker, give an interesting interview, or learn how to use communication as a leadership and management tool.

For those who must read, get two recently published books: *The Articulate Executive* and *The Short Road to Great Presentations*. The first is a collection of 17 articles published in the *Harvard Business Review*. (Incidentally, reading this book is a great way to appear as if you read *HBR* regularly. My own embarrassing secret is that I ended my subscription after months of the profound, interesting, strategic, forward looking magazines had accumulated into a reproachful pile.) *The Short Road* is a paperback, manual-type publication by Peter and Cheryl Reimold.

The Reimold book is a step-by-step approach, although they couldn't resist the required gimmicky name, in this case, RAMP: "Rapport builder," "Attention Getter," "Main Message," and "Presentation Plan." The chapter on visuals is especially useful to combat the tendency to overuse and crowd PowerPoint slides.

The Short Road provides a listing of problems that undercut a knowledgeable executive. It also raises situations which everyone will experience at some point and should think about before they happen. For example, "You were supposed to speak for 20 minutes, and 10 minutes into your remarks, the moderator slips you a note asking you to wrap up in five minutes. What do you do? Talk faster?"

The Articulate Executive has 16 useful chapters. All but the one on the media will help with your communication skills. Topics include "Listening to People," and "Clear Writing Means Clear Thinking Means..." which argues that "There is a direct link between effective writing and clear thinking – each reinforces the other." The obligatory "How to run a Meeting" has good ideas that may fail when readers encounter the politics and personalities of real corporate life or disorganized organizations. The author proceeds under the incorrect assumption, in my opinion, that meetings are supposed to be efficient and accomplish something. I have sat through many meetings that gave people a chance to vent or listen. Others provided the venue for meandering thoughts to jell. I have been to successful meetings where the actual "business" could have been handled in five minutes but where the social and personal business required over an hour.

These books are helpful resources, but there is no substitute for experience. One truly learns by doing, by having a purpose, by observing others, by experimenting and by stretching oneself. First of all, you cannot be a great speaker without something to say. Many fabulous speakers are the verbal equivalent of Chinese

food. You stuff yourself and enjoy the food, but you're immediately hungry again. Many can tell a compelling personal story, but without any real knowledge transfer. (The usual message is "try as hard as you can," or something similar.) Today's best speakers, like Bill Bennett, are not only compelling, they have a point of view and a call to action. Too many corporate executives think information and facts comprise a speech.

Instead of a book, here's a paragraph about learning how to communicate, particularly in a presentation format. You must be passionate about your topic (or at least very interested) and recognize your one chance to get others as interested. That's your starting mind-set. It is not that you're reviewing or covering information. Organize your material into headlines and supporting facts. Find one real story with which your audience will identify and tell it as if you're auditioning for "American Idol" as a storyteller. Make sure you have thought of what you want your listeners to do or pass on to others. Your job is to be clear enough that they understand their role and convincing enough that they want to do it. It's an MTV world, so you need different kinds of visuals and props. It's a talk radio world, so you need to involve the audience from the start, not just in Q&A. And, as Judy Garland and Donald O'Connor sang, "Make 'em laugh." Then rehearse. Everything you learn in this exercise will spill over into all your communication in meetings, telephone calls, peer reviews and every other encounter. Finally, adapt unabashedly from others. Give credit if and where it's due, but when you see or hear something effective, use it yourself.

Good communication truly is as simple as this. It's intellectually stimulating to read these books, but you don't have to go to Harvard to use communication as a strategic tool.

PERCEPTION AFFECTS BEHAVIOR

Published 04/02/04

How choices are framed can affect what individuals choose. A recent study on patient choices for treatment for lung cancer offers important lessons for any department or company which tries to provide complex information on important issues to its customers or employees. Words and statistics are the two most important communication tools – and most companies don't spend nearly enough time understanding the viewpoint of the audience they hope to influence.

In brief, the study asked how patients suffering from lung cancer chose between radiation and surgery. Surgery has a higher long-term survival rate but the surgery itself carries some risk. Radiation has no short-term mortality but a lower long-term survival rate.

How statistics were presented made a difference. To sum up the study's dense methodology, researchers found that patients reacted differently when a procedure was described in terms of likelihood of survival rather than likelihood of dying – even though the statistics were the same. That is, patients were more likely to choose surgery over radiation when doctors said, "You have a 90 percent chance of surviving 10 years," instead of "There's only a 10 percent chance you'll die."

The choices involving statistics are more complex than covered here because patients are also told many other things, such as the possibility of dying during surgery. Being asked to consider a number of different things requires that the patient assess what statisticians call "cumulative probability." The authors did not offer the obvious conclusion: When presented with complicated information, individuals tend to pick out one thing to focus on – even in life and death situations.

In addition to testing differences in how statistics are presented, the study also examined the impact of words. When patients were just given a choice between "treatment A" and "treatment B," they chose differently when "radiation" was identified. In fact, when the treatment was identified as "radiation," patient choice dropped almost 50 percent. Although the study's authors laconically observed this was probably "determined by prior conceptions or misconceptions" about radiation, it's almost certainly because "radiation" is a scary word. "Surgery" may be scary, too, but "radiation" is that stuff that comes out of bombs.

The other interesting aspect of this study was the participants. The authors took three groups: physicians, whom they thought would be highly educated and familiar with the presentation of this kind of data; Stanford business school students, whom they thought would be highly intelligent and statistically savvy and not affected by which way the same statistics were presented; and normal people, whom they hypothesized were the group which would be most swayed

by how the choices were put. The results surprised them. All three groups reacted about the same way to how the choices were put to them. The implications of that are enormous. You can't say, "Well, these are senior executives or smart engineers" and expect them to pore over information and make "informed" decisions.

How does this relate to the challenges companies face today? Take, for instance, the challenge of educating employees that they need to invest more for their retirements? Many companies that offer a 401(k) match find that employees don't take advantage of it. Many companies try very hard to educate and motivate their employees to save more. However, our cancer study shows that companies should take a closer look at how they're presenting information. Investment might go up if, instead of traditional tables and charts showing the value of retirement funds, the material says, "If you continue to contribute nothing, you have a 90 percent chance of having only Social Security to live on. If you take advantage of the match, you have a 90 percent chance of having money to travel."

Or look at the epidemic of obesity. Despite the efforts of some consumer groups to sue the snack food companies, the real issue is how to get Americans to eat more sensibly and exercise more. Traditional "education" has been singularly ineffective. The implications of this study argue for in-your-face ads and messages. A message that shows an obese person or child, so that the viewer recognizes himself in the picture or silhouette, would have more impact. The ad might then say, "You have a 99 percent chance of heart disease, diabetes and dying early."

In short? If you want to educate someone, understand how they interpret numbers and choose which words you want them to hear. Add powerful images and you have a winning recipe.

DEFINE THEM CAREFULLY

Published 03/25/04

Democrats and protectionists attack “outsourcing,” particularly out-of-the-country “offshoring,” as the reason for American job loss. Corporate executives hail the same words as strategic business elements which allow flexibility in a global economy. They claim outsourcing and offshoring will help companies efficiently match capital, labor and resources in order to deliver the goods and services customers demand.

So is outsourcing and offshoring a demon or blessing? Cancer or cure? We won’t attempt to answer that here, but the debate examines how a word gains a defining image and how that image can obscure rather than create understanding.

Outsourcing has been going on forever. Our small company doesn’t have an accounting department; we use an accounting firm. Outsourcing on a large scale isn’t new, either. ADP starting handling payroll processing for companies back in 1949. Nor is the movement of jobs overseas new. In the 1800s the United States wiped out agricultural exports in Europe because as an underdeveloped country it had lower labor and land costs. Manufacturing jobs started moving overseas half a century ago, following what international guru Larry DeBoever, Hitachi Consulting EVP and chief strategy officer, calls the magnet of low taxes, pro-business policies and lower labor costs.

What’s new is the velocity with which jobs, particularly new types of jobs such as high tech, are moving from country to country. Today’s rate moves jobs every few years as opposed to the generational shifts in the 1800s, or decade moves, as in the latter part of the twentieth century. Economists are virtually unanimous in their opinion that globalization brings positive benefits on a macro economic scale, with a *Wall Street Journal* headline saying it all: “Slow Job Growth Puzzles Economists: Outsourcing to Overseas Isn’t the Main Suspect.” Interestingly enough, the conclusion is that the global economy is in the messy throws of systemic changes, so aptly characterized by economist Joseph Schumpeter as “creative destruction.” Those who have jobs and look at the big picture, hear the word “creative,” and those without jobs or those who are fearful, hear only the word “destruction.”

Democrats and protectionists have labeled “outsourcing” and “offshoring” as the problem, confusing the two terms and conveniently forgetting the benefits of lower prices to consumers, who have spoken loudly and definitively about their desire for choice and low cost. But DeBoever says the other side doesn’t get a clean bill of health either. While he is a huge fan of strategic outsourcing and offshoring to enhance a company’s core competencies, DeBoever says too many companies are chasing lower labor costs to please Wall Street without a clear picture of how they will plan and reap the benefits over time.

The nature of work is changing. Job growth today comes from small businesses, which provide the bulk of jobs anyway, and temporary agencies which supply employment across the board: from secretarial jobs to accounting positions, and from high-powered lawyers to executive offices. Job growth for temporaries is up an astonishing 198 percent in the last year. Of course, temporary work requires independence, fortitude and some reserves. A close friend's husband, an accountant, found himself out of a job after three different mergers, despite rave reviews from management. Each time, he signed up with Accountemps and found a better job at higher pay.

I recently moderated a panel on outsourcing and best shoring for SMU's Cox School of Business. The topic is so hot that the students rounded up six of the country's top experts on the subject, including DeBoever. The message was loud and clear. Job movement is one of the prices we pay for a modern society with its opportunities and uncertainties. Reactions like presidential candidate Senator John Kerry's proposal that all offshore enterprises such as call centers answer the phone, "Hello, I'm Dahlia answering your phone from New Deli, India. How may I help you?" are not helpful. Actually, other countries outsource more work to the U.S. than we outsource to them. If we put ill-considered protectionist restrictions on domestic corporations, countries and companies will respond rationally, and we will suffer.

The solution, says DeBoever, is brains, innovation, supervisory skills and the fact that the whole world wants our paradigm of how to do business. Democrats and protectionists should quit crying wolf and recognize the necessity for long-term adaptation, and Republicans and their allies on Wall Street need to understand the personal fear and trauma of those affected.

One thing is certain, says DeBoever. The push for a competitive edge, which includes but is not limited to outsourcing and offshoring, is going forward – with us or without us, and no matter what anyone calls it.

COMMUNICATION LAWS #2 AND #3

Published 03/11/04

Our bad habits are overriding health risk warnings at every turn. For example, the FDA finds women are ignoring warnings on the drug Accutane, risking birth defects to have acne-free skin. Approximately 125 million Americans with chronic problems like diabetes and cardiovascular disease aren't heeding the advice about proper weight and exercise. And we're starting to sue the fast food industry for super sizing us, but studies show that when fast food chains offer healthy choices, customers go for the grease. Why isn't anyone listening? Are we willfully trying to hurt ourselves?

Psychologically, you could examine the problem all day. But I'll suggest that there are some communication laws in effect here too, and the health messages are much weaker than the self-indulgent ones.

There are three laws of communication. The first is Don Elhert's: *You can't communicate your way out of a situation you have behaved your way into.*

The second and third are Spaeth Communication's laws and especially relevant with our health care crisis. They are 2) *communication battles must be fought with equal resources*, and 3) *you cannot communicate through a barrier of contrary incentives.*

The Accutane example illustrates the second law. The drug is the most effective treatment for severe acne but may cause birth defects. As long ago as 1982, the drug's label warned against use by pregnant women. Then the maker produced videos and put warnings on blister packs. Too many women ignored them. In 2002, the manufacturer came up with an idea to have physicians paste yellow stickers, which would stand out, on prescriptions to show the patient had taken a pregnancy test. Pharmacists were to fill only prescriptions with stickers. After a year of the new initiative, the FDA concluded there was "minimal or no improvement."

The reason for this isn't hard to figure out. It's an unequal communication battle. One discussion with the physician plus one yellow sticker is no competition for an avalanche of pictures from every corner of society showing women with smooth skin. (The situation is more complicated, of course, because a woman who isn't trying to get pregnant can easily be in denial about the efficacy of her birth control practices.) Still, one would think the horror of birth defects would focus her mind. It doesn't. The image of smooth skin wins out. To compete equally, the packets would have to have pictures of babies with horrific birth defects presumed caused by the drug, and the warning would have to be visually and verbally repeated multiple times.

The third law of communication you can't communicate through a barrier of contrary incentives, is also related. Every incentive in the above example is to try to replace pitted facial skin with smooth, lovely skin. Now, skew the incentive system with monetary incentives to prefer smooth skin over healthy babies. Seeing that, we can explain how the limits of communication coupled with perverse incentives have created the much-publicized epidemics of obesity, diabetes, cardio and pulmonary diseases, and others.

It's not that Americans don't know that overeating and lack of exercise causes health problems. It's that the combination of laws 2 and 3, is unbeatable. Let's leave aside the debate about whether snack foods should be limited, reduced in size, etc. Advice to "eat healthy and exercise" is never going to be able to compete on an equal footing with the money spent on advertising. Frito Lay spent \$50 million to introduce Baked Lays, which was more than the public service budget of virtually all the big health and research organizations combined. Plus, Frito Lay had much snappier more effective ads.

Can we identify and change the perverse incentives? Yes, we can. They date back to World War II when the government prevented companies from raising wages. So businesses hit on the idea of paying for health insurance because it didn't count as compensation under the wage guidelines. It quickly became an entitlement for workers, and a benefit—health insurance costs are invisible. Employers pay the insurance company directly, even if employees contribute a partial percentage and a small co-pay for doctor's visits or drugs.

In effect, this great "benefit" began perpetuating an unhealthy situation. Insurance pays for care after people get sick. No one is working hard to keep people healthy.

While a variety of innovative methods, like Medical Savings Accounts, have been proposed to put American more in control of their health care expenditures – and perhaps use less of it – the only thing that will really "communicate" is shock therapy. The first step is to make the cost visible. Every family that has health insurance should get the amount of money from the company and then have to write a check to the insurance company. This is clear communication.

The next step is to count that amount of money as taxable compensation. Even the suggestion is guaranteed to raise howls. But it may be the only way to turn around the perverse incentives, which send us down the sedentary path of supersized fries, donuts for breakfast, driving a block to the store and haphazardly taking medicine that controls blood pressure. In other words, paying far more attention to the need for smooth skin than for a healthy life style. Isn't it strange that insurance pays for the drug, which cures acne, but we're on our own joining the health club.

SET UP FIRST

Published 03/03/04

I just saw hotel furniture sabotage a great speech by a senior executive. Have you ever given a speech where you felt at the mercy of the equipment and furnishings? How can you prevent this from happening?

Consider this scenario: You are asked to speak before an important group. The speech gets written and elements like humor and visuals are added. You rehearse. But when you give the speech, the podium, platform, microphone, lighting and positioning of the screen conspire against you. Not a profound topic for a column, but one which addresses an all-too-frequent situation.

The speaker last week, an émigré from China, spoke fluent but accented English. He took the time to establish rapport with the audience, to poke fun at himself and to lay out the conclusion he hoped we would come to. He did everything right – except, we could barely hear him. The microphone on the podium could not be twisted into a position where it could easily pick up his voice.

Inanimate objects should help make a speaker better, not present a series of obstacles. And you are in control of your environment. Here are the most common problems and my advice for how to solve them before you speak:

- Podium: Get rid of the stupid thing if at all possible. They present a barrier between the speaker and the audience. Last spring, I watched Rudy Giuliani speak to a lunch of about 4,000 people. He demanded that a runway be set up in front of the podium so he could walk into the audience. If you can't get rid of the podium, at least make sure it's mid-chest height. In the 1980s Queen Elizabeth spoke to Congress, but the podium was so massive that only her yellow hat could be seen bobbing above it. Short podiums present problems too. I was hired to work with the CEO of a company and was told he had trouble connecting with an audience. He was 6 feet 9 inches tall and had to hunch down to see his notes. We traded the podium for a device which sat on a table at a height where he could easily glance at his notes and over them to the audience without having to look down.

Podiums can also hamper eye contact. If you're using notes or text, the risk is that they slide to the bottom of the podium shelf, which means you have to look down to see them. Rig a set-up so your notes are at the top of the podium, angled so you can glance at them and over them to the audience, like my very tall CEO.

If you must use a podium, make sure it's not wedged between two head tables on a dais. You need room so you can move around it at least a few times during your remarks. Write these sections into the remarks, usually with a cue to move around the podium and tell a certain story or make a certain point.

- Microphones: There is no excuse for a microphone on a podium except for the rare instance where someone uses it for a short introduction. Speakers should have modern, powerful, wireless microphones. It is impossible to give a good speech if you can't move.
- Computers and PowerPoint: Make sure the computer is high enough so you don't have to bend down to advance the screen if you're not using a remote mouse. For most people, this means putting the computer on a box or riser approximately 10 inches tall.
- Lighting: Don't let the staff turn the lights down. One of my worst moments was the announcement of a \$400 million expansion campaign for a large hospital. The remarks were written and a breathtaking visual model was constructed. But during the announcement, one of the technicians turned off the lights in order to heighten the impact of the slides. This left the speaker in darkness except for a faint podium light. There were a number of TV cameras at the announcement--and were they annoyed!
- Platform: The executive last week was marooned on a small platform about five feet square. For a speaker, this is like teetering on a pinhead.
- Screen: If displaying slides behind or to the side, make sure you have a screen or monitor in front of you. It's okay to look at the screen, gesture at it or even walk into it, but don't use the screen as your own notes, and never speak at length to the screen. People sell ideas, not screens.

Again, the furnishings are there to help your presentation—not hinder it. As a speaker, you control the circumstances and environment. To help, think through the room set up you prefer before the event and make sure the hotel and/or event planner have the right equipment on hand. For example, if you don't tell them you'll need a wireless lavalier mike, you can bet only a podium mike will be available.

However, that never guarantees your equipment will be right. Always check the room out the night before a big speech if possible, and arrive at least one hour early. This will allow for last minute modifications.

Follow these simple suggestions, and you'll never be sabotaged by the furniture.

SMILE, CONDI! YOU'RE ON TV!

Published 03/03/04

While the country may not have learned much about how much the Bush Administration knew about al-Qaeda before 9-11, the rest of us learned a lot about how to prepare for a televised presentation.

Those who like the president thought National Security Advisor Dr. Condoleezza Rice did splendidly. Those who hate the president thought she was cold and unresponsive.

The question is – who's the audience? The Commissioners or the American public? It should have been the American public because she had their attention, and she had the rarest opportunity to talk to them on uninterrupted, live television.

Dr. Rice is a great National Security Advisor. She's an expert, a team player and loyal. She has superb judgment. But she wasn't speaking television, which places a premium on three things: 1) timing – when comments occur and how long they are, 2) quotability – how easily remembered the main points are, and 3) delivery - particularly the annoying concept of likeability.

Lengthy newspaper articles gave a faithful account of what she said and the exchanges. However, most of the public watched on television, listened on radio or caught the excerpts replayed throughout the day. Few of those played her comment that she asked herself everyday what she could have done to prevent 9-11. She said it, but she didn't say it early enough, and she didn't deliver it with passion. Same thing with her comment that if they had known an attack was coming, they would have "moved heaven and earth."

After her lengthy testimony, she embraced families of the 9-11 victims. That warmth and genuineness could and should have been the hallmark of her appearance.

She assumed the role of historian and teacher. Her comments that a democratic society is galvanized by crisis, such as Pearl Harbor, were instructive and correct, but they were delivered as lecture rather than as sound bite. The most memorable and frequently repeated comments came from her quotes of what President Bush had said to her. The comment, "He said he was tired of swatting at flies," not only generated a number of follow-up questions but made it into most news reports.

She used words which mean a great deal to Washington insiders and top level businessmen but nothing to the rest of us. What's the difference between "tactical" and "strategic?" The public doesn't understand the difference between a

“plan,” which she said Richard Clarke was supposed to develop, and the warnings or memos he said he sent her.

Finally, the Administration clearly has decided not to apologize or admit any mistakes. There is a way to offer apologies without assuming fault, and to admit you could have done better without saying, “We made mistakes.” Here’s what I would have written for her to start. *“I took an oath of office and so did President Bush. While I appreciate the opportunity to respond to your questions, I first want to say to the families – thank you for being here. Thank you for your strength, for your commitment and for your love of country. Thomas Friedman of the New York Times has written that 9-11 was a failure of imagination. I believe he was correct. As we look back at the two decades preceding 9-11, four administrations had signs of what was coming. We saw them only as one piece of the complexity of the post cold war world. We failed to believe the extent of the evil that would murder 3,000 innocent civilians. I consider myself an expert, as well as a passionate believer in American values and liberty. If I could turn back the clock, I would, and I, like all of you, would see things differently. I cannot and I cannot even apologize for being unable to do that. I’m only human. I can tell you that we are totally focused on a long- term effort that I believe will be ultimately effective to share the blessings of freedom and liberty. This country is at war with terrorists, and your loved ones paid the price to rally the country to this effort, and I bless them and thank you and assure you of my total personal commitment.”* And, when she said “*I want to say to the families,*” she should have turned in her chair and spoken to them directly. Yes, it would have been awkward, but it would have had enormous symbolism.

Dr. Rice is such a successful, accomplished person that my critique may sound harsh. However, honed television skills are necessary for today’s spokespeople, and something that skilled communicators can’t afford to do without.

THINK BEFORE YOU SPEAK

Published 02/27/04

Rudyard Kipling said, "Words are, of course, the most powerful drug used by Mankind." If the doctor said your prescription drug had toxic side effects, you'd think about it before taking it. It's amazing more people don't think before they speak. This week offers not only two prominent examples of people who didn't think before they opened their mouth, but also illustrations of the pitfalls of surrounding yourself with "yes men."

Exhibit A is Colorado football coach, Gary Barnett. By now, everyone not in a coma has heard his comment about Katie Hnida, who charged a player with rape. During the initial press conference where the coach was asked about her charges, he said, "Katie was not very good. She was awful. Katie was not only a girl. She was terrible." Within minutes, that comment rocketed around the Internet and talk shows. By the next day, the full context of the press conference had come out, and we saw he was answering a question about her abilities. His answer violated the first rules of dealing with any questions. While you must respond to every question, you need not answer every question. In this case, he should have said, "This is not the time to critique her abilities as a player." Calling her "terrible" and "not only a girl" were guaranteed to crowd out whatever else he said.

His damage control attempt the next day was to say, "I sincerely regret that yesterday's apportion of my remarks were either misinterpreted or aired out of context." Wrong. They weren't misinterpreted and although they were aired out of context, that isn't the point. He continued, "And I apologize for answering that question in a manner where I must have come across as insensitive." Must have come across as insensitive? There was no indication that he realizes what an idiot he was and how he damaged himself, the football program and the university. He should have said, "My mouth moved without my brain. I'm so sorry. What a stupid thing to say. I apologize and I promise to do better."

Exhibit B is Daniel Petrocelli, the lawyer for ex-Enron executive Jeff Skilling. Skilling is actually paying him to say over and over again, "Jeff Skilling has nothing to hide. He did not steal. He did not lie. He did not take anyone's money. Jeff Skilling did nothing wrong." (So far, he has repeated these words three days in a row, and we've counted hundreds of articles, which contain them.)

Readers of this column are familiar with the risk in repeating and denying negative words. Dubbed "BIMBO" comments, the listener tends to eliminate the denial and hear and believe the opposite. Thus, we hear "hide," "steal," "lie," "take money" and "wrong."

Both examples also almost certainly reveal the risk in surrounding yourself with people who reinforce your beliefs. Sensible people surround themselves with advisors who will give honest feedback and a fresh opinion. Coach Barnett and Mr. Petrocelli should have sought objective criticism of what they planned to say. To do this effectively means having a network or formal or ad hoc group of advisors already in place, and being prepared to hear unflattering things. Neither took seriously the advice so clearly given by poet Robert Burns, and quoted here before in modern English, “to see ourselves as others see us.”

In 1980, running for the presidential nomination, George Bush repeatedly called Ronald Reagan’s supply economic proposals “voodoo economics.” After Reagan was nominated and asked Bush to be his running mate, the first obvious question at a press conference was about voodoo economics. Bush was ready for this, thanks to the foresight of Jim Baker and Mike Deaver. He looked down, and with perfect timing and intonation said, “God, I wish I hadn’t said that.”

While these examples got national attention, the importance of thinking before speaking applies to personal communication as well. My mother used to say, “If you can’t say anything nice, don’t say anything at all.” It’s not totally correct. Honest criticism or advice is sometimes not pleasant, but there’s a lot of truth in it. Insults, snide comments or gossip can hurt as much as physical contact and the impact lasts a long time.

One of my older relatives used to look at me growing up, shake her head sadly and say, “What a shame you’ll never be as beautiful as your mother.” Decades later, I still remember it. But “If you can’t say anything nice,” coupled with “Think before you say anything” are old words of wisdom worth our respect.

BUT ACTIONS SPEAK TOO

Published 02/18/04

A recent cover story in *HR Magazine* asked “Is your company two-faced?” and dealt with the issue of companies whose actions contradict or undercut their words. This is a big problem facing companies today, and even more unfortunate, it’s a self-inflicted one. The core of the problem involves two communication issues. First, saying one thing and doing another clearly implies that the words are meaningless or “fluff.” Next, too many companies are showing a lack of respect for their key audiences and don’t think they are smart enough to spot the disconnect between those empty promises and the experience those audiences have when they encounter the company.

The magazine article included examples like the company which put a plan together to help employees balance work-life issues, but scheduled the meeting on a Saturday. The article quotes William Rothwell, a professor in charge of workforce education and development at Penn State, who said, “Employees immediately pick up on differences between ‘what we say’ and ‘what we really do.’” Duh. Other examples included a company that docked hourly workers who were late but tolerated managers’ tardiness.

We took a large company through a Chapter 11 bankruptcy restructuring. About 1200 employees worked in the home office, a campus setting with underground parking for the top executives who had company cars – all Mercedes. Regular employees parked outside, and had to walk past the Mercedes twice, or four times, a day. In bankruptcies, the messages to employees are predictable and straightforward; we’re a team, every penny counts, stick with the company, management has a plan for the future. And those messages were all true. However, the visual impact of the Mercedes was a daily and annoying reminder that some team members were more valued than others.

Another example from the magazine article was a company that organized an employee appreciation afternoon of refreshments with the president, but charged employees for attending. Apparently they were appreciated but not enough for the company to pay for their snacks.

Money has always talked – and said what really matters. Although the bubble of the ‘90s has burst, producing three years of diminished profitability and huge layoffs, most CEOs have seen their paychecks increase. This isn’t a new situation. In the mid-eighties, I worked for RepublicBank, a large Texas bank which on its way to insolvency, stopped long enough for several rounds of downsizings. Management, however, found the dollars to award themselves “performance bonuses.”

It is certainly true that there has been a sea change in executive compensation, although it’s still a small sea in comparison to the oceans of money and perks

lavished on top executives. Sidney Taurel, CEO of Lilly, takes only a dollar a year, and Paul Anderson the new CEO of Duke Energy gets no salary at all, only stock options which are valuable only if the company prospers.

Employees aren't the only constituency that perceives the gap between words and actions. Customers catch on quickly, too. No where is the gap greater than the catch phrase "customer service," repeated mantra-like but infrequently delivered on. We recently moved and got a new telephone number. The new number was programmed incorrectly so we couldn't activate voice mail. It took three phone calls to "customer service" to fix that problem. The order for DSL was also put in incorrectly, and it took several phone calls, all to different "customer service" numbers, to rectify that. Most annoying, two weeks after the move, the company has still not been able to get a recording on our old number informing callers of the new number. At last count, I had called six times and talked to over 15 people. Each time I call, the phone is answered, "Customer service, how may I make you a satisfied customer?" The answer, of course, is "just do what you say you will." I, the customer, clearly see that the company has tried to so highly automate – and let's not even talk about the problems trying to explain yourself to someone in Bangalore – that real service is a casualty. The phone company doesn't respect me enough to offer real customer service or to seek my opinion of what they call customer service. Companies that respect their key constituencies understand that words and actions have to match. They seek honest, objective feedback to learn what employees and customers really think. One large hospital tried to reduce costs by cutting staff and support. They didn't hear about plunging employee morale and burnout because they also eliminated the annual employee satisfaction survey. Convenient.

My mother used to say frequently, "Actions speak louder than words." Actually it's the words that speak, but actions tell whether they're true or false.

YOUNG ANGRY CONSERVATIVES – LEARN FROM RONALD REAGAN

Published 02/11/04

Young, angry conservatives (YACs?) are a growing group—and a noisy one. They are getting attention, but are they helping their cause? And would Ronald Reagan approve?

The latest newsmaker is high school student, Tim Bueler, who started a Conservative Club in his San Francisco area school. For anyone who missed chapter one in this debate, Bueler posted a flyer calling for a crackdown on illegal immigration and announcing a place where students could keep track of “un-American” comments by teachers.

But what’s new? There have been angry conservatives for years. Remember Pat Buchanan’s “Culture Wars” speech at the Republican convention in ’92? Anne Coulter, author of Slander and Treason has become a regular on TV talk shows.

The purpose of this column is not to review the issues of free speech around Bueler’s club. Nor is it to join the chorus of his defenders pointing out that teachers and students at the school have been throwing around volatile words like “Nazi” and “racist” to describe him and his views. Conservatives have been pointing out, quite correctly, that Bueler has been subjected to a level of harassment, which would not have been tolerated if the positions were reversed.

My purpose is to point out that a different approach may be more effective. And to illustrate, I’ll hold up Ronald Reagan, who used totally different techniques to get his message out.

Reagan was successful because of *how* and *what* he communicated. He didn’t use words like ‘traitor’ to label those who disagreed with him. Bueler claims to be inspired by national talk show host, Michael Savage, of “The Savage Nation.” Reagan was the polar opposite. He would have called his show, “The Nation of Opportunity.” He didn’t rant. He didn’t rail. He inspired.

In his first flyer, Bueler raised the issue of illegal immigration – a huge issue. But he attacked individuals, saying, “Liberals welcome every Muhammad, Jamul and Jose who wishes to leave his Third World state and come to America – mostly illegally – to rip off our health-care system, balkanize our language and destroy our political system.” Not only did these recorded sentiments open Bueler up to the charges of insensitivity and selfishness, but he is also wrong. Fair-minded Americans know that those who sneak in illegally come for opportunity, not to purposely destroy our society.

Reagan didn't spend any time worrying about whether conservatives have to be better at communication than their opposition. He assumed it, and he led his party by example.

He understood that if your listener thinks you like them, they're liable to like you – and listen more carefully. He worked hard to convey that. He understood we live in a television world, and that anger is magnified on the tube. It may attract attention, but it doesn't convince. Reagan wanted more than attention. He wanted to change how people thought.

Angry young conservatives like Bueler are not going to get their peers to listen to them.

Reagan's strategy was simple and straightforward. He articulated core values. For example, on tax issues, he didn't quibble about marginal tax rates. He asked, "Who earned the money? Whose money is it? It's your money." He would say that lower tax rates produced investment, which produced jobs. Democrats attacked this as "trickle down" economics that benefited "the rich," but Reagan kept repeating that lower taxes were good, that they produced jobs. (And, of course, he was right.)

Although public policy has become a war of anecdotes, these stories are still important. Student Bueler would have been more convincing telling the story of a family that came to this country legally and jumped through the legal hoops, rather than firing a broadside at all who sneak into the country.

The fault lies not with the illegal immigrant but with the legally elected Members of Congress, who pander to groups trying to increase the size of minority elements for political purposes. And this is a bi-partisan issue. Bueler could have served the policy much better by rallying his conservative colleagues to put some backbone in their elected representatives.

Reagan delivered his message with humor and without taking himself too seriously. He never appeared shrill, defensive or self-important. He had the self-confidence to allow the self-described elite intellectuals on the other side to underestimate him and the perseverance and determination to keep at it. We honor him if we follow his example. Less anger, more examples. Less fulminating, more friendliness. The Reagan revolution needs to remember its roots.

LAWYERS AND LOGOS

Published 02/04/04

Calling Herb Kelleher – Wyoming needs a dose of your combination of creativity and courage. The lawyers are loose again.

The state of Wyoming is threatening to sue a Dallas charity, the Texas Stampede, which holds an annual rodeo to raise money for children's medical charities. The dispute is over a – hold your cowboy hat – a logo.

Wyoming's logo is a cowboy on a bucking horse. The Texas Stampede's logo is also a cowboy on a bucking horse. Is the charity ripping off intellectual property of the State of Wyoming? What can they learn from Herb Kelleher and how he handled a similar situation?

Before we bring Herb into this, are the logos the same? My 12-year-old daughter is fond of a feature on the comic strip pages called "Find five differences between these pictures." It shows what seem like two identical pictures, which on close scrutiny have differences. If we put the two contested logos to that test, it isn't even close. The Wyoming horse faces right, the Stampede horse left. The Wyoming horse's tail hangs down, the Stampede's tail is flung up. The manes on the horses are different. The cowboy's chaps are different, as is the position of the horses' rear legs and hooves. Only one front leg is visible on the Wyoming picture; both front legs are visible on the Stampede logo. In other words, these two pictures both depict a cowboy on a bucking horse, but there's a lot of room for difference. Plus the rather large intellectual issue of whether attendees at a Texas rodeo, which raises money for children, could be confused with a sparsely populated Western state.

Now to the lesson learned from Herb Kelleher, legendary former CEO of Southwest Airlines, who not only built the low-cost airline business but a culture of loyalty and fun, and not incidentally, solving disputes without lawyers.

Southwest launched an ad slogan "Just Plane Smart" extremely close to the ad slogan of a small regional airline, Stevens Aviation. As the lawyers rushed to sue, Herb intervened and challenged the CEO of the small airline to an arm wrestling match, the winner to keep the slogan. The bargain was accepted, and arm wrestling mania was on. Herb got hundreds of thousands, even millions of dollars of free publicity, as he "prepared" for the match. He was depicted working out – lifting bottles of Wild Turkey bourbon. He suited up – in wrestling gear with headband. And when the day arrived, 1400 screaming, banner-waving Southwest Airlines employees appeared to cheer on their champion at the Sportatorium.

The match took all of 10 seconds because the CEO of Stevens Aviation was 37 and very fit. And, after it was all over the two CEOs agreed that both companies could use the slogan.

Leaving aside the legal issues of defining a trademark, what can be patented and what constitutes patent abandonment, the real issue here is common sense, particularly because the two pictures have so many differences. Here are some suggestions:

- The Stampede could invite Wyoming's complaining governor, secretary of state and attorney general free of charge. I'll bet American Airlines or Southwest would be happy to fly them down.
- Vacations in Jackson Hole could be among the prizes raffled off.
- We Texans could volunteer to put on a rodeo in Wyoming to raise money for their children's medical charities.
- There are several unique programs in Texas where volunteers work with abused or at-risk children and teach them to ride and care for horses. We could bring that program to Wyoming.
- Both states could hold a contest to come up with a creative solution and ask Herb Kelleher to be the judge.

In other words, there should be plenty of ways to mediate this dispute and turn it into a win-win solution. Letting lawyers argue and running up costly attorney's fees is counterproductive and just plain silly. Any sensible person would look at this dispute, with the Wyoming officials blustering that they want \$1 million for a legal battle, and ask, "What's wrong with this picture?" Even my 12 year old could tell them.

‘AIN’T GOIN’ THERE’

Published 01/28/04

“Everybody talkin’ ‘bout heaven ain’t goin’ there,” is the refrain of an old spiritual. If “customer service” is the new business refrain, it’s clear that companies are talking a lot about it but “ain’t goin’ there.”

My bout with recent bad customer service began last summer, when my CitiCard eliminated cash cards and sent us a refund. My son lost the check. I called Citi, at the “customer service” number, 866-511-5979, to explain and was told another check would be issued. After six weeks, I called and was referred to 888-207-9256, which I called twice. After six more weeks, someone at the 888 number said I needed to talk to someone at 800-950-5114. Along the way, we found the old check. I called back to ask if I should deposit it, send it back or destroy it. “Don’t deposit it,” was the instruction.

By mid-December, still with no check, letter or call, I tried again and was referred to 877-576-2899 where someone again told me a replacement check was being mailed. I called again, and was told they could no longer help me, but I should call 866-511-5979, the number where I started this mess. When I called that number, I was told that Citi no longer issued the cash cards—which I certainly knew already—and to write to Mr. Michael Miewal in Ft. Lauderdale who has the inappropriate title of “relationships manager.” I wrote Dec. 19, but apparently Mr. Miewal has a large backlog, as I haven’t heard from him.

As this annoying mini drama played out, we also bought a new home and began to move. My customer service disasters multiplied.

At Comcast, the cable provider, I called and was guided through a voice mail menu, which eventually told me, “Leave your name and number and we will call you back.” Two days later, no one had called me back. I had the same experience with the security provider, ADT. I navigated the “punch one, punch two,” left my name and number with a cheery voice mail for “new accounts,” but no one called me back.

I had better luck over the phone with Southwestern Bell. They answered the phone, took my information and scheduled a maintenance call to take care of our order. But then my luck ran out. On the day of the appointment, someone dutifully waited at the house for five hours, as instructed. When the installer showed up, he had only part of the order and knew nothing about a DSL line or anything else. What’s more, he didn’t even need to come in the house. “I don’t know who told you that, lady,” was all he had to offer. When I called back and finally got another department, I was told that the line had to be up and working before the DSL installer, another department, could be scheduled. “Why did we have a complete discussion about what it would cost and whether I could install it myself or needed the company to install it?” I asked tartly. “Because they’re

incompetent,” said the employee at the other end of the phone. At least her honesty will keep me as a customer of Southwestern Bell.

Meanwhile, I called Comcast back myself. I got a real person who informed me that our new address didn't exist. Trust me, I explained, there's a house there. Their response was that they had to check it out and that could take a week.

All the people, the real people, I talked to were cheerful and friendly. Some of them apologized for bouncing me around from place to place. But the use of technology puts the burden on the customer to try several times and eliminates the ability for an employee to solve a problem.

“Customer service” is the mantra of service companies. Professor and Visiting Fellow Tony Mosely, of the Manchester Business School in the United Kingdom, runs a program called “Service Excellence,” and he brings groups of high level executives from the UK to the United States several times a year. “Customer service, real customer service, where a company truly sees things from a customer's point of view, gives a company a competitive edge,” says Professor Mosely. “But unfortunately, there's frequently a significant gap between the claim to provide service and what the customer experiences.” Amen. And as illustrated, the problem is epidemic. All these companies are “talkin' 'bout customer service, but ain't goin' there.” The company who cleans up its act will be the long-run winner.

GLOBAL VERSUS LOCAL

Published 01/21/04

While globalization may be unstoppable and the future for business, a new report from the Pew Foundation points out that most of us get most of our information from local sources. Corporations too frequently ignore this vital communication fact.

The Pew Report is full of interesting information. For instance, frighteningly enough late night talk shows are a regular source of political news for Americans under 30. Also, today we turn to multiple sources of information, creating a “fractionalized media environment,” in the report’s language. But, while local news is slipping as the main source of America’s information, from 48 percent 4 years ago to 42 percent today, it’s still the main source, ranking far above national news shows or national newspapers.

Large corporations tend to ignore this. They pay attention to the wire services, the national papers like the *Wall Street Journal* or *New York Times* or internationally influential papers like the *Financial Times*, and to the local media wherever they are headquartered. The flaw in this analysis is that it overlooks the first law of communication analysis: who’s the audience? And what media do they turn to for information? What influences them? These are related but not identical issues.

Although I am frequently a critic of advertising, this is a principle media buyers at ad agencies understand well. They put their ads on local stations with highly targeted buys to reach certain audiences.

The Pew report, because it focuses on political or public policy coverage, hints at one of the other usually overlooked aspects of communication and how to use it to influence people. The report found that newspaper editorials, traditionally sought after, have little or no impact. Similarly, endorsements from “important people” or celebrities are disregarded, but endorsements from people we hold in high personal esteem, like our minister or physician, carry weight. (Pharmaceutical companies know this, and that’s why they deploy armies of salesmen to lobby physicians to prescribe their products.)

Our own research and experience shows that venues like the letters-to-the-editor page are also avidly read and influential, perhaps because they seem real and personal.

So, what should companies do as they plan their communication efforts to reach customers, potential customers, investors, employees, the community and other constituencies?

Rule One: Think local. Ask what they are listening to, reading and watching, not what your company is listening to, reading or watching. And hustle your news, your experts and your executives around the country, or the world, to those venues. Do it regularly, repetitively and realistically. Do it even when you don't have hard "news." (That's why you deploy the people in your company who are experts.)

Rule Two: Think about how the local and national media intertwine with word-of-mouth or person-to-person communication and how to anticipate it and harness it.

Rule Three: Remember that message alignment is key. That is, whatever these audiences are hearing or seeing in ads, marketing material or employee communication should be consistent with what they see or experience in these other venues.

One of our favorite training examples is a town meeting organized by elected officials in response to complaints from their constituents about a California company that had bought a local HMO. At the time of this meeting, this company was running lovely ads talking about trust and honesty. Unfortunately the executive sent to answer questions is evasive, his speech heavily laden with unintelligible jargon and his demeanor patronizing and defensive. His information and message is totally at odds with the ads. He also failed to understand, anticipate and harness the person-to-person networks. It was predictable that everyone attending would talk to their family, friends, neighbors and co-workers about the meeting and the company's reaction to their concerns. It should have been a great opportunity.

The direct marketing companies like Mary Kay have understood these person-to-person networks for many years. "Mary Kay Ash, founder of Mary Kay Cosmetics, was a pioneer of person-to-person communication as a business tool. Her company placed a high value on communication as a business tool as it grew to become a direct selling giant during the second half of the 20th century," notes Russell Mack, former Reagan White House staff member and former head of communication at Mary Kay. "Now, we're seeing new, innovative direct selling companies, like Richmond Direct, take that same person-to-person, "high touch" technique and combine it with technology like personal web pages to create a really interesting new way to make their customers feel special."

Abraham Lincoln had it figured out when he said that the "dogmas of the past were inadequate," and that it was time to "think anew." He was thinking Big Picture, expanding definitions in the Constitution and reuniting the country, but his advice applies to the local-versus-national/global approach of communication for companies today.

PETE SCREWS UP AGAIN

Published 01/14/04

Pete Rose tells ABC that betting on baseball was “*stupid, the worst thing I ever did in (my) life.*” Actually, the worst thing he ever did was listen to his lawyers and distain the impact communication strategy and implementation has on a crisis.

We knew Pete bet on baseball at the 1989 press conference where his lawyer, Reuven Katz read all the way through Rule 21, which governs conduct. When he got to the section about betting on baseball, Katz said, “*The Commissioner has agreed to make no finding on this.*” He explained – painfully and at length – that Pete’s ineligibility and expulsion was based on the last clause, “*any and all acts other than betting, not to be in the best interest of baseball are prohibited and shall be subject to penalties, including permanent ineligibility, as the facts in the particular case may warrant.*”

Pete is still clueless, at least from a communications point of view. Here’s the analysis and the lessons to be learned.

First, Crisis 101: Tell the truth and tell it quickly. The 1989 waffle agreement had the unintended effect of locking him into the denial. Good advisors, including lawyers, tell their clients that the truth will get out eventually and the best strategy is to find a way to manage the implications, legal and otherwise.

Next, the way the 1989 announcement and deal were handled only convinced most people that Pete was guilty. The first question at the 1989 press conference was “If you didn’t bet on baseball, why do you say that the punishment is fair?” Even assuming Pete was still in denial, he could have said, “I care about my fans. I want them to remember me as a great hitter, potentially worthy of the Hall of Fame. I care about baseball. I love baseball. It’s been my life.” Those things were all true, and he could have said them and then shut up.

Pete still thinks the debate is about whether he bet on baseball. It’s more than that. It’s about the intervening years, as a number of sports writers have characterized it as “defiant denials.” It’s about the sarcasm he and his attorneys heaped on attorney John Dowd, who did the 1989 investigation. He doesn’t address those years of lying, and the lying is now the issue as much as the original offense.

Next, he doesn’t apologize – both for betting and for lying. Former baseball commissioner Fay Vincent, also involved in the negotiation, told reporters, “*I wish he’d say he’s sorry, not to me or John Dowd, but to baseball.*” The book, the TV interviews, the whole deal is everything people criticize when they talk about “PR.” It’s hype for the book, not real emotion or change.

Making it even worse, those familiar with the old allegations say he's still lying. Most of us focused only on the general allegation of betting on baseball; we didn't pay attention to the charges of betting from the clubhouse or taking advantage of what other information he might glean from other sources. Pete denies he bet from the clubhouse, and virtually all the sports writers point out the Dowd report found phone logs of him placing bets from the clubhouse. Pete says he didn't bet until 1987, that he didn't use inside information and so on. By continuing to deny pieces of the allegation, he's made us focus on them, so we see the proof to the contrary. This isn't "coming clean," the phrase he's used to all reporters; it's further obfuscation.

Thirdly, delivery skills matter: Pete doesn't appear at all contrite. He looks like he's been through bad media training, with someone who didn't have the guts or skills to point out that the listener quickly figures out if the speaker believes what he's saying. That this popular concept of "message development" only works if the speaker and the message are credible. If not, saying the "right" words only convinces those listening that the speaker doesn't mean them.

The issue is summed up by Tom Gate, a sports writer for *The Detroit News*, when asked whether he'd vote for Hall of Fame status. He said, "*There's no denying he was a great player. I don't like the fact that he lied for 14 years. Do I vote for the player or the person?*" From a communications perspective, you cannot separate the player and the person, no matter how hard the copywriters hired by the book publisher might try.

THE LEADER AS COMMUNICATOR

Published 12/31/2003

Memo to the CEO: Sarbanes Oxley loaded new responsibilities on you, but here's the most important one: You are **the** chief communicator.

Here are seven no-nonsense lessons I've learned over three decades.

Those around you will mimic you. They will repeat what you say and they will act like you. The extreme literary example, of course, King Henry 2nd who said, "Will no one revenge me of the injuries I have sustained from one troublesome priest?" meaning Archbishop Becket. His knights promptly murdered Becket.

Too few CEOs today give enough thought to how to use this powerful tool. We are not talking about an occasional e-mail, letter or newsletter. The CEO is communicating via person-to-person networks every minute. He (or she) just doesn't recognize it. Herb Kelleher, former CEO of Southwest Airlines, is the outstanding example of a CEO who understood this phenomenon and used it to create Southwest's famous culture of hard work and fun.

You are responsible for what your company's collateral material promises. The scandals over the last few years of brokerage houses pushing retail customers into stocks they privately disparaged show a dramatic misalignment of communication. Collateral material talked about increasing customers' wealth, putting expertise to work for the customer and so on. The real "values" of these companies were to favor large, institutional customers and line the bankers' own pockets.

Trust, but verify. That is, those around you whose careers you can enhance or hinder will consciously or unconsciously tailor information to what they think you want to hear. The wisest teacher of management I ever had was William Webster, former federal judge and director of the FBI, which is the only government agency without civil service protection for employees. The director's word literally is law. Webster understood the importance of multiple routes of information. He particularly challenged news or information that seemed too positive. And he never shot the messenger for bringing an unpleasant message.

Keep it simple. CEO John Bittleston recently devoted an entire column to this principle. My additional advice is to regard communication as any other business practice. It needs to be animated by a model, philosophy and methodology, which can be taught throughout the company. American General, under Harold Hook, invented an entire language, Modelnetics, which was hugely successful. Our own recommendation is the "Influence Model," which asks you to identify your audience and reverses the definition of communication away from "*What do I want to say?*" to "*What do I want this person/audience to **hear, believe and remember?***" The adaptation of a model and philosophy tracked along three

parallel routes via the methodology that understands this allows consistency throughout all divisions and functions of an organization.

Improve your own skills and your own thinking. Just because you know your material alone doesn't make you a skilled communicator. Today, communication requires dramatically enhanced performance skills. (Incidentally, this is an area where outside benchmarking and coaching is virtually mandatory. You will not get honest feedback by asking internal staff, "How did I do?")

An excellent new book, *The Leader as Communicator*, by Robert Mai and Alan Akerson, published by the American Management Association, should be added to your bookshelf. Just reading the table of contents will open eyes about the different types of communication, from storytelling, to building trust, to helping your company navigate and much more. The book offers wise advice in many areas. The authors make the profound observation, "What's especially interesting about the evolving workplace is how leader-employee relationships are becoming more informal and collegial. There is a feeling of greater egalitarianism in many organizations." You, as CEO, need to be equipped personally and strategically with an innovative, sophisticated portfolio of communication techniques.

Saying one thing while doing another destroys trust. Mai and Akerson quote a contributor to the Conference Board who points out that top management never seems to suffer or make less money while other employees suffer layoffs and pay freezes.

There's been a sea of change in attitudes... in some industries. Delta's top executives just announced they won't get bonuses this year. The CEO of the Lilly company pays himself \$1 a year. Both leaders understand that if they're going to ask their various stakeholders, like Delta's pilots or Lilly's employees, to sacrifice, work hard and think like a team, the top executives need to be the role models.

So as "chief executive and communicator" take these lessons to heart. The bar has been raised, and you'll find both good and bad examples all over the news to track and learn from. It will be interesting to see if, in 2004, the executives in the financial services industries finally learn these lessons.

'04 COMMUNICATIONS TRENDS

Published 12/24/03

As 2003 draws to a close, every expert feels compelled to predict the year ahead. Here's what I see:

More emphasis of the importance of “communication.” This year, it's been the scandals with mutual funds. We will see companies and executives committing themselves to more and better communication.

More disclosure, which doesn't disclose anything. Again, we hear voices raised for more information. Alas, this will be translated as simply “more.” Years ago, we did a study about the mandated “disclosure” language in radio ads. We discovered, not surprisingly, that the listener automatically tuned it out. Some particularly creative advertisers put the “disclosure” language at the beginning of the ad, ensuring even a listener paying attention would have no idea what it referred to.

Technology will continue to influence communication. In particular, ‘blogs’ and ‘consumer mobs’ will grow in importance. Blogs will become a more important source of information, but businesses will ignore them. Consumer mobs, the ability of the internet coupled with cell phones allowing like-minded or dissatisfied people to find each other, are really like the electronic version of the Mary Kay ladies. That is, they allow individuals to find others with the same interest or concern and enlist them to find others.

Advertising revenues will recover but will be less effective and mean less. Not only have the last few recessionary years seen ad revenues drop, but, more important, advertising has become more and more of a fraud. It's well-known that TV viewers head to the fridge during the advertisement, and “to TiVo” has become a way of life. Watching my teenage son change radio stations by hitting buttons on the steering wheel makes one wonder why anyone thinks they are really reaching teenagers by radio ads. In short, advertisers and ad agencies are co-conspirers in ad campaigns, using highly questionable measurement campaigns, mainly because they don't know what else to do. As Peter Noble, SMU's advertising guru has said, advertising has its place but its success is most easily documented by local retailers, particularly to publicize sales.

The Democrats' communication strategy will become increasingly shrill and desperate. More on this in the future, but the Democrats' communication strategy is in big trouble. It's too early in the campaign cycle for Presidential candidates to be saying so many things they don't believe. For example, when John Kerry says he would vote against the Free Trade Area of the Americas (FTAA), he knows well and good that's the wrong thing for the United States. The founding fathers believed campaigns would produce a focus on different ideas. Instead, it has led candidates to say whatever they feel is outrageous

enough to get attention, such as House Minority Leader Richard Gephardt saying, “This president has let this country down in every possible way.” He knows that’s not true, and he damages his own credibility by saying it.

Audiences will demand more performance skills from executives. Call it the “Herb Kelleher” index after the now-retired, famed CEO of Southwest Airlines who spent 25 years making fun and performance skills part of Southwest’s communication tactics and culture.

Some companies will get serious about disciplining PowerPoint. 2003 saw a spate of articles like *Fortune’s “Friends Don’t Let Friends Use PowerPoint,”* documenting the insidious trend for companies to develop a culture where a meeting isn’t a meeting without PowerPoint. The thought is that the more crowded the PowerPoint slide, the more the speaker is presumed to know. Yale Professor Dr. Edmund R. Tufte provides academic research with “The Cognitive Style of PowerPoint” showing how mindless and repetitive use of PowerPoint hinders thinking.

The most sophisticated companies will view communication as a consulting specialty. While the term “integrated communications” has been around awhile, 2004 will see a dramatic increase in the number of American businesses, which require the same kind of rigorous, process oriented thinking in their communications strategy that they have demanded from other disciplines. The savviest companies will understand that while measurement is important, it’s self-defeating to slap Six Sigma or traditional ROI measurements on a communication model. The gains are real but intangible.

And finally, building off the previous point, the companies truly ahead of the curve will begin to view every employee as an ambassador for the company. While “customer service” has become a mantra, if only in lip service, it’s the multi-level marketing companies who exclusively understand that employees and customers are partners in communication. Few companies understand how to identify, enlist, motivate and equip these powerful communication channels – but more will focus on these crucial networks.

WHEN “DIVISION” ISN’T “EQUAL”

Published 12/17/03

Ever wonder if “Words Matter?” They do. Look at the litigation and debate between Daimler-Chrysler and disgruntled shareholders, including billionaire Kirk Kerkorian, to see how important it is to choose the right words. Words need to be truthful, and they need to be a part of a company’s sophisticated communications strategy, which is installed as a part of risk management. Michael F. O’Donnell, managing director of Protiviti, an independent company that advises businesses how to avoid or manage risk, says, “Daimler didn’t understand how to think about communication or risk.”

Daimler’s communications issue began in 1998 when Chairman Jurgen Schrempp created a “merger of equals” with Chrysler, to create the new company Daimler-Chrysler. In October 2000, Mr. Schrempp gave a surprising interview to the *Financial Times* of London, where he boasted that the term “merger of equals” was only a psychological strategy, and he had always intended to reduce Chrysler to the status of a “division.” These carry huge strategic, legal and emotional distinctions.

Schrempp acknowledged the strategic importance of avoiding the word “division” in the *Financial Times* interview, noting, “If I had gone and said Chrysler would be a division, everybody on their side would have said, ‘There’s no way we’ll do a deal.’” And with good reason. The Chrysler management team had reason to be proud of their own successes, having restored the automaker to profitability and competitive status.

The Chrysler team was virtually all fired or retired between 1998 and 2000, a move they would have anticipated if they were to be “taken over” and downgraded to a “division.” Legal implications are important because shareholders expect a premium price for their shares in a takeover as opposed to share-for-share exchange of a “merger of equals.”

Several class action suits were filed after Schrempp gave the *Financial Times* interview, and Kerkorian filed his own legal challenge charging fraud and deceit. It’s all playing out in a Delaware courtroom, where on Dec. 10, Schrempp said, in one of those terribly tortured statements that lawyers come up with for their clients to say, “When we just say Chrysler would be a division, the misconception is that the whole of Chrysler would be a division.” Daimler knew exactly how Chrysler would interpret the word “division” and what would flow from that, and purposely misled Chrysler management and shareholders.

There are critical lessons here for other companies. First, it’s critical to have experienced communications experts as part of top management. Similarly, your messages must be truthful. Third, lawyers can rarely be counted on to understand the importance of communication and frequently contribute to the

problem rather than the solution. Finally, you can tell a lot about corporate culture by how a company handles communication. Daimler and its chairman are arrogant and follow the “command and control” model, which precludes them from getting the kind of good counsel they need. Leaving aside, if possible, previously misleading comments in 2000, a wise communication counselor would have told Shrempp not to brag that he always intended to make Chrysler a division. That counselor would have also advised that whatever he said to the *Times* would be picked up and have implications for other key audiences such as employees and shareholders.

What should Daimler have said in 1998 to achieve their business goals and avoid the predictable problems unfolding today? The goal in what we call “influence communication” is to say the strongest truthful message. In 1998, Shrempp could have said he planned a business combination, and both sides brought skills and advantages. He could have continued that the Board would be equally divided between the two companies, and that they were confident about the future. His business strategy and communication strategy were fundamentally at odds and that put the company potentially at risk. He should not have depicted it as a “merger of equals,” but paid whatever premium was required. It undoubtedly would have been less than Daimler will end up paying in penalties and loss of reputation.

O’Donnell adds, “One of the long-term benefits of the abuses of the past few years and new legal requirements are that smart companies now realize that they need to manage risk in a variety of ways. There’s no substitute for experienced, independent outsiders who will tell a CEO what he needs to hear.” Mr. Shrempp, are you listening?

COMMUNICATION AS A BUSINESS STRATEGY

Published 12/10/03

A car runs a red light, and you slam on your brakes. Time and time again, your brakes save your life. But how often do we pay attention to our brake systems? For instance, we all know how often to change our oil. The industry has done a good job teaching us to change our oil regularly or pay a much higher price. So how about our brakes? This is an example of where a communication challenge and strategy becomes an integral part of a business model and a public safety issue for a company called Just Brakes. The company, as their name implies, started out in 1980 focusing only on brake repair but now finds itself leading a nationwide public information campaign.

Most of us know nothing about brakes. Just Brakes built its first business model by offering what's called a "friction re-line" for the low price of \$99.88, considerably below what dealers charged. That price brought people in the door. A friction re-line inspects the entire brake system, replaces things called pads and shoes, machines the rotors and drums, packs the bearings and bleeds the system. Of course, again, most of us don't know what any of this means, so it sounds very impressive. However, the problems start when the repairman says, "And the other repairs total \$350." Predictably, customers respond, "You said it was only \$99.88!"

Now why did the price skyrocket? It's a maintenance issue. Customers don't know to get their brakes checked often enough. And when a low "check" price draws them in, it turns out they need lots of work done.

Only certain parts of the brake system are designed to wear out and be regularly, inexpensively replaced.

The story might end here if not for the communication component. Just Brakes' radio ads were catchy and effective. As a result, over 20 years the family-owned-and-run company grew to 130 stores in 35 cities. But because of the disconnect between the promised ad price and the final tally, dissatisfied customers began complaining to their local consumer reporters, who know as little as the public about brakes. The reporters found competitors providing a lower quality of repair who were all too willing to criticize Just Brakes.

After a number of almost identical stories, Just Brakes did something all too rare among American companies. They stepped back and analyzed their business model and advertising. They wanted to see if they could change their advertising to more clearly define a "friction re-line," but still maintain their growth and profitability. The result was the new ad campaign, "Just Stop and Think about it."

Again, this might be the end of the story, except that the company kept growing, adding thousands of more customers: 30,000 in Phoenix alone, 50,000 in Dallas.

Of course statistically, while the number of complaints went down as a percentage of customers, the actual number went up.

Again, the family met and looked at other industries such as direct mailers and telemarketers. When those industries had ignored customer complaints, state and federal regulators stepped in. Something had to be done. So Just Brakes finds itself leading a national safety campaign.

“The problem clearly is driver behavior,” explains Perry Cloud, the founder and CEO. “But the tire manufacturers have demonstrated the difficulty of saying that accidents are caused because consumers are too stupid to inflate their tires properly or rotate them regularly. So we decided, we had to take a leadership role.”

But what to recommend? Unlike “change your oil every 3-5,000 miles,” brakes wear out differently depending on driving conditions, climate and just about every thing else. Further exacerbating the problem is the fact that customers can’t see the brake system, which is actually highly sophisticated and complex.

“We settled on recommending an inspection every 20,000 miles,” says Bennett Cloud, Perry’s son and VP of Real Estate, “Because it’s an easy number to remember and keep track of, and we could afford to make those inspections free.”

Back to the business model: Will free inspections and low-cost “friction re-lines” cut growth and profitability? “We don’t think so,” says Stuart Manning, VP of Operations. “We’re still quite small in terms of market share. We’re only in seven states, although we are in a growth mode.” More important, it’s going to take a long time for consumers to change their habits.

There’s one final piece: Complaints from any of the stores go instantly to headquarters. “We need to jump on them immediately,” says Leigh Ann Hough, Perry’s daughter and VP of Human Resources. “People need to know we care about them. I can’t solve every problem, but one of us can listen to everyone.”

Just Brakes has become a case study where communication and business strategy combine, and leadership and ethics prevail over the bottom line. It’s one other companies can learn from.

FULL-PAGE ADS – COMMUNICATION OR ILLUSION?

Published 12/01/03

As you flip through your local newspaper and the national papers like the *Wall Street Journal*, *New York Times* or *USA Today*, you'll frequently encounter full-page ads, usually with lots of white space and limited text. Do you read them? Are you even supposed to?

Corporate executives are too intimidated to ask if they really work. They accept the justification that "everyone else does it."

Too many ads are "posturing" or "knee jerk keeping up with the Joneses," says Peter Noble, who teaches advertising at the Temerlin Ad Institute at the Meadows School of the Arts at SMU. Noble does not dismiss full-page ads completely, but he points out that most newspaper ads serve local retailers and inform customers and potential customers about sales. "We, as consumers, pay attention to ads if they're relevant to us," he observes. His sentiment was expressed by Calvin Coolidge years ago when he said, "Advertising is the life of trade."

Full-page ads have become a staple of advocacy groups, allegedly to influence legislation. Noble questions that strategy, calling such ads "an expensive way to make a statement on the record." Take the AARP's full-page ad in *USA Today* that praised unnamed Congressmen voting for a prescription drug benefit and chided those opposed. Through the ad, the organization is sending a message that they are a rich and powerful enough organization that they can drop \$175,500 from petty cash. The ad confirms what Northrop Frye said in 1993, "Advertising (is) a judicious mixture of flattery and threats."

When the Teamsters take out an ad titled "Airborne Contract Negotiations Update," its real purpose is to send a message to Airborne that they have the power and the money to threaten the airline's customers.

TYCO tried advertising in the wake of their indictment for accounting fraud and other abuses. TYCO's new management team ran a full-page ad in *USA Today* and other papers with a group picture of its new executive team without their coats. The message appeared to address the general public. In actuality, TYCO was really hoping to first raise morale among employees, who will probably see the ad second hand, and second, make a subtle, indirect statement to regulators that things have changed. Right below the chairman's signature, the first executive is a new senior vice president for corporate governance. Again, this is a very expensive vehicle. They should have taken ad agency founder and advertising guru's Fairfax Cone's observation, "Advertising is what you do when you can't go see somebody." TYCO could have posted the same picture and sentiment on their intranet and website at no cost. Or the entire executive team could have trooped down to Washington on Amtrak or the Delta Shuttle from La

Guardia and presented themselves to the SEC and Justice Department and made a much more powerful impact.

Nextel, Sprint and MCI are currently using the medium of full-page ads on the same philosophy of billboards in local political campaigns. Candidates demand billboards because their opposition has a billboard. Legendary consultant Arthur Finkelstein says he always buys two billboards, one by his candidate's headquarters and one by the opposition's.

Why would the Rainforest Action Network spend \$100,000 for a full-page ad in the *New York Times* to congratulate Boise Cascade for its commitment to stop purchasing wood from endangered areas? Did the non-profit group cough up that money – which could certainly have been used in other ways? Surely the *New York Times* would have printed a letter to the editor from the head of RAN explaining the significance of Boise Cascade's initiative. If the commitment is indeed a first and has the potential to influence the industry, a press conference and resulting news story would have more credibility. More likely, Boise Cascade paid for the ad to congratulate itself.

A real communication effort needs a variety of mechanisms, including print, broadcast, public relations, marketing and the most important but underutilized component, person-to-person communications.

Too many of these enormously expensive ads provide the illusion of communication. They allow the company or organization to point to the ad rather than grapple with the real issue of whether they have defined a goal, spent their money wisely and influenced anyone.

SAY NO TO BARBARA AND MIKE

Published 11/18/03

If you're in big trouble, should you go on national television with Barbara Walters or Mike Wallace and tell all? Martha Stewart, Bernard Ebbers, Richard Scrushy and Ken Lay have decided to do this. It's a very risky strategy and the result of learning the wrong lessons from the Exxon-Valdez disaster in 1988 and the O.J. Simpson trial.

Executives charged with wrongdoing are trying to convince potential jurors that they are likeable people. However, they all have enormous egos and can't "wait to be interviewed by the legendary Mike Wallace," speculates Ken Johnson, spokesman for the House Energy and Commerce Oversight and Investigations Committee, which was stunned when Scrushy protested his innocence on *60 Minutes* but took the Fifth Amendment at the committee hearings. Members played video of Wallace asking a question, then repeated the same question, which Scrushy refused to answer.

The initial thinking that you had to engage with television started with Exxon's perceived indifference and unavailability during the Exxon-Valdez spill. The media began a drum beat of "where's the CEO?" and when Lawrence Rawl eventually began to talk to the press, he was uncomfortable and treated reporters like underlings who weren't asking the right questions. This led to PR 101 "Your CEO needs to be the spokesman." It's one of those rules that is right except when it's wrong. Example: Remember when Ford pushed then-CEO Jacques Nasser in front of the camera during the Ford-Firestone-Bridgestone tire recalls and he did such a poor job that Stewart Elliott, the advertising columnist for the *New York Times*, referred to him as "an unfortunate combination of Al Gore and Crocodile Dundee."

Criminal defense lawyers have always engaged with the media, claiming their clients are innocent, God-fearing people who support multiple charities. They don't believe this, but they want to make sure they get some quote other than "No comment" or "He's not guilty."

The risks for Martha Stewart and the others are huge. First, all of them are such egomaniacs that they think being prepared is being willing to appear. They are unschooled in interviewing and television, and they all come off as self-serving. In her interview with Barbara Walters, Martha Stewart tried to imply she would never have done something illegal for a mere \$40,000, which she said, "Amounted to about .006 of my net worth." She missed entirely that \$40,000 is a lot to most Americans.

During such interviews, CEOs are in danger of falling into the "BIMBO" trap where they unwittingly reinforce negative perceptions by repeating and denying a negative word. Stewart repeated, "I have done thing wrong," adding, "I don't

know why people don't like me." Ebbers went to his church to tell the congregation he wasn't a crook, and Scrusby, who certainly wins the prize of the decade for hutzpah, kept repeating, "I'm not going to jail."

The first rule of communication, particularly crisis communication, is to say the strongest truthful statement. Untruthful or shaded comments taint the entire interview. In addition, as with Stewart above, what matters is what the target audience perceives, not what the executive thinks. Ken Lay's wife, Linda, bemoaned to NBC that they had "lost everything," a claim which seemed ridiculous given they owned a good deal of property, still had their retirement accounts, a penthouse and more. NBC was more than happy to point out her contradiction.

In all these cases, it was predictable that every report would show the overly luxurious lifestyle, the penthouse apartments, planes, and trappings of more than wealth but of ostentation. All these executives failed to understand the difference between charitable contributions and stewardship. Scrusby, for example, gave generously to charities in Birmingham, Alabama – although frequently requiring his name be displayed – but was a terrible steward of the company's resources.

It's worth noting that none of these high profile confessionals are made to print media. It's a television world, and humanizing an alleged wrongdoer needs picture and voice, not just words.

There are other reasons why this strategy is ill-advised: once on videotape, it's there forever. If any shred of evidence comes out which contradicts the pious disavowals, both will be played over and over again, making the speaker into a liar. And finally, it infuriates law enforcement, acting like the proverbial red cape or thrown gauntlet. Because public servants, investigators and lawyers, make so much less than the \$600 an hour lawyers, executives think those public servants can be outclassed and bullied. They will learn to their sorrow that they can't.

As the SEC plods through its investigations and new regulations, perhaps it should bring back the requirement forced on victorious Roman generals as they entered the city for their triumph. Someone sat behind them whispering the equivalent of "You, too, are mortal."

MAKE IT UP

Published 11/15/03

Is it okay to invent quotes, put them in someone's mouth and imply the person said them? That's one of the key controversies over the upcoming Reagan miniseries, produced for CBS, but just bumped to run on Showtime on November 30th.

Writers frequently invent words for people. One of my jobs as director of Public Affairs at the Federal Trade Commission was to draft quotes for the chairman, economist James Miller. I learned his tone, choice of words and could generally pick out the main point he'd want to make, and the chief of staff approved everything.

When I worked for the legendary William S. Paley, founder and Chairman of CBS, I sometimes pushed him to poke fun at himself or one of his equally famous and wealthy friends. A good speech writer adds value but stays true to the point of view and tone or personality of the speaker.

In the sphere of entertainment history, writers must invent. Charlton Heston as Moses said a lot more than what Moses is recorded to have said in scripture. And in "1776," John Adams debates vehemently with the delegate from South Carolina, over whether black slaves are "persons" or not. The delegate threatens to withhold South Carolina's ratification of the Declaration of Independence, effectively vetoing it. Did this exchange really happen? Adams wrote generally about it.

Oliver Stone, in "Nixon" and then in "JFK," has the name characters say things they never said. "The Reagans," like Oliver Stone's work, pretends to be history brought alive, but these shows hide their political agenda behind the writer's need to flesh out general scenes with dialogue.

"The Reagans" seemed to do this in several ways, such as the casting of Barbra Streisand's husband, James Brolin, a liberal activist, as Reagan. (At least he has had the good sense to keep his mouth shut, unlike Judy Davis who plays Mrs. Reagan. She defended CBS saying that after 9-11, she sees the "ugly specter of patriotism.")

The movie has unnecessary errors, for example, portraying Mrs. Reagan as setting the president's schedule based on her astrologer's advice. Chief of Staff James Baker and Deputy Michael Deaver set the President's schedule. Trust me. I was there.

The trouble with these hybrids of reality and entertainment is that entertainment always wins out. "The Reagans" apparently has President Reagan showing obvious signs of Alzheimer's in the White House. It didn't happen. Worse, it

shows him as ignorant and uncaring about AIDS, refusing Mrs. Reagan's pleas for help with callous comments about AIDS patients being sinners. He was aware of the AIDS crisis, and he did act. It's easy to be critical two decades later. CBS apparently has taken out this controversial quote, but not other depictions, which are slanted, fictional or deceptive.

President Reagan was aware of the power of words and took great care with what he said and wrote. Moreover, he was a genuine person. That is, unlike so many politicians, he was the same in private as in public. Even the scriptwriters admit that the words are invented. This is not fleshing out a scene, as in "1776" or "Moses" or countless other pictures. This is lying.

Plus, this is television, not print. Despite the electronic media's constant claim that it deserves the same constitutional protection as print, adding picture and sound to words changes what we see and believe. It becomes a pseudo, but powerful, substitute for reality. It's one thing when Edward Lazarus, a former Supreme Court clerk writes a tell-all book, *Closed Chambers: the First Eyewitness Account of the Epic Struggles inside the Supreme Court*, which portrays conservative Justices as bloodthirsty when reviewing last-minute requests for stays of the death penalty.

He does not claim that Justice Rehnquist says, "Burn the bastards," and it's a lot easier to write a book, even to publish a book, than to get a pseudo documentary on a network.

Words are revealing. When the nurse says, "This won't hurt," you immediately prepare to wince. When a speaker repeats and denies a negative word, we hear the opposite of what he's trying to say. One of the shows producers, Neil Meron, has been quoted saying over and over, "This isn't a vendetta." What if I told you Mr. Meron also said, "This is really going to show how stupid and obnoxious Republicans are, and it's our chance to get even with them." Did he really say that? Do I have the right to make it up? Does it make it less serious that CBS is playing it on Showtime, which they also own? You decide.

USE COMMUNICATION TO CUT HEALTH CARE COSTS?

Published 11/13/03

The headlines scream that health care costs are soaring and are the source of contentious debate, even strikes. American business is missing some communication strategies and techniques that could help, and when they are communicating, they frequently say the wrong thing in the wrong way.

Health care insurance costs are skyrocketing, approximately 14 percent a year for the last three years according to a recent study by the Kaiser Family Foundation. The reasons are complex, but one important reason is Economics 101. Roger Yu of the *Dallas Morning News* recently wrote that Americans are “savvy shoppers for products and services they pay for out of their own pockets,” but “they are docile and almost willfully ignorant when it comes to health care.”

The classic economic lesson, of course, is that when something is free, there’s no incentive to limit your use of it. Before this classic economics lesson, however, is a communication one. If something is free, there’s no incentive to learn about costs, to care about them, to do any comparisons or to consider options. It’s human nature to pay attention to things only when we need to. No one learns about mortgage rates, closing costs and title searches until they decide to buy or sell a house. Then we pay a lot of attention to them. Our young associates will spend an afternoon discussing which movie to see over the weekend but spend no time thinking about their health care dollars.

Employers who try to shift costs to workers, usually by increasing employee contribution or co-pay, meet with resistance. The United Food and Commercial Workers Union in California are striking a number of grocery stores over this issue. One of the grocery chains, Vons, has tried to explain their position by talking about rising health care costs and their own declining financial situation. (Vons says it expects earnings to drop 25% next year.) They are trying to justify it by saying they are only asking employees “to share a very small portion of their health care benefits,” \$5 a week for individuals and \$15 for a family. The union members are still on strike because their perception is that they are being asked to pay for something, which was free before. It wasn’t free, of course, it was just hidden in their paycheck.

The first step American businesses should be taking is an educational one. I asked a few of our own employees if they knew how much we paid for their monthly premium. Only our office manager did. With the paycheck should come a separate or highlighted “bill,” and it should show how much of the worker’s salary is diverted to health care premiums. It’s about \$9,000 for a family of four annually. Employers need to help workers understand and believe that health care benefits are part of compensation. Almost no one knows the concept dates back to World War II wage controls. To get around them, employers started paying for health care, which became untaxed compensation.

Step two is to offer comparisons. There are a growing number of ways that individuals can control more of their own money. Remember the “show me the money” line from Jerry Maguire? Let people see that if they choose a so-called “consumer driven” plan or medical savings account, they can build up a savings account. Perhaps they can take advantage of the number of physicians who have opted out of insurance all together – the PATMOS (payment at time of service,) where the elimination of administrative red tape cuts the cost of an office visit almost half for Dr. Robert Berry’s office in Greenville, Tennessee, and the cost of a blood test from \$100 to \$20. There are a growing number of innovative models around the country.

Vons appears to be communicating with its employers via a “statement,” according to the newspapers. This kind of communication has to be verbal as well as written; it has to be repeated over and over and in a format that’s not just informational but varied – including humor, shock and any other technique to get people to pay attention. This is a long term marketing effort, which should be approached the way the movie studios market a movie.

The goal is to make people aware of the amount of their money at stake, with some confidence that many of them will indeed want to take charge of their own costs.

This approach is the only hope for tackling health care problems like obesity because there are multiple causes of obesity but a clear bottom line. 70 percent of deaths are related to diseases like diabetes and heart disease, which are aggravated by obesity, and 33 percent of Americans are overweight. Although awareness of the cost of obesity has increased, the focus is still on treatment rather than prevention. Morgan Downey, executive director of the American Obesity Association wants insurance companies to offer counseling, prescription drugs, weight loss programs and gastric bypass. Any idea what that will do to costs?

Before companies try to shift or share costs, they need to communicate – and the most powerful communication is the power to control your own money.

'ROUTINE' SHREDDING POLICY

Published 10/29/03

Can you have a 'routine' policy of when to shred documents? That question may be answered in the current trial of former Credit Suisse First Boston banker and IPO wizard, Frank Quattrone. But it will only be the legal answer, not the communications or public policy answers.

Quattrone is on trial, charged with obstructing an investigation into whether IPO shares were directed to favored clients and friends, thus putting ordinary investors at a disadvantage. Unlike what we see in the movies, Quattrone wasn't dumping ill-gotten treasure in the sea or holding a gun to someone's head. His weapon was e-mail and his alleged crime was a suggestion to clean old and unnecessary files from computers. The crime of electronic shredding.

Although there is no actual 'shredding' going on, the image of hastily feeding incriminating evidence into a grinding machine makes the word 'shred' a negative one for most of us. All of us heave out unwanted paper; what makes this a potential crime is that the Feds might have wanted it. What makes it suspect is that Mr. Quattrone had never done it before, although his emphasis on the word 'routine' was convincing enough to jurors to prevent them from reaching a verdict.

Mr. Quattrone is only the latest to be caught in this trap of the 'one-time routine.' Famed trial lawyer John O'Neill of Houston-based Clements O'Neill argues Arthur Andersen was in trouble the moment one of their lawyers sent out – again via e-mail – a reminder that the firm had a policy of cleansing files of certain drafts and old documents. "When they had never done this before, particularly on such a scale and particularly with a client who was obviously and publicly in trouble, it was like waving a red flag in front of the regulators," he says, adding, "This is the trap of lawyers thinking like lawyers. They needed to understand the law but more important, how to build credibility with the Justice Department and how to work out a deal.

Weston Loegering, of Dallas-based Hughes & Luce, who has defended a number of high profile executives charged with white-collar crimes and who is regularly consulted by the nation's largest companies on document destruction, says that pre-Enron, a company only had to be consistent. If you erased all e-mails monthly, that was fine as long as it was done 'routinely.' (Enron erased everything every 72 hours.) Today, Loegering says, some companies now have to keep every written communication for seven years, plus a separate copy in another location. (Some interpretations even require companies to keep copies of instant messages.) "The rules are complex and potentially inconsistent," he says, describing what the SEC and Health Insurance Portability and Accountability Act (HIPPA) require. "Not only do you have to keep these records, you're supposed to produce them very short notice," he says. "Companies can do nearly anything with respect to document retention, but the question is – at what cost? We're working regularly with our clients to set up systems to comply with the overlapping requirements of federal and state law. It's important to understand the law, but also to have a thorough understanding of the company's business needs."

This is only the legal answer. The tougher issue is how to communicate what's legal and what's right, and do it in a way that works. It is possible to make what is 'routine' effective, important because what's 'routine' quickly becomes ignored. Experts in workplace safety have spent years understanding how to communicate "safety" in multiple ways, so that it's both 'routine' but also motivating. "Our safety programs use virtually every form of communication you can imagine," says Wendy Knorr, of Missouri Employers Mutual, a leading workers compensation insurance company. "Today, you can't just put up a sign, or hold one meeting, or even hold regular meetings. You have to vary your communication, make it interesting, make it memorable, even take a very serious subject and make it fun. Then you get people to listen."

The new 'do not shred' mentality has triggered a huge boom for tech companies like Addamark, which have developed ways to store and catalogue all this data; but this is out of reach for smaller companies. "It's imperative that the lawyers and communication people work closely and collaboratively," says Karen Prunte, a former MEM staffer who developed a number of innovative workplace safety campaigns. She points out the issue shows "what a company's culture is really like. Companies that focus only on the narrow, legal, compliance issues are actually going to produce a system that is designed to fail. We learned that from dealing with safety issues."

I can see the signs now. "Helmets and document retention required on this worksite."

SOMEONE SPEAKING ONE LANGUAGE (OUI, SI, PO, NA'AM, YEBO, TAK)

Published 10/22/03

You probably recognized the French and Spanish words for 'yes,' but did you identify the Albanian, Arabic, Zulu and Polish? Most Americans can't. In fact, a reader just wrote me, "There used to be a joke at my college, 'A person who speaks three languages is trilingual. A person who speaks two languages is bilingual. A person who speaks one language is American.'"

One of the most basic communication issues is the language we communicate in. Yeats wrote that it was important to speak in the language of the people. Lost in the debate about education reform for math, reading and science, is the problem that Americans are pretty limited to communicating only in English. But, fluency in foreign languages has national security implications as well as economic repercussions.

Earlier this summer, a 17-year-old boy was shot and killed by American soldiers in Baghdad. His mother tried to explain to the soldiers that he was bleeding to death, but she spoke no English and they spoke no Arabic. In fact, our lack of Arabic speakers is a major contributor to our lack of progress in Iraq and to our inability to debrief and talk to the largely Afghani and Pakistani Al Qaeda prisoners held in the military brig at Guantanamo Bay.

American historic isolationist attitudes continue strong in our belief that English is all we need. It isn't. We are in the midst of a historic shift in the world's economy. The U.S. has lost millions of manufacturing jobs over the last 40 years. This is not a Republican or Democratic issue. It's attributable to improvements in transportation, consumer demand, the evolving victory of capitalism and market economies over socialism and communism, trade and tariff reform and the flow of information – trends flowing together and called 'globalization.'

China is emerging as the world's largest market, yet there were only 28,500 U.S. university students enrolled in Chinese language programs. Here in Texas, despite having large Asian populations and many companies doing business in China and with Chinese companies, only 767 public school students were studying Mandarin Chinese. By contrast, Texas had 69,000 secondary students studying French and 497,000 in Spanish classes. The Center for Applied Linguistics reports that only the U.S., Australia and New Zealand – two similarly historically isolated countries – do not have compulsory foreign language education. The U.S. begins offering optional language courses at age fourteen compared to other countries that begin mandatory language courses at age six to nine, and a number of countries require proficiency in two languages.

Parents like Phoebe Morse, a lawyer who works for the U.S. Court of Appeals in Boston, had had her 11-year-old daughter, Nona, adopted at the age of four months in China, studying Mandarin since kindergarten so she'll be fluent in the language. "I want her to be a citizen of the world," says Morse, adding that both economics and culture are important. "I want her to be comfortable in both cultures." She says, "It will broaden her choices enormously."

Morse's opinion is backed up by a virtually unanimous chorus of human resource executives, businessmen and diplomats. They say, "If you want to ensure you are always employable, be fluent in another language. The fewer other people who speak it, the more employable you'll be."

Author John Grisham said in a graduation speech that all Americans should be required to spend time outside the country. He meant that we would gain a greater appreciation for our country's economic and governmental systems, and our freedoms. Students traveling to Europe, Asia or Africa would also be stunned to see how many people speak multiple languages.

Recently, I was riding in a Zurich taxi with a driver who spoke German, Italian and French. He asked if he could practice his English. In ungrammatical but comprehensible English, he said, "Americans no speak much else."

We are involved in a worldwide struggle to promote those American ideals of rule of law, individual freedoms and religious tolerance. We need fluency, not just being able to stumble through "Where is the bathroom" – "[Hwa-jang-sil-i O-die lsum-ni-ka?](#)" (Korean). These skills will not only help us stay employed and remain competitive; they are an act of patriotism, which will advance American ideals and values around the globe. When General John J. Pershing landed in France in 1917 to help the French resistance repel the German invaders, his spokesman, Colonel C.E. Stanton announced, "Lafayette, I am here," indicating the American friendship, which dated to France's assistance during the Revolutionary War.

As Americans think about education reform, and we ask the question of whether languages need to be included, the answer needs to be 'Ja.'

THE AMERICAN IMAGE ABROAD

Published 10/15/03

Does the rest of the world misunderstand and dislike America? A bi-partisan commission has reported that America has “unilaterally disarmed” in the effort to explain ourselves to the rest of the world and the result is that we are misunderstood and hated. How interesting to see that Washington, which thinks it knows everything about influence, doesn't know how to communicate who we are and what we stand for.

One U.S. businessman described talking to the people he encountered in day-to-day business in Africa – from ads and movies, their impression of America is a combination of Lexus ads, violent car chases and pornography.

What should we do? We should stop trying to “change” our image abroad. This implies that ‘image’ is something that can be tweaked and controlled.

We should make a much more concerted effort to acquaint the rest of the world with the basic values in our constitution and what it has produced—a system of individual rights, rule of law, economic opportunity and freedoms.

The State Department has made some missteps. They tried to run a “Shared Values” series of ads. Muslim stations refused to run them. They tried video group meetings, but no taboo topics came up, and now there's an attempt to publish a magazine called “HI” for young Arabs. These were ill conceived and, despite spending millions, under-funded. Compare the State Department's \$15 million ad budget to Frito Lay's \$50 million budget to introduce Baked Lays! Worse, the efforts appear to purposefully ignore who we are.

Government programs want to convey positive stories. We love Muslims; Muslims love us. This is not untrue, but it's so far from complete that it's misleading. Our market-based system involves ideas and economics. Our history includes struggles, but those struggles propel progress. Real communication involves the warts. Trusting the big picture will be persuasive.

There are some things the government can control which would be helpful. One of the creative ideas being promoted by school children around the country is to have the Bill of Rights or all of the Constitutional amendments printed on the back of paper money – like dollar bills. Dollars are found all over the world. Imagine if every time someone pulled one out, they saw the first 10 amendments, freedom of the press, freedom of religion, freedom of assembly, or the later amendments, freedom for women to vote.

For real impact, however, we need to step up and enlist ourselves. Each of us has a role to play to communicate what we as a country stand for.

There are longstanding, successful efforts already underway like People-to-People, started by President Eisenhower and run by his granddaughter. People-to-People sends groups of physicians to meet with other physicians, teachers to meet with teachers, and so on. The Commission correctly wants to significantly expand efforts like this.

But we need the ultimate people-to-people communication. If you travel, phone, engage in commerce, write or e-mail outside the U.S., you are already a person-to-person ambassador. You just may not be fulfilling your ambassadorial job. You don't have to be an official to be officially an American.

For example, one of my friends works for a computer company in Bangalore, India. He goes there several times a year. Another friend used to work in Riyadh for one of the consulting companies. He e-mails previous associates there. All of us have the opportunity to communicate what America is as a country.

Many large companies and a number of trade associations enlist their own employees or members as ambassadors. For example, the National Federation of Independent Businesses, the Home Builders, the Building and Allied Crafts, these groups might provide material such as talking points, examples, issue papers and train their members to deliver the materials when they're working abroad. In other words, they equip members and they encourage them. Their attitude is to get out and talk about what we do and why it's important.

The State Department spends over one billion annually on programs, but the panel found only \$25 million goes to actual outreach. Even if they spent the entire one billion on outreach, it would never touch what a combination of currency and personal communication could do.

To carry a message to other communities, the advice is: keep it simple, talk about what you know, be truthful, be interested in the other person and return friendliness for hostility.

Does everyone have to do this? No. Just those of us who want the rest of the world to know us. But that's all it will take.

PHYSICIAN, HEAL THYSELF

Published 10/07/03

Have you ever had a conversation with your doctor and afterwards asked yourself “What did he say?” You’re not alone. Bad communication is the number one communicable disease. It’s literally killing us. A recent estimate suggests that misunderstandings and miscommunication costs the U.S. over \$70 billion a year. That’s a lot of aspirin and more than the entire Federal government’s annual spending on education. Read on and we’ll tie this to the landmark law, No Child Left Behind, and get some ideas from meeting planners.

The Partnership for Clear Health Communication, a coalition of medical groups, foundations and drug companies, says that 80 percent of patients forget what the doctor tells them almost immediately and what they do remember, they remember incorrectly. It’s not hard to figure out the impact. Patients take medication incorrectly, don’t follow a prescribed treatment, prolong an illness or aggravate a condition. They may miss more work or suffer more pain.

There are many reasons why physicians and patients aren’t on the same page. Physicians speak a different language. They use terms patients don’t use. Communication is traditionally verbal, with the doctor presenting a diagnosis or recommendations face-to-face with the patient. Frequently, the physician only goes through the information once. If the patient is ill, he or she may not listen as acutely as when they are well. If the topic is something like cancer, the patient may be frightened, further eroding his or her ability to listen closely. There’s a status gap between physicians and the rest of us. While we call them “doctor,” many doctors call their patients by their first name. Finally, Americans are the least scientifically literate nation among the developed world. Even if the physician does everything right, we as citizens don’t know nearly enough basic science to listen intelligently.

The role of communication in health care is getting serious attention. The New England Journal of Medicine is paying attention to the issue, and the new commissioner of the Food and Drug Administration has made it a priority. Conservative Republicans should also focus on the issue as the country moves toward requiring individuals to be more involved in, responsible for and accountable for their own health care. We can’t do this with the circumstances outlined above.

Of course, the very best doctors figured this out long ago. Dr. F. David Winter Jr. is an internist at Baylor Health Care System in Dallas. Winter, who is also Baylor’s “HealthSource” doctor on WFAA, says he takes communication beyond what a patient can remember or verbally recall. He encourages his patients to bring a written list of their medications and their questions. During consultations, he also keeps a note pad handy to jot down his thoughts, and he gives that, or a copy, to patients and he discusses his recommendations and instructions. “I

know all about doctor handwriting,” he says, “so I ask the patient to read what I’ve written back to me.”

Hospitals around the country are actively experimenting with new methods. Northwestern is using drawings, visuals and video to explain things. They recognize that not only do we live in an MTV age, but also that many people are visual learners.

Following Dr. Winter’s approach, and building on it, physicians and nurses should also take a lesson from conference planners – who always put small pads and pencils at every seat. This simple tactic signals that the attendee is encouraged, indeed expected, to take notes. This would radically change communication. Just by getting the patient to write down the instructions, and glancing at them to make sure they’ve been written correctly, the physician would gain an advertising tool, repetition, which is a key element for memory, and a “take away” in addition to the verbal instructions or illegible prescription.

Finally, we are paying the price for decades of shunning science education. Our twelfth graders rank near the bottom in science achievement among the industrialized nations. The new No Child Left Behind law provides \$1 billion for the National Science Foundation to develop results oriented partnerships between local school districts, universities and colleges. But more funding won’t solve the attitude issue. It’s time to take fewer “junk food” courses – like “The Politics of Hollywood,” offered at the University of Texas-Austin, “The History of Electronic Dance Music,” available at the University of California-Los Angeles, which also makes available “Gay and Lesbian Perspectives in Pop Music.” These may be interesting, but they should come after a young adult has taken a basic anatomy course with curriculum beyond sex education and hygiene.

Next time you see your own doctor, take along a copy of this column – and bring your own pad.

MODERATING A PANEL IS AN ART FORM

Published 09/30/03

Moderating a panel is a real art. Every business person will participate on panels or moderate a panel of other speakers. Properly used, these are great opportunities to shine. Alas, most moderators abdicate their responsibilities faster than the Duke of Windsor.

I recently moderated a Business Leadership panel at the Cox School of Business at Southern Methodist University. It started with an address by former Independent Counsel Ken Starr. Our panel was supposed to talk about the impact of the Sarbanes-Oxley legislation accounting reform legislation. My panelists included two lawyers, an accountant, a reporter and an investment banker. They were all nationally known and successful. Each of my panelists was sure that if Judge Starr canceled, they were well equipped to take his place.

A week before, we had a conference call to review the ground rules. Keep answers to 90 seconds, and only one panelist per question. (It kills a panel to have every panelist try to comment on every question.) It was my job to convey that a panel is a series of semi-scripted performances. Like all good performances, performers need enough humor, stories and energy. One-line cracks, interjections of one panelist to another and some back-and-forth comments help vary the pacing. Since they're businesspeople, they needed to jot these down before hand. I had to explain that these remarks are perhaps 20 percent substance, 30 percent packaging and 50 percent delivery.

Mercifully, none of my participants used PowerPoint (another column).

"Packaging" information means understanding what you must cover, conveying that this is serious stuff, but making it interesting for the audience. To address that, one of the lawyers responded to the question of what could and should happen to the executives from Enron whom we've seen indicted as 'perps.' Will they, should they, see jail time? The lawyer said that jail was a real possibility, then turned to the audience and asked, "Tell your executives that if they don't want to face jail, pay attention to these." And then I gave him 90 seconds to make a specific point about some aspect of the new regulations with which they're grappling

Another example: The accountant wanted to talk about the new regulation requiring that the chairman of the audit committee of the board be a "financial expert." I started that question by reminding him that the chairman of Enron's audit committee was an accounting professor at Stanford Business School and a former dean of the school. If he's not an expert, who is? And is technical expertise what we want or dogged persistence?

In front of the actual audience, I used props. For the 'financial expert' question, I held up the thick binders sent to me as a board member of a publishing company and asked how any board member could possibly plow through enough information to be useful? When I introduced the panel to the audience and reminded them of the 90-second time limit, I had a stopwatch in front of me, but held up a roll of duct tape as their time cue. I had a USA Today editorial page to hold up, too, where opposing opinion pieces are headlined, "Corporate Abuses Persist," "New Regulations Won't Help." I asked the investment banker, "Are they both right?"

Humor is the hardest thing to build in as a moderator. Fortunately, members of Congress have provided some help. During the hearings about Sarbanes-Oxley, members asked questions of business executives like, "Do you know any other companies using two sets of books?" (Of course, this is required by Generally Accepted Accounting Standards.) Members had little understanding of the issue – just as most Americans don't. I used those questions to let my panelists opine on the difficulty of advising clients when legislation is vague and contradictory.

To start the panel, I alluded to their credentials as a way to make a point. For example, my panelist from Ernst & Young, one of the real 'Final Four,' has headed a local entrepreneurial practice, a regional group, the Asian division and the HR department. I concluded, "If anyone can keep a global accounting firm out of the tar pits of today's business, it's David Alexander." I kept my introductions to about 20 seconds.

A few tricky things to negotiate: With a celebrity like Judge Starr around, I had to escort him off the stage and onto the front row. Otherwise all the questions would have been directed to him. Actually, my challenge was to deter Judge Starr, a former Federal appellate judge and solicitor general, from participating anyway. He knew a lot and every fiber of his being wanted to contribute.

My final job as moderator was to conclude the panel on time. The best compliment was audience members who said, "Already?"

TWAIN KNEW HIS STATISTICS

Published 09/23/03

Who first said, “There are lies, damn lies and statistics?” Mark Twain came closer with, “Statistics are like ladies of the night. Once you get them down, you can do anything you want with them.” Numbers appear real. Particularly for those of us who are mathematically challenged, numbers appear objective. They are anything but. When numbers are part of the communication, there are a few things to remember.

As former CEO of the NYSE Richard Grasso learned to his misfortune, different audiences perceive numbers differently. Mr. Grasso thought a pay package of \$130 million was “appropriate.” His compensation committee justified it by saying it was in line with what they made. Alas, the rest of the world was aghast – at the amount, at the fact that the companies of compensation committee members were supposedly regulated by Mr. Grasso, and by the secretive nature of the decisions.

Yale professor and Nobel Prize winner Daniel Kahneman and the late Amos Tversky experimented in this area and found that most people will take a risk to avoid a perceived loss more often than they will take a risk to obtain a gain. These few words may not sound like much, but they are very important to policy debates like Social Security and public health issues being considered by the FDA. Kahneman’s example: there is an outbreak of a dangerous disease. 600 people are at risk, and the government has to choose between one course of action, which is certain to save 200 lives, and a second with a one-third chance of saving all 600 lives and a two-thirds chance of saving no one. Economists and mathematicians would see those choices as mathematically equivalent. In objective terms, there is no difference between the two, but most people chose the first choice instead of the second. (In my own informal survey of this example, those choosing the first option also criticize people who choose the second.)

In the Social Security debate, a couple with two incomes in their 30s will receive a 1.2 percent rate of return on the money they’ve paid as Social Security taxes. However, if they die before reaching age 62, not a penny of what they’ve paid comes back to them. That’s a terrible deal. The issue for working Americans is whether they are willing to trade a guaranteed small monthly amount for a much larger amount, which they will take some responsibility for investing. Texas Congressman Sam Johnson, a champion of revamping the Social Security System, says “Almost nobody understands what an opportunity we have to produce a secure, well-funded retirement for Americans.... if we just stop the demagoguery and scare tactics.”

In public health issues such as the approval of certain drugs, policymakers must weigh the possibility of helping some while accepting the certainty of adverse

impact on others. For example, measles vaccines have saved thousands of lives, but approximately one child in 300,000 will die from the vaccine. Most parents welcome the vaccine because they want to avoid the disease. On the other hand, some parents think, "What if that one is my child?" and they refuse the vaccine. Peter Pitts, Associate Commissioner of the FDA for External Affairs, says that the new Administrator, Dr. Mark McClellan, who is both a physician and an economist, has an innovative attitude. "We realize that how we communicate is crucially important to the health of Americans, and we're determined to be a catalyst in improving public health," says Pitts.

One way people "do anything they want" with statistics is by picking one over another. Take the unemployment numbers from the Bureau of Labor Statistics unemployment survey, currently a little over six percent. This is well below the 10.8 percent the U.S. experienced in the early '90s, but still represents 437,000 jobs lost this year. However, the BLS Household Survey found that over 1.6 million new jobs had been created this year. The discrepancy is caused by the new jobs that are created by small businesses, which aren't polled in the traditional survey of unemployment.

If you want to create the impression of bad news, you focus on the traditional survey. If you want to create the opposite impression, you choose the Household Survey. "Economists want you to think we are objective and pure but we have just as much a point of view as anyone else," says former Council of Economic Advisors economist Dr. William Gibson.

Mr. Twain knew so much. Remember, he also said, "Get the facts first. You can distort them later."

POWERING DOWN POWERPOINT

Published 09/16/03

PowerPoint is under attack. The ubiquitous software, which freed us from graphic designers and 35-millimeter slides, is being attacked in articles, by academics and CEOs. Poor PowerPoint. It's really a wonderful tool, but I see some common problems: first, how people use PowerPoint, but more important, how it affects a corporate culture.

PowerPoint's ability to enhance a subject was demonstrated by psychology professor, Robert Cialdini, who did three versions of a non-existent student trying for an athletic scholarship. One application had animated PPT bar charts, and readers rated that student higher than similar applications without PPT.

The most common problems in using PowerPoint:

- The type size is so small people can't see it. (See next point.)
- Too much on a slide. (But beware of the "only use three bullets" advice.)
- Using sentences and heavy text. Use phrases or key words instead. (Television advertisements don't put the entire text of what a speaker is saying.)
- Failing to use animation. (Bring information or points in as you, the speaker, make them, or use the animation feature to direct the listener's eye to the number or point of information.)
- Using too much animation. (Too much animation or inappropriate animation detracts from the presentation.)
- Using PowerPoint as the handout. (Also related to the first point. If you are doing this, put the slide up as it appears in the handout, but immediately "wash" it out so you simplify it for discussion purposes.)
- Using PowerPoint instead of a memo. (Related to the point above. Companies are using PPT as a way to cascade information through an organization. This works if you use the format with a slide – simplified at the top of a page and then notes below. Don't put everything on a single slide.)
- Sameness or similarity of each slide, or solid bullet point slides or financial news without additional images, quotes, humor or anything else. (This is aggravated by conference organizers who tell everyone to use the same template or effects. "Why in the world would you want a uniform look," say consultant Tom Stewart, pointing out sameness causes people to lose interest.)
- Dimming the lights to see the screen. (Dim or darkness signals the audience to go to sleep.)

Worse yet, PowerPoint causes individuals to stop thinking creatively. The helpful sample templates – "Recommending a Strategy," "Financial Overview," "Selling a Product," or even "Communicating Bad News," – become a straight jacket.

People forget that PowerPoint was designed to illustrate something, not drive something.

No doubt this handy tool has affected corporate culture. Ian Parker, in a *New Yorker* article entitled “Can a Software Package Edit Our Thoughts?” writes that at many companies, appearing at a meeting without PowerPoint would be like “wearing no shoes.”

It has transformed meetings – where people discussed things – into presentations. Unless the speaker is very skilled and understands the importance of interacting with the group or audience throughout the presentation, this dampens or eliminates discussion. And, in companies that think this is just fine, they risk a subtle but critical change in their corporate culture. The dangers signs: Is PPT an expected part of every meeting? Do speakers “present” and then take questions? Are PPT slides overstuffed and used as a substitute for handouts? Are images, humor or other production techniques considered a distraction?

The most scathing criticism of PPT's affect comes from Yale professor, Dr. Edward R. Tufte, whose landmark paper, “The Cognitive Style of PowerPoint,” is now required reading at smart companies. Dr. Tufte says, “The popular PowerPoint templates (ready-made designs) usually weaken verbal and spatial reasoning and almost always corrupt statistical analysis.”

Things to include in PPT that help pace, lighten, spice up and enhance a presentation include single box cartoons, images, pictures, sound and humor. A great example is the complaint drafted by two salesmen who were poorly treated by a DoubleTree hotel in Houston. The PPT description they sent to the parent company—and shared with their friends—became a sensation.

Of course, sometimes the most important thing to include in a presentation is—no PPT. As IBM Chairman Lou Gerstner famously said at his first meeting after being appointed chairman as he turned off the projection machine, “Let's just talk.”

Here's a quick test: As a joke, someone produced the Gettysburg address on PowerPoint. Dated 11/19/1863, the first slide is headlined, as demanded by the generic PPT, “Agenda,” and reads in bullet points:

- Met on battlefield (great)
- Dedicate portion of field – fitting!
- Unfinished work (great tasks)

Pass it around your company or organization. If people don't laugh and get the (power) point. You need to power down PowerPoint.

DALLAS – THE TV SHOW – UPDATED

Published 09/10/03

Dallas the TV show is back, but without J.R., Bobby and Sue Ellen. Instead, the cast features Ted, Terrell and Laura. Ted is the Hispanic city manager who hires Terrell, the black police chief, only to fire him four years into the series. Terrell then leads marchers demanding his reinstatement and carrying signs calling Ted a “wetback.” Finally, there’s Laura, a sharp-tongued former journalist-now-mayor who is accused by Terrell of conspiring with Ted. Only she wants to fire Ted as well. The whole fiasco is an ongoing case study in how better communication could have prevented problems, which have now turned into a full-fledged disaster for the chief and the city of Dallas.

To catch you up on earlier episodes: For decades, Dallas’ African-American community shared the experience of many cities. Buck Revell, former deputy director of the FBI and a Dallas resident, says, “Many minority communities have poor relationships with local law enforcement. It is a common problem, not just in the South.” In 1998, the appointment of Terrell Bolton, an African-American career police officer, as police chief made him a “cultural icon,” according to African-American columnist James Ragland. Unfortunately, he was an indecisive and aloof.

Previous episodes in the running saga covered low morale in the department, a scandal over fake drugs, worsening relations with federal authorities and more. In the concluding episodes, Chief Bolton’s biggest problem was his inability and lack of interest in getting along with his boss, the Hispanic city manager. So in the Aug. 26 show, he suffered the fate of many urban police chiefs: He was fired. “Being the head of an urban police force is a difficult job, and the average tenure is between three to five years,” says Revell, who was offered many such posts and turned them down to create a global consulting business instead.

But the season wasn’t yet over and there was more. The city manager called the chief in and gave him a terse note relieving him of his duties immediately. (Author aside: This move ignored informal protocol for high profile firings in both the private and public sector. The individual is allowed to “resign,” usually claiming “personal reasons.” The idea is to position the person resigning to look for future work.) Manager Benavides fumbled a big assignment--he should have known that dismissing a key official is as important as hiring one. In the firing episode, Chief Bolton’s reaction was brief and honest, saying only that he was surprised.

To keep the show going, the chief turned the dispute into a disaster. First, he appeared at a press conference and broke down and cried. This, for a police chief, is a no-no. You look grave, determined, and even occasionally grim if you’re dealing with snipers or terrorists, but you do not weep—especially in front of TV cameras.

The next segment showed both the chief and the city manager paralyzed by inaction. Manager Benavides did not meet with minority groups who should have heard about the firing from him rather than reading it in the newspapers. Chief Bolton did not say “cool it” to the agitators who jumped up and down, crying “racism,” and threatening to protest. Instead, he encouraged them, in a dramatic segment where he showed up at a black church to announce, “I will not bow down,” with a backdrop of African- Americans shouting “no justice” and “recall the Mayor.”

On this segment, we also saw a controversial prop: one of the Chief’s supporters held a placard calling the city manager a “wetback.”

Flashbacks to earlier segments show Chief Bolton being urged to surround himself with objective outsiders who could tell him things he didn’t want to hear. Instead the chief picks savvy minority politicians who tell him that he cannot be fired because he is black.

Unfortunately, this isn’t a TV show. It’s actually happening right now, with a few episodes still to come, and the scriptwriters undecided as to how the season closes. One columnist lamented that the chief deserved to be treated better. So does Dallas. Let’s hope this reality show goes off the air quickly.

COMMUNICATION, COLUMBIA & CULTURE

Published 09/04/03

The word “communication” pops up in the Columbia Accident Investigation Boards report almost as much as the words “safety” and “culture.” Just one more in a series of examples this year of companies that have brought crises on themselves due to, in part at least, a culture of poor communication.

Poor communication does not necessarily mean the lack of communication. In NASA’s case, a number of engineers expressed significant concern after Columbia’s lift-off, but they were discounted. In fact, the CAIB report shows that such concerns have been expressed for the last decade, as the agency received very mixed signals from Congress and several administrations.

“Most of this report was pretty obvious years ago,” said John E. Pike, a public policy expert in Washington. “It should not have required an accident to bring it about.”

Just a few weeks before the NASA report was released, the U.S. suffered the largest power blackout in history. Fifty million people lost power for days. It became clear that problems and risks were well-known, and it shouldn’t have taken a blackout for the public and private sector to get serious. But it did.

Last year, we learned that large investment banks leaned on their analysts to write glowing reports about companies they knew were struggling but with which they did business or wanted underwriting business. It shouldn’t have taken a market breakdown to reveal the pattern of corrupt practice and compensation. But it did.

The most telling and damaging language in the CAIBs report was that NASA “had not demonstrated the characteristics of a learning organization.” This about an agency of scientists and engineers, professions that consider themselves professional learners.

Peter Senge, whose 1990 book, “The Fifth Discipline” popularized the concept of a learning organization, said learning organizations are “...organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.”

The reason that NASA failed here has to be that they consider “communication” either a technical problem, as in the appropriate way to set safety standards and check up on them, or a soft skill which we all do every day.

Most of the board's report dealt with the technical aspects of communication, such as outside review, independent assessment, etc. To analyze or criticize the non-technical part of communication, the board fell back on the word culture, saying that NASA had created a culture that had become "reactive, complacent and dominated by unjustified optimism."

NASA might study companies that have built communication cultures that are proactive, self-aware and probing. The Turner Corporation, one of the world's largest construction companies, has a detailed set of procedures that exist on more than paper. But most important, it's an attitude and philosophy, which flows right from CEO Tom Leppert, who says, "Two-way communication is taken very seriously at Turner. We encourage it." Proof is that the jobsite safety director, who is an important member of the team but not a high-ranking executive, has the power to shut down activities. Leppert adds it is important to "create an environment where our people feel comfortable and empowered about communicating information upstream, even if the information isn't always 'good news.'"

ITT Industries, another global company, also has a crisis avoidance philosophy, which flows from the top. They call it "robust" two-way communication. A company gets to see how well their culture works when a crisis, particularly an unexpected one, hits. When SARS struck last spring, most companies yanked their employees out of China and froze operations. ITT had global web meetings, on-site verification of their Asian facilities, isolation procedures, the ability to act very quickly, and perhaps just as important, trust in the open communication they had with their Chinese colleagues. Its nine manufacturing sites in China continued operating. Usha Wright, their vice president for environment, safety and health, says she is thankful they didn't have any SARS cases, but that "planning for one was a valuable experience."

Leppert cites one characteristic of a learning organization to be "constantly working to improve ourselves and our procedures, to figure out how we can do it better." He underlines that a communication policy that understands this is crucial, and says, "Our business relies on it; in fact, we couldn't exist without it."

NASA will continue to exist, but whether it develops a healthy communication culture is the key question.

“POOR COMMUNICATION CAUSED BLACKOUT”

Published 08/26/03

What caused the largest blackout ever? John Fialka of the *Wall Street Journal* pinned it on “poor communication among humans.” He was right, but he didn’t spread the blame broadly enough. We should be pointing fingers at the politicians and the press.

The outlines of the actual failure show that problems occurred when FirstEnergy’s mid-Ohio grid did not trigger automatic warning lights. However, the engineers and managers looking at computer screens didn’t alert other operators around the country of a potential problem.

If the investigation shows FirstEnergy was the original source of the problems, they – and their hapless engineers – will probably get the blame.

From a communications perspective, however, blame for the “poor communication” that caused the problem spreads much wider. FirstEnergy’s corporate culture played a role, but Congress and the media are culpable.

The avalanche of coverage following the blackout showed, as one editorial page put it, “Few experts were surprised.” Reporters had no trouble finding reports, hearings and speeches over the last decade warning of the growing risk of a major disruption. And there was remarkable agreement about the problems, including increased energy demand, partial deregulation, fragmentation of regulatory authority, polarized politics, ongoing rivalry between state federal governments, local opposition to new facilities, and an activist judiciary. As recently as early summer, the Federal Energy Regulatory Commission issued a report noting that demand could “overwhelm the electronic and software tools used to model and manage power flows to the grid.”

Where’s the communication failure? Undeniably FirstEnergy deserves some blame. It will be interesting to see why the technical alarms didn’t work and whether maintenance had been shortchanged. The greater failure of the humans to alert colleagues was explained, at least in general, by Philip Mihlmester, of ICF Consulting, which studies utility companies. He explained that the entire industry was scrimping on the reserves set aside to handle problems. “When transmission line operators get greedy and approach the safety margins on their lines, they lose the time they need to maneuver,” he explained. Robert Rasberry, associate professor of management and organization at the Cox School of Business, has an explanation. “People at the top too frequently don’t want bad news,” he explains. “They send that message down the line, not necessarily by their words but by their actions and reactions. The engineers may have been conditioned to wait until a real crisis until they shared information.”

Conservative policy makers put their faith in market principles, thinking that potential profits will cause businesses to invest. While correct, those same dynamics cause many businesses to squeeze every last cent out of capacity, and some businesses – if they think they can get away with it – will cut corners. The current regulations, which are only voluntary, give operators an hour to alert others to problems. Professor Rasberry's sense is that the temptation for some companies is to wait until the 59th minute is set at the top and is very clearly received. Communication and operational issues merge, but the results are very apparent.

The ultimate malefactors are Congress and the media because Congress has abdicated its leadership role, preferring to posture and focus on re-election. Kyle Datta, managing director of energy issues at the Rocky Mountain Institute, said "This is the fourth catastrophic failure of the central power grid within the last decade, and yet decision makers are not learning the right lessons from these crises."

The media, particularly the electronic media, has become part of the problem because it focuses solely on events, preferably catastrophic ones with bodies, rather than devoting ongoing coverage to thinking about issues. Coverage has become politicized, and the only way to get attention is to attack the other side. The media covers combat rather than issues.

One of the few bright spots in the problem is Michehl Gent, president of the North American Electric Reliability Council, a group created in mid 1960. Mr. Gent has been warning of the problems and proposing solutions for years. After the blackout, where the politicians blamed each other and tried to come up with snappy one-liners, Mr. Gent said, "My job is to see this doesn't happen, and you could say I failed in my job. That's why I'm upset."

Finding a solution to the energy transmission problem involves recognizing the more fundamental communication failures, and the reasons for them.

CUT OFF YOUR NOSE

Published 08/20/03

Everyone has heard the aphorism, “don’t cut off your nose to spite your face,” but the unions whose members work for the phone company, Verizon, want to cut off their entire head. The Communications Workers of America, and other unions coordinated by the A.F.L.-C.I.O., have announced a threat to get as many as 10 percent of Verizon’s customers to switch to AT&T.

This is a bad idea for many reasons, not the least of which just by raising the threat, the people they hurt are union members. If they follow through with the promotion, and it’s successful, the people hurt will be the union members. If they don’t follow through with it, the people hurt will be union members. It’s a no-win situation.

The unions have a great name for their ploy, calling it an “electronic picket line.” But a picket line goes up around a building. Union supporters may decline to cross it, but when the picket line comes down, the building is still there and so are most of the jobs in it. The electronic picket line attempts to divert business, which will be very hard to recapture. Although the unions say they’ll urge people to switch back once they get what they want, an AT&T spokeswoman correctly pointed out that customers can do what they darn well please.

So what is this all about? It doesn’t appear to really be employee protection. The unions agree that Verizon’s proposal protects employees from layoffs better than AT&T’s. Instead, they talk about contentious relations between labor and management, leading an observer to wonder how the contentiousness could possibly be reduced by a public threat to sabotage customer relations.

A hint of what’s really going on surfaces with acknowledgement on both sides that Verizon is much better prepared to weather a strike than it was in 2000. Replacement workers and increased automation stand ready. Additionally, deregulations and the increasingly competitive nature of the telecommunications industry have become what one report called a “free for all.”

Decades ago, we saw similarly deranged and self-destructive behavior from another union, the pressmen who ran the old *New York Post* presses. They rampaged through the building, smashing their own equipment to protest the new technology, which threatened their traditional jobs. Labor lawyer and negotiating legend Theodore Kheel, put those events in perspective by explaining when people are desperate, they do desperate things, not logical ones. The example of the pressmen is illustrative, because rather than change, they were willing to see New York lose newspapers – and union jobs. A dozen daily papers in New York City dwindled to three.

The unions would argue that they haven't caused customers to switch, they're just collecting names of people willing to do so. But that's a cop-out. By simply making the threat, the union has changed the tenor of the talks. It's like threatening your wife that you'll have an affair with one of her colleagues. In the aftermath you might say, "But I didn't actually follow through with it," or, "Yes, I did it but then I stopped," but you can't erase the memory of the threat and the behavior. What's more, it's clear from the petition that a list of customer names can be submitted instantly to AT&T, who subsequently announced they could easily and quickly accommodate the new customer.

Another consideration: What if the union doesn't get ten percent of the customers to sign up? This hurts by revealing their powerlessness. If they can make good on the threat, it hurts them more, since most customers will not switch back.

The inanity of the union action does not excuse the excess of management in executive salaries, perks, protected board of directors and so on. But the world has changed, and union members need a 21st century leader. One who can explain that members need sophisticated job skills, flexibility, and a system that will let them re-invent themselves several times over a working life. They need someone who will candidly acknowledge that the old models for health care and retirement don't work. In other words, someone who can say the world has changed, and those who don't admit it doom themselves.

Read all about this Union gaffe on www.fairnessatVerizon.com, and log on and suggest they change their name to www.commonseforVerizonemployees.com.

THE ART OF CONVERSATION

Published 08/13/03

“Teach us small talk.” That’s my assignment from one of the country’s prestigious business schools. Sandwiched in between finance, marketing, international business, entrepreneurship, and far behind interviewing with recruiters – teach us small talk, and do it in an hour.

The very name, ‘small’ talk, seems to minimize the topic. Is someone teaching Big Talk? Why do MBA students at a highly competitive university need this? The answer: they don’t know how to talk to each other.

Small talk used to be called conversation. When I would wail that I didn’t know what to say and no one would like me because I didn’t have Villager shirts and kilts (translation: cool clothes of the last century,) my grandmothers firmly admonished me to remember I came from a respectable family, to put a smile on my face and to express interest in the other person.

A business school needs to teach conversation, because we have become a me-first culture. Business school – and I’m a Columbia graduate - is about advancing yourself and your career. Conversation, like humility and modesty, has atrophied. Why?

Too much focus on sex: The conversation opener is liable to be, “Want to hook up?” This is a big step from “Can I get you a Coke?” Leaving aside the rather large topic of what it means for relationships, either “yes” or “no” eliminates further conversation.

Lack of practice: Few of us have a history of family dinners filled with debate and discussion. Growing up, my grandparents regularly hosted visiting doctors and professors who argued about everything from philosophy to sports scores. If your conversation has been limited to “I’d like that Supersized,” (no reference to the hook ups,) it’s daunting to be in a room with others similarly conversationally contained.

Lack of material: Although we live in the information age, or the age of information overload, people don’t read. Several decades ago, it used to be safe to ask any person who considered himself literate what he thought of the New York Times editorials that day, but the Times long ago stopped being the standard for the informed person. You’re far better off asking a total stranger if he’d let one of the guys from the show “Queer Eye For the Straight Guy” do his wardrobe.

Where to find help? Since our culture has ‘how to’ books on everything, I hit the local Borders. There were indeed a number of books promising to turn the reader into a scintillating conversationalist. They were a mixture of the obvious – think

about what you have in common with others in the group – and the useful – think about how to introduce yourself and practice before entering the room. Don't stop with your name. So I would say, "I'm Merrie Spaeth, and I write a weekly column for UPI on communication issues."

Take a business school approach: Perhaps the business school students should approach conversation like any other business school project. Where to find the best advice? I left the books about how to talk and skimmed through the ones on how to negotiate. Much of the advice could be useful for students seeking help in conversation. All the experts advise that we should research extensively. Good idea. The more you know about a group or event, the better prepared you'll be to find something coherent to say after 'hello.'

Jim Camp, a Vietnam vet who runs a coaching company says if you're worried that you can't pull off a savvy, snappy opening, try starting with "I know this is going to come out all wrong." The other person may be intrigued and frequently will encourage you. Of course, this guy also recommends dropping your pen. This may be where Elle Woods in the first "Legally Blonde" movie got the idea for "bend and snap." Camp says it takes 800 hours to master a subject, and by that time, my students will be back in the work force.

Back to basics: Most of the experts back up the comments of G. Richard Shell, a professor at Wharton, who says that studies show that the best negotiators are also those who ask the most questions and who listen most closely.

In fact, listening to the other person turned out to be the most frequent advice given, followed by having the right attitude about yourself. Shell writes that "realism, intelligence and self-respect" put you in charge. As I read those words, I thought of my two grandmothers' comments: "Take pride that you come from a respectable family," and "Smile and listen to others." My grandmothers were just ahead of the curve.

DARPA NEEDED GOOD ADVICE

Published 08/05/03

In handling the flap about the “terror trading market,” the Defense Advanced Research Projects Agency, or DARPA, needed a good PR advisor. Boone Powell Jr., the legendary CEO who built the Dallas-based Baylor Health Care System, used to say that the best crisis was one that never happened. He depended heavily on the wisdom and advice of his top public affairs person, Jennifer Coleman. Whether you call it ‘public affairs’ or ‘public relations,’ it means applying analysis and experience to the organization’s mission.

DARPA tried to create an on-line trading market to measure the economic health, civil stability and military development of eight Middle East countries. That it created a storm of protest was entirely predictable; ironic, because they were supposed to be in the business of predictions!

A wise PR advisor would have said that while the idea is innovative, ideas aren’t judged on their merit alone. That the organization must look at multiple issues surrounding the idea: the timing, other issues, ability of various audiences to comprehend them, who might wish us ill and, finally, the words we’re using, since words are the currency of information.

Let’s play the role of that wise advisor and walk through the analysis based on information that DARPA had at the outset.

Resources. The organization partnered with a private firm but still used taxpayer money. If elected officials will question using taxpayer funds for mohair goats, what are they going to say about this?

Audience perception. Next, very few people can define an “online trading bazaar” or even a futures market. Most people who think of a “market” think of the stock market, which has had a spate of bad publicity, and they think of it as “betting.” Former Education Secretary Bill Bennett will tell you that gambling doesn’t reflect well on those who do it.

Personalities involved. Do other people have reasons to criticize and try to undermine the agency? As my sixteen-year-old son would say, ‘Duh.’ Democrats and others have been harshly critical of other DARPA programs.

The head of DARPA is retired Rear Admiral John Poindexter, whom the Democrats loathe from his work with resistance groups during the Reagan administration. These initial things make it, well, predictable, that anything which could embarrass the administration and sabotage Admiral Poindexter would be seized upon. That said, the agency was always at great risk of losing control of the timing of the announcement and explanation, as indeed it did when two Senator Democrats gleefully “outed” it.

After examining all the above variables, what should DARPA have done? Several critical components would have contributed to the project's success.

Time for the idea to mature. The whole thing should have been offloaded to a think tank. It's properly part of assessing risk, as McGill professor Reuven Brenner pointed out in the *Wall Street Journal*. Its parameters should have been tied to the better-understood concepts of why some insurance costs more and why the eight countries identified are "risky." DARPA needed to give their idea trial runs and a few successes—more time to kick around at conferences, on Op Ed pages and in speeches. If we could jump ahead several years and the "market" had correctly predicted any of the events discussed, people would be clamoring for it to be more broadly accessible. Democrats would have demanded it be made public and not limited to a private group.

A better name. With multiple audiences, the idea's name needed to relate to the least-informed denominator. "Policy Analysis Market" or "Future Markets Applied to Prediction" mean nothing to the general public. It should have been called the "Safety Anticipation Market" or an "Advanced Protection" technique.

Bi-partisan defenders. There are lots of market-savvy Democrats. I'll bet if former Treasury Secretary Robert Rubin were on board saying this was a smart way to help protect us, the reaction would have been different. What if former President Bill Clinton were proposing it? If Republicans can push aside the tendency to retch at his name, he understands concepts like this. President Reagan had a sign on his desk that said, "There's no limit to what you can accomplish if you don't care who gets the credit."

The only thing DARPA did right was shut it down immediately after the media trumpeted criticisms from Senators Tom Daschle and Hillary Rodham Clinton. Smart people, they too knew its real purpose, but they couldn't resist this opportunity for publicity, calling it a "futures market in death," and an "incentive to commit acts of terrorism." DARPA floundered around trying to explain, and although a number of people tried to explain the principles of pricing risk and using predictive models, they were too little, too late.

William Webster, Director of the FBI and then CIA, used to say that he most valued "good judgment," and that we develop good judgment from the times we've used bad judgment. The bad judgment here wasn't the attempt to harness markets to predict terrorism, it was the failure to enlist and listen to someone who could have predicted the communication pitfalls and suggested

PRODUCTION VALUES

Published 07/29/03

What can executives, speech writers and business people learn from a pianist? Besides the lesson which immediately comes to mind – practice, practice, practice – a radio show from the New England Conservatory of Music offers an example of what's called production values. The show's goal is to showcase the country's most talented young classical musicians. It draws a much broader audience, and the members of stations that air the show have steadily increased, because the show has exceptionally good production values. Anyone writing a speech or organizing a meeting can use it as a model.

Host Christopher O'Riley is not only a talented and charismatic pianist in his own right, he could have a second career as a stand-up comedian. Some of his comments appear to be spontaneous, but there are credits for writers at the end of the show, so someone is writing something.

The hour-long program is a combination of performances of classical pieces, dialogue and conversation – part scripted, part spontaneous and pre-taped mini news reports or skits. The writers and director research the performers and find every nugget which can be used. One recent young pianist likes to write musical jokes. (What do musicians do when they die? They decompose.) One 18-year-old clarinetist from North Texas won his school's version of a male Miss America pageant. Although a classical clarinetist, he recreated his pageant talent, a karaoke version of Macho Man on the saxophone with life size inflatable figures of a construction worker and policeman attached to his sides. The audience howled.

O'Reilly has help. The show uses an 18-year-old announcer, Joanne Robinson, and a 14-year-old 'roving reporter,' Hayley Goldbach, who does the skits and other elements. One week, she ran a musical spelling bee for three performers. Obviously favoring one, she gave her words like "note" while the others got words like appoggiatura. Again, all this was to break up the performances and make the audience laugh.

How does this apply to the business world? A large global company had given one of its divisions a three year time frame to meet a number of objectives – cut costs, improve product and customer satisfaction, improve return on investment – or be outsourced. The top executives of the division met and formulated a plan. It involves a number of issues, projects, measurement changes and personnel changes. And looming over all this is the threat of the entire division being axed. They rolled the plan out at a two-day meeting of 600 people from around the world. The 600 people would be critical to explaining the initiative and the reason for it to another 5000 colleagues. With the usual charts, graphs, PowerPoints and multi-year plans, plus the scary message, 'change or else,' this meeting could have been boring. If the employees reacted defensively, it could have been

ineffective, even damaging. But the executives were savvy enough to understand production value

The meeting organizers covered the practice, practice, practice portion. People who were speaking were required to seek help constructing their presentations, and everyone rehearsed. They included humor in every form in every session. (The meeting started on such a grave note that the division's chief executive had to pause when no laugh came in the first few paragraphs of his opening remarks. "That was supposed to be funny. Do I have to announce when the jokes are?" he said. The attendees had their first chuckle.) Humor included poking fun at themselves. One theme, 'we can change because we've done it before,' was illustrated with pictures of their chief executive, as a baby, a child, a teenager, and as a bare-chested, long-haired 20-something hunk.

Besides the executives, there were outside content speakers who were also required to rehearse. (These were not just motivational speakers thrown in for a laugh or name value. They were expected to relate their comments to the specific challenge facing the group. One of the speakers was deemed content-rich but lacking in other elements, so the organizers helped him add production values of film clips and audience-response-system capability so he could include real-time audience reaction.)

The two-day program even included a comedy team – again, doing routines related to the specific elements the group was discussing or would face as they tried to implement the plans. Other elements included group exercises, break-out sessions, road-maps and competitions where participants could win real prizes.

Of course, not every speech or meeting needs a comedy team, road-map, film clips and announcers, but business people do need to learn a lot about production values. Why? Because they help you be more successful. They get your target audience more interested and involved. That's the message of "From the Top," and they can help a company or speaker achieve a business goal.

WE NEED TO TELL OUR STORY

Published 07/22/03

Florence, Italy. “What’s the hardest thing about being an Ambassador?” 14--year-old Danielle Oliver of The Hockaday School asked Jim Nicholson, U.S. Ambassador to the Holy See, the Vatican.

His answer, “Explaining the American people, that we are a benevolent, generous people, a compassionate people, and that our strength and wealth comes from our values.”

A small group from my 11-year-old daughter’s school is visiting Italy. Accompanied by superb guides, our girls are learning about the Italian history, art and intrigue. One can’t study here without focusing on the Papacy, and the girls and their parents had the privilege of visiting with the Ambassador and his wife, artist Suzanne Nicholson.

His comments underscored that even our small group are ambassadors for the United States. This group is well-traveled and behaved, but I realized that we also need to do a better job seizing the opportunity to tell others about America.

It’s been well documented that our popular culture has permeated the world. Just look at Michael Jackson, Brittany Spears, Coca-Cola or McDonalds. In fact, one of the fathers in our group owns 11 Church’s Fried Chicken franchises and reports they are experiencing double-digit growth in Malaysia and Indonesia. Much decried as popular culture is, we assume that the system that produced it is equally well-known. The opposite is true.

To illustrate my point, one can easily see the difference between Rome’s beggars and an American city’s panhandlers. Rome is filled with beggars, all with some type of medical malady. One ancient woman, draped in black clothes, had two clubfeet, gnarled hands and palsy. America’s panhandlers are a noticeably healthier bunch—at least on appearance.

Parents and physicians Susan Warden and Les Porter, both well-known rehabilitation specialists at the Baylor Health Care System, said, “You don’t see these kinds of deficits in the U.S. Our system is set up to take care of these things.” I asked our guide about the Italian welfare system, explaining our dilemma in the U.S. between the biblical admonition to give alms and the body of literature which shows that cash donations feed drug and alcohol habits. I explained Dallas’ panhandlers qualify as disabled and can receive a monthly disability check. Others, as documented by columnists like James Ragland and Steve Blow of the Dallas Morning News, have staked out street corners to make a good living. Our literate, sophisticated, educated escorts did not believe me.

This same school group went to Paris two years ago, and from my own business travels, it's clear that Ambassador Nicholson has his finger on the problem. He pointed out that we provide 70 percent of the food aid to Africa and a huge percent of supplies for AIDs around the world – even before this spring's recent commitment of an additional \$15 billion. Yet the world believes we are not doing our fair share.

How can we explain America to Italians, the French and other Europeans? The recent experience of the State Department shows the limits of advertising. That effort, run by advertising legend Charlotte Beers, tried to reach Muslims by running television ads of American Muslims talking about their life in our country. The effort was a dismal failure for several reasons: the stories were produced as ads, not news, and the viewers abroad could tell that, and far too few funds were allocated.

The real opportunity lies with person-to-person communication. However, when touring the church in Orvieto, it's hard to launch into a discussion of the power of a market based economy, or the link between Judeo-Christian values and the Rule of Law. What I've found I can talk about is my own small business. People around the world are fascinated by the freedom and opportunity an American woman has to start and build a company from scratch. While there are many mom and pop shops in all European countries, most exist in the grey market because of the exorbitant taxes and heavy regulations, and most are capital-starved because of the central banks' policies.

Another American export is optimism. At the start of a new century, we can emulate Theodore Roosevelt, "Do what you can, where you are with what you've got." We Americans are in a blessed time, no matter how great the challenges. We have an enormous amount – good health, values which provide a foundation for productivity, and what Thomas Jefferson truly meant when he described the pursuit of happiness and material goods. And, by seizing every opportunity to describe and be honestly grateful for these blessings, we can do a lot to communicate what it means to be an American.

WRONG LANGUAGE-WRONG MESSAGE

Published 07/15/03

The music industry is bent on self-destruction. The Recording Industry Association of America (RIAA) announced it plans to track down and sue individuals swapping music files over the Internet without paying copyright fees. The RIAA is trying to use legal tactics to combat a change in the industry's basic business model – a change which they saw coming and arrogantly ignored. This sea of change was enabled not only by technology, but by a similar seismic change in values – a change the RIAA also had a hand in creating.

First to the communication issues: the RIAA is using ads and celebrities to argue that stealing music is wrong. That's correct. They're also arguing that all the music that's downloaded would have been purchased. That's not true. Forrester Research published a widely touted study saying illegal downloading cost the Industry \$10 billion, but the entire industry only generated \$14 billion in 1999. Basic economics teaches demand goes up when goods are free. The RIAA's "facts" are self-serving and untrue, damaging the credibility of the rest of their message.

Secondly, the RIAA put the message out on the wrong communication channel. They are using the tried and true techniques of ads and media interviews. But their target audience – young people and 20s types – are communicating via person-to-person networks. That's why the sneaker companies have young kids out on street corners and in parking lots talking up their product. That's why the software industry is conducting its "worker bee" campaign, saying to company employees that they can and should rat on their employers who have unlicensed software. If the RIAA wants to truly reach the users, it has to use innovative techniques, and it has to send its own armies out to meet its customers and talk to them face to face. And it's not willing to do that.

The message, "we're coming after you," is also flawed in two crucial areas. First, the chances of being caught are slim to infinitesimal. Next, if you are caught and cave immediately, the chance is that they'll let you off. The RIAA did sue and settle with four university students for amounts in the \$10,000 range. That's pizza money to many of today's college kids. The users are smart enough to understand both the odds and the proper response.

Some users probably are scared straight, but the issue begs asking, should the industry suggest that it cares so little about its customers that it's willing to bully them?

The problem originated with Napster—not with Napster's technology, but what it revealed. A message from Net Prophet Sean Dugan in April 2000, said "Napster sends a message to music industry: Your customers aren't happy." Rather than deal with customer satisfaction issues, the industry chose to say,

“We don’t care,” but in language closer to what rappers would use. Rather than deal with the fact that customer behavior had changed and technology had empowered them, the industry took out its wrath on Napster. If ever there is an example of winning a battle but losing the war, it’s the industry’s successful battle to kill Napster. Their legal and PR advisors should be fired. What would happen was all too clear.

The industry says that over the last six months, they have made enormous files easy and inexpensive to access, and they have. So why aren’t customers converting en masse? Mike Negra, owner of Mike’s Music Stores in State College, PA, has the answer. He wrote an open letter in June explaining that today’s college students have a “feeling of entitlement.” Gee. I wonder how that happened? Doesn’t it occur to the industry that this is part and parcel of a value system which puts the individual at the center of the universe? Which says ‘whatever I want to do, I can?’ Which ridicules authority and the Rule of Law? (But what’s that? The last college survey showed that civics as a class had virtually disappeared, and that a majority of students couldn’t name all three branches of government.) Overwhelmingly, music artists support liberal politicians who argue on behalf of entitlement policies and who deride business and the profit motive. Too many Americans think ‘profit’ is a bad thing. (The Pharmaceutical industry is struggling with this, too, but they haven’t responded by saying they’ll poison their customers.)

My prediction: the RIAA has to wait for a generation to mature, but who knows what advances technology will bring about? Or, they can take a hard look at the values they themselves have had so great a hand in creating.

ARE THE FRENCH TONE DEAF?

Published 07/9/03

The French think they understand the nuance of language better than any other people, but they're tone deaf in the campaign they've just launched to persuade Americans to buy French goods and travel to their country. They've got the wrong messages and a very strange messenger.

Americans expressed their annoyance to French opposition to the war in Iraq by canceling vacation and travel plans. Tourist visas are down 15 percent from last year, and estimates of lost trade run as high as \$500 million.

One North Carolina restaurant made news by changing "French fries" to "freedom fries." Eateries around the country, including the Congressional dining hall, followed suit.

In response, the French tourist board launched a traditional campaign using ads and letters and sending the French ambassador to the U.S. on a goodwill tour. The tourist board chose 67-year-old Woody Allen as their spokesman, and, although he urges Americans not to be "petty" and reminds us of our historic friendship, Allen speaks to hip New Yorker-types, not to working Americans who've saved up for a European vacation. He says, "I will not have to "freedom kiss my wife when all I want to do is French kiss her." What can they be thinking? Allen's wife, Soon-Yi, is also his stepdaughter, by a bizarre path of relationship twists and turns: When she was 8 years old, she was adopted by Mia Farrow, then married to conductor Andre Previn. Two years later, when Soon-Yi was ten, Farrow began a relationship with Woody Allen, which ended a decade later when Farrow discovered he had naked pictures of Soon-Yi. Turns out, he was having a relationship with both mother and daughter. Perhaps the French think this is just a charming eccentricity. In Lerner & Lowe's "My Fair Lady" number, Professor Henry Higgins sings that "The French don't care what they do as long as they pronounce it correctly."

The tourist board's puzzling response was that they had been told that Woody Allen was like Jerry Lewis and parents viewed him as a role model for their children. Perhaps they neglected to compare Lewis' biography, which includes more than three decades of generous fund-raising and being nominated for the Nobel Peace Prize. It does not include child abuse, child porn or incest. Americans think Allen's behavior a total repudiation of parental responsibility.

The campaign, appallingly called, "Let's fall in love again," isn't limited to Allen's appearances in ads. It includes an open letter from one Patrick Boyet, the U.S. director of the French Government Tourism Office. He begins with a protestation of friendship, but falls into the classic trap of going on too long. He raises the issue of whether Americans will feel safe in France. They should, he says, because the French have "zero tolerance" of violence "since the rash of anti-

Semitic incidents.” Apparently they did not have “zero tolerance” before, and it’s a safe bet that except for the American Jewish community, most people didn’t know or had forgotten the “rash of incidents.” His letter reminds us all over again.

And finally, the French ambassador, Jean-David Levitte, is going from city to city as you read this. His explanation for the misunderstanding between the two countries? Speaking to a Chamber of Commerce group, he said, “We have difficulty in Europe understanding that America is really at war.” No CNN or BBC coverage in France apparently. Then he added, “In Europe, we didn’t suffer the huge shock that 9/11 represents for the American people.” Excuse me? We Americans thought 9/11 was a huge shock for the world, not to mention for foreign citizens, including at least one French national, who died in the World Trade Center tragedy. I’ll bet it was a “huge shock” for them.

For a nation and a people who claim to value language, the French might do better to recall comments by Alexis de Tocqueville and quoted by President Dwight Eisenhower, who had a hand in defending France in two world wars. De Tocqueville cites the source of America’s greatness and genius as resting in her goodness, that is, in her commitment to defending freedom and values. (The comment does not appear in de Toqueville’s writing, but it should have.) Perhaps French men and women should import more of our ideas about free markets and individual responsibility. It would certainly have prevented picking someone like Woody Allen, and it might lay the foundation for a continuation of real friendship.

THE POWER OF A SINGLE WORD

Published 07/02/03

The book of John, in the New Testament, begins, "In the beginning was the Word." Rudyard Kipling wrote, "Words are, of course, the most powerful drug used by mankind." This column is called 'Words Matter.' Our decade-and-a-half experience working on communication issues shows that words are the most important memory driver. That is, most people recall a word or phrase, form their recollections around it and repeat them.

Recently, two words caused shock waves. One word alone has the potential for resolving history's longest running feud, the conflict between the Palestinians and the Israelis. The other cost a major reformer his position of influence.

First, the word, which may break the stalemate between the Israelis and Palestinians, came from Israeli Prime Minister Ariel Sharon, who used the word 'occupation' to describe Israel's presence on what Americans call the West Bank. He used it on purpose, saying, "Occupation – one may not like the word, but what is happening is occupation. To hold three and a half million Palestinians under occupation is bad for Israel." Immediately, others rushed in to try to substitute phrases like "disputed territories." Sharon ostensibly supported that, but he reiterated, "We are not occupiers. We don't want to rule three and a half million Palestinians. That is what I meant when I used the word occupation." He did everything but put the word 'occupy' on a billboard. Immediately, Israel's position was changed, and ultimately its public policy will have to follow. William Safire of the *New York Times* pointed out that Sharon spoke in Hebrew, using a word which could also translate as 'conquest,' and that 'occupy' comes from the Latin 'occupare' which means 'to seize by force.' Seizing land by force and conquest looks very different to Americans, and to all but the extreme right in Israel, than self-defense.

President Bush has now made the peace process a personal priority, and that is undoubtedly a key factor. But the use of the word 'occupy' is changing Israeli public opinion so the government can muster the will to tackle the problem of settlements.

The other word was 'mafia,' which former Oklahoma Governor Frank Keating supposedly used to describe the American Catholic hierarchy. Governor Keating headed the independent board appointed by the U.S. Conference of Catholic Bishops to clean up the church's widening scandal over sexual abuse of children and long running cover-up attempts by Church leaders. The word 'mafia' repeated many times in the press, but he actually didn't use it. He described the church's behavior as acting "like La Cosa Nostra." He used the phrase to describe the church's attempts to "resist grand jury subpoenas, to suppress the names of offending clerics, to deny, to obfuscate, to explain away."

My prediction is that the bishops will come to regret their outcry and rue the day they forced Keating out. By trumpeting their outrage over what he didn't actually say, they magnified the dispute and caused the word 'mafia' to be used over and over. If they'd ignored what he said, his criticism would have been a one-day quote or nothing at all. They only called attention to the fact that Keating's criticism is correct. The behavior by some of the Bishops and their lawyers is to use every legal, and some questionably legal, method to try to stave off law enforcement and outside attention. That's how rich criminals behave.

Keating's departure has called the independence of the board into question. As the Reverend Thomas Reese, editor of *America*, the magazine of the order known as Jesuits, told *USA TODAY*, the conference is "going to have to find a new chairman who can control his mouth and still show him or herself to be independent."

So, in the beginning was the Word, according to the book of John, and we have today examples of how a word can change things. If we're lucky, we know that from personal experience. After all, who doesn't remember and recall again and again when the most special person in our lives said, "I love you" for the first time?

THE ILLUSION OF COMMUNICATION

Published 06/25/03

The illusion of communication. I see too many examples of what I call the 'illusion of communication.' This occurs when the speaker or writer begins with the attitude of what they want to say or what they think we – the listener or reader – need to know. This appears to make sense only until you ask "How much does your listener, reader or audience actually remember?" Everyone knows the answer is – just a little.

Paradoxically, the more you try to 'tell' the listener, the less he or she can process.

Among the worst examples of the illusion of communication are the so-called 'disclosure statements' found on the packaging of many products and in advertising. In radio, these are the ten seconds, which go by at light speed and tell you...

"APR4%notlimitedtoUScitizensSaturdayonlyemployeesneednotapply5%APRafter January1restrictionsapply."

Some years ago, I enlisted a class of my graduate students to listen to a number of radio ads with such "disclosures" and then gave them a survey to see what they retained. These were graduate business students at the Cox School of Business at SMU, and they remembered almost nothing.

Human resource departments are another offender in providing the illusion of communication – although all departments in a company can be equally guilty. How many brochures, memos or folders about benefits have put you to sleep? The usual mistake is to try to cram too much into whatever they're providing. Again, just because you're covering the information doesn't mean your audience is absorbing it.

Want some automatic audience grabbers? Think immediacy, passion, pacing, engaging and humor.

Immediacy. In printed material, you have words, layout, pictures and other visuals at your disposal. However, to engage the audience, you need several other things. First: immediacy. A reporter for the *New York Times* once told me he had 100 stories approved by his editors that he hadn't gotten around to writing because they didn't answer the question, "Why do I have to pay attention to this today?" You always need to ask, "Why does my reader/audience need to pay attention to this today?" If they don't, you're already on different wave lengths. You may want to provide the information today, but if your listener doesn't need it – really, really need it – today, they aren't listening. They're thinking, "I'll deal with that later."

Passion or interests. If Dante lived today, one of his Circles of Hell would have endless presentations by presenters who themselves aren't interested in what they're saying. And whether you're into your material or waning, your audience will pick up your level of interest or passion.

Pacing. The Circle of Hell presentation also goes at the same pace, is part of a panel where all the presentations go at the same pace, and where they are all illustrated by PowerPoint (which I'll deal with in a forthcoming column). Any overview of Shakespeare points out that he paid a lot of attention to the pacing of his plays. (Think gravedigger in Hamlet.)

Engaging the listener/audience. The best teachers or professors are those who didn't lecture but who asked the class questions, bantered with them and used two-way communication as a vehicle to make sure the students grasped and understood.

Humor. Perhaps this is the most controversial weapon in overcoming the illusion of communication. Listening to many presentations, one might think that there was some prohibition against using humor, but it's the most powerful weapon to draw your listener or reader into the material. Disclaimer: Humor does not mean yucks or worse, yucky jokes. One of my most successful speech re-writes with a client involved a presentation designed to encourage employees in a Fortune 500 company to increase their contributions to their own 401(k) accounts. The presenter – someone from their finance department with an accounting background – did the presentation the way Regis Philbin might have done it on "Who Wants to Be a Millionaire?" Donning the famous eggplant shirt and tie color scheme, he involved audience with "tests," prizes, "life lines" and a multitude of props. The million dollars, of course, would be won by all who saved enough. The executive did the presentation with great energy and the ability to poke fun at himself. The result? This presentation was so popular that various departments requested it.

Which, of course, is the ultimate benchmark of real, versus illusionary, communication. When you audience wants more.

ADS WORK – LAWSUITS DON'T

Published 06/17/03

News flash: ads work. Ads about tobacco can affect teenage behavior. The tobacco companies have known this all along.

The tobacco companies are suing 44 states. Big Tobacco is furious over the anti-smoking ads that are part of, and paid for, by the multibillion-dollar settlement of the litigation brought by the State Attorneys General against the big tobacco companies.

These lawsuits object to the public health ads, saying they portray the executives of the tobacco companies as scheming and evil. One ad shows executives figuring out how many new smokers they need each year to replace those that die. My favorite ad highlights that cigarettes contain the chemical urea. One of the actors repeatedly calls the headquarters of Lorillard saying he's a dog walker and can supply them with all the dog urine they need. Lorillard put out a press release saying, "We do not put dog urine in our cigarettes," winning one of last year's BIMBO awards for a denial that makes the listener believe the opposite.

The first real gripe is that the ads are working. California's youth smoking rate, at 5.9 percent is now the nation's lowest rate. And, showing that ads aimed at teenagers are indeed seen by adults, the state's adult smoking rate has fallen from 22.9 percent in 1988 to 16.6 percent, making it the second lowest in the country.

One of the tobacco company lawyers said in court that the ads should "aim to share health concerns," in other words, be boring Public Service Announcement type ads. Here's the sad news about those ads: they don't work. To change behavior, you have to get the attention of the target audience and motivate them. Kids don't want to be educated. They want to feel hip. They want to think they're in control. Showing tobacco company executives attempting to bamboozle them and being patronizing is a great way to get teenagers to say, "No way you're doing that to me." And the tobacco companies know that.

They've told us so. Daniel Donahue, general counsel of the R.J. Reynolds Company, says the company objects to the ads that portray "fictionalized settings" and that "portray fiction as fact." And just what do their ads do? Think of all the tobacco ads that show impossibly lovely, fit young men and woman flitting around, relaxing, and smiling. If that isn't "fiction as fact," what is? And talk about "fictionalized settings," those beaches, meadows and parties where they film the cigarette ads exist only on the advertising sets. Check out an ad for Winston, which has a gorgeous, 20s-ish woman holding down a man on a beach blanket. She's looking at him with obvious intentions, and the cut line says "Hostile takeover."

The tobacco companies have always said they don't target teens, and they point to the fact that they don't advertise on TV or in magazines like *Seventeen*, which are directly aimed at teens. But open the May 19th *Sports Illustrated*, with Jason Kidd on the cover, and there's a two-page spread for Salems, and a full-page ad for Dorals on page 22. (The Doral ad is a little strange given last year's controversy over dog urine. It shows a Jack Russell terrier looking at a long row of fire hydrants.) You'll find ads in women's magazines and other magazines. The tobacco companies advertise in publications that teens read and consider "grown-up." It reinforces the idea that it's adult to smoke.

These lawsuits speak volumes about the real intentions of the tobacco companies. They agreed to the settlement because they thought they could raise prices, which they did, and ignore the public health campaign they expected. The "hostile takeover" beach ad described above contains two large boxes, one saying "No additives in our tobacco does NOT mean a safer cigarette," and the other says, "SURGEON GENERAL'S WARNING: Smoking by Pregnant Woman May Result in Fetal Injury, Premature Birth and Low Birth Weight." Those warnings have been mandated for years, and consumers ignore them. The bare-chested man on the blanket smiling at the bra and hip hugger jeans-clad woman may be worrying about something premature, but it's not birth.

Consumer groups and plaintiffs have always complained that the tobacco companies try to intimidate those who oppose smoking and that they use their ability to spend millions on legal stalling tactics. This recent round of lawsuits only validates those claims.

YOU AGREED TO GIVE A SPEECH

Published 06/10/03

I'm frequently asked for guidelines on how to prepare for a speech. Everyone has seen enough boring speakers to know what not to do. Don't confuse a list of facts with a speech. Don't read a text. Don't think that serious material means you should be grim. Other mistakes: thinking that the more PowerPoint slides you have, the more prepared you are, or thinking that the more you cram on a slide, the more impressive it is.

So what do you do to make a more effective, entertaining presentation? The first exercise is called "Focus the Message." List the four "headlines" you want people to remember afterwards. A headline is a short, concise sentence, preferably making a claim or at least catching the listeners' attention. If you're speaking on anti-trust laws in Mongolia (as the General Counsel of the FTC did recently,) a headline might be "It's crucial for Mongolia to develop anti-trust laws in order to further trade." Then, list several facts, statistics and examples, which prove each headline. After that, find a story you can tell about a real person or situation that brings alive what you are conveying. Finally, add a third-party quote to each of your four sections. Quotes need not come from long-dead philosophers. They can come from studies, newspapers, colleagues, surveys or anyplace else.

Now you have the guts of your speech. You need an opening and a closing. (Tom Peters says he has closings but always runs out of time because he has prepared too much material. He can get away with that. You need to prepare a closing.) Openings generally lighten the tone, but nothing is worse than a joke that has no relationship to the material or audience. Frequently, a speaker pokes fun at himself to start. Herb Kelleher, legendary chairman of Southwest Airlines, rose to speak after someone had introduced him, pointing out that his only character flaw was his chain-smoking. Kelleher began by noting how times had changed. "When I was a kid," he said, "We'd go into a drug store and loudly ask for a pack of Marlboros and whisper 'and a pack of condoms.' Now, we go into a store and loudly ask for the condoms and whisper 'and some Marlboros.'" The audience roared.

Take your time with the opening. Another mistake is not taking enough time setting up the speech. Sheryl Leach, creator of the classic character Barney the purple dinosaur, once spoke to the Detroit Economic Club on how Barney changed children's programming. She spent the first six minutes telling a story about a documentary where she and her son – who inspired Barney – make the point that writers for children's shows had allowed themselves to be defined by Sesame Street. Leach recognized that children from 10 months to two years had very different tastes and were a commercially viable market on their own.

Only after you've put the material together do you create any visuals. Remembering it's an MTV world, have at least two elements: PowerPoint, video,

audio, white board, slides, props, etc. A prop is anything you hold up, and props can help drive home a point as well as create humor. Jim D'Agostino, now CEO of Encore Bank, kept up a running gag for three years as CEO of American General Life & Accident by wearing different hats. He was educating the agent force about all the different "hats" an agent had to wear in order to move from the concept of selling insurance to the concept of building long-term relationships with customers. No presentation was complete without at least one new hat.

Since PowerPoint has become ubiquitous, and will be a separate column, remember these basics: visuals help reinforce a point. Don't spell out every word on the slide. Instead, use key words, short phrases or pictures. It's the speaker's job to make the material come alive. If you use charts or diagrams, don't put all the numbers or words on them. Again, it's the speaker's job to cover them. If you have detailed handouts, don't replicate them on the PPT slide.

Do use the animation and creativity PPT offers to create movement. Do not use the same animation for every slide. (And, yes, this can be overdone.) There is no need to have a slide for everything and to move from slide to slide. Have blanks.

Now you have your opening and closing, your "Focus" agenda, your major points and stories and visuals and props. How do you get to Carnegie Hall?

You know the answer.

THE LAST WAR

Published 06/3/03

There is an old saying that generals prepare to fight the last war. The same is true of crisis management consultants.

The 1989 Exxon Valdez oil spill spawned a methodology of crisis management which dictated that a company or organization immediately and proactively own up to a problem, and that the CEO himself step forward. This is much too simple, and it can be bad advice.

Duke University Hospital is currently being criticized for its immediate handling of the botched transplant that resulted in the death of 17-year-old illegal immigrant Jesica Santillan. The current wisdom is that they should have announced the mistake to the public immediately. *Forbes Magazine* analyzed the high profile ordeal and quoted Michael Sitrick, head of a Los Angeles firm, saying, "You're always better off telling the story instead of ducking and hiding."

Last year, I had a call from a hospital whose lab had told a patient without cancer that he had cancer, and given a patient with cancer a clean bill of health. The mistake was discovered during surgery on the healthy patient. The hospital CEO was on the phone asking if they should make an announcement about the mistake and whether he should give a personal interview.

What needed to be considered? The commitment to patient confidentiality comes first. Hospitals and other organizations are frequently legally and morally constrained in what they can share. In this case, the physicians would be told and they would tell their own patients. Both doctors were established, experienced physicians and unlikely to complain to the media. Both patients consulted with, but did not hire attorneys because neither patient wanted publicity and the hospital offered quick, generous settlements. Our recommendation, blessed by the attorneys and the in-house public relations staff, was to be trained and prepared to have a physician explain the hospital procedures and track record. And to wait.

The final piece in the analysis is what's in the public interest. This hospital had a national reputation. It has excellent outcomes – the jargon word for 'you get great care there.' Does it advance public health to say, "We made a mistake?"

Given what's happened with SARS because the Chinese government tried to ignore it and cover it up, popular opinion probably thinks the hospital should come forward and say, "We made a mistake." In the case of the hospital above, I disagree. Public health is best served if people come in for regular, preventive screenings – mammograms, PAP smears, colonoscopies and so on. The nasty communication cow pie is that people – and institutions – make mistakes. But if you say, "We made a mistake," the public does not put it in the context of the

thousands and thousands of screenings, tests and inoculations done safely and successfully each year. They only hear, “We made one,” and they think, “I could be next.” Exxon’s ‘tell-all’ lesson, applied in its extreme form, actually harms people because it has the affect of dissuading them from regular care.

In Duke’s case, their error was in focusing only on the surgery. Humans make mistakes every day – and they don’t make the news. But this was a public spectacle from the get-go. A local, politically active, businessman had raised money and formed a support group. The press was following it. Jessica’s family was unfamiliar with highly sophisticated medical procedures. The family needed to know that normal patient confidentiality rules – where they would have the luxury of thinking about what they wanted to do and say – wouldn’t apply. Would it have mattered whether the transplant failed because of a mistake or because of some other rejection? It was predictable that the local sponsor would make a public plea for more organs.

When advising companies, I first ask, “Will this information get out anyway, and if so, then you must get in control by announcing it yourself. And your spokesmen and women need to have the expertise or stature to convince your important audiences that you care, you have correctly analyzed the situation, and you are acting quickly, appropriately and with integrity.”

Sometimes, even if one is reasonably certain the information will not leak out, the moral course of action is to announce it. The key word is ‘sometimes.’ A consultant needs to bring good judgment and courage, not rote lessons.

Peter Kuhn, in *The Structure of Scientific Revolutions*, writes about the paradigm of how a body of knowledge becomes the accepted truth, and just when it becomes unthinkable to challenge it, some people start saying that there’s something beyond it. It’s time for crisis consultants to look beyond Exxon.

INTERACT WITH YOUR AUDIENCE

Published 05/29/03

Which part of a presentation or speech is usually more interesting? The straightforward speech or the question and answer that follows? Most people would pick the Q&A session because it's interactive.

A good speaker engages the audience at the very beginning of the speech. I just heard Jim Barksdale, founder of Netscape, and now an investor and philanthropist, speak at a conference. He started by recognizing a few people in the audience and then asking everyone with a certain amount of experience to stand.

His "news flash" was predictable: Technology will continue to be a major influence, change will continue to be at light speed, and it's a global economy. All 800 people in the audience hung on every word because he is, after all, Jim Barksdale, but also because of the way he said it. He did everything right, and – in standard presentation skills teaching – everything wrong, proving again that a speaker doesn't have to be perfect.

Let's focus on what he did right. He wasn't stuck behind the podium. He moved all over the stage. He seemed to be speaking to each person individually. At least 50 percent of what he said was designed to make the audience laugh. He used a prop, pulling out a *Wall Street Journal* article to read from. He asked how many people had seen it. Only one had, so he made a joke of that. He had a great ending, climbing on a segue scooter, zooming around the audience before disappearing through a black curtain.

Now Barksdale has a long history in understanding how valuable audience interaction is. In 1998, he made an appearance before a Congressional investigating committee and used the technique of audience interaction to reinforce his contention that Microsoft had created a monopoly. Seated on a panel facing the members of the Congressional committee, he twisted in his chair to those attending the hearing, and asked, "I would like to take a poll. Who uses a PC with an Intel based system?" He excluded the Mac users and told them not to participate. Hands were raised. He continued, "Who has a computer without Microsoft's Operating System?" All the hands came down. He turned back to the committee, and said, "That's a monopoly." The technique was so memorable that the evening news used it as a clip that night. Barksdale could have just said, "Microsoft is a monopoly," but by involving the audience, he made it the single most interesting point in the entire hearing.

"Raise your hand if..." is 101 in audience participation. It always works – if only because it increases the circulation flow of the listeners, pushing more oxygen to the brain. It's an excellent technique for beginning speakers. Candidate, and now Congressman, Michael Burgess had three decades as an obstetrician in North

Texas delivering 3,000 babies before he was recruited to challenge the son of Minority Leader Richard Armey in the Republican primary in 2002. Dr. Burgess had integrity, deep knowledge of the health care system and a way of connecting with patients one-on-one. He had no experience speaking to groups.

North Texas is turning itself into Los Angeles as fast as possible, and boasts gridlocked traffic on all major arteries. To get himself up and running, Dr. Burgess started asking each group of voters some simple questions. “Who got stuck in traffic coming over here?” All the hands would go up. “Who wants to spend more time stuck in traffic?” All the hands come down.

Dr. Drew Leiby, a consultant and author, has an exercise where he draws three sets of boxes on the board, labels them A-A, B-B and C-C. He asks the members of the audience to draw the diagram on their own piece of paper and instructs them to connect the A-A, B-B and C-C boxes without going through any of the boxes or running off the edges. Then he walks through the audience to see how people are doing. A few people get it, and most people don't. He uses it to make a point about how people approach problems.

Audience interaction is limited only by one's imagination. The best interaction, like Barksdale's example, use the technique to highlight the main strategic point the speaker is making. But the second best use is to get the audience interested and wanting more.

BEHIND THE PODIUM

Published 05/21/03

Behind the podium is the traditional, and worst place, to speak from.

Too often the podium becomes a barrier between the speaker and the audience, as well as a prison, delineating the space from which the speaker may not move.

Even royalty meekly accepts this constraint. In 1991, Queen Elizabeth visited Washington, D.C., and addressed Congress. All that was visible was her yellow hat, which bobbed as she spoke.

Podiums come equipped with microphones that are inevitably set at the wrong height for the speaker. Sometimes the microphone is pulled into the center of the podium, obliterating part of the text.

Speakers reading from a prepared text or using notes will find the raised bottom rim, which keeps notes from falling, immovable. The result is that speakers look like they're examining their navels instead of following a script.

Since the darn things are everywhere, speakers must be prepared to stand up for their rights.

First, make sure the podium is the right height for you or your speaker. One CEO wanted to project more confidence when he spoke at analyst conferences. The minute I set eyes on the CEO, I knew what the problem was. He was six feet nine inches tall. At a normal podium, he hunched over, didn't make eye contact, and projected his voice downwards. The first solution was to raise the platform and design an attachment that held his text and notes, that were printed in 24 point bolded type, using just the top half of the paper, so he could glance at them and look directly at the audience. He was also fitted with state-of-the-art wireless lavalier microphones.

The opposite problem presented itself for the manager of a hedge fund, a woman, who was only five feet two inches tall, very slight of build and with a quiet voice. She needed to make sure that even if she followed another speaker at a conference, a riser was positioned behind the podium. The riser, or risers, had to be wide and solid enough so she could move around. And she, too, needed to get away from the podium mike. Finally, cameras on her projected her picture on the screen in between slides and charts.

Some executives cannot resist grabbing the sides of the podium – and hanging on for dear life. This has led to the commandment by some who teach presentation skills, "Never touch the sides of the podium." Of course, you can touch or grab the side of the podium. The problem is only when the podium appears to have been painted with glue, so the hands stick there. My own

solution for podium grippers is to place crinkled masking tape on the sides as a tactile cue to move the hands. Usually that brings back normal hand gestures and animation.

Presentations should be designed so there are specific points where the speaker moves away from the podium. Props are a useful tool to accomplish this, because the speaker is forced to move to pick them up.

The worst speech position is where the podium is trapped in the middle of a long head table with seated dignitaries. The speaker is usually introduced and ushered to the podium, and it's almost impossible to move since there are people on either side. The best defense is not to let this happen in the first place. Rudy Giuliani recently spoke to 1900 people at a luncheon where the dais was similarly positioned. He clipped on his microphone, came around the head table, and spoke to the audience from a small stage in front of the podium. He would occasionally turn back to the dais guests.

Lucite podiums are available, and they allow all the benefits of the traditional podium while removing the heavy, wooden look. And President Bush is now using something, which looks like a music stand on steroids. It provides the appearance of a ceremonial podium with a minimum of furniture.

My own preference is to get rid of the podium completely, and have whatever notes or text the speaker needs in a combination of TelePrompter and large type hard copy, angled and elevated on a raised table. This allows the speaker maximum opportunity to move around and interact with the audience.

As a speaker, it's up to you to insist on a setting that helps you be your best. Don't blindly accept whatever is there. Even if you have a yellow hat.

IN THE BUBBLE

Published 05/14/03

In the bubble: That's how American Airlines former CEO Don Carty and Morgan Stanley CEO Philip Purcell are alike. They think they exist in a protected environment. Failing to understand how words travel from one audience to another, and how different audiences hear things in different ways cost Carty his job. Let's hope heads roll on Wall Street, too.

At American, information from a fall 2002 SEC filing revealed that Carty, in his bubble, created a \$25 million fund to cover pensions and bonuses for a small group of top executives. This information came to the attention of employees just after they had voted to accept enormous give-backs. On Wall Street, an "in the bubble" comment of Purcell's quickly caused a stir outside.

Mr. Purcell's firm has been dubbed one of the Terrible Ten large brokerage and investment banking houses investigated by New York Attorney General Eliot Spitzer and, belatedly by the SEC. The documents and e-mails show that the firms' analysts issued misleading reports in order to gain investment banking fees. But Mr. Purcell told a large group of big investors, "I don't see anything in the settlement that will concern the retail investor about Morgan Stanley."

He's bubble-blinded. Morgan Stanley paid \$2.7 million to analysts of *other* firms to issue puffy reports on stocks Morgan was bringing public to create the impression of broad excitement. The Terrible Ten neither admitted nor denied their guilt, but as a small investor, their guilt is clear to me.

In Morgan Stanley's 2002 annual report, Purcell claimed that "Morgan Stanley came through the investigations relatively unscathed." He must be studying with the same language coach who had Bill Clinton quibble about what the meaning of "is" is.

What's more, Purcell believes we are too dumb to recognize the import of a document from their star analyst, Mary Meeker, who said in a 1999 now-public memo, "My highest and best use is to help (the firm) win the best Internet IPO mandates."

Does Purcell have any idea how angry we are and how much we hate him and his ilk? In fairness, Mr. Purcell is not alone. In the bubble with him:

The New York Stock Exchange. In the midst of settlement, the NYSE asked CitiCorp Chairman Sanford Weill to join their board of directors to represent the public. They could hardly plead ignorance since this was after months of published e-mails disclosing how Weill had "asked" their analyst Jack Grubman to "take a fresh look at AT&T," a look which resulted in Grubman's now-famous

increase in AT&T's rating. My company's profit sharing fund, like many investors, followed Grubman's comments and were heartened when he said he saw a brighter future for the company. We kept our AT&T shares.

Goldman Sachs Chairman Henry Paulson. As soon as the settlement and wrist slap was inked, he sent a company wide e-mail admitting they "could have done better." I'd sure like to see the performance reviews of these guys. What would it take for them to consider they had let down their customers?

Citigroup. Charles Prince, the chairman and chief executive of Citigroup's Global Corporate and Investment Bank, wrote, "We deeply regret that our past research, IPO and distribution practices raised concerns about the integrity of our company." The retail brokers of Salomon Smith Barney, a division of Citi, apparently protested loud and long about what was going on. One broker referred to Grubman in an e-mail as a "crook." And the record reveals not just one or two e-mails or protests that Prince might not have known about. There was a chorus of protests. And all Prince can say is he "regrets" that these practices "caused concerns."

Carty lost his job as American's CEO not for creating the \$25 million fund, but for appearing to cover it up, and then for what he said when it was revealed. He wrote the bonuses were necessary because the executives received other lucrative job offers. If true, the message was that only money mattered, and that the executives believed it was perfectly acceptable to treat themselves differently from the rank-and-file. But worse, the employees didn't think it was true. In this economy, how many other airline jobs were there? So Mr. Carty appeared to be dissembling.

The bubble boys' comments about "regret" show us the only thing they regret was being caught. They show the only change they plan is to figure out the next way to game the system. It's time to pop the bubble.

DIFFERENT LANGUAGES

Published 05/6/03

Lawyers and scientists in California are speaking different languages. It's just one snapshot of "communication collisions" going on all over the country – and science is losing the battles.

The California story goes like this: A law firm is suing the Beverly Hills School District and Beverly Hills, charging that oil and gas operations next to the high school have created a cancer cluster. The firm, made famous in the movie *Erin Brockovich* for what's now called 'toxic torts,' has two facts: one, that wells next to the school started pumping before the school opened in 1928 and bring the city and school district \$700,000 annually, and two, a 1992 graduate of the school was diagnosed in 1996 with a thyroid cancer, and other people in Beverly Hills have cancer.

The attorneys' communication strategy is to link the oil and gas operations with cancer by using scare words and anecdotes in the media. For example, news stories have been repeating scare words like 'cancer,' and "benzene, toluene and n-hexane," which don't mean anything to the average citizen but sound ominous. By using anecdotes, the lawyers point to someone who has developed cancer and 'link' it to the existence of the oil and gas wells. The strategy plays out like this: You have cancer. There are some oil wells. Therefore you got cancer from the oil wells. (Other industries have been targeted the same way. Cement manufacturing plants with smoke stacks emit white smoke. You have allergies. You live near the plant. The smoke must cause your allergies.)

Health and school officials are trying to reassure parents, but they're speaking the wrong language, saying things like 'the level of airborne toxins is well below health limits established by the state.' All the listener hears is the word 'toxins,' which sounds dangerous and we have no idea whether 'well below' is good or bad. (Other industries are always telling us they exceed standards. Which is better? To exceed or be below? To the average listener, it's confusing.)

Officials are producing facts, such as the results of air samples tested by the Air Quality Management District. They're comparing the level of cancer in Beverly Hills with the level in Los Angeles. They're trying to explain. Perhaps residents have higher cancer rates because they are more affluent and affluent people get more X-Rays.

Predictably, the lawyers are targeting the deeper pockets of oil companies. ChevronTexaco owns a company which may have operated the wells 60 years ago. Their communication strategy is to say, "Our exposure here is very little at best."

The communication problem is that listeners are not scientists, and there's no requirement that listeners be sensible. In addition, they're parents, and when your child's safety may be threatened, you freak out first and think later.

So what can the district and city do? First and foremost, I want the school district, health officials and companies to know that scare words can not be countered by facts. Those parents want to know that the school district is committed to the kids' safety, that the health officials think the air and water is safe and that they are personally monitoring it.

Next, this debate needs a third-party expert to characterize the lawyers' tactics. I'll play that role! Their tactics are disgraceful. Scum bag is the only word for lawyers who will stoop to frightening parents like this.

Even though this is Hollywood, hot bed of 'don't bother me with the facts' celebrities, all may not be lost. The real-life Erin Brockovich, who works for the law firm, complained to the press that it's turning out to be hard to persuade potential plaintiffs to link their cancer with their school years. Apparently, there are some people who have hung on to their common sense.

Wendy Cozen, a cancer epidemiologist at the University of Southern California Keck School of Medicine, told reporters, "I feel sorry for the neighborhood because it's panicking." Of course, that's just what the lawyers want to happen. And even if the school district prevails, it will end up spending huge amounts of money which should be spent on education. The real toxic waste is the amount of money drained from productive uses by these kinds of lawsuits.

This mismatch of language affects many industries. Lawyers are suing drug companies that produce drugs, which save or improve lives but which have side affects. The lawyers focus on individual tragic cases and use scary words; the research scientists reply with facts or incomprehensible comments like "No peer reviewed study has proved that."

Do we need scientists or lawyers more? I vote for the scientists, but the lawyers are winning. I feel sorry for the country.

THE POWER OF PREDICTIONS

Published 04/28/03

The Power of predictions as attention-getters is well known, if controversial.

Larry Ellison, CEO of Oracle, garnered almost 36 inches of print in the Wall Street Journal recently with a series of predictions about the future of the technology industry. Ellison is a master communicator, whose reputation for talking about exciting technologies and applications such as 'vaporware' created a challenge for his technical whizzes.

Mr. Ellison's predictions got attention because, like his earlier predictions, they were on a large scale. What makes predictions so powerful? Is it our desperate desire to know and therefore prepare for the future? Or to outwit others? That was certainly one of the aims of early civilizations. Or are predictions just fun? Like those Magic Eight Balls we played with as kids, where you ask a question, turn it upside down, and see fuzzy words saying, "Count on it."

People who make grand predictions that come true become gurus, if not gods. For example, Yale economist Robert Shiller, wrote in March 2000 that the stock market "displays the classic features of a speculative bubble."

However, erroneous soothsayers don't seem to suffer. Take for instance the oft-quoted comment from IBM founder Tom Watson who said in 1953 that the world wouldn't need more than five computers.

Predictions can be a useful tool for business people. But like any good tool, you have to know how to use it. Here is some advice. First, when you make a prediction, use the word 'predict' rather than "I think" or some less committed phraseology. "I predict the product will sell" is stronger than "I think the product will sell."

Remember, there are several kinds of predictions. "I predict this product will sell" simply marries the technique of using a prediction to drive the memory of the listener with the speaker's main point, the desirability of the product.

There's also what we call the 'substitute' prediction. That is, certain groups always want predictions. Employees want to know if layoffs or downsizings are planned. Analysts want to know what earnings will be – they call it 'guidance' but they're really predictions. (It's easy to give 'guidance' when you see numbers going up, but 'guidance' when you see flat or decreasing numbers produces not-so-nice results. That's why Coca-Cola and some other large companies are now out of the 'guidance' business.)

From an executive's perspective, requests for predictions are dangerous. Are there going to be layoffs? This question appears to demand a 'yes' or 'no'

answer. But beware: 'No' will be remembered forever and 'yes' will cause immediate panic. There is no requirement for employees to be reasonable. A famous CEO tried to change key work rules 15 years after founding a fabulously successful company. A key group of employees took the position that he was breaking a promise to them, despite the enormous success from which they had benefited and the undeniable need of the company to grow in order to maintain that success.

The substitution prediction understands that when someone asks, "Can you predict if there will be anymore layoffs?" there is a request both for a prediction and for specific information. The answer, "I wish I knew, but I can predict that the company is going to continue to focus on quality improvement and new product development," substitutes another prediction for the one requested.

It's important to use predictions sparingly. Your listener or audience should recognize that a prediction is special. It's noteworthy because of its rarity. Finally, predictions should be strategic – which is what Mr. Ellison was doing via the Wall Street Journal to analysts. The doom and gloom predictions for the industry – no more growth, software industry moves over seas, familiar names being gobbled up – were a platform for him to say that yes, there will be a few survivors. Surprise, surprise, Oracle will be among them. He named other companies, so that Oracle would be included.

Movie impresario Samuel Goldwyn said, "Never make predictions, especially about the future." But I predict that predictions will be a useful technique for the savvy executive.

COVER-UP OR TIN EAR?

Published 04/23/03

Just at the close of contentious negotiations over huge concessions by its unions to avoid bankruptcy, AMR, parent of American Airlines, revealed that it had created a “trust fund” to fund pension plans and special bonuses for top executives. Predictably, the three unions went ballistic. Was this a classic cover-up or does American CEO Don Carty win the ‘tin ear’ award?

At first, it seems like a cover-up. Last October, American created a fund, a Supplemental Executive Retirement Plan or SERP, apparently in anticipation of bankruptcy, after the company realized that its employees’ pensions would be protected but not the executives’ pensions. The plan came to light in a filing with the Securities and Exchange Commission, which had been delayed until after the unions voted on concessions. The cover-up theory even comes with a BIMBO comment from Carty to his employees: “It was not my intent to mislead anyone.” (Remember, a BIMBO comment is where the speaker repeats and denies a negative, causing the listener to believe the opposite of what the speaker is trying to say.)

The classic denial and back-to-back damage control letters to employees make me believe this public relations disaster may be the result of a terminal case of tin ear. Tin ear is the condition where executives say or do what’s important to them without thinking of how various audiences or listeners process information and without thinking of how information flows.

Unfortunately, American linked its protection of the executive pensions with bonuses for executives who stayed for two years. These ‘retention bonuses’ are common and are defended by management and their lawyers as a way of keeping valuable executive talent at a company. However, while the pensions are defensible, the bonuses are highly questionable. True, the employees have pensions, but thousands of employees have lost their jobs. And by lumping and funding the executive pensions and bonuses together, they are linked forever in the minds of employees.

The uproar was so great that the executives decided to forego the bonuses. However, instead of saying that the bonuses were a terrible idea, Carty wrote, “The goal was to give senior officers incentive to stay with the company when many were offered more generous packages to go elsewhere.” First, this tells employees that all executives care about is money at a time when American desperately needs to build team spirit. Worse, I don’t think it’s true. In this economy? What company or industry is wooing these executives and offering to double their salaries?

Executives should build communication based on understanding what makes their key audiences hear, believe and remember key messages. This is a radical

shift from the attitude of most companies, whose mindset is “What do we want to say?” or “What do we think the listener needs to know?” The middle word, believe, is jeopardized by American’s choice of words. One of the commandments of good communication is never to say (or write) things you don’t believe. Your audience will quickly figure out that you don’t believe what you’re saying.

In the same letter to employees, Mr. Carty wrote, “Throughout this restructuring process, our chief priority has been to communicate effectively with you, our employees, and it is clear we have not done so.” As my teenager would say, “Duh.”

Now, the business or management issue here is “Why?” Who is advising the management team on communication? Were the advisors also unaware of the SERP and bonuses? Three questions come to mind. One, if the advisors didn’t know about the SERP and bonuses, that’s a serious commentary on how American values and understands how to use wise communication counsel. On the other hand, if the advisors knew, but didn’t explain that these were major landmines, they fall into the category of high priced but incompetent consultants. And finally, if the consultants knew, made their case but were ignored by American’s management and lawyers, it doesn’t speak well for the company’s willingness or ability to listen or its judgment. Again, the problems here involve the linkage of the executives’ pensions with the bonuses and the decision not to clearly explain that to employees. It was certain to leak out – as it did.

William Webster, former director of the FBI, used to say that he hired people if he thought they had good judgment. When I asked him how one developed good judgment, he grinned and said, “From all the times you used bad judgment.”

Looking at the big picture of the airline industry and American, Carty has certainly been trying to create a viable, profitable, stable airline. Unlike some of the mega egos that have swooped into the other airlines and pillaged them, he seems to genuinely care about the employees and the future of the company. Let’s hope this was one of those opportunities to develop better judgment in the future.

REPORTING ON REPORTERS

Published 04/13/03

Americans are watching war. While journalists tell us a lot about the military action in Iraq, we are also learning a lot about reporting.

First, the concept of so-called embedded reporters has changed reporting. The Pentagon knew that reporters would try to accompany the troops on the ground, potentially endangering the troops, themselves as reporters and the secrecy of the operations. In Afghanistan, reporters tried -- and frequently succeeded -- to see what was happening in the field. So the Pentagon took the risky, but important, step of including the journalists up front in Iraq.

What will this mean for other kinds of reporting? Will we see sports reporters working out with the National Football League or caddying at the Augusta golf classic? Or will journalists with business degrees attend executives' meetings? Or space reporters following National Aeronautics and Space Administration engineers?

The first benefit of "embedded" reporting is that we, the audience, know a great deal more about the troops, and our respect and appreciation has skyrocketed. We see their professionalism, their sacrifice, their courage and their commitment. Another benefit is that the troops are obviously conscious of the scrutiny and of the responsibility to live up to our highest expectations. Interestingly, the troops' demeanor and behavior is causing reporters to consciously or unconsciously behave -- and think -- similarly.

However, the same cannot be said for the daily briefings in the command center in Qatar where reporters are more concerned with asking sensational questions, which may get them airtime on their own networks.

When reporters clump together, they behave like a pack, and many of the questions are an embarrassment. But they certainly are predictable, and the brass are giving us lessons in how to handle them.

The "Either-Or" question. A correspondent from a French publication asked Gen. Tommy Franks, "You have found no weapons of mass destruction. Do you admit the campaign is a big lie or a cover-up?" The general replied that the campaign at the time was only 72 hours old and he wasn't going to respond to the rest of the question.

The "False Assumption" question. One reporter began a question, "Now that thousands of Iraqi citizens have been killed by Coalition bombs... ." Brig. Gen. Vince Brooks listened and responded, "I don't accept your premise."

The "You Said Something Different Yesterday" question. Reporters complain that yesterday or last week, someone said something different. The answer is always the same, powerfully put by Gen. Franks in one of the first briefings. He said, "We will tell you the truth as we know it." Personally, I'm waiting for some colonel to get fed up and respond, "That was then. This is now. Things change."

The "Why Don't You Know Everything and Why Don't You Know It Right Now" question. During the first week of the campaign, an explosion rocked a market in downtown Baghdad. Iraqis immediately blamed coalition bombs. Military spokesmen initially said they could not confirm the report. Within two days, they said that all of the U.S. and coalition ordinance was accounted for. Translation: "Not ours, boys."

But reporters insisted on knowing, if it wasn't you, who was it? Again, I'm waiting for the briefing officer to respond, "Who do you think I am? The Wizard Dumbledore in 'Harry Potter'?" The briefing officers are resisting what has to be a huge temptation to be flip.

The "Unnamed Quote" question. "Sources say," and "Iraqi citizens tell us," questions pop up like proverbial weeds. Here is one area where the briefing personnel could improve. They should begin each response by indicating whether they have heard or have not heard the purported quote.

By definition, "quote questions" are only part of what the person-group-source-study actually said. If the speaker responds, "I haven't heard that," the question is invalidated. All the speaker has to be is truthful. Every quote question will fit into "I heard that" or "I haven't heard that." Then, the speaker should substitute with a quote of his own, which can also be named or unnamed.

Education Secretary Rod Paige has learned this lesson. Judy Woodruff of CNN asked him, "Critics say that vouchers will drain money away from public schools." And he replied, "The opposite is true. Studies show that public schools improve when charter schools exist." She quotes the critics, that's her job. He quotes the study.

We will continue to follow the mesmerizing drama. Reporters should note: We are watching the war, but we are also watching them.

ARNETT'S BAGHDAD BOO-BOO

Published 04/09/03

Peter Arnett, recently fired from NBC for giving an interview to Iraqi TV, has provided a lesson in media relations in today's global society.

The facts were not in dispute. Arnett, working for NBC and *National Geographic Explorer*, was reporting from Baghdad. As veteran newsman Walter Cronkite wrote in the *New York Times*, "A reporter is only as good as his sources," Arnett had good sources in Iraqi President Saddam Hussein's ranks. Again, quoting Cronkite, Arnett did the interview, "to curry favor," and praised the Iraqi regime for allowing him freedom. He criticized the Bush Administration and opined that he thought American public opinion would turn against the war. He also noted that he was not surprised by the fierce resistance, adding that he had predicted this, but that the Bush Administration didn't listen to him.

What lessons can the rest of us learn from this? First, communication has gone global just like the rest of the economy, and a related lesson, there are many audiences, and they can hear things differently. Arnett made his comments apparently impromptu to an Iraqi reporter. He clearly was thinking only of impressing his sources with his willingness to see things their way. But his comments were heard in the United States within minutes of being aired in Iraq.

Perhaps not within minutes, but comments made in one locale can have a significant impact elsewhere. A sales person in Brazil who worked for one of our clients, one of the world's largest, most respected companies, said in a speech to a local marketing organization that they expected to increase market share. He was actually referring to a narrow, specific product and to certain market segments in Brazil. The wire copy repeated the "increase market share" comment which, within a day, had circulated worldwide. It didn't make the front page, but enough people saw it to have an influence on the stock price. That's a recipe for a Securities Exchange Commission investigation and shareholder litigation.

Next, a competitor will pounce on your mistakes. Fox News played the Arnett story over and over. Quebec Premier Bernard Landry was discussing poverty and hunger and commented that women who could not feed their own children were "less than birdbrains." Reporters were quickly tipped off, and opposition party leaders were only too happy to jump in, "He said what?" Three weeks later, Landry was speaking to a business group and was asked again whether he had offended women. When he replied, "Don't talk to me about women," adding he'd rather talk to the president of a life insurance company, his opponents cheerfully repeated that comment.

Third, you don't have a personal opinion. Premier Landry represented the Parti Quebecois. Arnett represented NBC. Companies need to learn this lesson and

teach their employees. McDonald's is being sued by a woman whose face has thickened skin and a huge purple port wine birthmark. A manager allegedly told her she wouldn't be promoted because she would scare children.

Fourth, the presence of a television camera guarantees everlasting life. Arnett, of all people, should have known that something electronically recorded would be re-played. Interviews with the CEO of Exxon during the Valdez oil spill are still being replayed as is President Ronald Reagan's 'mike check' before one of his Saturday radio broadcasts in 1984 where he jokingly said, "We begin bombing" -- the Soviets -- "in five minutes." A corollary to this is that anytime a camera is around, it's real television. In Arnett's case, it was real television, even in Iraq! And we could see and hear him. And he sounded very critical and arrogant. The lesson here for business is that corporate television and videotaped depositions need to be viewed as real television, too.

Perhaps the final lessons are more ambiguous. We live in a celebrity age. Arnett had turned himself into a controversial celebrity. As such, anything he says is fair game. The Dixie Chicks just learned this when lead singer, Natalie Maines told the audience at a performance, "We're ashamed the President of the United States is from Texas." Within hours, that comment was being replayed, and fans made it clear they were ashamed of the Chicks. Despite an apology from the group, stations and fans around the country are boycotting their songs. One of the perverse aspects of celebrity is that missteps can ultimately bring more celebrity. Arnett was hired within hours by one of London's leading tabloids. Other journalists may sniff that he is lowering his journalistic standards, but he certainly raised his market value.

Perhaps if Marshall McLuhan were alive today, in addition to saying, "The medium is the message," he's add, "The message is the media."

MICROSOFT AND PR101

Published 03/26/03

Microsoft is trying Public Relations 101 -- in China. While what they are doing is interesting, more interesting is what they are not doing.

Microsoft's situation in China has been well-documented. China is piracy central. Some estimates are that 90 percent of Microsoft Windows XP sold in China is bootleg, counterfeit, fake.

The reason is easy to understand. A box of the real software sells for over \$200. The rip-off price is \$5.50. China promised to clean up its act in order to gain admission to the World Trade Organization -- and then proceeded to ignore the rules. With PC use skyrocketing, Microsoft saw a rich market. What to do? They first tried litigation, suing every firm they could. Predictably, that myopic strategy failed. Where did they think they were? South Texas? There is no such thing as Rule of Law in China.

Plan B was PR 101 -- meaning they are contributing to community, charity and educational causes and institutions. In their business dealings, Microsoft is supporting Chinese entrepreneurs and small companies they wouldn't have blown their corporate nose with before. The strategy is to hang on for the long term, encourage Microsoft adherents and hope the Chinese mentality decides eventually that piracy is dangerous to its own, home-grown industries. I certainly hope this strategy is correct, but in the meantime, I would like to point out some things which make China different.

First, while other Asian nations may have passed this way already, China's home market is potentially large enough to support its own businesses for several decades. It may not buy the argument that it needs to protect Chinese companies' needs to export safely.

While a long-term strategy is dubbed "visionary" by business magazines, the guy who said, "In the long term, we're all dead," was correct. What happens if Linux continues to expand?

American Enterprise Institute scholar James Glassman writes about China, "Foreign investors are welcome to insert money blindly and hope more comes out the other end. But there are minimal legal protections, poor financial reporting and little transparency." For respect of intellectual property to develop, the Chinese will have to repudiate Communism and the ruling elite and endorse private property. That's a fairly tall order.

All of what Microsoft is doing is well-thought-out, admirable and standard PR in the best sense. They're using business and communication strategies designed

to create and maintain a reputation that will sustain the company and its products.

Now, let us examine what Microsoft is not doing. Although they may be supporting democratic initiatives through intermediaries, they have publicly ignored the linkage between the development of true democracy and transparency in government with their own ability to protect their software. Although Microsoft is supporting a community of technology users, they are not supporting a community of democratic thinkers. For Microsoft, the two are inextricably linked.

It is important to support the people who are trying to develop the philosophical infrastructure of a country -- not just its industrial, corporate or financial infrastructure. It is folly to think that business could exist in countries like China as it does here in the United States without the philosophic or democratic values and the institutions that grow from them.

On the more mundane business side, Microsoft might learn some lessons from companies like Publishers Clearing House, Mary Kay or some of the vitamin supplement direct marketing companies.

Many companies sell products which are -- charitably expressed -- higher priced than their competition. To do that successfully, they create a real or perceived benefit. Publishers Clearing House actually does award millions of dollars to subscribers of their magazines, always noted by much fanfare and publicity. The fact that subscribers have a greater chance of being struck by lightning than winning doesn't deter millions from subscribing through Publishers Clearing House.

Direct marketing companies such as Mary Kay and numerous vitamin supplement manufacturers sell their products by enlisting their customers as their advocates.

Many serious businessmen and women turn up their noses at the thought of learning any business principles from the ladies in the pink Cadillacs and the people who earnestly want to talk about electrolytes, or whatever the supplement is supplementing, but the results are undeniable. They create their own distribution system and use these techniques to protect and maintain control of their product.

I haven't heard of any pirated Mary Kay products in China, and while Microsoft's margins are rumored to be in excess of 80 percent, the margins on lipsticks, powders and vitamin pills must be right up there.

Microsoft will continue to be one of the world's most scrutinized companies -- for what it does and what it doesn't do.

ADS DON'T WORK

Published 03/19/03

Ads don't work. That's the conclusion the State Department came to when it recently cancelled its "U.S. loves Muslims" campaign and initiative headed by advertising icon Charlotte Beers, which tried to buy time on Arab TV networks to show video of American Muslims talking about life in America.

This campaign shows the limits of advertising. Corporate America should pay attention to this lesson because companies concentrate far too much on paid media to reach key constituencies.

The State Department's effort suffered from a low budget, limited commitment and a complicated message. The Department's \$15 million budget pales in comparison to the \$50 million that the makers of Baked Lays spent to launch their potato chips in the United States.

The State Department's campaign lasted less than a year. By comparison, Intel advertised "Intel inside" for four years before it penetrated consumer consciousness.

The Baked Lays message, baked and less calories, was perfectly suited to an ad campaign. Not so with the "Americans love Muslims" message that Beers was trying to send into hostile and uneducated territory.

By "uneducated," I mean that Arab audiences may know about Coca-Cola, *Penthouse Magazine*, Brittany Spears and American movies, but their knowledge is limited when it comes to our history and how we came to be a nation which values freedom, individual rights, private property, entrepreneurship, enterprise and equality. The audience understands little about how we came here from Western Europe, and then from all corners of the globe, to get away from stifling, class-based, constricted societies which dictated what a man might do or believe.

The campaign needed real news sent through television and radio messages, and by what I call "ambassador efforts." Ambassador efforts are person-to-person initiatives where the message is spread through personal contact and credibility.

The United States has had an on-again-off-again view of officially paid-for news through Voice of America, Radio Free Europe and the United States Information Agency. But undeniably, broadcasts make a noticeable impact.

A *New York Times* reporter writing from Jordan recently noted that Jordanian support for Iraqi President Saddam Hussein has all but disappeared since 1990 because "satellite television now brings many Jordanians tales of his violent repression in Iraq."

In Tom Clancy's new book, *Red Rabbit*, the head of the British spy agency, Sir Basil Charleston, observes to Jack Ryan, "This CNN news network that just started up on your side of the ocean. It just might change the world. Information has its own way of circulating." Ryan replies, "A picture is worth a thousand words, isn't it?" to which Sir Basil replies, "It's even more true of a moving picture."

But real news tells the good and the bad. It can and should have a point of view - in our case, that free markets and free men offer the best foundation for self-governance.

But real news, even if we were to provide it and beam it in every language around the world, is only part of the picture. People-to-people communication is ultimately the most important route of information. We know this already. At the height of the Cold War, Russian visitors could not believe our well-stocked supermarkets and traffic jams, and they carried those descriptions to their neighbors behind the Iron Curtain.

Several government initiatives exist to sponsor and encourage Americans to travel abroad and speak to groups of peers or residents. The Eisenhower Foundation has the long-established People-to-People program. These use real Americans as the personal carriers for our message of opportunity, diversity and tolerance. These efforts need to be ramped up by a factor of 100 percent.

Modern technology offers the true opportunity to tell our story. As children, we had pen pals in other countries. If every American adult tried to find a few peers in his or her industry or with similar interests and started communicating, we would change how the world sees us. Certainly the voices of opposition will participate. That itself sends a message. But the more powerful impact will be from what we have been able to accomplish in our own lives. This two-way conversation, because we will learn a great deal from our correspondents, is what will change the world's opinion of us. Let advertising do what it does best -- tell us about the weekend sale and Baked Lays.

FAKE RESUMES

Published 03/14/03

There is an epidemic of padded resumes. Even the chairman of job-search site Monster.com, Jeff Taylor, wanted to "be all that you can claim to be." The company's Web site bio said Taylor had an "executive M.B.A./OPM from Harvard." He had only attended Harvard's Owner/President Management program, a program that meets three weeks a year for several years. As the boss, he wasn't fired, but he refused to comment, instead sending a company spokesman to claim, "There was no intent to mislead." Chicken.

If you have inflated -- let's face it, falsified -- your resume, you will be found out. And you won't be let off as easily as Taylor. Want proof?

-- George O'Leary, Notre Dame's football coach, said he had a master's degree in education from New York University. He didn't. He's no longer at Notre Dame.

-- Ram Kumar, research director of Institutional Shareholder Services, claimed a law degree from UCLA. He didn't have it. He's gone.

-- Kenneth Lonchar was CFO of Veritas Software but not an M.B.A. from Stanford. He "resigned."

-- Bryan Mitchell, chairman and CEO of MCG Capital, claimed a bachelor's degree in economics from Syracuse. He didn't have it, and the discovery cost him the chairman's title and two years of bonus.

-- Ron Zarrella, CEO of Bausch & Lomb, invented an M.B.A. from NYU, and forfeited a million dollar bonus.

Some people pad their resume when job searching. Don't do it. More and more employers are running basic checks today. If you are hired, most employment terms today provide for automatic dismissal if you are found to have misrepresented yourself.

What if you're already ensconced in a job, like those listed above? My advice is to take control and fess up. Of course, this doesn't mean stumbling emotionally into the boss's office. "Jerry, I've got to get this off my chest." Develop your strategy as you would if you were seeking a promotion -- which, in effect, you are. Marshall your accomplishments, particularly comments from higher up.

Depending on where you are in the corporation, you may want to consult your own lawyer. If you work for Monster.com, they'll have a hard time firing you given that Taylor was allowed to correct his bio. But if you work for a company that's fired someone for resume fraud, you face a tougher challenge.

Do some research on how the company has handled other tough issues like charges of sexual discrimination or harassment or drug use. It's true that many of these categories are hemmed in by legal regulation. However, you're looking for the opportunity for redemption.

While your company certainly has tough sounding policies on these issues, in today's large companies, the chances are good that someone got a second chance. You want to be able to argue that what you did is far less serious, and you've come forward voluntarily.

Now, come forward: You will probably want to consult the human resources department first unless you have a relationship with the legal department that frequently has more clout. In either case, you want an internal champion. You need to admit what you've done, apologize, and volunteer to lead any kind of internal initiative to help others. Don't minimize your actions. Don't say, "Everyone does it," and don't be defensive.

This last admonition takes you into preparation and rehearsal. One of the most frequent problems in discussing difficult topics is that the individual involved is embarrassed. He or she appears defensive and belligerent -- not the proper posture for seeking what we all want and need at some point, which is a chance to try again. I'm not saying this is easy, but I am saying rehearsal improves your chances.

To use the above strategy -- you've got to believe you did something wrong and truly want forgiveness and to make amends. If you only want to mouth the words and get something unpleasant behind you with a minimum penalty, forget the above advice. Your attitude will come through and this strategy won't work.

Finally, if you know that a colleague has manufactured or puffed credentials, you have a role to play, too. Urge your co-worker to try to clean up his record voluntarily. Be prepared for that afore-mentioned show of belligerence and defensiveness, but clip this column and stuff it in your colleague's pocket. You may save his job.

LESSONS OF COMMUNICATION

Published 03/06/03

I see too many examples of what I call the "illusion of communication." This occurs when the speaker or writer begins with the attitude of what they want to say or what they think we -- the listener or reader -- need to know. This appears to make sense only until you ask "How much does your listener, reader or audience actually remember?" Everyone knows the answer is -- just a little.

Paradoxically, the more you try to "tell" the listener, the less he or she can process.

Among the worst examples of the illusion of communication are the so-called "disclosure statements" found on the packaging of many products and in advertising. In radio, these are the 10 seconds, which go by at light speed and tell you a vast number of facts none of which you ever remember.

Some years ago, I enlisted a class of my graduate students to listen to a number of radio ads with such "disclosures" and then gave them a survey to see what they retained. These were graduate business students at the Cox School of Business at Southern Methodist University, and they remembered almost nothing.

Human resource departments are another offender in providing the illusion of communication -- although all departments in a company can be equally guilty. How many brochures, memos or folders about benefits have put you to sleep? The usual mistake is to try to cram too much into whatever they're providing. Again, just because you're covering the information doesn't mean your audience is absorbing it.

Want some automatic audience grabbers? Think immediacy, passion, pacing, engaging and humor.

Immediacy. In printed material, you have words, layout, pictures and other visuals at your disposal. However, to engage the audience, you need several other things.

First: immediacy. A reporter for *The New York Times* once told me he had 100 stories approved by his editors that he hadn't gotten around to writing because they didn't answer the question, "Why do I have to pay attention to this today?" You always need to ask, "Why does my reader/audience need to pay attention to this today?" If they don't, you're already on different wave lengths. You may want to provide the information today, but if your listener doesn't need it -- really, really need it -- today, they aren't listening. They're thinking, "I'll deal with that later."

Passion or interests. If Dante lived today, one of his Circles of Hell would have endless presentations by presenters who themselves aren't interested in what they're saying. And whether you're into your material or waning, your audience will pick up your level of interest or passion.

Pacing. The Circle of Hell presentation also goes at the same pace, is part of a panel where all the presentations go at the same pace, and where they are all illustrated by PowerPoint. Any overview of Shakespeare points out that he paid a lot of attention to the pacing of his plays. Think about the breathing space provided by the gravedigger in "Hamlet."

Engaging the listener/audience. The best teachers or professors are those who didn't lecture but who asked the class questions, bantered with them and used two-way communication as a vehicle to make sure the students grasped and understood.

Humor. Perhaps this is the most controversial weapon in overcoming the illusion of communication. Listening to many presentations, one might think that there was some prohibition against using humor, but it's the most powerful weapon to draw your listener or reader into the material.

Disclaimer: Humor does not mean yucks or worse, yucky jokes. One of my most successful speech re-writes with a client involved a presentation designed to encourage employees in a Fortune 500 company to increase their contributions to their own 401(k) accounts. The presenter -- someone from their finance department with an accounting background -- did the presentation the way Regis Philbin might have done it on "Who Wants to Be a Millionaire?"

Donning the famous eggplant shirt and tie color scheme, he involved audience with "tests," prizes, "life lines" and a multitude of props. The million dollars, of course, would be won by all who saved enough. The executive did the presentation with great energy and the ability to poke fun at himself. The result? This presentation was so popular that various departments requested it.

Which, of course, is the ultimate benchmark of real, versus illusionary, communication. When your audience wants more.

FAIR? WHAT'S FAIR?

Published 02/27/03

Former President Jimmy Carter said, "Life isn't fair," and he was roundly criticized. He meant that life is full of unfairness, but also -- particularly in this country -- full of opportunity.

In the private sector, "fair" means treating people with respect and honesty, living up to a mission and following certain rules and regulations.

We work with a number of companies that are downsizing, laying off workers or closing plants. It's important for company leaders to say, "We will treat you with respect and treat you fairly." Then the company needs to do the best it can to provide severance pay, outplacement assistance and encouragement. If the company delivers on what it says it plans to do, employees overwhelmingly believe they've been given a fair shake -- even if they are inconvenienced or suffer.

"Fair" also includes a sense of honor, stewardship and leadership. Good leaders do not fatten themselves when their troops, for whom they are responsible, tighten their belts. Companies undercut their message of fairness when they insulate executives, or worse, reward them.

The public policy meaning of "fair" is in the middle of an interesting identity crisis. Liberals initially preferred a definition of "exactly the same." In other words, the Equal Opportunity Commission says if your local population is 48 percent African-American, your workforce needs to be 48 percent African-American. We see the same debate over women's sports, or Title IX. If 52 percent of your students are women, 52 percent of your athletes must be women. It doesn't matter that fewer women try out for sports or that almost 100 percent of students who dance are women or that cheerleading isn't counted as a sport.

The definition of "fair" is front and center in the debate over university admissions policies designed to foster diversity. The University of Michigan grants members of certain minorities an automatic 20 points, no matter what their family background or financial status. They are being sued by students who didn't get accepted. These students are arguing in the court of law that it's unconstitutional and in the court of public opinion that it's unfair. It's a sticky legal issue because our laws are not sure whether the civil rights movement was meant to remove race-based laws, or enshrine them to benefit groups previously discriminated against.

Can one argue "exactly the same" in one breath and "this person gets an advantage" in the next? To understand this, note that the pro-quota side in the Michigan debate wants to be "fair" to groups and is willing to sacrifice individuals. (A black or Hispanic child of two well-off physicians according to the application

of this principle is worth more than the white child of a single mother high school graduate who's a clerk at Sears. To substantiate its position, the pro-quota group correctly points out that other groups, such as alumni children, receive an automatic 3-point advantage.)

Here is the difference between the argument in the court of law and in the court of public opinion. The Constitution, although muddled about race, at least mentions race; it is silent on the subject of alumni children. The court of public opinion generally thinks if you can give points to alumnae kids, you can give them to minorities. I do not agree with that, but as your faithful reporter, I feel obliged to point out that most Americans do not run to check the Constitution when forming an opinion.

America has discovered that those who anoint themselves the recipients of "unfair" treatment find a powerful weapon. The daughter of Washington Redskins coach George Allen shared an interesting memory about her father, recalling that after his team lost because of a referee's flubbed call, Allen hollered "unfair," and nursed that wound until his players were consumed with anger. The "unfairness card" fueled a winning season the next year. That's what's happening today. Nurse this indignation over "unfairness" and win your next round. Never mind the risk of creating a state of permanent rage or a sense of separation and oppression.

Is any of this "fair?" No. Because you can't make sense of this by arguing that there is or should be some mystical standard, which grants "fairness" to any one person, all the time. President Carter, we need you! Come back and remind us that life isn't fair. And the sooner we are brave enough to acknowledge it, the sooner we create a system with enormous amounts of opportunity.

Moral: Use this powerful and very American word very, very carefully, and argue that it means opportunity -- for all.

THE POWELL PACKAGE

Published 02/19/03

Anyone who wonders if this is the MTV age has only to look at the presentation delivered recently to the United Nations by Secretary of State Colin Powell.

It was that most traditional of speeches, yet it had more in common with a Super Bowl television commercial than with Winston Churchill's oratory. It was 10 percent message, 60 percent visuals or packaging, and 30 percent delivery. Pictures carried the message, particularly the picture of Powell holding up a small vial which, he said, if it contained anthrax of the strength Iraq is believe to have been making, could wipe out a small city.

The title of this column is "Words Matter," so obviously I think they do. But executives today need to understand the importance of marrying words with images through strategic packaging and delivery.

Powell redefined the old adage "a picture is worth a thousand words" as "a picture carries your message." His images' power came as much from what we didn't understand as what we did understand. He combined his commentary with graphics and animation to guide the eye before revealing the secrets of what different objects represented. For example, a pile of rubble? No, a recently unearthed and moved potential armament.

No self-respecting ad would stop with still pictures, no matter how interesting the image, and the secretary similarly obliged with audio and video. No matter that the audio was in a language we couldn't understand. Powell knew that we are all used to news reports where the interviewer plays a few seconds of the actual words of the speaker in a foreign language, then moderates the speaker's voice and translates. The translated words also appeared on screen, to make sure we wouldn't miss words like "nerve gas."

The picture of Powell holding up the small vial was carried on the front page of *The New York Times* and the cover of *Newsweek* as well as by numerous other publications. The picture encapsulated and replicated his message to millions of people.

Few business people address the United Nations or talk about weapons of mass destruction, but they could learn very real lessons from his performance.

First, if you rely just on words, no matter how powerful, you've handicapped yourself. It is true that President George W. Bush confined himself to spoken words in his remarks to the nation on the Saturday the Columbia space shuttle was lost and again for the memorial service. But let's face it, how many times do executives have something of that magnitude? In the 2002 State of the Union

speech, Bush did use a prop, holding up the badge of one of the police officers who died in the Sept. 11, 2001, tragedy.

Your audience expects these enhancements. If you fail to use them, you risk being dismissed as out of date. Pictures, video, audio and props are not hard to integrate into presentations. But it requires several things: thinking ahead, using these effects for the right reasons, and lots of rehearsing.

Too many business people fail on all three accounts. They hastily translate their words or charts onto PowerPoint at the last minute. Or they put the props or other effects in without thinking what point they want to reinforce.

Obviously, Powell thought through his message brilliantly. The tiny vial with its huge killing potential vividly emphasized why inspectors would never be able to find all of Iraq's chemical weapons given the present regime's attitude and history.

And finally, all too often, business people just don't rehearse.

There are a variety of sophisticated techniques that help a speaker marry a point with an enhancement. Several years ago at a Congressional hearing, Thomas Barksdale, then-chief executive officer of Netscape, made the point that Microsoft had a monopoly. Rather than just say it, he twisted back to look at the audience in the hearing chambers. "How many of you use an Intel-based PC?" he asked. All hands went up. "How many of those systems don't have Microsoft's operating system?" All hands went down. Barksdale turned back to the senators and said, "Gentleman, that's a monopoly."

How do I know this? It was the centerpiece of the news report on the hearings. Just to make sure the poll came out the way he intended, and showing it was certainly planned ahead of time, Barksdale told anyone in the group with a Mac not to participate. He said "Microsoft is a monopoly," but it was made real and powerful by the technique of involving the audience.

The Powell package was powerful, and while it may not have persuaded the French or German governments, it should at least persuade the modern executive to emulate him.

LOVE AND TAXES

Published 02/12/03

Valentine's Day is just around the corner, and florists are pushing flowers as "the language of love." Anyone following the news knows the debate over tax legislation is beginning in earnest. Policy-makers and elected officials are squaring off. Their weapons? Words. The language of taxes is not as romantic as that of love, but it will affect you a lot more.

This language war has actually been getting interesting for some time. In the last Congress, Republicans and some Democrats renamed a tax and won a victory. The "estate tax" became the "death tax" and resulted in the first meaningful reform of what working people could pass on without taxation, despite complex schedules and regulations and a weird provision returning heavy taxation in 2010.

The name change was key. The public did not favor abolishing the estate tax. Super-rich people have estates, probably for their polo ponies and servants. The public did, however, favor abolishing a tax on the lifetime savings of somebody who owned a store or business and who had paid taxes on the money he or she saved. Or on a family with a farm which had increased dramatically in value, although not in generating cash, simply because the land was more valuable to developers. Or on a business someone like me had built up over decades.

If I leave my business to my children, they have to sell it to pay the taxes, or I have to buy insurance which costs about as much as one employee salary per year. Translation: one less job.

The public thinks those people have a right to pass that money on to their kids. The change in language changed public perception and the political outcome.

A vivid example of how the name of a tax helped get it passed was the ill-fated "luxury tax," passed in 1991 to increase taxes on presumably frivolous or unneeded items such as expensive jewelry, yachts and private planes. Democrats successfully promoted the idea that this would be sort of "free money." The history of what actually happened should be a required case study for every American -- because it is so easy to understand.

Ordinary workers built those yachts and planes. Anyone who wanted a yacht -- just a boat with a fancy name, another example of how names influence perception -- could buy a used one or could decide to make so with the current one. 25,000 jobs were lost in the boat building business, many in the New England states whose senators pressed for a luxury tax. Government paid \$24 million in unemployment compensation to those workers. The "luxury" tax turned out to be a luxury the country really couldn't afford. Luxuries were defined to include beer. Why ordinary Americans put up with this is beyond me.

Now we are discussing how to tax income. It is an economic debate -- where will infusions of money boost the economy most? -- and a philosophic argument. Who should make the decisions about spending that cash? Liberals want government to allocate resources through what they call "targeted tax cuts" or increased "worthwhile" government programs.

Notice, that a "targeted tax cut" means you reward dependable voter groups, and a "worthwhile government program" is also one which rewards your allies. Conservatives, largely but not exclusively Republicans, argue that our economy is increasingly dependent and needs to reward investment and risk taking. Put money back in the hands of people who invest it, and they will use it to fund productive industries, expand companies that provide jobs and so on.

As with the death and luxury taxes, this is a war of words. The Democrats have attacked the president's plan as providing tax "breaks" for the "rich." The word "break" implies something undeserved. As in, "the cop stopped me for speeding but he gave me a break," meaning he didn't give me a ticket. No one defines himself as "rich," so this means some other guy will pay the bill.

To counter the concept of "breaks" for the "rich," Republicans need to hold on for dear life to words like "fairness," "jobs" and "working Americans," since that's how most of us see ourselves, and assure Americans, "It will work," and "We must allow people to invest in the future."

There is a tendency to get bogged down in facts. When the Democrats trumpet the Brookings Institute's comment that 60 percent of the tax "breaks" would go to people making more than \$100,000, Republicans rush to point out that the top 10 percent of wage earners pay 67 percent of the taxes, the top five percent pay 56 percent. A few people make decisions based on macroeconomics. Most of us do not. On the issue of taxing income, Republicans have an uphill language battle.

They are in better shape on the issue of "double taxation" of dividends. The word "double taxation" sounds unfair from the get go. The Republicans have a chance to gain the advantage with language. President Bush's proposal is fairer, and it will improve how American business operates. Only after stating the principle, do you get to the facts: if a company makes a profit, pays taxes, and pays the money that's left to shareholders, the shareholders shouldn't have to pay another income tax.

For example, my little company makes money, pays our employees and those salaries are deducted from our overall earnings before taxes are figured. Then the employee pays taxes on his salary. The idea is to treat dividends the same way. Or, a big company can borrow money to expand, and deduct the cost of interest but not the cost of dividends. Many companies attract investors by trying to boost share price rather than paying dividends. We all know where that's led CEOs over the past few years.

Somehow, I don't think Americans are going to decide to favor ending double taxation by the arguments about interest deductibility or global competitiveness with countries which don't tax dividends. I think Americans will decide because they think a "double tax" is unfair. They want to hear their leaders say, "The president's proposal is fairer, and we believe it will make the system work better."

The communication principle is that a simple promise, articulated by someone the listener trusts, is more important than a complicated analysis, no matter how persuasive to the sophisticated listener.

There are a few more words in the debate, closing "loopholes" prime among them. Like a "break," a "loophole" is something the recipient has unfairly exploited. "Loopholes" are actually created by Congress' inability to resist complexity. Personally, I hope the administration will press Congress to limit the annual complexity tax to ten new pages of regulation in 14 point type.

Roses may be the Valentine's language of love, but in the language of taxes, both Gertrude Stein and Shakespeare were wrong. In taxes, "A rose is not a rose is not a rose," nor will 'a rose by any other name smell as sweet,' when we're talking about the taxes paid by the guy who owns the rose growing business.

Democrats want voters to think the business owner is "rich." Republicans need to point out that business will hire more rose growers. The Democrats will point out the owner lives in a big house, so Republicans need to point out that more rose growers will be able to buy their own houses.

Ladies and gentlemen: the battle has begun. Choose your words.

WORD-OF-MOUTH POWER

Published 02/04/03

Does an advertiser have to honor an ad, even if it's a mistake?

Starwood, the big hotel giant, has a new resort in Bora Bora. The bungalows are on stilts over the water. Being an up-to-date, savvy marketer, Starwood lets you book your hotel rooms over the Internet, but whoever entered the \$850 per night rate missed the zero, so the rate appeared to be \$85! Some 136 people found the bargain and booked more than 2,600 hotel nights. Starwood says it can't afford to honor the reservations, because it could cost more than \$2 million if the people stay all the nights booked. Customers are mad.

What should Starwood do? The hotel chain is trying to placate their customers. They have offered them a \$541 per night rate -- still very steep -- and they have offered to reimburse customers who bought nonrefundable airline tickets.

I think Starwood is missing something. They say \$2 million is at stake. It is probably not that high. The 136 people apparently booked more nights than they can use. Starwood could say, "We'll honor the reservation for you, but you can't pass it on." For discussion sake, say they stand to lose \$1.5 million.

The first lesson comes from Texas Cadillac dealer and customer service guru Carl Sewell and what he learned from retailing genius Stanley Marcus.

Sewell had a customer who didn't think his new Cadillac's engine worked right. The customer returned over and over to complain, demanding a new engine. Sewell didn't think it was justified. Stanley Marcus asked him about his advertising budget. If Sewell skipped one month of advertising in a local magazine, that would pay for the cost of the new engine.

Sewell took the advice, skipped one month of advertising and gave the customer a new engine. The customer promptly bought two new Cadillacs for his wife and daughter. The Sewell legend of service was born, and today, Sewell Cadillac is among the largest, most profitable operations in the country.

What can Starwood learn from this? Suppose they took \$1.5 million out of their advertising budget and enlisted the lucky 136 people as their ambassadors. They could offer them this deal: we'll honor the reservation if you'll write to 50 friends about your once-in-a-lifetime stay. You could even e-mail messages -- with pictures of course -- from the resort. In addition, Starwood would want them to give an interview to their hometown newspaper or TV station. The 50 friends all have to be potential guests, and Starwood would let its lucky guests offer them all either a discount or something else at a Starwood resort. It could be Bora Bora. It could be any resort.

Would you take that deal? A \$850 bungalow in Bora Bora for only \$85, and I only have to tell 50 friends about it? All of whom I get to give something of value? In fact, I get to e-mail pictures of my spouse and me on that crystal clear water. And am I willing to tell my home newspaper about my adventure? I would do that, would you?

The next lesson comes from the DoubleTree Suites hotel chain, owned by competitor Hilton Hotels. Last year, tens of thousands of Americans heard the saga of two salesmen who landed late at night in Houston, only to find their guaranteed hotel room had been given away. The salesmen were angry enough to file their complaint as a screamingly funny PowerPoint presentation. They shared it with their friends, who shared it with their friends, who shared it with their friends. And so on.

Hilton apparently apologized, but the PowerPoint took on a life of its own. Hilton then made a serious mistake. They threatened the complainers with the unauthorized use of the Hilton name. Of course, that communiqué followed the person-to-person path of the PowerPoint around the country. The PowerPoint is still floating around. There is a diagram of the career path of "night clerk Mike." After his peak accomplishment of abusing tired customers, he descends to "septic tank cleaner." And a parody of x-y axis analysis which places the Doubletree Suites in the "declining" quadrant along with the Kabul Youth Hostel.

The lesson to be learned is that person-to-person communication is the most powerful form of communication. The success of the movie, "My Big Fat Greek Wedding," is an example of people telling other people what they loved. Corporate America always says it values its customers, but it rarely tries to enlist them as ambassadors. In contrast, the direct marketing companies such as Mary Kay have for years enlisted their customers to carry their message to other, potential customers.

Starwood can afford a \$1.5 million, or even the full \$2 million investment. It would reinforce that Starwood keeps its word, even if it makes a mistake and that it believes so much in its properties that it will rely on word of mouth comments to bring in customers.

This is an opportunity for Starwood to think creatively and reap a Bora Bora bonanza of attention. I predict it would be worth a lot more than \$2 million.

FOOT-IN-MOUTH DISEASE

Published 01/31/03

Columns have explored the investment lessons from 2002, the lessons from business models that failed. But I want to know if American leaders and executives have learned any language lessons. Lesson No. 1 is to avoid "bimbo" comments. The "bimbo" phenomenon in language occurs when a speaker tries to deny a negative word. Listeners tend to ignore the denial, so they actually "hear" the opposite of what the speaker is trying to say. I named it for the young woman who announced in 1994, "I am not a 'bimbo'"; 2002 was a banner year for such howlers.

The winner of the 2002 Bimbo was former Enron CEO Jeff Skilling for a string of comments like, "I did not lie to Congress or anyone else," and "I was not aware of any financing arrangements designed to conceal liabilities or inflate profitability." In 2002, executive after executive tried to change reality by denying it. "We don't have a liquidity crisis, just the perception of a liquidity crisis," said WorldCom's then-new CEO, John Sidgmore. Perception turns quickly into reality, and WorldCom is now the largest bankruptcy in U.S. history.

A spokesman for the drug company ImClone, whose financial shenanigans toppled home furnishings diva Martha Stewart, said, "We in no way intended to mislead the public." In January 2002, Enron CEO's chief of staff, Steve Kean, after the first revelations about the firm's off-balance sheet transactions, also insisted, "It was not our intent to mislead." I guess misleading is fine if it's not intentional.

In all fairness, this problem isn't limited to business leaders. The no-longer-so-young lady who first said, "I am not a bimbo," reappeared in 2002 to comment on the death of her friend, mobster John Gotti, saying, "If he wasn't a killer, he'd have been a decent person."

Also, Easton, Penn., talk show host Ron Angle suggested African-Americans return to Africa if they don't like America. In the ensuing uproar, he defended himself, saying: "I am not a racist. I am not a bigot. I am not an anti-Semite." And from the sports world, after an altercation, New Jersey Net Kenyon Martin said, "I don't care what people think, I am not a thug."

Besides giving us a good chuckle, why do these comments matter? Because they represent a missed opportunity. Since your listener will remember only a little, the choice of language is like choosing the right weapons for the battlefield. It is an opportunity to increase credibility and motivate others. It should never be wasted on denials, particularly when the sin or problem is true. Again, denying something does not abolish it.

To put 2002 in perspective, the 2001 winner was former Rep. Gary Condit of California for comments like: "We have nothing to hide," "I have not been silent," "I did not ask anyone to lie," "They do not have any reason to be suspicious," and "I am not stonewalling."

The 2000 winner was the director of Indonesia's Central Bank, Syahril Sabirin, for saying, "I don't think I've stolen any money recently." In 1999, former world heavyweight boxing champion Mike Tyson took top honors, writing to a columnist, "you wrote that I was a recluse rapist. I'm not a recluse."

"Bimbo" comments are a result of traps laid by others. Thus, at congressional hearings probing the Enron debacle last summer, a congresswoman asked Enron's general counsel and the managing partner of Vinson and Elkins, "What's the difference between an investigation your firm does and a cover-up?" The lawyer slid into the trap, repeating the word "cover-up" to deny it, saying, "We don't do cover-ups." From the hours of hearings, that was one of the only comments *The Wall Street Journal* quoted.

This new year has just started, and already so have the "bimbo" denials. In Washington, the head of the teachers union has resigned after being charged by the FBI of spending millions of dollars of union dues on personal luxuries for herself. She was quickly replaced by Ester Hankerson. Now the FBI is looking into Hankerson's use of a union credit card to pay for her granddaughter's travel to a convention of the American Federation of Teachers.

Predictably, the person who is faced with embarrassment tries to blame someone else. In this case, Hankerson blamed her assistant. Equally predictable are the public denials. Hankerson said, "I am not guilty of anything." She added, "Anything that happened with my credit card, it was not because I was trying to take anything from the union."

The teachers union has also approved pensions for staff people, but for years, the money was never deposited in an account to pay them. Hankerson said she didn't know anything about that, either, although she was a member of the executive board which approved the budget and the pension money.

I am a board member for a company, and the amount of paper is overwhelming. That's no excuse, however.

In 2003, I am looking for leaders to take responsibility for their language and follow through with their actions. I wish Hankerson hadn't blamed her assistant but had said: "I'm responsible. I was sloppy, and I didn't live up to the high standards we expect from those teaching our young people. You have my promise to do better, and I'll keep you posted." On the missing pension-fund money, I'll bet the teachers themselves would like to have heard: "This money is in trust. If we can't be good stewards, I'm going to find someone who can."

If our leaders will be honorable in what they say, we can hold them accountable.
And that's our job as citizens.

“‘Words Matter’ is an exceptional teaching tool. A ‘must read’ for CEOs who want to use communication strategically.”

-Thomas C. Leppert, Chairman & CEO, The Turner Corporation

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