

**Harold Burson
PRSA Foundation
Paladin Award
W Hotel (Union Square, NY)
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My Friends and Colleagues in Public Relations:

Being here tonight is extra special for me because I have so much respect for those who elected to honor me on this occasion. I regard them as my professional peers, and I regard them as my friends. It is humbling indeed to stand before so many of you at this stage of my career. In fact, who wouldn't be bowled over to gain recognition as a "paladin" -- especially after learning the dictionary definition, which I eagerly sought after learning of my selection. While I am assuming you all know the definition. I'll repeat it just to refresh your memory.

**paladin (n) 1. A paragon of chivalry; a heroic champion.
2. A strong supporter or defender of a cause. 3. Any of
the 12 peers of Charlemagne's court.**

But despite these lofty credentials, I want to caution you lest your expectations from my talk rise to too lofty a level. In that regard let me tell you a story about Ty Cobb, the long past baseball great. Cobb was celebrating his 75th birthday and the Larry King of the day was interviewing him. 'Ty,' he asked, 'if you were playing baseball today what would you be hitting?' 'Oh, about .225 or .230,' Ty responded. The early Larry King was dumb-founded. "But Ty,' he countered, 'your life-time batting average was .367 and you had two .400 seasons. What would be different now? Would it be that you never had to travel west of St. Louis? Or would it be that you never had to play night baseball? Or maybe that you always played on green turf?' "None of them, none of them," Ty responded, 'you gotta remember, I'm 75 years old!'

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Shortly after I learned I had to make a speech, I began thinking profound thoughts on what I would say: you know, a learned reflection

of my many years in public relations and in the corporate world. I wrote the speech and was even impressed with some of the wisdom it communicated. I read it again and again the early part of this week. Suddenly, a lesson I learned in my association with President Reagan came to mind. And that lesson was “people don’t want to be preached to; they’d rather listen to stories.” So, tonight I am mainly going to tell you stories.

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The first involving President Reagan. During his second term, I was chairman of the Public Relations Advisory Committee of the U.S. Information Agency. The USIA director Charlie Wick and I became close friends. Charlie Wick and his wife, Mary Jane, were the Reagan’s closest personal friends. At the White House. I maintained close contact with Mike Deaver, another Reagan intimate; Don Regan, Reagan’s second chief-of-staff and my former client at Merrill Lynch; Howard Baker, his third chief of staff and senior senator from my home state of Tennessee; and Ken Duberstein, his fourth chief of staff and a senior partner in the lobbying firm Timmons & Company which Burson-Marsteller once tried to acquire.

A couple months after President Reagan left office, in March actually, he learned the New York Times was working on a story reporting the former President had agreed to make a speech in Japan in May for a \$2 million fee. The thrust of the story seemed to be in the direction of “selling the Presidency” for a then-obscene amount of money. Charlie Wick called me and told me the President would like to talk with me. I, of course, was soon off to his home in Bel Air.

The sponsor of the speech was the second largest TV network in Japan. They had already started publicizing the event. The President told me a “diplomatic illness” wouldn’t work because he did not want his sponsor to lose face in a country where face was so important. He also said that an odd set of circumstances had caused him to personally sign the contract and he would honor his commitment. I told him our only option was damage control whose purpose would be that an honorarium of \$2 million was not out of line. We arranged for the President to make another speech and for Mrs. Reagan to visit an Army hospital and to

speaking to a group of Japanese women – in other words, to fill a three-day schedule.

Did it work? Yes and no. It alleviated the situation a bit, but the \$2 million popped up in the media from time to time the remainder of his active life. Some months after his return from Japan, when the two of us were having lunch, he said, “There’s another reason I wanted to go through with the speech: I needed the money. I was renting our home in Bel Air and, years ago when I was barely in my teens, I promised myself I would never rent the house I lived in. I still remember how my mother dreaded the coming of the end of the month because she was fearful she could not scrape up the rent. I used the \$2 million to pay for our Bel Air home.”

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Ole Miss Confederate flag story

(encapsulates my career and defines
the essence of public relations)

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Now for two observations from my original speech:

MY FIRST OBSERVATION

Public relations is no longer the corporate step-child. Most CEO’s get it; some even get it better than their chief public relations officers. Our collective challenge is to develop people with the qualifications that match their counterparts at the management table.

In 1973, I made a speech at the Columbia University Graduate School of Business on corporate social responsibility. In that speech I offered a job description for the chief public relations officer. I believe it has greater specific application in today’s business environment than it had almost 40 years ago.

First, I said, chief public relations officers serve as the sensor (that's s-e-n-s-o-r) of social change. They perceive those rumblings at the heart of society that auger good or ill for their employers. They signal the early warning. And after detecting the yearnings and stirrings, they interpret the signals for the management team. They must identify the situation as it really is, not as they imagine it to be. They must be able to separate social change from current fad. And part of the job is keeping management focused on the problem.

The second role the chief public relations officer must fulfill is that of corporate conscience. In making this statement, I am not inferring that public relations executives behave in ways that are either more moral or more in the public interest than fellow executives bearing other titles. In fact, there are likely others in the corporate hierarchy who possess even more of these attributes. But being the corporate conscience is not part of the job description of other executives. But it should be part of the job description of the chief public relations officer.

The third role of chief public relations officer is that of communicator. The tendency – (especially nowadays) – is to think that communications is their only role. That is hardly the case though it is an important function. Communication for almost all institutions has two main audiences, one external, the other internal. Usually, most emphasis is placed on external communication – especially to the media, both traditional and digital. But, increasingly, internal communication may be even more critical. Remember this: every employee, no matter his or her level, is someone's expert on the company or institution one works for. The sales rep who is nose-to-nose with the customer must have answers when he or she gets questions. Remember, too, that while employees want to know what and when and where, they are much more interested in knowing why. Internal communication must do more than tell or inform. Its primary function is to bring about understanding.

My fourth role for the chief public relations officer is to serve as corporate monitor. I am tempted to use the word ombudsman because I think chief public relations officers should regard their position in that context. There is a constant need for monitoring corporate policies and programs to make certain they match public expectations. If programs are falling short of expectations, their job is to agitate for new programs

or new policies. It seems to me quite natural for the chief public relations officer to adopt this posture. When they fail to do so, they are not living up to what their job requires of them.

The question is ‘where does one find people who can deliver on each of these requirements?’ It’s a question I have pondered for several decades. Formal education is, of course, part of the process. But I have concluded it’s a much lesser part of the process than innate curiosity, steadfast integrity, ingenuity, judgment, a strong sense of personal security and a broad knowledge base gained by reading and listening – a quality my Father referred to time and again as I was growing up as ‘being in the know.’ I am convinced that such people – once admirably referred to as the ‘renaissance’ man or woman – are actually self-trained and self-developed. While they take advantage of formal programs, they learn mainly from experience, they learn from their successes, they learn from their mistakes. The thrust that separates them from their colleagues comes from within.

Be assured that my case for the kind of leaders I have described is not an old timer’s inspirational dream. I need only call to your attention that CEOs are already seeking public relations and communication counsel from individuals we in this room would not identify as public relations professionals. The general counsel? The chief marketing officer? The chief human relations officer? Or how about the CEO’s wife? And on the agency side we find ourselves competing against management consulting firms, law firms and even Big Four auditing firms.

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MY SECOND OBSERVATION

Trust in corporations – big business – is at its lowest level since polling began. There’s little chance that our largest businesses will gain the trust of the American people so long as the sole or primary mission of the corporation is maximizing shareowner investment, and this troubles me .

For about six or seven decades after President Theodore Roosevelt broke up the monopolistic business cartels in the years before World War I, many, if not most, large corporations recognized their

responsibility as a social as well as a business entity. Their objective was to market products or services at a price that returned them a reasonable profit. They were expected to provide steady jobs and safe working conditions for their employees, including a retirement pension based on earnings and years of service. They were expected to support social, cultural, health and educational institutions in the communities in which they operated. And they were expected to earn a reasonable return on their shareowners' investment – a reasonable return on their shareowners' investment.

In the early 1980s or thereabouts, the corporate mission narrowed. Whereas in earlier years their objective was to be a good corporate citizen, the new prevailing objective became 'maximizing shareowner investment.' It caught on quickly. 'Maximizing shareowner investment' has been a tagline on annual reports ever since. But nothing comes without a price: 'maximizing shareowner investment' came with the expectation that year-to-year earnings would be higher with each succeeding quarter – even during periods of recession and even for companies in cyclical or seasonal businesses.

In the interest of improving return on investment, work forces were reduced, defined benefit pension plans were scuttled in favor of 401-K's, philanthropic initiatives were curtailed – all in the interest of increasing earnings. Wall Street embraced the idea. Takeovers generating substantial fees and transactional costs expanded exponentially. The stock market boomed in the 80s and 90s and into the new millennium. It was up, up, up. For the corporate CEO there was only one catch: the inviolable requirement for ever increasing earnings per share, quarter after quarter.

And the topper was and is that Wall Street financial analysts, in reality, assumed the function of setting earnings goals. While CEOs and CFOs provide guidance on earnings, the 'consensus' of financial analysts covering the company prevails as the earnings target. Miss it by a couple of pennies and the stock tanks – as much as five to ten per cent.

In the meantime, CEOs are struggling to cut costs. As time goes on it becomes mission impossible. Opportunities to cut costs disappear. Companies have disposed of their lagging assets, they have consolidated business units, they have closed factories, they have deferred

maintenance, they now seldom do research that has a long-term payout.

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Add to this the extraordinary failures in the banking industry and it's little wonder that the public trust index toward big business hovers in the same latitude as that of the Congress.

The puzzlement to me is that CEO's have so quietly continued to live with the pressure to reach what in earlier years would have been considered impossible earnings expectations. Many companies – for example capital goods producers – are cyclical; others like retailers are cyclical (third quarters traditionally terrible, fourth quarters great). Few, if any, have harkened a return to being a social entity, a good corporate citizen, serving the needs of all stakeholders rather than concentrating on the investor to the near exclusion of all others. As one who has devoted his life to fostering a free market economy, I would hope the good judgment of those entrusted to manage our publicly-traded corporations will return to committing themselves to the goal that once served the greater good of the corporate constituency and our great country as well. Most of all, I hope CEOs will once again speak out for their long term interests – and speak out loudly.

When that happens, public trust in corporations will return.

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Let me close with some personal remarks.

In a real sense, my story is what we once called the American dream. My parents came to the United States, to Memphis, Tennessee, from England a year after the end of World War I. My Father was well-read, but earned barely enough to provide for a subsistence level; in fact my Mother was, for many years, the main support of the family. If she had ever had \$10,000 in capital, she would have been Sam Walton.

I went to Ole Miss – the University of Mississippi – because I could pay my way as a stringer for the Memphis Commercial Appeal at fourteen cents per column inch. It was 1936 and I was 15 years old. By chance, my first experience in public relations came when I was asked by the Chancellor to be acting director of the Ole Miss News Bureau. He had just fired the incumbent for ramming his Ford roadster into a tree on

the campus while in an advanced state of inebriation. I had not yet ever heard the term 'public relations' though I thought I knew what publicity was.

If I had had the bus fare and enough cash to tide me over for a couple months, I would have gone straight to New York after graduation in 1940. I wanted to be a newspaper reporter and New York was where I wanted to be. But I had to settle for a job with The Commercial Appeal, hoping someone would miraculously 'discover' me and whisk me off to New York. Five months later the stage was set for it to happen. In November 1940 the War Department announced a large ammunition plant would be built about seventy-five miles from Memphis, and it was my story. The engineer-builder was one of the largest companies of its kind in the United States and I interviewed the owner. When a labor situation stalled the start of construction the owner of the company asked if I could get a leave of absence to help them respond to media calls, and he offered to double my \$25/week salary and provide me an automobile. I saw this as my ticket to New York and quit my job. It was my first experience with crisis management but I didn't recognize it as that at the time.

After the labor matter was settled, I was asked to join the engineer-building company as a member of its corporate staff. My first assignment was traveling with the CEO, which I did for almost three years – that was my equivalent of a Harvard MBA. I was based in New York and began doing media relations, mainly with the business and trade press. I think I can truthfully claim that no other engineering-building company received as much favorable coverage as my employer, The H.K. Ferguson Company, during the two-plus years I did publicity ---and I still have my scrap books to prove it.

Because I was working for a vital defense industry, I could have avoided military service. But I feared that doing so would be a stain on my resume for the remainder of my business life, and I requested that I be drafted, I was assigned to an engineer combat group as an enlisted man with a unit that was in Normandy pulling mines from the hedgerows a couple months after D-Day. After the end of the war in Europe, I negotiated a transfer to the news staff of American Forces Network and had the unique and pleasurable experience of living in Paris for five months. I then undertook one of the most memorable experiences of my

entire life: I was assigned to cover the Nuremberg Trial, which I did for five months until I had served long enough in the Army to be discharged.

During the war, my former boss died of a heart attack at the age of 56 and I did not want to return to his company as an employee. Instead, I wanted to establish my own public relations firm in New York with my former employer as my first client. That came to pass. Five years later, in 1952, a friend at The New York Times told me the owner of a Chicago advertising agency, Bill Marsteller, was looking for a public relations firm to handle a project for his largest client. Rockwell International. I was hired for the project, delivered a three page story in LIFE magazine Thanksgiving weekend 1952. He soon got me another client, a big one for my small firm. Our informal relationship was working well and we agreed to form a new firm called Burson-Marsteller that opened for business with five people on March 1, 1953. Thirty years later, in 1983, we became the largest public relations firm in the world. At the end of 1988, after thirty-five years, I stepped down as Chief Executive Officer. Since then Burson-Marsteller has had six CEOs. I am grateful to each of them for tolerating my continued presence in the New York office and travelling the world visiting Burson-Marsteller offices and clients. I can't imagine a better life!

And I am grateful to the PRSA Foundation and to each of you for this special recognition and the opportunity to be with you tonight. Already, I like the idea of being regarded as a paladin!

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**Harold Burson
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