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**The Importance of
Communication to
Companies and Industries**

by C. Hank Barnette

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The importance of communications to companies can be illustrated by asking this question about the steel industry. Where is the largest steel-producing region in the world?

The Ruhr Valley in Germany? Tokyo? Pittsburgh?

The correct answer is – none of the above. The largest steel-producing area in the world is Northwest Indiana. Last year this 20-mile stretch along the southern shore of

Lake Michigan produced more than 21 million tons of steel for industries throughout the world. It is the home of major plants operated by U.S. Steel, National Steel, LTV Steel, Inland Steel and, of course, Bethlehem Steel.

The high-quality sheet steel for

the millions of automobiles made in the United States is produced here as well as the sheet steel for refrigerators, washers, dryers, and office furniture. Northwest Indiana also produces steel plate for bulldozers, farm tractors, railroad cars, industrial machinery, and for bridges and ships.

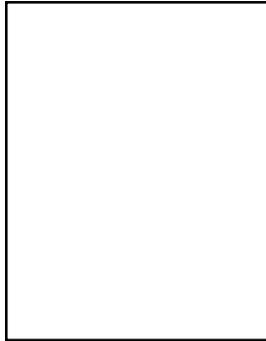
In this corner of Indiana, the steel industry employs about 30,000 people and provides an annual payroll of almost \$1.5

billion for the region.

Yet, many in the U.S. business community appear to be unaware of the predominance of Indiana, or that the American steel industry today is a high-technology, high-productivity industry that is *the* top-quality, low-cost producer in

this market. The American steel industry of 1996 is simply not the same industry it was even a decade ago.

Yet old perceptions die hard. How many people know about, and understand, the steel industry's contribution to our nation's economic strength? The answer is not enough. Iron and steel making are basic industries that have been part of the American industrial landscape since the



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very beginning of our country. One of our former Pennsylvania properties, for example, produced the iron cannon balls used by George Washington's Army and continued to produce iron ore into the 1970s. Such an industry tends to be taken for granted and its current accomplishments and economic importance underrated. We are using a variety of communications to change that perception to demonstrate that - in value of products, number of jobs, breadth of operations - steel is vital to the U.S. economy.

In discussing communications and

communication planning some do not like the word "image" when it's applied to a company or an industry. Perhaps it's because they think of an image as an illusion. An image is not an illusion. It is a reflection of reality - a mirror of an industry's strengths and importance. We can be sure that if we don't shape the image of our company and our industry, others will do it for us - and that image may be distorted.

What do we have to do to improve our image - to make sure

it accurately reflects reality? First, we have to *be* - in fact and in deed - what we say we are. If we want people to see us as producers of quality products, we have to produce quality products. If we want people to see us as socially and environmentally responsible, we have to be just that. In other words, we have to get our act together before we take our show on the road. This should not be a problem for any responsible company or industry.

As we look at our increasingly global economy, we find that industries in other countries have

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similar image problems. A few years ago the International Iron and Steel Institute held an image conference in Washington which attracted representatives from 16 steel-producing countries. We learned that when it comes to image, what is true for steel companies in the United States is also true for steel companies in Australia, Japan, England, Germany and every other steel-producing country.

The executive summary of the conference put it this way: "The attendance at the seminar reflects

a widespread concern throughout our industry that our public image impacts negatively in all areas of our business, as well as on important constituencies such as government, the business and academic communities, and the general public. It confirmed that our basic image-building initiatives are needed. . . .”

In past public policy debates on issues critical to the steel industry – such as international steel trade and environmental legislation – our credibility was hampered by our poor image. Government officials, businesspeople, the media and the public were unaware of the industry’s progress in installing new technology, producing quality products at competitive costs, and exercising environmental responsibility. The public awareness of an industry affects the laws that are written, the ability to raise capital funds, and the recruiting of talented employees. One way or another, it does affect the bottom line of a business organization.

So what are some of the actions necessary to communicate more effectively? Let me suggest five key actions: 1) benchmarking, (2) developing a communications plan, (3) selecting the issues and the messages, (4) targeting the audiences, and (5) developing the

delivery systems.

Benchmarking

Before we can start to change the public’s awareness, or even to reflect an existing image, we need to know what our various constituencies think of our company or our industry. Thus, the first step is to establish a benchmark, a standard to tell us where we are now, and how progress can be measured. A thorough opinion survey of key constituencies can provide that necessary first step. The American Iron and Steel Institute, for example, is planning a major update of existing surveys of opinions of the steel industry and steel products. Interviews and conferences with various constituencies can also be very helpful. Studying the results of research and reviewing the issues involved will provide a wealth of material for developing an effective communications plan. What do you expect to accomplish? How will the plan be implemented, with what resources, and in what time frame?

Communications Plan

Organizations must develop a communications plan that deals with each important part of doing business – operations, financing,

marketing – and help explain how they fit into the overall business plan. For example, a communications plan related to even a simple activity like the release of quarterly financial results deserves a communications plan which might include:

- the development, approval and release to the public of the quarterly report;
- a press conference with the media to explain results and respond to questions;
- a financial conference call to discuss the results with stockholders and financial analysts; and
- a public affairs response plan to handle follow-up questions from all audiences. Simply releasing the report without planned followup misses a wonderful opportunity to communicate.

Issues and Messages

Many companies and industries have already determined the issues that affect them and have developed a position on each. The real need is to focus on a few key messages and concentrate on communicating them. There's no mysterious process in good communication. It's simply a matter of deciding what you want

to say, who you want to say it to, how you want to say it – and making available the resources to accomplish it.

Audiences

Once you decide what your messages are, you have to identify the audiences you need to reach. Which groups are important to your organization? Are they stockholders, customers, employees, members of the financial community, government leaders, community leaders, industry associations the general public? You likely need to communicate with all of these groups and you should determine how often and in what priority.

Delivery Systems

The next question is: How do you reach the audiences – what are the means of communications to be used? No matter what position we have in the company, we need to know our company's messages and communication methods. If we are to succeed in projecting an accurate image of our organization, we must all be communicators. Everyone must carry the messages to be delivered. Think about the effect in your communities of having all employees communicate a coherent and

positive message about the company they work for.

Consider using the broadest spectrum of communications methods. For instance, there are speeches to national and local organizations, meeting with large groups and small, interviews with the media, and testimony before governmental bodies.

Seek opportunities to make your voice heard and be ready to take advantage of them. Be aware that when the media – especially the electronic media – want to talk to

you about an important issue, they usually want to

do it NOW, not at your convenience. If you get a call to appear on CNN or CNBC, for example, you have to make yourself available immediately if you want to present your point of view to a national television audience.

Corporations differ, and the roles of officers are not the same, especially in an area like communications. Personally, I believe that the chief executive officer must also be the chief communications officer. At Bethlehem, the president of each business division and the head of each corporate department are personally responsible

for communications within their areas. I have personally made it a rule to accept any reasonable request for an interview. If I'm traveling, my staff knows where I can be reached. As a result of this policy, Bethlehem Steel's positions on key issues such as the economy, international trade, health care, and the environment have been reported on national TV, major newspapers and magazines, and in local media. Last year, for example, I participated in 115 interviews and made

20

speeches and presentations.

Take advantage

of the many forms of written communications. Issue news releases, develop articles and op-ed pieces, send letters to employees, to editors, to government and community leaders. Use booklets, newsletters and annual reports. Develop a comprehensive matrix of messages, audiences and communications means to ensure all bases are covered. Have separate publications for separate business divisions. Consider a quarterly videotape sent to all parts of the company reporting on business results or other key developments. Last year, during

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the extraordinary media coverage of steel making being discontinued at our historic “home plant” in Bethlehem, we made use of all types of communications to convey our messages to our many audiences.

Don’t overlook the value of special events – news conferences, facility dedications and tours – to generate interest. Make increasing use of the expanding world of electronic communications – communicate via computer and fax networks. And then there is the newest, fastest-growing medium of communication – the Internet. Establish a home page and fill it with information about your company and your products.

Don’t ignore advertising. Yes, it’s expensive. But, with advertising you have the advantage of complete control of the message and the presentation. Even on a limited budget, it can be cost effective if it’s targeted to reach a specific group with a specific message. To reduce the cost of an advertising program to an individual company, consider undertaking cooperative efforts with other companies and business organizations on local and regional issues, and with associations on national or international issues.

In all company-industry communications, one important

consideration, if possible and appropriate, is to communicate a unified point of view on the key issues. As business leaders, we owe it to ourselves to develop common positions whenever we can. When we can’t agree and go down separate paths, we undermine the strength of our position and risk losing our impact on critical policy issues. If we are to improve our image and our public effectiveness, we all must work together more closely.

Finally, good communications don’t just happen – they have to be well organized and well coordinated. You will find that communication responsibilities often exist in more than one place in an organization. Large companies may have separate offices handling corporate, financial and employee communications. Business units may also have communications responsibilities. And companies often employ public relations firms and consultants for special projects.

It is essential that these various communication sources be effectively coordinated. At Bethlehem, we have established an informal, unstructured Communications Planning and Review Committee which meets bi-monthly. It includes representatives from each department, division, and subsidiary that have

communications responsibilities. We have found it to be an effective forum for being sure that we speak with a coherent voice.

Personally, I believe that chief executive officers have the responsibility for leading corporate communications efforts. They

should demonstrate that they think communications are important by their words, their actions, their active participation. We must communicate – more often and more effectively. We all have some great messages – but they need to be *delivered!* 

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