

**COST-EFFECTIVE
MANAGEMENT
FOR TODAY'S
PUBLIC AFFAIRS**

**Or: How to Succeed as a PAO
In an Era of Constraints**

Edited by Wesley Pedersen

**Public Affairs Council
Washington, D.C.**

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Chapter X

HOW C-I-L SLASHED STAFF AND MOVED FUNCTION 'OWNERSHIP' TO LINE MANAGEMENT: A CASE HISTORY

By Bart J. Mindszenty

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(EDITOR'S NOTE: Consistent with the Public Affairs Council's definition of the term, the common—perhaps central—feature of companies' "public affairs programs" described in other parts of this book is government relations. The following case history concerns a leading Canadian chemical corporation in which the "public affairs" function is essentially that of communications, internal and external. However, this distinction in no way detracts from the possibilities of learning from the experience of C-I-L in downsizing its "public affairs" office. The lessons learned at C-I-L, and the processes and principles that were involved, have wide application for PAOs, whatever components may be included in their particular configuration of public affairs.)

Too many business managers perceive downsizing as a threat. For them, it means the erosion of their departments and a consequent loss of status in the organization. Beyond that, they assume that the net result will be not only more work and pressure, but a drop in the quality of what is produced.

For public affairs managers, the gathering momentum of the downsizing trend can be particularly frustrating. The trend is affecting functional corporate departments at the same time that public affairs is truly coming of age and being recognized for its value to the corporation.

For me, though, there are very few negative aspects to downsizing. Having guided a radical downsizing since 1984, I am convinced that the challenge can be enormously constructive. Moreover, if properly planned and undertaken, it will help focus the public affairs function more precisely and increase its credibility and effectiveness throughout the organization.

There are five key elements in any public affairs downsizing exercise:

1. Developing new ground rules for the handling of public affairs.
2. Working to minimize the personal trauma of those staff people who will be affected.
3. Building the new team in-house.
4. Building a tightly-knit and well-focused counseling team.

5. Finding the right external resources to fill the gaps.

Let's take a look at these elements, bearing in mind that all, in our experience, have to be tackled simultaneously.

Developing New Ground Rules

In order to achieve a smaller corporate department without losing effectiveness, the public affairs manager must define a way to move the bulk of the responsibility and accountability for public affairs into the line organization. In many companies, the function is still seen as a specialized, technical discipline, at arm's length from the day-to-day business of managing. If we are to downsize creatively and successfully, however, that attitude must change. Line managers will have to understand and appreciate the need for, and benefits of, a sustained public affairs activity. They must accept it, embrace it, and exercise it as an integral extension of their role. This often means a major cultural change for line managers. Previously, they plugged into the public affairs service on an ad hoc basis whenever they needed to. They didn't have to understand a great deal about public affairs. Now, however, line managers will be asked to shoulder more of the responsibility if the public affairs office is made smaller and if there is to be no loss in the quality of public affairs activities.

At C-I-L, we spent considerable time with the management teams of most of our business units to generate a genuine commitment to public affairs and effective communications overall. Recognizing that many managers tend to view involvement in public affairs as a "soft," or optional, luxury, we developed a process to test their perceptions and willingness to take on a much more direct responsibility.

Before launching our "sensitization" sessions, we drafted a statement declaring it to be the mission of our unit to "provide or arrange access to excellent public affairs counseling and service in order that C-I-L may protect and enhance its corporate integrity with all of its internal and external audiences." Our activities, the statement explained, "contribute to C-I-L's drive to generate wealth—a process that encompasses realizing a healthy profit, as well as supporting economic and social well-being—by fostering the understanding and consent of the corporation's many publics."

The statement, approved by our chairman and CEO, told our line managers that we were going to help them do their jobs better. We constantly reminded the line managers that, because our focus was to counsel, educate and facilitate, we could only do the day-to-day work for them during crises. At the same time, we explained those areas identified as our corporate commitment: specifically, servicing the Office of the Chairman, and implementing any corporate communications programs.

It was in this context that we began meeting with the management teams of our

various business units. Sometimes a crisis of one kind or another triggered a rapid realization that the business needed to consider public affairs more seriously. On other occasions, executives invited us to help them because they had heard what we were doing. In most cases, however, we opened our own doors by having some quiet discussions with the line managers, explaining our agenda and our evolving role, and noting that we were taking the initiative because that was what made the most sense for C-I-L in light of the company's organizational changes toward decentralization.

In our sessions with the management teams, we launched a technique we have come to call "Commitment Considerations." These are simple, direct and action-oriented statements, or "actionable beliefs." Against each, we apply a set of "pro" and "con" phrases, and ask the managers to add any phrases of their own choice to either column. Then, we ask them to debate the statement itself: Is it something they really believe in and will practice? Do they want to reword the statement to suit them better? Or do they want to drop it for lack of support? In other words, we get their true feelings out on the table. It's a way of calling the bluff on lip service to the basic support of sound public affairs.

In the next portion of our session, we define audiences, not just in broad generalities, but in specifics: Whom do you need and who needs you? We cover primary and secondary audience groupings and break them down as far as it is logical and reasonable to go in order to better explain the scope and breadth of the public affairs process. Then, we pose these important questions:

- What do you want your audience(s) to know?
- What do you think they want to know?
- What do you want to know from them?

This is a fascinating process, because almost inevitably there will be significant differences, either in content or priority, between the answers to the first two questions; and it is not often that line managers have really thought about the importance of the third question.

Finally, we pull it all together by matching the audience with the message, referring back to the Commitment Considerations as a "touchstone" for action, and reducing any qualms that arise. Then, and only then, do we consider the specific processes and programs that line managers might use to put actions into practice.

Throughout our session with the managers, we point out that public affairs must be a process and not a number of unrelated initiatives; that as line managers they "own" the process and must therefore drive it; and that while we are helping them define the "big picture," they will have to use external resources (which we can help secure) to aid them in some of the practical and technical applications. We hammer home the point that all members of the management

team must consider public affairs—and communications in general—as natural extensions of their jobs.

We have found that the sessions—which last about three hours and sometimes call for subsequent meetings—establish a higher level of understanding. This, in turn, allows us to move more effectively to our new roles as educators, counselors and facilitators of public affairs. In other words, managers have been and are being weaned from their dependency on the central public affairs office and helped onto a newly-defined plane of ownership and accountability.

“Ownership” is a key concept. Line managers who work closely with us to define their needs discover that there is no magic or mystery in what we do. We help them to determine their own agendas and to set out blueprints for action. In most cases, we point them to the appropriate external resources. And we are always available to counsel them whenever they have questions or concerns.

Most management teams with which we have worked now realize that public affairs must be integrated with their traditional management functions . . . and because they accept ownership and have defined some measures of accountability, they want public affairs to succeed.

But there is always a “but.” There are some managers who have side-stepped ownership of public affairs, and there are those who dutifully pay lip service but avoid any real involvement. With them, we take two concurrent actions. When they need us, we do help, but we always make them “go outside” for more detailed assistance. We talk to them, and talk to them, and talk to them, always about the value of proactive public affairs to the success of their businesses. We also talk to their bosses, and to those who report to them, working on a two-way squeeze play. We cannot force them to believe, so we enlist the help of those who, over time, will work to break down the barriers. In addition, we have the support of the chairman and CEO, and our group presidents, who through example, encouragement and challenge help drive home the fact that our organization believes in the importance of management-owned proactive public affairs.

Minimizing the Trauma of Those Who Must Leave

The second prong of the downsizing exercise has to do with the people in the public affairs unit itself. For while downsizing can bring real benefits of increased efficiency and substantially decreased operating costs, there is the people side: both the severe trauma of leaving, regardless of the circumstances, and the challenge of restructuring the group which remains.

The concern for people was just as much a priority in my mind as succeeding in the overall process of change that reduced ours from a department of 31 staffers to a unit of six.

The 31 were involved not only in public affairs, but also in general public relations, employee communications, marketing services, a library, a full-service

audio-visual and video studio, and our special traveling collection of Canadian art. My goal was to complete the downsizing in a way that would make as many people as possible feel as good as possible about the eventual outcome.

Some functions were moved to other units where their people could find a more logical fit and better opportunities for future growth. The video facility was sold outright, with a guarantee to its staff of one year of employment at current salary. For others, in Toronto and Montreal, we arranged to have two consultancies (which were doing work for us) hire them away from C-I-L at their current salaries. In one form or another, the people affected were either moved to other functional units or offered jobs outside. However, it was explained to all employees concerned that if they did not accept the offers, their jobs would be made redundant.

In most companies, regrettably, the typical approach is simply to drop the news with little explanation or discussion. However, I felt strongly that each person deserved the same treatment I would want if the tables were turned. Accordingly, I had a series of intensive, candid, and, of course, individual meetings with everyone in which their strengths and weaknesses were defined and discussed, and in which opportunities inside and outside the company were explored and assessed. In working with anyone I felt should leave, I made it clear that, while senior management supported me, it was nevertheless my decision. In cases where I felt their abilities did not meet my expectations, I took time to explain that "personal" had to be separated from the "professional;" that while I might like them, I didn't think they had the qualifications to be on the team I was trying to create.

The goal was to make those who were leaving become partners in the decision and see it as an opportunity for personal and professional growth, rather than as a rejection. In most cases, we built—together—a highly positive experience out of what is often a deeply negative predicament. In some cases, those leaving—in spite of the fact that they actually furthered their careers through the process—made it clear I was ruining their lives. In those instances, no matter how hard I tried, we parted adversaries.

The process was both time- and energy-consuming. It was gut-wrenching. It meant many sleepless nights, especially since I had never before done anything like it. But, as some empathetic colleagues counseled, if you can sleep well through a downsizing, there is something wrong with you.

Building the New Team In-House

I had picked carefully those whom I wanted to stay with me. I spent considerable time with each, explaining what I hoped we could achieve together. We talked about obligations—what I would do *for* them and, if I could, *with* them. We also talked about expectations—what I was looking for in return.

Early on in those separate meetings, and soon after in group meetings, we defined our roles and goals. Where before we had been a fairly large, full-service department, we were now down to a staff of six: one public affairs professional (me), a public relations professional with an assistant, the administrator of the art collection, an administrative assistant, and a secretary. We agreed that we had to put aside old "turf" habits and truly work together. We pledged our trust for each other.

With this configuration, the "government relations" aspect of public affairs is my responsibility to oversee. That means that I have become the "clearing center" for all activities within C-I-L that specifically involve dialogue with governments. My role is to develop an effective issues identification program and use external resources to help with corporate requirements, while counseling business-unit managers with their needs. The major challenge is to try to avoid overlap, duplication and possible contradictions. The key point, though, is that each manager is expected to carry his own messages and determine the right steps that need to be taken. This process is still evolving, but our businesses are taking it very seriously.

The net result of the changes, and of establishing in our unit a clear sense of each helping the other meet workloads, is that we have a true team spirit. Our sense of direction is clear. While we are working harder than ever, and doing more than had ever been done before, we are having fun.

Of equal importance, we have credibility, and we have the support of senior management. We have cut more than \$1.5 million from our annual net corporate cost, which is a reduction of about 50 percent from 1984. We are viewed as a sound source of counsel by our businesses, and we have a closer working relationship with the senior executive.

Building a Counseling Team

The other crucial aspect of downsizing is knowing how to "buy better" outside. Anyone can spend hundreds of thousands of dollars for support to replace a lost internal capability. The trick is to find the right support at the right price. I have heard public affairs people say that it isn't possible to find the "right" external support because an "outsider" does not have the commitment nor can he or she fully understand the unique needs of the organization. I disagree. If you have an accurate sense of what is needed and a good knowledge of what is available, it should be possible to find perfectly acceptable support for any element of the public affairs workload. I suspect the only exception is when an organization is located in a remote setting.

Contracted help can be plugged in effectively to meet requirements. It all depends on the quality of the person or consultancy. It is the short-sighted or insecure manager who will be reluctant to give contracted help all the room and

scope they need to do a good job.

It's a sign of your professionalism if you can pick those outside who can do a good job, and a sign of your security if you can let them deal directly with anyone in the organization without you having to play the "middleman" role.

As a team, we at C-I-L use outside help whenever we think we need it. We bargain hard, but fair. We think everyone deserves to make a decent profit, and we know that if we slash the price to the bone, the quality of the end product will reflect the adage that we were "penny wise and pound foolish."

In addition, we have been moving from using only three external resources to a much wider mix, in the belief that not everyone or every consultancy can best do everything we need. We are now using specific people in certain agencies, several independent freelancers, and a number of public affairs organizations. Each has a specific role to play in the overall scheme of our work. To date, it is working quite well.

A Checklist of Action Steps

I recommend nine specific action steps for PAOs who must downsize. They are steps that have proved their worth to us.

1. *Plan well and "plug in."* Decide where you and your team should be in five or 10 years, and then make sure everything you do ties in with that objective. Be certain that everything you do reflects the corporate mission and strategies.
2. *Audit management.* Establish a consensus as to what senior management expects public affairs should be and what it should accomplish. (Sometimes what you think your work is all about is not quite what management thinks.) Do this formally the first time, and then check back from time to time. Informal chats, specific questions, even social meetings help.
3. *Understand management.* Trade places mentally. Set your pet theories and projects aside and consider management's realities: its opportunities, threats, dreams, nightmares. Think profit and business demands. Understanding very clearly the managerial mindset makes for a better working relationship.
4. *Get management to understand and "own" public affairs.* The key is to have as many decision makers as possible appreciate how effective, proactive public affairs can benefit their businesses, the organization, and their own management function.
5. *Review your team critically.* Build a lean team, and take the initiative if you can; being asked to downsize is never as good as proposing it yourself. Create a team of partners, not subordinates. Challenge them and be certain they challenge you. Use clear goals—and tough, loving care.
6. *Attack your budget.* Eliminate the frills. Seek management's agreement that, if

it wants something for which you do not have money, or if you have a good idea for which there is no budget, it will come up with the financing you need.

7. *Use external resources wisely.* Find out where using outside help can save you money. Negotiate tough but fair deals. Be careful that you do not give work to "friends" who cannot deliver top-quality work. Consider whether you need a somewhat elaborate initiative, or if you can get by with a respectable but inexpensive alternative.

8. *Use new technology.* Stay in touch with new ideas and tools that can save you time and money.

9. *Innovate.* The downsizing trend is an opportunity to learn how to do more with less. Think creatively as well as rationally and *try the untried*. If someone somewhere has created something you need, borrow or buy it and adapt it to your needs. Remember, some of the best programs are the simplest ones.

To Sum Up . . .

Smaller, leaner, more efficient organizations are the order of the day. Downsizing is a reality few PAOs will be able to avoid. Done properly, it is much more than cutting staff and budget. Rather, it requires the public affairs department to change its role and become a team of counselors, educators and facilitators—a team that helps management do more and do better in the public affairs arena. Moving ownership and accountability to line management is a key step if downsizing is to succeed over the longer term. Undertaken with imagination, sensitivity and confidence, the end result of downsizing will be well worth the effort. It will bring about a public affairs department that is more flexible and increasingly respected. Best of all, it can lead to a much greater understanding and wiser application of public affairs throughout the corporation.