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The Private Sector: Think before you talk

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By Mildred S. Myers

Put yourself in this scenario. You're one of two corporate executives being interviewed on ABC's "This Week" program. Cokie Roberts asks whether new regulations and arrests of executives who cooked the books will do enough to restore public confidence and protect the economy. Would your answer sound like this?

(Illustrated by Daniel Marsula, Post-Gazette)

"I don't have any question it's going to do some good, but the question is, is it enough to meet the very serious problem in public trust. I feel that this is just a question of a few rotten apples, but we're dealing here not with what businessmen think but what the public thinks, and I was shocked and saddened to read a poll where four out of five Americans believe that all or most CEOs practice these shenanigans and they get away with them.

"So let's step back and say, what is the public concerned about? They're concerned about the scandals, yes, and the legislation will certainly help, but they're also very concerned about compensation levels. They read that CEOs' compensation levels have grown 10 times faster than workers'. They read stories that say whereas 20 years ago the CEO made 40 times what the average worker does, now it's over

500 times. And then they see stories of people who presided over the demise of their companies, sold stock just before the crash, made hundreds of millions while their savings were severely damaged by that. So I think the whole issue of executive compensation has to be addressed." (This was the reply by Pete Peterson, chairman, Blackstone Group, July 28, 2002, on the show.)

Following up, Roberts asks the other executive about the compensation issue. Is this how you would reply?

"Executive compensation plans are set by the board of directors. The usual standard is: Is it fair, is it equitable, is it fair to the executive, is it fair to the investors? Do executives profit in the same way that shareholders profit? In the vast majority of pay plans, that's the case. Unfortunately, there are a few cases recently where executives have profited massively and shareholders and employees haven't. That's wrong." (Henry McKinnell, chairman and chief executive officer, Pfizer, July 28, 2002).

Throughout the program, these two executives spoke of the similarities in their substantive beliefs and their respect for each other. However, important differences in their communication styles would have a powerful effect on the people watching this popular Sunday morning program.

An important aside here. My academic training is in communication. Fifteen years ago I was asked to provide "media training" to several executives, most of whom seemed to believe that "the media are out to get us." They wanted to learn how to avoid what they perceived to be media "traps," but some had a more positive goal; they wanted to promote better public understanding of business activities.

I had qualms about using my expertise to help business executives achieve their goals of manipulating the media and, through them, the public. I decided to go ahead because the issues that put a company in the media spotlight almost always involve ethical or moral questions. For pragmatic as well as moral reasons (they'll find out and then make you look even worse), the first rule of media training is "Never lie." I reasoned that helping executives tell the truth and explain their points of view to nonbusiness audiences is a legitimate professional activity, and I've been doing it ever since.

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According to recent polls, business leaders and stockbrokers are among the people least trusted by a cross section of Americans. The image of CEO as folk hero (remember Lee Iacocca?) has been replaced by the image of CEO as crook. Both images are exaggerated, of course, but if you genuinely believe -- and want your shareholders, customers and employees to believe -- that only a few "rotten apples" are responsible for the current corporate scandals, you need to take every opportunity to explain your commitment to eliminating those rotten apples and keeping that barrel clean.

That's where the differences between the two executives become important. The first one quickly moves from Roberts' general question to the personal beliefs and concerns of American workers and identifies one of their hot-button issues -- executive compensation. He recognizes that the imbalance between the massive earnings of CEOs and the massive losses suffered by employees and shareholders "has to be addressed."

By contrast, the other executive begins by defending standard business practices. While he says there are "a few" inequities and concedes "that's wrong," he makes no call to address the problem. To the fixed-income retiree or laid-off employee who has suffered massive losses, which CEO demonstrates understanding, compassion and commitment to cleaning the rot out of the apple barrel?

Why do these subtle differences matter? Because most people form their perceptions of the current business environment through the news media. As an executive, you should treat every question a reporter asks as an opportunity to create a positive and personal connection with people who have no reason or motivation to believe you. It's not easy to talk concisely about the complexities of stock options, especially under tense or adversarial conditions, but here are some tips to help.

First, recognize that people's jobs and financial security are emotional issues. Recently I heard a corporate executive defend the practice of restricting employee pension fund investment to the company's own stock by pointing out that despite the recent huge losses in value, those employees probably saved more money than they would have on their own. He may be right, but a 62-year-old worker facing retirement with a fraction of the savings she expected would hear that argument as an uncaring putdown from someone wealthy enough to lose the amount of money she lost and never notice it was gone.

I've also heard executives justify job eliminations by the thousands in order to cut costs and keep the company afloat, a rational explanation applauded by the financial community. Employees, the general public and many politicians will hear that same explanation as evidence that companies succeed by sacrificing their workers.

Another important way to connect with people who share neither your expertise nor your point of view: talk with them, not at them. Treat exchanges with journalists as a conversation with the viewers or readers. They're not there to speak for themselves, but the journalists' questions will often represent them, or you can do it yourself by recognizing and addressing issues that loom large to people who are losing their jobs and their savings.

How can you help people understand the financial and legal complexities surrounding these issues? Use examples, anecdotes, analogies and stories to help people see what you mean. Is there a particular point of view about expensing stock options that you want to make? Don't talk in balance sheet terminology. You know that these kinds of questions will come up in an interview. Prepare some analogies or simple examples to make your point. Ronald Reagan's reputation as "the great communicator" resulted largely from his ability to talk to the American people about the federal budget in language most of us use to talk about our household finances.

These techniques will demonstrate your ability and desire to show people that you understand and respect their concerns. Without them, you won't make much progress toward moving the pendulum back in the direction of public respect for CEOs and the companies they represent.