

Brought to You By:

**PR NEWS**

## **PR Lessons From Fiorina's Fall: Employees Come First**

After Carly Fiorina was sacked last month as CEO of Hewlett-Packard Co., a slew of stories (in print and online) said Fiorina constantly made the rounds with H-P customers and other external audiences. Yet closer to home, she lived inside a bubble.

While other top H-P managers made a point of meeting regularly with the rank-and-file - down to the lowest rung - Fiorina spent too much time flying around in her corporate jet, visible only on TV broadcasts of company meetings, according to the Washington Post (Feb. 10). A lack of employee relations wasn't the sole reason for Fiorina's ouster, of course, but it sure didn't help. (Fiorina got a reported \$21 million severance package, and she is now in the running to take over The World Bank.)

Treated like a rock star early on in her six-year tenure, Fiorina's firing provides a cautionary tale for CEOs and senior PR execs. With increasing pressure from boardrooms - - not to mention anyone with a computer modem who may have an axe to grind -- CEOs need to have employees on their side because they are the first line of defense against any attack. Perhaps more important, employees now have more clout than ever.

"There's so much whistleblower legislation and opportunities for employees to bring the CEO to his knees," says Tom Chema, president of Hiram College in Cleveland and chairman of the board of neighboring Gateway Consultants, which builds professional sports arenas. "CEOs have to recognize their fate is in the hands of employees."

Chema also stressed that for employee communications a one-size-fits-all approach does not work.

PR managers can play a significant role in helping the boss get out into the field. Facilitating Town Hall-like meetings is an increasingly popular way for C-level execs to get face time with their workers to pick their brains, but there is no substitute for getting up close and personal.

At UPS, for example, VP of PR Ken Sternad, who is also a board member of the Arthur W. Page Society, builds into CEO Mike Eskew's public-speaking schedule meetings with customers and employees. "I don't think many people think of integrating their CEO's public appearances with employee and customer opportunities," Sternad says. [UPS this year received the top ranking in social responsibility among Fortune's Most

Admired Companies, and was ranked No. 2 in the "delivery" space.]

He adds, "He'll sit down and have a cup of coffee with our drivers or division managers to find out what's going on with the business and to understand their points of view. It sends a clear message that he is interested in their opinions. That, in turn, helps communications up and down the line."

Sternad says Eskew has at least 10 or 12 offsite meetings a year, in addition to regular internal communications. (For other tools to make sure the CEO practices good employee relations see sidebar.)

"CEOs need to come to terms that internal communications is urgent," says Allan Steinmetz, CEO of Inward Strategic Consulting Inc. (Newton, Mass.), and a former senior VP/director of marketing at global management consulting firm Arthur D. Little and one-time director of marketing and business development at Young & Rubicam.

"It's important that they work it into the operation so they can engage employees effectively," he adds.

Steinmetz says there are three things PR managers/directors need to do before they walk into the CEO's office to persuade him or her to hobnob with the hoi polloi:

- Educate yourself about the company's strategic imperatives.
- Enlighten the boss with stats and/or measurements that show the effectiveness of internal communications.

- Examine the overall execution and view internal communications as a process and not as a deliverable. Spitting out the internal "headlines" to the rank-and-file plays into the notion among many senior managers that PR is tactical and not strategic.

A study released in December 2004 by global human-capital consulting firm Watson Wyatt said the better a company communicates, the better return on investment (ROI).

According to the report, a significant improvement in communication effectiveness is associated with a 30% increase in market value. It added that companies that put a premium on communication were more likely to report employee turnover significantly below their rivals.

"We're not talking about some weak HR, touchy-feely thing to do," says ArLyne Diamond, a Santa Clara, Calif.-based management consultant. She adds that employee relations "is a critical component to building a better company."

*For more information, contact Allan Steinmetz, 617.558.9770, [asteinmetz@inwardconsulting.com](mailto:asteinmetz@inwardconsulting.com)*

