

Technology for Improving the Image of Business

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Seventh in a series of
perspectives on employing
technology to solve the
pressing problems of society.

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The 1970's may be remembered as the decade when mounting evidence made it impossible to ignore potential disasters in the areas of energy, food, natural resources, education and other concerns of worldwide dimension.

Possibly, it could also be the decade that will be remembered as the time when appropriate tools were resolutely put to work to solve those serious problems.

Technology is one word for those tools. In this series of papers, William C. Norris, chairman of Control Data, reflects on how to find, develop and apply technology and its many implications in our society.

Technology for Improving the Image of Business

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A current issue of great importance to business is that of improving its public image. There has been a growing awareness among business executives during the past ten years of the seriousness of the adverse public opinion of business. Programs have been launched to improve it but favorable results are not widely discernible.

It is appropriate here to look at the public's perception of business and what business has been doing to improve its public image. Proposals will be made describing more effective approaches business can make to enhance its standing.

PUBLIC PERCEPTION

There are too many people who believe to one degree or another that business is predatory, rapacious and indifferent to societal needs. In other words, that it will do most anything for a buck.

Overstated? Not much! A growing body of literature and my own experience support that conclusion. For example, whenever an action by my company is publicized that on the surface does not appear to be in the public interest, even though it may be, my fan mail quote — unquote — increases. Invariably the response is condemnation — never “would you please explain?” Regardless of the virulence of the condemnation I always personally answer as thoroughly as is practical by letter. Usually there is no response. The few exceptions are almost always rejections with no apparent attempt at rational analysis.

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There is little to be gained by dwelling on the exact nature of the public's view of business due to its complexity and the infinite number of factors shaping it. But that it is of serious and widespread concern to business is not in question. Witness that virtually every large corporation devotes a section of its annual report to social responsibility and the increase in the number of specific activities in recent years with the objective of improving the corporate image.

WHAT IS BEING DONE?

Contributions: The most common business response to social concerns is the charitable contribution. In recent years there has been a noticeable increase by most companies. Five percent of pre-tax earnings is the permissible Federal write-off and is considered to be a laudatory level for business. An increasing number are reaching that level.

There are great benefits being derived by society from these contributions. Unfortunately, monetary contribution alone will not, in the long run, offset adverse opinion. One reason appears to be that large contributions are expected from business. An increased contribution one

year raises expectations for even more the next. Corporate giving for decades on an increasing scale hasn't produced commensurate improvement in the business image.

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With Respect to Ethical Conduct: Actions by corporations in recent years to adopt and enforce stricter codes of conduct may in time provide image enhancements; however, it will probably be quite a few years before there are visible results because the public believes that it took a government clubbing to get business to act.

Economic Education: Furthering economic education is another type of action taken by a number of companies. There have been many good programs explaining our economic system and the advantages of free enterprise. Follow-up surveys show that even though a better understanding of the system is achieved that there isn't a measurable improvement in the attitude toward business. The reason appears to be as suggested earlier: the public perceives business as mostly occupied greedily in making profits with too little concern for the needs of society.

Direct Action to Solve Social Problems: There are a number of companies that are directly, or in cooperation with other organizations, addressing societal problems. One example of a cooperative effort between business and government is the 70001 program that provides a means by which out-of-school unemployed youth can get immediate employment along with on-the-job training and development of self-confidence and motivation to enter and advance in the field of marketing and distribution. The program is supported by government funds that are administered by 70001 Ltd., a non-profit organization. There is extensive cooperation by the American Retail Federation and related national business firms. The 70001 program is producing significant results, but it is limited to the retail field, with emphasis on personnel guidance and counseling. Unfortunately, it does not deal with the huge bulk of the more severely disadvantaged. Even so, it is a good start and it does show that meaningful cooperation can occur among major segments of society.

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There are also companies that have taken the initiative to improve inner-city housing.

In our community General Mills and Honeywell have become known for their efforts to refurbish inner-city housing. Honeywell is nearing fifty house restorations in South Minneapolis and General Mills' efforts are nearly as extensive. Our Commercial Credit subsidiary is engaged in a similar project in Baltimore.

Another small group of companies have established MESBICS (equity financing for minority-owned small business) and SBICS for all types of small business. The investments in small business are made with the objective of ultimately receiving a reasonable return.

About ten years ago my company adopted a policy of looking at pressing social problems as business opportunities. Our first action was a program of putting plants in depressed areas. This program has proven to be successful in that the plants provide employment in local areas and are equal to or above the average efficiency of all plants. There are also major programs for developing products and services to improve health care and education and to aid small business.

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Such programs as these produce highly positive results for business within the local communities in which they are performed. Neither the number nor the accomplished results are yet great enough to achieve widespread awareness, but they are an important part of the overall approach that will greatly enhance the business image.

FOUR-PART METHODOLOGY

With that background in place, I would like to outline some ways whereby business can improve not only its image, but in the long run its profitability.

Essentially, the methodology is four-pronged – first, stop practices that are completely within the control of individual companies and that detract from the business image but would not be economically burdensome to stop. Second, change to a business strategy with more emphasis on looking at how present products serve society and how product improvements and new products can serve better. Third, adopt a more cooperative stance within the business community and with other segments of society. Fourth, and most important, assume the leadership for achieving more timely solutions to major societal problems. Let me briefly elaborate.

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STOPPING NEGATIVE ACTIVITY

First, with respect to image detractions, many products and processes are causing pollution and health hazards where solutions are costly, complex and time-consuming and involve many segments of society. Obviously, in these cases, each business must be practical and cooperative in helping to arrive at solutions, and business is improving in this regard.

On the other hand, there are detracting situations that are under the control of individual companies where underlying causes can be eliminated without undue economic burden. Some examples are unethical practices and unwanted takeovers. Unethical practices are apparently receiving adequate attention. That is not so for unwanted takeovers.

Unwanted Takeovers: The capture of one company by another despite resistance of the former, benefits only the aggressor and often at the expense of society.

The real objectives of a takeover are seldom revealed. Obviously the aggressor sees such opportunities as increased profits through plant consolidations, wider product distribution, more efficient use of his existing marketing organization, needed technological capabilities, and so on.

Inevitably, pursuit of these objectives brings adverse consequences that can include amputation of employee careers, damage to the existing business, destruction of job-creating resources, stifling of creativity, enterprise and competition.

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The aggressor, on the other hand, almost always could have achieved his profit-and-growth-oriented objectives in another way – frequently as good or better for him – through cooperative techniques that avoid the destructive effects on others, including the news headlines that degrade the image of business.

Most large companies to their credit do not engage in unwanted takeovers, so we have a situation where all business suffers because of the bully-boy acts of a few.

While a number of states have enacted laws to make unwanted takeovers more difficult to achieve – and these are of some benefit – the most practical means of elimination is to develop a strong consensus within the business community itself against them.

LEADERSHIP IN SOLVING SOCIETAL PROBLEMS

Turning now to business leadership in solving major societal prob-

lems, it should first be noted that this proposed approach is subject to modification and improvement. Also, it should be emphasized that I am *not* proposing that business assume the entire responsibility for solving societal problems, but that business, primarily big business, provide the leadership and the management. More specifically, that plans for positive solutions be formulated through cooperative efforts by all major segments of society with the assistance and guidance of business – with actual program implementation by the traditional methods such as companies acting on their own initiatives, or performing government contracts, or through joint ventures where risks are shared between industry and government.

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The major problems include the achievement of alternate sources of energy, improvement in energy conservation, greater environmental protection, new materials, less costly and increased food production, more efficient water conservation, revitalization of inner cities, better education, better health care, and improved productivity.

Solutions to these major problems would provide badly needed new jobs. Not only are more jobs needed, but almost as important, more skilled jobs and reduction of unemployment among the young. The unemployment problem will become even more critical as in the next 10 years another 20 million new jobs will be required. This would be the largest increase of any decade in our history; 13 million were created in the last 10 years.

The achievement of alternate sources of energy is closely related to reducing unemployment and in important respects as urgent. Our economy is utterly dependent on cheap and readily available gas and oil for energy. Within 20 years or so, world production will begin to fall off. Considering that 15 to 30 years are required to get meaningful results from the average new development, there is precious little time available to avoid disaster.

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Lagging Progress: Progress in solving these major problems is woefully slow. One reason is that for the first time in many generations the United States does not have the technological resources to solve

its many urgent problems in a timely manner. These are massive problems that require technological resources that no single country possesses, not even the United States. Yet there is an enormous amount of unplanned duplication of technical effort throughout the industrial world, and vast amounts of existing technologies are under-utilized.

Another major reason for lack of progress is that business has been concerned almost exclusively with what it can sell that will provide adequate return on investment in research and development. As a consequence, society is getting from business the products and services that meet the business test rather than those that address the more fundamental needs of society.

Still another reason is lack of widespread understanding of the central role of technology in the economic process, and particularly that new jobs are derived from the application of technology.

Moreover, just the use of the word "technology" often causes people to turn away with the attitude that technology is for the long-hairs. Or worse, technology is seen by some as a synonym for pollution of our environment.

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Unemployment: There is a deeply-rooted and growing concern in our country, and indeed worldwide, over unemployment and efforts, albeit not very effective, are being made toward more permanent and long-range solutions as opposed to the short-term job corps/public works type of stimulant.

Most of the effort aimed at longer range solutions has been concentrated on facilitating the formation, development and more efficient operation of small businesses for achieving economic growth and creating new jobs.

One such effort with partial funding by the National Science Foundation, has resulted in innovation centers at MIT, Carnegie-Mellon and Oregon State.

In another, the Small Business Administration made \$300,000 available in 1977 to test the concept of establishing Small Business Development Centers at eight cooperating universities to aid small businesses with their management problems, particularly those involved in starting new companies and in finding and applying technologies required for new or improved products and services in existing companies.

There have been a number of organizations similar to the Small Business Development Center established at the state level in Maine, Connecticut, Pennsylvania and a few other states.

All of these efforts are successful but on too small a scale. They do not involve big business, local labor unions and governmental units sufficiently and they have low visibility; they are micro solutions to macro problems.

AREA COOPERATION OFFICE

There is, of course, no scarcity of organizations engaged in addressing societal problems. Many are talented and have storehouses of valuable information. Their main outputs are reports, often excellent, but little action usually results.

What is needed is a pulling together of available resources by community leaders at a regional or state level to identify, prioritize and facilitate solutions. And as previously mentioned, the actual implementation of problem solutions would be done in the traditional manner.

The organization to help accomplish this might be called the "Area Cooperation Office." This would be a highly visible activity involving leaders from all segments of society. Its principal objective would be that of identifying and helping to promote means of creating new jobs, by encouraging businesses, particularly large corporations, to assume leadership in programs to solve major societal problems.

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More specific functions would include:

1. Selection of appropriate societal problems for attack.
2. Encouragement of businesses to assume the leadership of projects for solving the problems.
3. Encouragement of cooperation among businesses and between business and universities in implementing the projects.
4. Dissemination of information on research, development, services and products required to help meet major societal needs.
5. Stimulation of companies to make their technologies available to others for non-competitive uses.
6. Assistance to aspiring entrepreneurs and inventors in evaluation and preparation of business plans and start up, together with identification of financing sources.
7. Promotion of state and federal legislation as required.

The Area Cooperation Office would be privately operated and manned by a small permanent staff. Professional expertise needed for program selection and promotion would be filled by volunteers and by retirees.

The cost of supporting the permanent staff and a limited number of research studies would be borne by annual contributions from the participating organizations. Costs of any research study requiring a very large effort would be covered through federal or state government grants.

POTENTIAL PROGRAMS

The modus operandi of an Area Cooperation Office is best explained by reviewing a number of programs that might be undertaken.

Entrepreneurial Enterprise: The simplest, yet an important program is that of fostering the start-up of new, small enterprises. A new business entity means new jobs. An inventor has an idea for a new product or service, and wants to start a company to develop and market it. Financial backing from the usual sources is not available. Venture capitalists are ordinarily not interested in unproven ideas. First, the Area Cooperation Office assembles a volunteer team of experts from local businesses and universities to review the idea. It is determined to be sound. Help is provided in drawing up a business plan. Local money sources are approached for furnishing the initial capital. Since there is substantial risk, the total amount required is spread among a large number of investors. Investors include all types of businesses, including banks, insurance companies, venture capitalists, larger industrial companies and labor unions, religious organizations and city and county organizations.

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Solar Energy: Another program that would be appropriate is the development of alternate sources of energy that will be of critical importance in the future.

Solar energy can be more decentralized than many other sources and hence is particularly applicable to agricultural needs.

The approach is to identify the projects with the best potential and then convene community leaders with top managements of appropriate companies to get them to undertake implementation. Where the risk is too high, or financial commitments are beyond the means of individual companies, then joint ventures should be encouraged — either by collaboration between existing companies or through the formation of new companies. For example, Battelle and Northwestern Mutual Life Insurance are engaged in a solar energy irrigation project.

Youth Employment: Reducing unemployment among disadvantaged young is another potential program. The present 40% rate, or higher, of unemployment among the minority young in most of our large cities is not only shameful to our society, but dangerous.

It is certain that dedicated and coordinated large-scale cooperation among business, government, academia and labor can make a vast improvement.

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Urban Projects: Closely related to youth unemployment are a number of important urban projects that should be implemented to help revitalize inner-city areas and solve the nation's housing crisis.

The inexorably rising costs of transportation will reduce drastically the distances people can afford to commute daily. Hence, there will be incentives for locating industry amid existing housing.

Resolution of the nation's housing crisis will require a much expanded level of effort in the construction and maintenance of affordable housing.

Preservation of the existing urban stock of housing offers the greatest entrepreneurial opportunities and potential for job creation. This will require some reformation of the private housing marketplace, which is feasible.

CONCLUSION

Other programs could be cited, but the four described should be adequate to convey the essence of the approach.

The underpinning to this approach is a more cooperative stance by corporations, particularly the large ones. Essentially, this means making their technological, management and financial resources more available for the solution of societal problems.

Vast amounts of existing technologies are under-utilized and there is unplanned duplication of technological effort. What is proposed is that each company makes its technologies more available for non-competitive use and to engage in widespread cooperation through joint projects. And further, that each company look at society's problems as business opportunities to be pursued either entirely through company initiatives or through joint projects with other companies, universities and government.

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Legislative action will be required to encourage business through tax or other financial incentives to make technologies more available and for pursuing cooperative activities.

The program that is envisioned requires a level of social commitment from many different segments of our society that have not given much evidence of a willingness to do that in the past. But there is discernible change under way and it will accelerate through greater involvement.

The issue basically is, does business keep doing just what it wants to do or does it turn more toward meeting the needs of society?

In spite of steadily increasing contributions, improved ethical conduct, greater environmental concerns and sponsorship of economic education in recent years, the image of business hasn't improved materially. Hence, it is clear that it is not going to improve substantially until there is a much greater commitment by business to solving societal problems.

"The issue basically is, does business keep doing just what it wants to do or does it turn more toward meeting the needs of society?"

But business by itself can not solve the major problems, and even if it could, the desired image would not result. The other segments of society must help, and through their involvement learn how societal needs are met, where jobs originate and how difficult it is to create and maintain them. Only then will business be understood and appreciated and the unfriendly attitudes eliminated that are so prevalent in our society.

Therefore, the technologies for improving the image of business are the management, product and process technologies of business dedicated to the solution of major problems of society.