

# ‘We can take this hill:’ CEO-talk in hard times

*How corporate leaders can use communications to rebound during an economic downturn.*

BY JEFF PORRO

**I**N GOOD ECONOMIC TIMES, when a company’s earnings and stock price are on the rise, a board may not think it is terribly important that the CEO be able to perform well behind a lectern, in front of cameras and microphones, or at a hearing table. But as earnings and stock price head south, a CEO’s ability to inspire confidence through speeches and presentations can prove essential to a company’s ability to survive and recover. CEOs who communicate well can, at the very least, buy the time needed to put an effective turnaround strategy in place.

With the economy in a slump that shows few signs of ending, growing numbers of boards and CEOs face the challenge of finding ways to inspire key audiences who are both very worried and extremely important — employees, analysts, stockholders, regulators, and the press. But how should company leaders proceed?

Former CEOs Lee Iacocca of Chrysler and Champ Mitchell of Network Solutions, as well as current CEOs John Chambers of Cisco Systems and Brightpoint’s Robert Laikin, have a wealth of knowledge about what to do. All used first-person communications effectively to turn companies around. Jack Welch’s experience is very relevant, too. Although he never really had to lead a turnaround, his personal communications skills were among the most important tools he used to set the standard for performance at GE. The experience of these leaders, therefore, can provide some important



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lessons for boards and CEOs struggling to get their companies moving in the right direction in a troubled economy.

Interviews with these men or their top communications executives, and a look at some of their presentations, reveal a top 10 list of lessons for executive communications in tough times.

## 1. Make communication a priority

This may sound obvious, but Bill Lane, Jack Welch’s GE speechwriter for 20 years, warns that “Most CEOs will pay lip service to communications, yet they don’t really put the time in.” Welch was very different. “Jack realized how absolutely critical communications was in bad times and good, and he made it one of his absolute priorities,” says Lane.

The same has been true for Cisco’s Chambers, according to Kelly Simons Lang, director, strategic communications. When the company was in trouble in 2001, Chambers saw communications as “fundamental” to turning the company around. Lang adds that her boss continues to be a “true believer that communication drives everything in our business today.” One measure, she says, is that Cisco’s core communications staff — investor and analyst relations, public relations, and exec comm — is located “literally right outside John’s door.”

Lee Iacocca put it quite simply. In his introduction to his collected speeches, he wrote, “Communication has been my most valuable management tool.”

## 2. Communicate to motivate

Some boards and CEOs confuse volume of communications with effectiveness. But as Iacocca wrote, “Effective communication has to do more than just deliver information. It has to motivate ... You can deliver information in a letter or tack it on a bulletin board.”

At GE, Welch strongly agreed. Lane says that GE

began to take off when Welch made a fundamental change in communications at GE. “Jack said, ‘No more reports unless they’re going to get people to change their behavior.’ And to move people, he knew every pitch he made to whatever audience had to come from his gut.”

Champ Mitchell of Network Solutions adds that when speaking to managers and employees of a troubled company, the CEO needs to conclude the presentation with “something to pump them up: we-can-take-this-hill type talk.”

### 3. Take the initiative

Executives who have led turnarounds believe strongly in being proactive, not reactive, especially when the numbers look bleak. Brightpoint’s Laikin has this succinct advice: “Don’t hide under your desk and hope bad news will go away. And don’t just respond to worries, charges, and complaints.”

Lang says that being proactive has always been absolutely critical to Chambers’ business strategy for Cisco. “During bad news times, he believes you should never batten down the hatches and wait,” she says. In good times and bad, Chambers makes sure his communications staff devotes a lot of time and energy to articulate what he calls “catching market transitions.” The goal is “to ensure we’re staying ahead of the curve in our communications.”

Lane says Jack Welch was almost fanatical about staying out front of problems. “If he even got a whiff that we had a problem,” Lane reports, “the phone would be instantly off the hook with Jack or one of his senior people calling the press or analysts to manage expectations.”

### 4. Be frank about problems and mistakes

Iacocca set the standard for frankness, whether it was describing Chrysler’s financial problems or acknowledging mistakes. For example, at a 1987 press conference after Chrysler had been indicted for testing a small number of cars with the odometers disconnected, he said, “We did do something to have [customers] question their faith in us — two things in fact. The first was dumb. The second went beyond dumb and reached all the way to stupid.”

More than 20 years later, Mitchell echoes that view. He says, “It’s dishonest and stupid to deny a problem or run away from it. Network Solutions’ biggest problem was customer service. In every

presentation, I took it head on, saying we knew it was lousy and here’s what we’re doing to make it better.”

### 5. Present a clear, step-by-step recovery plan

While key audiences will respect a CEO or board member for candor, it is just the first step to turning things around. To help a company bounce back, a company’s leader must also convince key audiences that he or she has a clear plan for the company’s future that has a good chance of success.

Says Brightpoint’s Laikin, “I did a lot of oral presentations, and whether I spoke to suppliers, customers, employees, or analysts I kept it simple. There was no razzle dazzle, just three or four specific takeaways on our strategy for going forward: we were going to shore up our balance sheet, raise capital, and strengthen our relationships with suppliers and customers.”

Mitchell points out that the proposed solution has to be convincingly realistic as well as clear, because that realism is what both internal and external audiences are looking for. “When morale is low, you’ve got to give your managers and employees objectives that they know are achievable,” he says. “With analysts and investors you have to convince them that your company is focused, has a specific

## The CEO and speechwriter collaboration

**Each working relationship** between a speechwriter and a CEO is unique, but based on my experience these five tips will help ensure the collaboration is productive:

- **Make time for an extended interview:** The best speeches embody the personality of the executive giving them. The best way for a speechwriter to capture that personality is to interview the CEO.

- **Be willing to share something personal:** To motivate audiences, especially in difficult economic times, a CEO first has to connect with them. One of the best ways to make that connection is to for the speaker to share some personal detail — an important event in the life of the executive or the executive’s family.

- **Seek out stories:** CEOs are always drawn to numbers, especially during economic slowdowns. But working with a speech-

writer to find ways to translate numbers into stories about real human beings is an excellent way to energize an audience.

- **Make sure the speechwriter knows as much about the audience as possible:** The more the speechwriter knows about the audience, and the individuals in it, the better. That knowledge helps the writer craft a speech that links the CEO with the people in the room.

- **Let the speechwriter see the CEO deliver the speech:** In an ideal world, this should happen during practice sessions, especially if the CEO is working with a speech coach. Watching the CEO practice will help the writer discover which parts of the speech need revision. Seeing the CEO deliver the speech to the intended audience will help the speechwriter do an even better job on the next one.

— Jeff Porro

area of expertise, and a realistic step by step plan for turning things around.”

### 6. Don't overpromise

CEOs and boards trying to lead a turnaround have to strike a delicate balance. While acknowledging their problems, they have to be careful not to overreach when they talk about solutions. As Laikin notes, “Some firms swing between denying their problems and overselling their proposed solutions.”

Mitchell agrees, warning that, especially in the first month or two of a turnaround, leaders are tempted to be overly positive. “That’s a natural tendency, but then later you have to backtrack,” he points out. “That can cost you credibility at a time when you need it most.” It’s much better, he and others say, to be positive while keeping expectations modest.

### 7. Know your audience

Knowing the audience is one of the first rules for any speaker, but Lane says it is one that far too many ignore. He reports that some CEOs he knows walk into a meeting and don’t even know who else is on the program or what the topic is. Welch was

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quite different. He believed strongly that “the worst thing is starting a pitch and realizing you’re on a completely different wavelength from the audience.” According to Lane, “For Jack, we put in hours so he would know who everybody in the room was and what they were thinking.”

Chambers takes a very similar approach, Lang says. “Both now and when John

was turning the company around his number one question has always been, ‘What does this particular audience want to hear from me?’ We always go through a detailed process of understanding what is top of mind for the people listening to John, whether it’s our customers, investors, our own employees, the press, or another group.”

### 8. Let all the shoes fall at once

No matter how well they know the audience, in tough economic times CEOs will have to deliver bad news, including poor quarterly numbers and, most devastatingly for employees, layoffs. CEOs agree strongly that the best way to handle bad news is to get as much of it out as quickly as possible.

In a 2001 talk, Chambers said he wanted to avoid other companies’ mistake of “dropping one shoe, and then a second shoe, and third shoe, and a fourth shoe in terms of layoffs, or in terms of the

business plan.” Lang added that when Chambers knew changes needed to be made, “he made them quickly and deep enough the first time and then immediately communicated how we were going to position the company for the upturn.”

When Mitchell came to Network Solutions, he had to let go 70% of the staff. He says, “The first and most important thing is do it all at once if humanly possible. We did that massive restructuring and announced the whole thing in one day. It was seismic, but necessary.”

### 9. Communicate in multiple ways to multiple audiences

Lang says that as Chambers was guiding Cisco’s recovery, he used every form of communications at hand to communicate his message to managers, employees, customers, analysts, etc. “John’s fundamental philosophy on communication has not changed, but he’s gotten better over time, in part by using new technologies,” she adds. For example, Chambers now uses TelePresence to connect more often with customers and a video blog to communicate with employees, who can respond with blog posts of their own.

Mitchell also used every communications tool, ranging from one-on-one briefings for some analysts and reporters, to all-hands speeches for employees, to panel presentations, satellite radio and TV tours, and print interviews.

### 10. Overcommunicate, especially internally

When you’re reviving a struggling company, overcommunicating is not a sin. Laikin reports that he overcommunicated internally, sending regular CEO emails to employees and holding meetings every time there was a major change. Mitchell says it’s hard to overcommunicate internally, especially during the first month of a turnaround plan.

Lane reports, “Jack Welch talked to every key constituency constantly. He was not a guy who gave a lot of speeches to places like the U.S. Chamber of Commerce. But he would talk to employees at least twice a month. He was always talking with analysts and other key audiences, too.”

### A core competency

Sun Microsystems’ Scott McNealy once said, “Communication needs to be a core competency of any business. It starts with the CEO.” The experience of turnaround CEOs demonstrates that these words ring more true than ever during difficult economic times. ■

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