The Importance of Crisis Communication:
What lessons did we learn from Tylenol and Exxon?

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by

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ABSTRACT

“THE IMPORTANCE OF CRISIS COMMUNICATION”

by, Katharine A. Szczepanik

Organizations are finding public opinion increasingly important with the advances in technology and public access to information. Public support is especially important when handling a crisis. The public can either turn against an organization and harm its credibility and reputation, or it could provide support and assist in efforts to solve the crisis.

Proper communication during a crisis is necessary to gain public support. Organizations that meet crises unprepared, such as Exxon, fail to address the importance of public perception and damage the company’s reputation. However, companies like Johnson & Johnson are proof that being prepared and being responsible for the public’s safety can enhance its credibility and its aid in financial recovery.

This thesis provides an in-depth look at the important principles of crisis communication. It takes a look at the different guidelines suggested by experts in the field of public relations and takes into account examples of where these guidelines have worked.

Two case studies examine the difference in how proper crisis communication can be a success and how the lack of crisis communication can be a disaster. The first case study looks at the cyanide-tampered capsules in 1982 and the response of Johnson & Johnson’s crisis team. The company’s corporate responsibility and preparation guides the crisis team through effective strategies in their communication.

The second case study examines Exxon’s response to the Exxon Valdez oil spill in 1989. Despite the existence of a contingency plan, Exxon’s executives lacked the preparation and guidelines for proper crisis communication. The ignorance towards public perception and poor communication skills left the company with a tarnished reputation and legal problems that continues even today.

The thesis concludes with the key components for successful crisis communication. It also emphasizes the fact that crisis communication lies beyond a written document. Crisis communication is part of a vision that works toward the purpose and goals of that organization.
Acknowledgements

This thesis would not have been possible without the help and assistance of a few people.

I would first like to thank Dr. Marjorie Keeshan Nadler from the Speech Communication Department for all of her help. As my advisor she kept me going with helpful insight and feedback. She boosted my confidence and reminded me why I was so committed to getting this written. Without her, I don’t think I could have even started this project.

Holly Wissing, director of news and information at Miami University, also deserves recognition in helping me with the thesis. I would like to thank her for her knowledge of crisis communication and her willingness to share it with me during the busy weeks of the strike at the university.

In addition, I would like to thank Kelly Blazek from the Attractions and Events Task Force at the Greater Cleveland Sports Commission. Kelly worked with General Electric’s crisis team and wrote its crisis communication plan. She shared her knowledge of crisis communication with me and gave me insight into the world of public relations this past summer as my boss. I would like to thank her for everything she has taught me.

I would also like to thank my readers, Bill Brewer and Carrie Krysanick, who probably have better things to do with their time than read over one hundred pages on crisis communication. The time and input means a lot to me.

Last, but not least, I would like to thank my family and friends. All I can say is that I would not have my sanity if they were not there for me.
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September 11, 2001 at around 9 a.m. the world seemed to stop for a moment. It was as if things stood still in the absolute shock of what just happened. Almost everyone watched the news as if in a trance trying to make sense of the images. It was like a brick smashing into the delicate bubble of society. Many of us just sat there; our plans for the day no longer mattered. The agenda for the day changed across the country, but not everyone could just sit there in the silent reflection of the tragedy.

As chaos descended upon the nation, the Department of Defense public affairs office had to step up and take control to handle the situation. It had to fulfill its role and follow a set of “Principles of Information,” which state, “It is Department of Defense policy to make available timely and accurate information so that the public, the Congress, and the news media may assess and understand the facts about national security and defense strategy. Requests for information from organizations and private citizens shall be answered quickly.” (Hayes, 2004, p. 377) However, the office for coordinating and setting policy is located in the Pentagon – one of the sites of disaster.

The Office of the Assistant Secretary of Defense for Public Affairs was responsible for the communication following this attack. As they moved to a nearby Citgo gas station, the senior public affairs staff set up their objectives:

- Contact all of the staff to determine their status and safety.
- Reconstitute press operations in an alternate location.
• Coordinate a set of clear messages with senior Department of Defense and administration officials.
• Ensure that photo and video documentation teams were functioning.
• Engage the internal information resources from the Department of Defense public affairs office located in nearby Alexandria, Virginia.
• Allocate staff to special operations centers that were coordinating rescue and recovery activities.
• Assign the PA staff to teams for twenty-four-hour coverage (Hayes, 2004, p. 377).

Without most of the basic necessities, Navy Captain Tim Taylor and his deputy, Brian Whitman, began setting up a temporary center for the press. Using one working phone line, cell phones, and laptop computers, the hub for press operations was created. The Assistant Secretary of Defense for public affairs Victoria Clarke also became part of the senior crisis action team by providing communication counsel, coordinating media opportunities, and conveying policy and messages to her staff.

That evening the government responded through the voices of Secretary of Defense Donald Rumsfeld, Attorney General John Ashcroft, and President George W. Bush. In President Bush’s speech that night he assured the nation that the U.S. was taking an immediate reaction.

Immediately following the first attack, I implemented our government's emergency response plans. Our military is powerful, and it's prepared. Our emergency teams are working in New York City and Washington, D.C. to help with local rescue efforts. Our first priority is to get help to those who have been injured, and to take every precaution to protect our citizens at home and around the world from further attacks. The functions of our government continue without interruption. Federal agencies in Washington, which had to be evacuated today are reopening for essential personnel tonight, and will be open for business tomorrow. Our financial institutions remain strong, and the American economy will be open for business, as well (Bush, 2001).
The United States government had to keep its citizens calm. Crisis leads to chaos and that is what many people in public affairs departments across the country had to deal with that day. However, crises happen not only when terrorists attack the country. A tragedy can strike any day and in order to react properly there must be a plan. The Department of Defense did not come up with its plan in the gas station that day. The government, like many other organizations, prepares crisis management plans in advance and assesses possible crises frequently.

Even before the tragedy of 9/11, there were crises that had to be handled with the same thoughtfulness and responsibility. Throughout my study of public relations certain cases come up again and again that create the framework for this still growing field. Crisis communication is a branch of public relations that has become more important, especially in the last few decades. In 1982, Johnson and Johnson used an impressive communication plan in response to the seven deaths that were caused from cyanide found in Tylenol capsules. On the other side of the spectrum, in 1989 Exxon failed to use an effective crisis communication plan when one of its tankers created the largest oil spill in the United States.

In finding the answer to what truly makes an effective crisis communication plan, I will look at these two cases to find what to avoid and what guidelines to follow. One can never predict what the next major crisis will be. However, it never hurts to be prepared and ready to respond.
Chapter One

What is Crisis Communication?

The Rise of Public Opinion

Crises have been a part of business for as long as companies have been around. However, there was not always an emphasis on preparing and managing these crises. Communication before the twentieth century left many organizations in isolation from public opinion; therefore handling a crisis was not an issue of dealing with the public. In his book Crisis in Organizations, Laurence Barton (1993) points to factors such as the rise of technology, formal public opinion, and the general literacy of the masses as reasons why managing a crisis has become more important in the twentieth century. Once the media gets a hold of a story it can spread like wildfire (p. 16-17).

In the beginning of the twentieth century, the news of corporations and politicians were brought to the masses through the “penny press,” which reached many people for very little money. Public relations pioneers such as Edward Bernays knew that corporations could no longer deny the existence of public opinion. His belief was that corporations had the responsibility to educate employees, stockholders, and the masses,
and also to understand the pulse of these groups and to be prepared for crisis and public recrimination (Barton, 1993, p. 17).

Even presidents of that time used public relations to gain public support. President Theodore Roosevelt had problems with public opinion because of his fiery handling of crises during his career as New York City police commissioner. However, while in the White House, he used the media to feature his political competence and his handling of national affairs. His popularity grew from the image that the mass media showed the public (Barton, 1993, p. 16).

Companies started hiring “press officers” and strategists to handle the media and ensure positive coverage. One of the first public relations strategists, Ivy Lee, designed successful plans to influence public opinion. When the national railroad system was faced with problems of concentrated power and wealth, Lee prompted major operators to start local scholarship and welfare programs. The success of these programs influenced other companies to evaluate their role with the public as well (Barton, 1993, p. 18).

In addition to handling the press when problems occurred, companies started to release more information through annual reports. This allowed the public to understand a company’s operations, goals, and financial status. Organizations were finding the importance of cultivating a positive relationship with the public.

Over the years, the importance of public relations has increased and organizations can see the direct impact of public opinion. Those practicing in this field have taken on
many roles to ensure a positive public image. The Public Relations Society of America has outlined a more clear-cut definition of the management function of public relations. It includes the following:

- Anticipating, analyzing and interpreting public opinion, attitudes, and issues that might impact, for good or ill, the operations and plans of the organization.
- Counseling management at all levels in the organization with regard to policy decisions, courses of action, and communications, taking into account their public ramifications and the organization's social or citizenship responsibilities.
- Researching, conducting, and evaluating, on a continuing basis, programs of action and communication to achieve the informed public understanding necessary to success of an organization's aims. These may include marketing, financial, fund raising, employee, community or government relations, and other programs.
- Planning and implementing the organization's efforts to influence or change public policy. Setting objectives, planning, budgeting, recruiting and training staff, developing facilities-in short, managing the resources needed to perform all of the above (Public Relations Society of America, 2003).

Over the past few decades, one of the more vital roles is managing a crisis.

Gerald C. Meyers, former chairman of American Motors, wrote in his book *When It Hits the Fan*,

When a company gets into trouble, and the trouble is made public, the way its executives manage the release of information and handle themselves in dealing with the media can be as important as their business decisions. Even if the amounts of money involved do not threaten the life of the corporation, the damage to its reputation will have serious consequences. Maybe it is the post-Watergate syndrome, but the media and government regulatory agencies are extremely sensitive to anything resembling a cover-up” (Meyers, 1986, p. 45).
In fact, as Meyers pointed out, public relations is not the only part of the company that must deal with a crisis. Society looks at the executives of a company and wants to hear from them and see how they handle the situation.

Although most executives understand the value of keeping a positive public image, not all understand how to execute a successful communication plan. When companies falter in the face of a crisis so does public opinion. Barton explains that managers can negatively impact the way the public sees the company. In a study of over 120 cases from 1984-1990, three broad problem categories emerged.

Individual managers:
- Spoke without authorization, usually without understanding organizational culture, procedures, or norms (43%).
- Presented incorrect data or misspoke based on faulty information presented to them by others in the organization (27%).
- Took action that in turn complicated the crisis. Usually the steps they took were intended to help resolve the crisis, but were perceived differently (22%)” (Barton, 1993, p. 37).

The task of handling a crisis now extends to all parts of a company. It should involve managers from senior administration, technical operations, public affairs, consumer affairs, investor relations, and advertising. In most cases, the public relations manager serves as a central coordinator and prepares these different managers to effectively communicate during the time of crisis. Some larger organizations have even pulled that responsibility out of the hands of a public relations department because a crisis can happen anytime and it requires a lot of immediate attention. In those situations there is a separate crisis communication team that deals with crises that can happen on a
daily basis. Regardless of who makes up the team, a crisis management plan is a necessity in organizations today.

What is a Crisis?

Companies handle problems on a daily basis. However, problems and crises are two different things. Crises can come in many different forms, but there are elements of a crisis that can be defined. It is important to know what a crisis is because in many circumstances there are warning signs and by understanding the recipe for a crisis we can better prepare for one.

The definition of a crisis can vary among organizations. Otto Lerbinger in his book *The Crisis Manager* define crisis as “an event that brings, or has the potential for bringing, an organization into disrepute and imperials its future profitability, growth, and, possibly, its very survival” (Lerbinger, 1997, p. 4). Another definition states that, “a crisis is a major, unpredictable event that has potentially negative results. The event and its aftermath may significantly damage an organization and its employees, products, services, financial condition, and reputation” (Barton, 1993, p. 2).

From these definitions, there are two important traits. The first is that a crisis is unpredictable. Organizations can prepare for crises to happen, but they do not know how and when the crisis will occur. The second trait is that crises are a major threat that can lead to a negative impact on the company. It can result in major financial costs and a tainted reputation.
In an interview with Holly Wissing, Miami University’s director of news and public information, she mentioned that there are several realities that occur in any crisis.

1. Crisis timing invariably is awful.
2. There will be human and hardware communication problems. Faxes won’t work. Something you thought someone else was taking care of won’t get done.
3. Some of the people that are most needed won’t be available.
4. There will be news media pressure and seepage.
5. The longer a crisis goes on, the more damage it does (Wissing, 2003).

She mentioned that crises are about cutting the losses and that it is almost always a no-win situation because damage will occur. “It is an explosion – coming unexpectedly and creating a path of immediate destruction” (Wissing, 2003).

Some other characteristics of a crisis include time compression, uncertainty, and suddenness. When a crisis strikes it is important to address situations quickly and not let it deteriorate further. During a crisis, organizations are surrounded by a complex and unstable environment, which forces companies to deal with the unknown. Most crises seem to happen suddenly, even though there are almost always warning signs. Unless the crisis involves situations with terrorist acts or product tampering, most crises are brewing slowly until it reaches a threshold, which can be defined by the media, the government, whistle blowers, public interest groups, and other watchdogs of organizational behavior. “A crisis is unpredictable but not unexpected” (Coombs, 1999, p. 2).

In The PR Crisis Bible, Robert Cohn explains that in many situations the disaster can be averted. “Studies show 80 percent of potential disasters are people generated and can be prevented. With few exceptions, people-caused problems leave a trail of early
warning signals well in advance of the actual crisis” (Cohn, 2000, p. 10). In fact, according to the Institute for Crisis Management, 66 percent of crises are created by management (The Institute for Crisis Management, 2003).

So if the company causes so many crises internally, why haven’t the companies stopped the crisis before it starts? The problem is that many organizations overlook what could potentially lead to a crisis. Companies do not assess the situation as often as they should and many have the mentality that “it will never happen to us.” The fact is that a company cannot wait for the first crisis to happen in order to know how to respond.

Kathleen Fearn-Banks (2002) emphasizes the importance of looking at possible crises that can affect the company frequently. She suggests looking over a list to evaluate how likely some crises will happen and how much damage each would cause. Table 1.1 shows a list of possible crises that organizations should consider (p. 22).

Once a company understands where they stand in terms of the potential of a crisis occurring, they can prepare by putting together crisis management plan (CMP), which will include a crisis communication plan (CCP). Even though crises are unpredictable, a CCP provides guidelines for how to communicate in certain types of situations.
Table 1.1

<table>
<thead>
<tr>
<th>Common Types of Crises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
</tr>
<tr>
<td>Age Discrimination</td>
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<tr>
<td>Alcohol Abuse</td>
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<tr>
<td>Bankruptcy</td>
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<tr>
<td>Boycott</td>
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<tr>
<td>Bribery</td>
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<tr>
<td>Chemical Spill of Leak</td>
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<tr>
<td>Computer Failure</td>
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<tr>
<td>Computer Hacking</td>
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<tr>
<td>Contamination</td>
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<tr>
<td>Drug Abuse</td>
</tr>
<tr>
<td>Drug Trafficking</td>
</tr>
<tr>
<td>Earthquake</td>
</tr>
<tr>
<td>Embezzlement</td>
</tr>
<tr>
<td>Explosion</td>
</tr>
</tbody>
</table>

(Fearn-Banks, 2002, p. 23)

Corporations are not the only entities that are at risk. Politicians, school districts, non-profits, religious organizations, and other people and institutions in the public eye should also be aware of how to communicate during a crisis. The same practices and concepts apply: there should be a close watch on problems that could potentially lead to a disaster and those involved should have a plan ready for when a crisis hits.

The Roman Catholic Church was under fire during the past few years when a number of priests across the country were faced with accusations of the sexual abuse of
minors. Although the actions of the priests may have happened decades ago, their conduct was not brought to the surface until recently. Many criticized the Catholic Church for not monitoring the clergy better and for not communicating openly. The situation not only hurt their image, but many of the victims stepped up and filed lawsuits to address the emotional damage.

Despite where crisis hits, the communication that accompanies it is more than just a quick fix or a band-aid on the issue.

The scope of crisis communication is not limited to the few hours or days then the crisis breaks out. In most cases, if upstream methods are deployed, it can be possible to anticipate a crisis, take heed, prepare for, and even sometimes prevent the worst. A number of principles and techniques have proven to be effective on this slippery slope of identifying and managing potential crises in advance. Similarly, down stream, in the so-called post-crisis period, the use of specific communication methods is recommended to avoid prolonging the crisis, stimulating it, or even triggering a relapse (Ogrizek and Guillery, 1997, p. xii).

The communication after a crisis is so vital because in many situations the magnitude of the crisis is measured by the reaction of society. With greater media hype, more public access to information, and organizations with specific agendas, a crisis can be blown out of proportion or watered down depending on the attention that it receives. The social significance and political management of a crisis is partly determined by the psychological impact on the communities affected and the political choices that play up or down the importance, unacceptability, and urgency of the events.

In the United States, local and state authorities selectively dramatize the damage done to their communities by tornadoes, hurricanes and other disaster agents in order to persuade the President and the Federal Emergency Management Agency
that they should issue a formal federal disaster declaration - which opens up the road for an influx of major federal resources (Hart and Boin, 2001, p. 29)

Public opinion has a dramatic impact on an organization with or without crises. However, when the media reports on a crisis, the organization is on center stage and the performance in the wake of a disaster is highly criticized. If there are guidelines that are prepared before the crisis breaks, the actors will be familiar enough with the script that the communication should go smoothly. If that crisis scene is not well rehearsed the cost could be substantial. The emphasis is now on finding what those critical factors are in preparing that communication plan.
Chapter Two

Guidelines For Crisis Communication

It has already been pointed out that a crisis usually evolves over time and that it can often be prevented before it actually surfaces into a major threat. However, problems can be overlooked and some crises cannot be prevented. That is why organizations need to be prepared when problems develop into crises. Research and experience from past incidents of management during crises have helped form important guidelines to aid in the communication process.

Form the Team

The first step in preparing for a crisis is to define a team that will manage the crisis. The members of the crisis management team are different in every organization. Since crises come in different forms, the team should represent all divisions of a company. “When managers must respond to myriad audiences and problems under stressful conditions, they need to know the theories and practical dimensions of organizational behavior, organizational communication, ethics, strategy, and public relations” (Barton, 1993, p. 33). The team needs to be small, capable of moving fast, and able to make decisions. It has to have influence in the organization (Gottschalk, 1993, p. 398).
This team should start with a core group. The group should be common to any crisis and ready to take action when the tragedy hits. This group may include the CEO or the CFO, the senior communication officer, and the general counsel or chief lawyer. Another part of the team should be made up of others who are strong in specific field of the crisis. When the crisis involves a breakdown in the computer system, the director of information technology may be a major component to the crisis team. Other times a crisis might involve the employees within a company where someone from human resources would be essential to the crisis team. Representatives from specific departments would be part of the crisis team but would not always have to serve as active members (Gottschalk, 1993, p. 398).

In some cases the CEO is not part of the crisis team. Some executives are wonderful in crisis and some are not. The job of a CEO is to run a company and being part of the crisis team is not always a benefit for the team or the CEO. The company must continue to run as normally as possible. The crisis team has to drop everything, instantly, to deal with the crisis. The company needs to do business as usual now more than ever and the CEO is often the one individual that can keep this normalcy (Gottschalk, 1993, p. 398).

In many cases, a vice president for administration or operations usually serves as the link between the CEO or CFO and the various directors and managers in a company. This person has a strong knowledge of operations and is usually part of an effective crisis communication team. Other managers that are often included in the team include
representatives from technical operations, public affairs, public relations, consumer
affairs, investor relations, and advertising. Technical operations supervises the highly
specialized work of an organization; public affairs handles non-media publics; public
relations serves as a central coordinator for proactive and reactive relations with news
media; consumer affairs deals with the company’s image and product; investor relations
monitors investor confidence; and advertising ensures that a consistent image is applied
in all paid advertisements (Barton, 1993, p. 29).

The crisis management team depends on the size and nature of the organization.
Each institution will require different members to be part of the panel. Larger companies
must have a strong core group of people of about six to eight people that can function
without relying too heavily on executives whose main job is to run a company. In
companies, this group of people must thrive in a strong people-centered corporate culture,
rather than a profit centered one. “The corporate culture must be established in such a
way that honest, open communication is a basic value” (Fearn-Banks, 2002, p. 66). The
crisis team must be based in an open and honest forum that is prepared to handle the
different publics in a crisis.

Not every individual will be called on during the actual crisis. Having a broad
group of varying fields will help managers of the crisis team gain valuable information to
develop the crisis plan and it will show how individuals work with one another and who
would best handle the implementation of a plan during a crisis. Having the different
departments involved also allows for more company support and understanding for the plan early on (Dougherty, 1992, p. 11-12).

The individuals that make up the team should not only be able to work together well, but they should each have strong attributes that will stand out during the actual crisis. They should be “able to analyze the incoming information and be able to develop a well-thought-out course of action. They must also be able to appropriately apply the crisis plan to the actual crisis” (Dougherty, 1992, p. 12).

The team should meet periodically to assess the risks in a company, practice a run through to ensure that members of the team know what to do and to catch any flaws, and to update their plans. Companies with several plant locations should also have site coordinators that are updated frequently. All members that will be involved in the actual crisis should be easily accessible and ways of reaching each other during the actual crisis should be planned out in advance. It is nearly impossible to anticipate every potential crisis; that is why the crisis team needs to be well trained to work under pressure (Dougherty, 1992, p. 12).

**Crisis Audit**

The second step in preparing for a crisis is to look for warning signs. These warning signs are referred to as prodromes. Organizations look at the vulnerabilities to a potential crisis similar to the way a doctor treats a patient. Prodromes, in the medical field, are predictable events that provoke something like a migraine. In the same way, the crisis team looks for prodromes in the organization. The team measures each type of
prodrome according to vulnerability, priority, and action. This type of analysis is often called a crisis audit (Fearn-Banks, 2002, p. 66).

The first step in a crisis audit is to make a list of the possible crises that could potentially happen in the organization. A sample list was shown in the first chapter in table 1.1. Once the types of crises are identified, each type should be analyzed. There are different ways of conducting this audit and there is no particular way that it has to be formatted.

Kathleen Fearn-Banks from the University of Washington provides one example of how to carry out an audit. To analyze each type of crisis two questions must be answered: (1) How likely is this crisis? And (2) how devastating can the crisis be? By answering these two questions, the crisis team can prioritize the importance of each issue (Fearn-Banks, 2002, p. 24-25).

Each crisis type should be ranked as follows:

0 - Impossible; that is, the crisis has basically no chance of occurring.
1 - Nearly impossible.
2 - Remotely possible.
3 - Possible.
4 - More than possible, somewhat probable; has happened to competitors or similar companies.
5 - Highly probable; may or may not have previously occurred in the company, but warning signs are evident.

Then each crisis should be ranked according to its potential damage.

0 - No damage, not a serious consequence.
1 - Little damage, can be handled without much difficulty, not serious enough for the media’s concern.
2 - Some damage, a slight chance that the media will be involved.
3 - Considerable damage, but still will not be a major media issue.
4 - Considerable damage, would definitely be a major media issue.
5 - Devastating, front-page news, could put company out of business.
For added security, when in doubt, rank a crisis in the next highest category (Fearn-Banks, 2002, p. 24).

An example of what a crisis audit may look like if it followed this format is shown below. The Kat Organization made a list of several types of crises that could potentially happen. By ranking each for the probability and damage, the crisis team can focus on the greater vulnerabilities of the organization and shows which crisis is their main concern. In the sample list, it shows that layoffs and a merger/takeover are critical issues in the organization, while issues like tornados and pollution and environmental concerns are not as serious.

*Table 2.1*

**The Kat Organization’s Ranking of Crisis Probability and Damage**

<table>
<thead>
<tr>
<th>Crisis Type</th>
<th>Probability</th>
<th>Damage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Tampering</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Computer Failure</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Lawsuits</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Tornado</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Pollution and Environmental Issues</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

There are other ways to format the crisis audit. Some institutions rate the crisis types on a scale of one to ten (ten being the most likely) to prioritize the ones needing immediate action. Other tables may rate vulnerability (high and immediate, serious and current, unlikely but possible, remote, or none), priority (top, high, moderate, low, or
none), and action (full attention, maintain top awareness, maintain awareness, monitor, or none). An example of this type of audit may look like the one shown below in table 2.2.

Table 2.2

<table>
<thead>
<tr>
<th>Crisis Type</th>
<th>Vulnerability</th>
<th>Priority</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>High and immediate</td>
<td>Top</td>
<td>Full attention</td>
</tr>
<tr>
<td>Industrial relations</td>
<td>High and immediate</td>
<td>Top</td>
<td>Full attention</td>
</tr>
<tr>
<td>Top management succession</td>
<td>Serious and current</td>
<td>High</td>
<td>Maintain awareness</td>
</tr>
<tr>
<td>Public perception</td>
<td>Serious and current</td>
<td>High</td>
<td>Maintain top awareness</td>
</tr>
<tr>
<td>Hostile takeover</td>
<td>Unlikely but possible</td>
<td>Moderate</td>
<td>Monitor</td>
</tr>
<tr>
<td>Sudden market shift</td>
<td>Remote</td>
<td>Low</td>
<td>None</td>
</tr>
<tr>
<td>Adverse international event</td>
<td>Remote</td>
<td>Low</td>
<td>None</td>
</tr>
<tr>
<td>Regulation and deregulation</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Product failure</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

(Meyers, 1986, p. 220)

There are a series of questions that the organization should ask itself to further analyze the types of crises. Devon Dougherty provided a list of questions in his book *Crisis Communications: What Every Executive Needs to Know*. These questions help an organization analyze their vulnerabilities.

- What is the main issue of the potential crisis, and which departments would be responsible?
- How might the crisis escalate, and what would be the range of this escalation?
- Would you be in violation of any regulatory, local, states, or federal statutes, and what would be the implications?
- What are the legal ramifications?
- Would the crisis involve environmental concerns or affect the safety of the community?
• What would be the short- and long-term effects on the company, its production, and its ability to continue operating effectively, and how would the finances be affected?
• What impact would the crisis have on customers and their perception of your organization and its products or services?
• How might the investors be affected by the crisis?
• What knowledge do your employees have about the potential issue/crisis, and how would they be affected?
• How much and with what intensity would media be interested in such a crisis?
• Would such an issue or crisis just be the tip of the iceberg of a much larger and potentially more damaging crisis? It is important for you to examine the issue and see if it can lead or point to even greater problems such as known safety concerns, lax quality control standards, simmering employee relations problems, and other potential cans of worms. When you have such situations, you are opening yourself up for a protracted crisis, as every one of these becomes a potential story for the media and will be pursued (Dougherty, 1992, p. 7).

Once the different crisis types have been addressed, a crisis communication plan can be developed to outline how to address the crisis if it occurs. These plans are usually a part of, or complement, a crisis management plans or contingency plans and it is the next step in preparing for a potential crisis.

**The Crisis Communication Plan**

The Crisis Communication Plan (CCP) is a document that addresses each potential crisis situation as thoroughly as possible. The CCP should be organized so that the practitioners can quickly turn to each section. The crisis team should encourage employees to keep copies of the plan in various key spots so that at least one copy will be readily available at the time of a crisis. Copies of the plan can be stored at the office, at home, at alternative plant locations, and even in someone’s car. No one can predict what will happen when a crisis hits. It can prevent use of an organization’s headquarters as
well as keep members of the team from fulfilling their role. That is why the document should be easy to follow and easily obtained by key players.

Obtaining Advance Approvals

Parts of the CCP may require governmental and organizational approvals. Lack of clarity about approval for the use of chemical dispersants was one of the difficulties encountered by Exxon during the Valdez oil spill. These approvals should be obtained in advance. If governmental authorities cannot give approval ahead of time, clearance procedures should be carefully outlined, together with names, addresses, and telephone numbers (including emergency numbers) of all involved individuals. The organization should also review and update the plan on a regular basis so that there is a clear understanding of what would happen if the plan were to be executed (Lerbinger, 1997, p. 26).

The CCP Format

The format of the CCP should be clear and organized. The CCP should be organized in a way that best fits each company. An example of an effective layout would follow this order:

- Cover page
- Introduction
- Acknowledgments
- Rehearsal dates
- Purpose and objectives
- List of key publics
- Notifying publics
The CCP is not a manual that can be followed by the book. The plan must be flexible, but still address the details that could be overlooked when the crisis hits. It is important that there be internal support for the CCP and that the organization is well informed and prepared for the potential crises. “A company truly helps itself when it is proactive in its planning and open and candid about how it operates, its role in the community, and its interaction with key publics” (Dougherty, 1992, p. 29).

The CCP also shows that it is important to gain external support as well. Maintaining good relationships with the media and community leaders are important. In an interview with Kelly Blazek, a former member of General Electric’s Crisis Team, she said that every company should ask, “Who are the community leaders that you need to alert before you’re ready to release bad news? You want these government officials, civic leaders, and religious leaders (if necessary) in your corner and on the same page, ready to help reinforce your message.” (Blazek, 2003)
The Spokesperson

Another important component of communicating effectively during a crisis is having the right spokesperson. The person most qualified for the job depends mostly on the crisis. In most cases, the CEO acts as the single voice. If the crisis is of sufficient magnitude, the CEO may be the only credible person to handle the job. However, there are times when the CEO is not the best person to inform the publics of the situation.

Before the crisis occurs, a resource list should be made to identify who may be the right spokesperson for each type of crisis. Legal issues should have a lawyer; health issues should have a doctor; and financial issues should have the chief financial officer. It is important to select an expert that can address the issue promptly, completely, and continually throughout the course of the crisis (Gottschalk, 1993, p. 399).

The primary responsibility of the spokesperson is to manage the accuracy and consistency of the messages coming from the organization. It is important that the spokesperson be able to work with the media, which involves listening and responding to the media at a rapid pace. The spokesperson is doing his or her job in a time of high stress; the organization is in a crisis and the media wants answers immediately. Therefore the spokesperson must be able to handle stress well (Coombs, 1999, p. 72).

The choice of a spokesperson may involve more than just expertise and speaking style. The spokesperson must appear pleasant on camera. This means that the speaker should cultivate style elements that cultivate the perceptions of control and compassion.
“Being friendly suggests a person is confirming and giving positive recognition to others. The dominant style elements mean a person is behaving in a confident and businesslike manner” (Norton, 1983, p. 83). Other elements of effective delivery include maintaining eye contact, using hand gestures to emphasize points, vary the tone of voice to avoid being monotonous, change facial expressions to avoid being “blank faced,” and avoid any verbal fillers like “umm” and “uh” (Coombs, 1999, p. 75).

The spokesperson should also be kept thoroughly informed of the situation and prepared for the questions he or she might encounter. Despite the amount of experience the spokesperson has with the media, it is always important to practice how to handle the questions that might be asked. Media training is a way to prepare the spokesperson on how to manage the press during the actual crisis. Simulation exercises can help the spokesperson not only handle the media in a professional manner, but it allows the person to organize key points and sound sincere (Dougherty, 1992, p. 32-33). Reaffirming the organization’s key message is important in dealing with the media. “If you are not the media spokesperson and your CEO, manager or plant supervisor is, remind them to stay ‘on script’ and not to elaborate or go wandering off into uncharted, unscripted territory. They should and must sound like a parrot, repeating and repeating the same sentences and themes, with a smile on their face.” (Blazek, 2003)

Activate Crisis Management

When planning for a crisis, it can be difficult to capture the feeling of urgency that is present when the crisis actually occurs. Once someone detects an accident or problem
and judges it to have the potential of reaching a crisis threshold, that person must begin the crisis activation process. The person who detects this crisis should start by contacting the manager of the crisis team or whoever is on the contact sheet in the CCP (Lerbinger, 1997, p. 40).

Once the crisis team is contacted, it is important to get the top people of the organization in a room or on the phone as soon as possible to work out a game plan. Plant or facility managers and legal teams are there as well as management and communication teams. (Blazek, 2003) The CCP will also provide a list of possible headquarter relocations, if necessary. The first response by the organization should be to ensure that the situation is brought under control and that all the facts are gathered.

**Reveal Your Own Bad News At Once**

Sometimes it is not the crisis itself that hurts the organization. Poor communication with the media can ruin the reputations of unprepared institutions. “The news media are society’s watchdog and, whether liked or not, judge the behavior of organizations. Because they serve as society’s unofficial designators of a crisis, their judgment of a particular event affects how an organization and its management are perceived by the public” (Lerbinger, 1997, p. 31). Therefore, the way the crisis team handles the media is crucial.

It is always best to get your own bad news out first. It shows that the organization is upfront and honest about the problem and it also indicates that the company is taking an active role in finding a remedy to the problem.

A 1993 survey of 1,000 U.S. adults conducted by National Family Opinion for Porter/Novelli, a public relations firm, shows why accurate and honest reporting during a
crisis is important to preserve an organization’s credibility. Of the respondents, 95 percent said they are more offended by a company’s lying about a crisis than they are about the crisis itself and 57 percent of Americans believe companies withhold damaging information or lie in times of crisis. Only 19 percent feel companies are totally truthful in a crisis situation. A ‘no comment’ from a company almost always implies guilt, said 65 percent of the respondents. Not surprisingly, company spokespersons are seen as the least believable source—only 46 percent say they are very or even somewhat believable (Lerbinger, 1997, p. 31).

The timeliness of the response to a crisis is vital. “Fear of making the wrong move always hampers decision making during crisis. In reality, however, a stalled decision during a serious crisis poses a greater danger than a wrong decision” (Silva and McGann, 1995, p. 201). It is important to assess the situation, but if the organization has erred, it is usually best to reveal the mistake at once, apologize, and make amends. If the crisis resulted in injury or death, or if it poses a major safety threat to certain publics, the crisis team should contact the media immediately and tell them that they are looking into the situation and that they “just found out five minutes ago.” However, if the organization is certain that the situation is not urgent, then it is advisable to look into the situation, to make attempts to fully understand what took place, and to have answers prepared for the media’s questions (Fearn-Banks, 2002, p. 67).

Moving fast and showing a quick response to the crisis is essential. “Speed is without a doubt a determining factor for successful crisis communication. The questions raised are often distressing, but waiting too long to react is seen as a sign of weakness or confusion” (Ogrizek and Guillery, 1997, p. 53). The organization needs to show that it is ready to act on the crisis and that it has control over the situation.

Silence will not benefit the organization when a crisis occurs. “Silence is a very passive response. The use of silence reflects uncertainty and passivity by the
organization. Passiveness is the exact opposite perception an organization should be attempting to create” (Coombs, 1999, p. 115). This passiveness shows a lack of control in the situation. When the organization will not step up and take control, then other outlets, such as the media, will define the crisis situation.

It does take time to process and understand the situation. The quick response after a crisis does not mean that the organization will have the whole story. “A crisis team might have to go before the media with an incomplete story. That is okay. There is no crisis management sin in telling the media that the team does not know something but will provide the information as soon as possible” (Coombs, 1999, p. 116). Being upfront and honest will prevent future misunderstandings when more information is found. Instead of saying “no comment” organizations can tell the public that the information is not yet available but will be sent to the media when it is received. Regardless of how much the organization has to present to the media, it is important to quickly establish that the organization has control and wants to work with the media, not against them.

The media is not the only source that needs to be informed quickly. Other key publics outlined in the CCP should also be contacted. Direct communication with the government, employees, customers, stockholders, as well as other selected publics keeps them up-to-date with information and provides a line of two-way communication by explaining how to reach the organization. This quick and candid communication builds a sense of confidence among the key publics (Dougherty, 1992, p. 56-57). It is important to build that strong support during a crisis when so many are keeping a close eye on the organization’s actions.
Direct communication to these different publics does not always come in the form of person-to-person. The type of communication will vary with each audience. The government may be informed with a phone call, especially when government agencies like the FDA or FBI are involved. An e-mail or fax would show a lack of concern and is too impersonal in situations where the organization needs to work with the government in controlling the effects of the crisis. Johnson & Johnson worked with the FDA and FBI in a cooperative effort to ensure that the Tylenol plants were not the source of the product tampering. The organization should not rely on the government to approach the situation on its own. The crisis team should make the call to government officials that will be involved in the situation and be responsible for keeping them up-to-date. Direct communication with the government shows that the organization is not hiding anything and wants to make a cooperative effort in resolving the situation.

Direct communication with other publics may take a less personal approach. Organizations do not have the time during a crisis to be calling every employee, customer, or stockholder. E-mails, direct mailings, advertisements, and public announcements can be used to reach key publics. E-mails sent to an organization’s employees is an effective channel to reach internal publics to inform them of the situation, explain how it affects them, and how to handle the media. Stockholders can also be reached through e-mail or through direct mailings that explain the details of the crisis, how it is being handled, and how they will be affected as an investor in the organization. Stockholders and employees should also be encouraged to be supportive during this time and be reassured that the organization is in control and will effectively
handle the situation. Informing these key publics immediately allows for positive support from the start because the organization is able to get the real situation out to them before the media runs away with its own story.

Direct communication can also be in the form of a public announcement. Consumers are a difficult group to reach on an individual basis. With organizations that have a large consumer base, a TV or radio announcement from the organization handling the crisis is an effective way of getting to a larger audience and still demonstrates the organization’s responsibility to its publics by actively making information on the crisis available. An organization should quickly report the facts of the situation to its key publics because leaving these audiences in the dark can lead to skepticism and confusion.

**Stick to Confirmed Facts**

When an organization comes forward to inform its different publics, it is important to always stick to the proven facts and not speculate. Since the initial stages of the crisis are so hectic, handling information accurately and stating only what has been confirmed allows the stages of the crisis to go smoothly. If someone representing the organizations starts to speculate and releases information that has not yet been proven, there is a chance that the information is wrong and credibility is lost.

Revealing all confirmed information may seem risky to some organizations. However, sticking to the facts ensures the crisis team that they will not be caught in a lie and can be viewed as trustworthy by different publics. “The facts enable a crisis team to deal from strength and stake its strategy around honestly held positions and to more easily take the high road, which is ultimately the best approach” (Gottschalk, 1993, p.
Facts are facts, and when confirmed facts are presented to the media it can result in greater credibility rather than speculations made by a spokesperson.

“It is extremely difficult to conceal pertinent information in a public crisis. It is equally hard to avoid the temptation to speculate when the key facts are still not known. Yet, speculation should be avoided at all costs” (Susskind and Field, 1996, p. 207). Jumping to conclusions is easy to do when so little is known at the beginning of a crisis, but it can lead to problems later. The media has a way of finding out the most damaging information and if information is not accurately released by the organization or if the communication is not open, then the press will be more likely to present the institution in a negative light. It is better to only reveal confirmed facts rather than having to retract optimistic assurances that proved to be false.

It is important to remain a source of reliable information. When the organization presents accurate and pertinent information, the media has less of a chance to mold a different story. It also keeps public opinion favorable. “This assumes that answers be quite precise, complete, coherent, and credible, qualities not easy to achieve in practice. In an emergency, the reliability of the first information gathered is actually quite delicate. Assessing the facts may in itself be tricky” (Ogrizek and Guillery, 1999, p. 55). It is difficult to achieve accuracy with all the facts initially, but it is better to be safe than sorry and only state what has been proven.

An organization that reveals an inaccurate fact could face not only credibility problems, but legal setbacks as well. The media wants to know the cause of a crisis. For the organization handling the crisis, the source of the problem is not always clear,
especially in the beginning. If the spokesperson starts to speculate and answer the media with what appears to be the cause without confirming it, the statements could be seen as slander. Unless facts have been proven, the spokesperson is risking credibility when he or she points to the source of the crisis. Using confirmed facts decreases the risk of facing legal problems when there are already enough components of the crisis to deal with.

**Structure the Command Post**

Depending on the nature of the crisis, the crisis team should designate a place to gather the crisis team and handle the media. The site allows for organization and control over the flow of information. The command post will allow the organization to achieve control because “it will function as a central point through which all information will flow; a place where key members of the crisis team will be able to meet, discuss, and effectively handle the situation; and a site where press conferences can be held to disseminate information to the public” (Dougherty, 1992, p. 39).

This command post is usually placed at the site of the crisis event as long as it is accessible. The organization should inform the media of the location. Transportation and sleeping quarters may also be arranged for them. The media should be assured that the organization is in control and is prepared to handle the media’s presence (Lerbinger, 1997, p.25).
Information about the command post should be in the CCP. It should include details of the location and how it will be staffed. The center should also include files of the CCP, scenarios and instructions, along with the crisis team phone list (Dougherty, 1992, p. 40). Other important materials include:

- Computers
- Power sources
- Fax machines
- Telephones and modem connections
- Media lists
- Tables and chairs
- Copying equipment
- Writing materials
- General reference books
- Telephone directories
- VCR and audio tape equipment
- Coat racks
- Bulletin boards
- Press kits, stock photos, and background information

This facility should include all materials that will allow the organization to run smoothly while dealing with the crisis and the media. The organized set up shows that the organization is prepared and ready to handle the crisis effectively.

Some organizations will have mobile command posts that allow for the crisis team and the media to be at the site of the crisis. A Winnebago or RV can be well equipped and prepared for a crisis at all times. The media’s accessibility to the command post will depend on the location. If the command post is airlifted to the scene, the press may have to rely more on satellite feeds. A media center should still be set up through the organization to control the flow of information and to allow for open communication
with access to a spokesperson from the organization. A mobile command post allows the organization more flexibility in responding to crises that could arise in a variety of areas and may be useful in a situation where the organization’s headquarters is not accessible.

**Conduct the Necessary Fact Finding**

The organization needs to collect all pertinent information necessary to cope with the crisis and to keep the public well informed. The important facts of the crisis will want to answer the five Ws- who, what, where, when, and why- and how (Lerbinger, 1997, p. 41). Finding all the important facts not only helps the organization solve the crisis, but it allows the public to be well informed and perceive the institution as in control and proactive.

A list of possible questions can be organized to ensure that the organization is ready to interact with the media. Some possible questions on this list might include the following:

- What happened and, if possible, what caused the crisis?
- How many casualties were incurred (both injured and dead)?
- What damage was caused to property and the surrounding environment?
- Do any public health or environmental dangers exist?
- How are rescue and relief operations proceeding?
- What consequences- legal, financial, and so on- stem from the crisis?
- Who were the heroes and the culprits?
- What witnesses, experts, victims and others might be interviewed? (Lerbinger, 1997, p. 41-42)

“An instant review of possible developments over the next few hours or days is a
top priority of crisis management since crisis is by definition a dynamic process”
(Ogrizek and Guillery, 1999, p. 54). Therefore, initial fact-finding is never a complete
answer since the crisis may include a number of facts that will develop over time.

**Speak With One Consistent Voice**

Speaking with one voice does not necessarily mean that there is only one person
that can respond to the media. “Rather speaking with one voice means coordinating the
efforts of the official spokespersons and discouraging other organizational members from
becoming unofficial spokespersons” (Coombs, 1999, p. 117). There can be multiple
spokespersons that have the same information and can give consistent responses to the
media. All employees must be aware that there are people who will fulfill the
spokesperson role and that they cannot act as an unofficial spokesperson. The CCP will
prepare employees to refer media inquiries to the correct authoritative sources
(Lerbinger, 1997, p. 43). The organization should send out a company-wide memo or e-
mail explaining the situation and how to deal with media inquiries. When employees are
kept up-to-date and informed the entire organization can respond with a single voice and
stay on the same page.

Those who do represent the company and will act as a spokesperson need to be
well briefed on the overall situation and need to be reasonably articulate. The criteria for
a spokesperson were mentioned earlier in the chapter. The spokesperson needs to be
available at the central media center at all times. The key messages should be
emphasized to the media. “Repeat, repeat, repeat your key messages, even though you
sound like a parrot. Repetition of key messages is fine no matter how stupid you think you sound.” (Blazek, 2003) A consistent message is more believable and more credible. “Speaking with a single voice is necessary to maintain control over the accuracy and authenticity of information and to prevent a blunder that could ruin the reputation of the organization” (Lerbinger, 1997, p. 43). Credibility is one of the most important assets to an organization during the time of a crisis and keeping a single voice accessible and consistent is important in achieving this credibility.

**Log All Calls**

Once the crisis hits and word gets out to the public, there will be a flood of calls coming into the organization. This is where support personnel are involved in the crisis team. These members of team can assist in handling the phone system. The key is to avoid having callers get a busy signal (Dougherty, 1992, p. 70). Although not every caller will get through, it is important to show that the organization wants to keep the lines of communication open. “Be accessible to the media. Every phone call should get returned ASAP. You might not have an answer, or the answer they want, but at least you returned the call.” (Blazek, 2003)

The organization wants to keep the lines of communication open. This can be achieved through an organized call log. During a crisis, it is important to track incoming calls for the purpose of damage control and determination of public sentiment (Dougherty, 1992, p. 70). All media calls need to be logged and the names and deadlines need to be captured. (Blazek, 2003) By keeping a call log, the organization can see who
has called at what time and what he or she has inquired or commented about. The people who have the authority of answering some of these calls will not always be available to answer the calls when they come in. When a call log is kept, the call can be returned in a timely fashion and the person returning the call will be ready to address the caller’s concerns. The call log keeps telephone communication organized and efficient during a time of chaos. An example of a telephone/mail log is shown in table 2.3.

Table 2.3

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Individual</th>
<th>Comment</th>
<th>Address or Telephone</th>
<th>Needs Call Back</th>
</tr>
</thead>
</table>

(Dougherty, 1992, p. 178)

It is also important to keep track of the public opinion through the telephone log. “The switchboard should be set up to handle comments and inquiries from individuals stating support or disapproval for the situation or your handling of it. It seems that in most crises there will be a large number of people wanting to comment and you should be prepared to handle these comments” (Dougherty, 1992, p. 70). Mail can also be tracked in the same way. It is important to understand how the public feels throughout the different stages of the crisis. It can tell the organization what it needs to focus on and how well the CCP is working.
Maintain Credibility and Continue To Take Action

The initial response is an important foundation for how the organization handles the continuing coverage of the crisis. As mentioned before, a crisis is dynamic and new information could appear each day. The way that the organization handles the information is critical to its relationship with its publics.

A company’s ability to deal with a crisis successfully is dependent upon the ability of senior management to be honest with itself and its constituents, as well as the media. One important reason for our firm’s success in this field is the fact that while we’re advocates for our clients, we urge them to take the high road during a crisis campaign by remaining factual and realistic. Our counsel is to avoid mudslinging tactics – despite the emotional temptation to do otherwise against certain foes – because we never want to undercut our client’s ongoing credibility (Gottschalk, 1993, 133).

Organizations must continue open communication throughout the crisis. Keeping the publics well informed and showing that it is a joint effort to find a solution to the crisis indicates that the organization wants to put forth a collaborative effort and not make decisions behind closed doors. “We must say what we mean and mean what we say if we want to hold on to the trust we have or build more. If we camouflage our intentions, sugarcoat the truth, or spin the story to make it ‘sound better,’ we are not saying what we mean” (Susskind and Field, 1996, p. 206). It has often been said that honesty is the best policy and when dealing with a crisis that is an important maxim to follow.

Finding more information and resolving the crisis situation is ongoing. In some crises there may be victims who have suffered physically, mentally, or financially from the crisis. These victims should be addressed with compassion from the start, but their
suffering usually continues long after the headlines disappear. Compassion is linked to credibility as well. The compassion of an organization indicates that it is trustworthy; the organization is concerned about the needs of its stakeholders. Concern is an accepted part of trustworthiness (Coombs, 1999, p. 119). The initial response is geared more towards the mass media and the follow-up communication can be better targeted to the stakeholders and victims. Although immediate contact with victims is essential, monitoring the progress of the victims is crucial.

It is not enough to have provided the right flow of information during the first few hours and days after an incident. Information on the progress of investigations and compensation procedures in particular should be provided actively and with the greatest possible transparency. Victims and their families do not want to be forgotten while several of their questions still remain unanswered and they have consequently not been able to start the mourning process (Ogrizek and Guillery, 1999, p. 63).

Working with the victims rather than against them keeps the organization in a favorable light and can prevent lawsuits and negative press in addition to being the ethically sound thing to do.

**Evaluate**

Once the crisis is under control and the media has calmed down, it is time assess how the situation was handled and the success of the CCP. Throughout the crisis a log should be kept of all information received, procedures undertaken, and steps decided upon. The telephone and mail log will also help in evaluating the crisis, but employees and members of the organization should keep track of how they felt in the different stages.
of the crisis. These records will help in evaluating how well the crisis was handled and finding oversights and deficiencies.

Once the results of the logs have been analyzed, the crisis team can use the critique to help improve future crisis performance and suggest post-crisis rebuilding efforts. “Some companies debrief their employees after a crisis event for the purpose of reevaluating their procedures and asking how they could be improved. The aim is to make the contingency plan more comprehensive and realistic. Consider whether more training and drills are necessary. Fine tune the plans and procedures” (Lerbinger, 1997, p. 348). This evaluation process shows that the CCP is never complete. There are always ways to improve crisis communication and the main way to learn is through experience.

Other ways to evaluate the crisis include media coverage assessment. Collection and analysis of media coverage during and after the crisis allows an organization to see how the press handled the situation. The press clips are analyzed to show whether or not the organization was portrayed favorably and if the different communication strategies with the media were successful.

Survey research with the different stakeholders is another way of evaluating the communication in a crisis. "Typical questions on a crisis evaluation survey include the person's role in a crisis, satisfaction with and ways to improve notification, comments on specific strengths or weaknesses in the crisis management performance, and suggestions for improvement” (Coombs, 1999, p. 137). Different surveys are required for different
publics to evaluate everyone involved with the crisis. Surveys can give feedback that provides a representation of public opinion that can explain what was successful and what needs to be improved. The surveys can also explain the more objective signs such as a dip in sales or a drop in visits.

The success of a crisis communication plan also is measured through sales, the amount of lawsuits filed, and the performance of the company before and after the crisis. However, an organization should realize that short-term consequences from the crisis might differ from the long-term effects. "A crisis that appears well managed in the short term may have very destabilizing consequences for the corporation affected, which only become apparent one or two years later. This is why it is wise to be modest in making judgments of the management of a crisis whose full details and implications are not known" (Ogrizek and Guillery, 1999, p. 81-82). The sales following a crisis may not indicate the success of the organization immediately. It can take time to regain market share and see progress in performance. In addition, lawsuits might be the immediate reaction to the incident but quickly fade away, or problems could build up in litigation for the company years later.

Evaluation should go beyond the external publics. It should also include the employees inside the company. Communication channels should be installed to allow for management and staff to express their opinion. The internal public of an organization is vital to the performance during and after a crisis. Employees can provide insight into what communication channels worked during the crisis and which ones did not.
The evaluation shows where the organization was successful and where it needs improvements. The evaluation is a learning process that reveals how the crisis affected the company. It provides better preparation in case the crisis would happen again. Through evaluation, Tylenol was able to reintroduce the brand name with success and improve the crisis plan for the second product-tampering incident in 1986. The company learned from the disaster and gained valuable insight on how to deal with the second crisis.

Possible questions that an organization should ask during postcrisis evaluation include:

1. Did we effectively respond to the immediate crisis we faced, or did we react to irrelevant problems and questions?
2. What resources within the company did we use effectively, and which departments or managers did we not adequately utilize? If we were to grade, from "A" to "F" the responsiveness of those we asked for assistance during our mock crisis, what grades would we give, and why?
3. Who was the most effective overall manager on our team during the crisis and why? Would this person need further tools or resources to do this job in the future?
4. Where did we succeed? Where did we fail? What situations did we fail to anticipate? (Barton, 1993, p. 182)

Evaluation allows the organization to learn from its actions and advance after the crisis.
Chapter Three

Case One

Tylenol: Crisis Communication Plan in Reaction to Cyanide-Tampered Capsules in 1982

When people ask about my thesis topic and I explain the two cases that I want to examine, it is surprising how many don’t know about what happened to Tylenol in 1982. That year is the same year I was born. This is also true for many of my friends, so we would not remember the news during that time. However, seven people died after taking a product that is still used today. Usually seven deaths will continue as a black cloud hanging over the company’s head long enough for my generation to understand what happened. Nevertheless, a considerable amount of people my age might not know about this crisis because of how Johnson & Johnson handled it. If there were ever a case to follow in the early years of crisis communication that would lay important groundwork for later crisis communication plans, this case would be it.
Company Background

Johnson & Johnson has been part of the health industry since the end of the nineteenth century. Robert Wood Johnson heard Sir Joseph Lister, a noted English surgeon, give a speech in 1876 on his theory of antisepsis. He identified airborne germs as a source of infection in the operating room. He called them the "invisible assassins." Johnson used this information to produce a new type of surgical dressing, ready-made, sterile, wrapped and sealed in individual packages and suitable for instant use without the risk of contamination. (Johnson & Johnson, 2003)

Not long after Johnson joined with his two brothers, James Wood and Edward Mead Johnson, who had formed a partnership in 1885. Operations began in New Brunswick, N.J., in 1886 with 14 employees on the fourth floor of a small building that once was a wallpaper factory. In 1887 the company was incorporated as Johnson & Johnson. In 1919, the company went international and expanded into Canada and Great Britain. (Johnson & Johnson, 2003)

After the death of Robert Wood Johnson in 1910, his brother, James Wood Johnson took over until he passed away in 1932. The company then went under the direction of Robert Wood Johnson (named after his father) who was also called General Johnson. Under his leadership, the company changed the philosophy of business and a firm policy of decentralization was initiated. He also wrote the company’s credo in the 1940s, which describes the company’s social responsibility. (Johnson & Johnson, 2003)

Tylenol became Johnson & Johnson’s best product line. In 1981 it produced $350 million in sales and held 35 percent of the total pain reliever market. “With such spectacular successes, no company executive could imagine a cloud when Chairman James E. Burke, just three weeks before the first death, asked his senior management to anticipate worst possible scenarios. It seemed almost unnecessary” (Pinsdorf, 1999, p. 84).

The corporation was named one of the 100 best places to work and had a continually good relationship with the media. The company was known for its social responsibility clearly defined in its credo. It had four responsibilities in the following order of priority: (1) to the consumer, (2) to the employees, (3) to the communities, and (4) to the stockholders (Fearn-Banks, 2002, p. 89).

**The Crisis**

September 30, 1982. It began like any other workday at Johnson & Johnson headquarters in New Brunswick, New Jersey. Then the phone rang. A reporter from the
Chicago Sun-Times telephoned a public relations staff member asking such questions as “How long has Tylenol been on the market?” and “What is Tylenol’s share of the market?” (Fearn-Banks, 2002, p. 88)

Neither the Johnson & Johnson representative nor the Chicago reporter knew why this information was needed. The reporter was actually gathering the information as background research for a story the editor was putting together. After the phone call, the public relations staff member mentioned what just happened to the rest of the department. Since the call seemed a bit odd it was reported to the Public Relations Director Robert Kniffin. Kniffin then called Arthur Quilty, an executive committee member who had responsibility for McNeil Consumer Products Corporation. Quilty then called James Burke, CEO. Another call from the Chicago Sun-Times later explained there had been reported deaths from the intake of Extra Strength Tylenol (Fearn-Banks, 2002, p. 88).

The Response

Corporate Vice President Lawrence Foster was on vacation at the time. During his time away he would make a daily call and it was during this call that he heard the news. He immediately returned to the office and took charge of the public relations activities. However, Foster did not have much planned for when a crisis hit. There was no crisis communication plan. In fact, few companies had a CCP at the time. The one thing that Foster had was an emergency call list for when emergencies such as fires would happen. His first step was notifying the chain of command (Fearn-Banks, 2002, p. 88).
A meeting was called immediately. The players that attended the meeting included Lawrence Foster, head of public relations; David Clare, president and chairman of Johnson & Johnson’s executive committee; Joseph Chiesea, president of McNeil Consumer Products Company; and David Collins, chairman of McNeil. During the meeting, Foster dispatched Kniffin to McNeil’s headquarters nearby, and Burke sent Collins to the headquarters because he had been president of McNeil Pharmaceuticals and knew it well (Fearn-Banks, 2002, p. 88).

“The executives all said that it was a period of great fear. There were no warnings, no prodromes. Nothing like this had ever happened to them or any other company that provides products for human consumption” (Fearn-Banks, 2002, p. 88). For years Johnson & Johnson’s corporate planning groups had included crisis management and disaster plans. However, these plans were not enough. This crisis was so atypical, unpredictable, and eruptive that instant improvisation was the only conceivable action (Pinsdorf, 1999, p. 85).

Although there was little preparation for crises among companies at the time, the actors concerning this case followed many of the steps in crisis communication plans today. After the meeting, Collins set up a seven-member crisis team. “The team’s first task was to find out what sickness it was actually facing. Then it would determine how to go about the healing process. The crisis team handled decisions in the area of communications and was in charge of all strategies and tactics” (Fearn-Banks, 2002, p. 89). The team met twice a day and concentrated on damage control and communication
(Pinsdorf, 1999, p. 86). There were no guidelines to follow, but Johnson & Johnson acted according to the situation by instinct and always with their publics in mind.

There was one document that led many of the decisions throughout the crisis. The company’s credo written in the 1940s provided the guidelines for the crisis team in devising their plans throughout the crisis. Figure 3.1 shows the important document that framed the actions taken by the crisis team.

The first decision made by the team was to recall all Tylenol products in Chicago. The team decided not to take any risks within that area. The recall batch revealed two other cyanide-laced capsules. The company had to question if the root of the problem was one of its employees. Product tampering within the corporation was not something that Johnson & Johnson wanted to deal with, but no one was certain of the cause at the time. The only thing that they could be certain about was that they had to warn the public (Fearn-Banks, 2002, p. 89).

The key publics that the crisis team established were:

1. The consumers
2. The medical profession
3. Employees and other internal groups
4. The FDA
Our Credo (Figure 3.1)

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality.

We must constantly strive to reduce our costs in order to maintain reasonable prices.

Customers’ orders must be serviced promptly and accurately.

Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual.

We must respect their dignity and recognize their merit.

They must have a sense of security in their jobs.

Compensation must be fair and adequate, and working conditions clean, orderly and safe.

We must be mindful of ways to help our employees fulfill their family responsibilities.

Employees must feel free to make suggestions and complaints.

There must be equal opportunity for employment, development and advancement for those qualified.

We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well.

We must be good citizens – support good works and charities and bear our fair share of taxes.

We must encourage civic improvements and better health and education.

We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit.

We must experiment with new ideas.

Research must be carried on, innovative programs developed and mistakes paid for.

New equipment must be purchased, new facilities provided and new products launched.

Reserves must be created to provide for adverse times.

When we operate according to these principles, the stockholders should realize a fair return.

Johnson & Johnson
The team also worked with the FBI to find the source of the product tampering. All publics were notified immediately and continuous and open communication survived throughout the entire crisis (Fearn-Banks, 2002, p. 89).

By October 1, 1982, the first headline in the *Chicago Sun Times* came out in the morning linking five deaths to the Tylenol capsules. The *Chicago Tribune* picked up the story by that afternoon. The *Tribune’s* coverage revealed that it was supportive of Johnson & Johnson’s situation. It never insinuated that the tampering happened at the plant. The paper did not even mention the Tylenol’s parent company name on the first page and kept it buried in the continuation of the story. One of the captions even indicated that the capsules were tampered with after leaving the manufacturing plant (Fearn-Banks, 2002, p. 89-90).

The last of the seven victims were identified in the news by the next day. By this time Johnson & Johnson was dealing with a barrage of phone calls and inquiries into the crisis. The crisis team followed its main goal and came up with several tactics to keep the consumers aware. The company installed 33 telephones to handle the calls and developed a toll-free consumer hotline. Through November of that year it handled 30,000 calls. “Pretaped statements were placed on special toll-free telephone lines to expedite news gathering. The messages were regularly updated. A full-page advertisement was placed in major Chicago newspapers offering consumers an exchange of Tylenol capsules for Tylenol tablets” (Fearn-Banks, 2002, p. 93).
The media picked up on the situation quickly. “During the first eight days, as much as 20 percent of one network’s news time was devoted to Tylenol” (Pinsdorf, 1999, p. 86). “Approximately 180,000 news stories ran in newspapers nationally. The story was at the top of television and radio newscasts” (Fearn-Banks, 2002, p. 93). “Press queries, normally ranging from 700 to 800 per year, swelled to 2,000 in October alone. A press log was kept throughout the tragedy” (Gray, 1986, p. 27) Johnson & Johnson had their hands full. The name Tylenol was now linked to cyanide poisonings and the crisis team was treading on uncharted territory that would later serve as an example for other companies to efficiently handle crises.

Johnson & Johnson was not concerned with the inroads that they were making in crisis communication at the time. The focus was on controlling the damage and the media coverage. The company had to speak with accuracy and timeliness. There was one piece of information that was incorrectly stated. In the first three days, Foster was quoted as saying that there was no cyanide at the Tylenol plants. Later, the Associated Press heard that there was cyanide in the plants and called Foster to confirm. After checking, Foster discovered that there was a small amount of cyanide at the manufacturing plants that was used for a type of quality control testing. However, the cyanide was kept in a separate part of the plant and none of it was missing. This information could have seriously damaged the company, but Foster was known for being honest, ethical, and fair. He did not believe in cover-ups and came forward to the press with the information. He told them that there was no way that the cyanide could have gotten into the capsules. The reporters believed him and never ran the story. Reporters
from the *Newark Star-Ledger* also had the information and agreed not to run it. The *New York Times* decided differently. They ran the story, but it made little impact (Fearn-Banks, 2002, p. 94). Foster knew the importance of maintaining a healthy relationship with the press and that worked in favor of the company.

The question of employee tampering was resolved after the FBI and the FDA found no evidence of product tampering in the two manufacturing plants that the pills came from. The cause now pointed to an outside source. To show its support for its employees, CEO Burke spoke to an assembly at McNeil and promised that Extra Strength Tylenol was coming back. Employees wore ‘We’re Coming Back’ buttons. Employees who had been manufacturing Tylenol were given other temporary jobs. Videotaped reports of activities were shown to employees keeping them up-to-date (Fearn-Banks, 2002, p. 95).

This new discovery prompted the FBI and FDA to advise against a recall because it would mean giving in to the terrorists. The crisis team at Johnson & Johnson did not agree. They believed that recalling the product would provide safety and security among its consumers, which was top of mind. Therefore, on October 5, all Tylenol products were removed from stores nationwide (Fearn-Banks, 2002, p. 95). Johnson & Johnson showed its concern for product safety and purity. Thirty-one million bottles of Tylenol were withdrawn and destroyed. Eight million individual capsules were tested. Eight bottles were tampered with. Seventy-five capsules were contaminated (Pinsdorf, 1999, p. 87).
Obviously there were financial costs. “Within a few days the stock dropped seven points. Tylenol lost 87 percent of its commanding market share in two weeks. Recall costs alone totaled more than $100 million, pretax” (Pinsdorf, 1999, p. 86). Johnson & Johnson saw that its social responsibility outweighed the financial costs and was willing to use any means possible to ensure safety for its consumers.

The company had a few options ahead of them. The Tylenol name was already damaged. Some supported reintroducing the product under a different brand name. However, a new name might suggest that there was guilt. An article in the New York Times on October 8 explained the marketing dilemma.

It is a challenge marketing people hope they never have to face- restoring the image of a product linked in the public mind with death.

But that is the sizable- and some say hopeless- task that now confronts the marketing team for Tylenol, the nonprescription drug that was the nation’s biggest selling over-the-counter pain reliever. Indeed, Tylenol’s past marketing efforts have been so successful that it commanded a market share estimated at 37 percent.

But now, of course, the drug’s image has been devastated by the tracing of seven deaths to cyanide-laced Extra-Strength Tylenol capsules. The deaths touched off a nationwide recall of capsule forms of the drug by its manufacturer, McNeil Consumer Products, a division of Johnson & Johnson.

Investigators have largely absolved McNeil of any blame, and Tylenol in tablet and liquefied form continues to be sold in drugstores. Nevertheless, a brand name that was systematically built up as a pain reliever at a cost of many millions of dollars has taken on an entirely new- and deadly- meaning in the language. Although Johnson & Johnson executives insist that they have no plans to scrap the Tylenol name, marketing experts concur that, at best, it will take months to alter the new perception. And some feel the new perception can never be changed.

“A flat prediction I’ll make is that you will not see the name Tylenol in any form within a year,” said Jerry Della Femina, chairman of the ad agency Della Femina
Travisano Partners. “I don’t think they can ever sell another product under that name. There may be an advertising person who thinks he can solve this, and if they find him I want to hire him, because then I want him to turn our water cooler into a wine cooler.”

The immediate classic marketing response to extreme adverse publicity is to cancel all advertising, which is what McNeil did last Friday.

“The only thing to do is to withhold advertising and reduce public awareness,” said Benjamin Lipstein, a marketing professor at the N.Y.U. Graduate School of Business. “If they could hide under a rock for a while and hope it goes away, they would.” (Kleinfeld, 1982, p. D1)

Critics looked at Tylenol’s situation as hopeless. The death of seven people connected to a consumer product could mean a death to the brand. Tylenol was not going to disappear so quickly. Foster and the rest of the crisis team had faith. All it took was a little creativity.

The crisis team understood the importance of assessing how the public viewed the company in the aftermath of the crisis. Johnson & Johnson hired the Compton Agency to perform a seven-week survey of 7,000 people to address this issue. “The finding showed that 90 percent of the population knew of the tragedy. And, importantly, a significant 90 percent of the population felt that Johnson & Johnson was not to blame and had acted in the public interest” (Gray, 1986, p. 88). The public was pleased with how Johnson & Johnson handled the crisis. With this support, a comeback for the Tylenol name was possible.

The company decided to repackage the product. It triple sealed the products and featured a new tamper-proof seal. A 60-second television commercial featuring the medical director of McNeil notifying consumers of the upcoming return aired to 85% of
households in October and November. The official announcement of the new packaging plans took place at a news conference on November 11 and was transmitted by satellite to 29 different sites. Burke also announced a coupon for the product and a toll free number that consumers could call to learn about the special promotion. Reporters applauded the company in the coverage that followed. “Johnson and Johnson could not have paid for better news coverage” (Fearn-Banks, 2002, p. 95). The news conference coverage was made available to approximately 3,000 television stations across the country. The satellite feeds pulled in as many as 600 reporters at each site. The toll free numbers resulted in 430,000 consumer calls asking for coupons. Other media appearances included *Donahue, 60 Minutes, Today, Nightline, CBS Evening News*, and the *McNeill-Lehrer Report*.

The company regained 70 percent of its previous market share by early 1983 and eventually returned to 100 percent of its market share before the crisis. The company lost $100 million. However, Johnson & Johnson maintained and even acquired something that in the long run may be even more valuable: public support and an image as a compassionate company. Although seven people died in the tragedy, other lives were saved because of the company’s decisions. The Tylenol murderer was never found and a $100,000 reward offered by Johnson & Johnson remains unclaimed (Pinsdorf, 1999, p. 88).
Reasons for Success

Although Johnson & Johnson managed the crisis without an extensive crisis communication plan, the company set a precedent for others to follow. The company had rehearsed and planned for problems in advance, but this crisis was beyond what many could have imagined and prepared for at the time. Johnson & Johnson’s crisis team derived their plan of action from a business philosophy developed in the company's credo. These principles fall in line with many of the guidelines presented in the previous chapter.

Forming the Right Team

A major factor for Tylenol’s success was the seven-member team put together the communication strategy. Effective leadership was essential during the crisis. Johnson & Johnson’s crisis team was outlined before the crisis for different emergency situations. The team was chaired by James E. Burke, the company chairman, and included Joseph Chiesea, president of McNeil Consumer Products Company; David Clare, president and chairman of Johnson & Johnson’s executive committee; David Collins, chairman of McNeil; Lawrence Foster, vice president of public relations; Robert Kniffin, public relations director; and the general counsel.

The crisis team included top executives representing McNeil and its parent company Johnson & Johnson. Collins and Kniffin were sent to McNeil’s headquarters to manage the situation at the subsidiary. Kniffin was the first to be notified about the
phone call from the *Sun Times* and had the public relations skills that fit with Collins’ knowledge of the subsidiary.

Burke’s position as CEO made him a vital part of the crisis team. A tragedy of this magnitude required the attention of the company’s chairman. Burke served as an important spokesperson and effective director for the crisis team. Chairman Burke established the vision of the crisis team by pointing to the company credo as a guideline for their decisions.

Foster directed all communication throughout the crisis. His reputation for being honest, fair, and ethical were important when dealing with the media. Foster had a positive relationship with the media for years, which reflects how the press respected the way he corrected the report of cyanide in the plant. His knowledge of how to deal with the public was essential for the crisis team.

An important part of a crisis team is unity and the ability for everyone to work well together. Members from the crisis team constantly refer back to the business philosophy that is the heart of the company and the foundation for the actions taken during the crisis. The organization of the crisis team and the ethics that it focused on were a key contributor to Tylenol’s positive outcome. Seven key players from Johnson & Johnson and McNeil Consumer Products worked together to handle the ever-changing developments and coordinated the organizational efforts and communication. They met twice a day in Burke’s office for the first six weeks of the crisis. Foster emphasized the importance of the members on that team when he said, “establishing a solid corporate
reputation, and business philosophy are the basics. The public learns quicker about these if you have a group of competent professionals to communicate the company’s good qualities to its various publics” (Gray, 1986, p. 24).

Identifying the Crisis and Activating a Response

Johnson & Johnson went into crisis communication mode as soon as the first phone call from the Chicago Sun-Times came in. The staff member took the correct precautions in reporting the odd call. This prompted Kniffin to start a chain of phone calls that reached Foster who continued notifying the chain of command. This immediate and widespread communication kept key decision makers in the company informed of the situation and prepared to take action.

The Quick and Ethical Response of the Crisis Team

A major factor in the public’s willingness to buy Tylenol again lies in the team’s responsiveness and responsibility. The team worked quickly and efficiently to communicate the truth and protect the public. Not only did Johnson & Johnson reveal its own bad news at once, but it also promised to do what was necessary to protect its consumers. Despite the FDA and FBI’s advice not to pull Tylenol capsules off the shelves, the crisis team recalled all Tylenol capsules from stores in Chicago and the surrounding area. This move was soon followed by a complete recall of the product in 31
states. The crisis team saw this as a vital part of ensuring consumer safety, despite the recall of over $100 million.

Johnson & Johnson went ahead with the recall and suffered a great financial loss in order to ensure the safety of its consumers. This sent a strong message to the public that the company’s main concern was for the well-being of the consumers. Johnson & Johnson’s credibility with the public was not only established the care and concern it showed, but the immediate response that the company took showed that it was ready to accept full responsibility in solving the problem.

The company maintained a positive relationship with the media by keeping a completely honest and open line of communication. “Johnson & Johnson quickly disseminated accurate information to protect the company’s reputation. Two factors proved central: being open and honest with the press, and responding immediately. Every decision was visible and demonstrated corporate responsibility” (Gray, 1986, p. 23). This open and honest relationship is evident when Foster admitted that Tylenol made a mistake and that there was a small amount of cyanide in the plant, but that it was not the source for the product tampering. The Associated Press respected the honesty of Foster and did not go ahead with the article. Other reporters from sources such as the New York Times ran the story anyway, but it had little impact. They placed the story at insignificant spots in the paper and did not blow the facts out of proportion (Fearn-Banks, 2002, p. 94).
Johnson & Johnson did not resort to speculation. “There was a recognition of the public interest and its legitimate representation by news media. Information, whether good or bad, was forthcoming as rapidly as it developed” (Center and Jackson, 1995, p. 228). Representatives of Tylenol revealed what they knew, not what they believed. The only exception was the small amount of cyanide that was overlooked at the plant. Foster came forth with the information correcting the oversight and was completely honest and candid in communicating this to the press. The crisis team understood from the beginning that the source of tampering could have existed within the plant walls and worked with the FBI and FDA to rule that out as the cause.

Search for the Facts to Ensure Public Safety

The crisis team’s immediate response included a critical and realistic fact-finding mission. Within an hour after hearing the news of the deaths in Chicago, David Collins along with a medical expert, a public relations specialist, and a security representative, flew by helicopter from Johnson & Johnson’s headquarters to the McNeil plant in Pennsylvania to initiate an inquiry and subsequent countermeasures (Lerbinger, 1997, p. 149). The crisis team depended on communicating the facts and reassuring consumer safety. Along with the FBI and the FDA, Johnson & Johnson conducted research on where and how the cyanide could have been put into the capsules. The results of this research found that the tampering must have happened at the distribution point and not at the plant because of the levels of poison in the victims’ blood (Pinsdorff, 1999, p. 87).
“Because events that inspire anger can escalate so rapidly, it is important that leaders operate from a basic set of principles that offer guidance in turbulent moments” (Susskind and Field, 1996, p. 37). The crisis team relied on honesty and social responsibility when communicating with all publics. These ethical decisions came from the principles of one document that the crisis team looked to before any action was taken. The company credo provided the guidelines for the decisions that the crisis team had to make. The credo outlined Johnson & Johnson’s main responsibilities and at the top of the list was the safety of its consumers.

The FBI and FDA were against the recall of Tylenol capsules, but James Burke saw the recall as part of the responsibility the company had to its consumers. This was another key point in the successful outcome of the crisis.

The credo also outlines the responsibility the company has to its employees, communities where the company’s people work and live, and stockholders. The crisis team kept each public up-to-date with information on the situation and provided an open line of communication. Video news releases prepared by the company and employee assemblies where Chairman Burke promised the Tylenol comeback were methods of directly communicating to employees. Information packages were sent electronically
through fax, telegrams, and other methods to major distributors. Johnson & Johnson kept their employees informed and maintained the internal support. This direct communication prevented problems with employees relying on the media and the rumor mill as a source of information on the crisis. Employee communication is important in maintaining morale and support for the company. In the credo, each employee is considered an individual. It emphasizes a sense of security and a preservation of dignity and respect. Johnson & Johnson showed its responsibility towards its employees by keeping them well informed and ensuring them that the company was coming back. In addition, the employees who worked in the manufacturing plants were given temporary jobs.

*Reaching All Publics With Constant and Direct Communication*

The different media vehicles that Johnson & Johnson used showed its responsibility towards its publics. Toll-free consumer hotlines, full-page newspaper advertisements, letters updating employees, videotaped special reports, interviews with executives in major print and electronic media, television spots, and the immediate response to letters and phone calls all reassured the different publics that the company wanted to maintain open communication. The company sent out half a million warning mailgrams to doctors, distributors, and health care providers by mid-afternoon the day the first deaths were announced. Employees also received two letters keeping them updated and thanking them for their support (Lerbinger, 1997, p. 150).
Direct communication can prevent misconceptions that can run through the grapevine. “Misconceptions, obviously, can be destructive. If employees don’t understand and don’t back company strategies, it’s not possible to win their support” (Cohn, 2000, p. 282). The crisis team used direct communication to keep the public informed of the facts and to prevent the spread of rumors or misconceptions that develop when the company is silent. When an organization withholds information and keeps silent then the press will pick up gossip from the grapevine to create a story.

Communication goes both ways, and the crisis team listened to its publics in order to respond effectively. Telephone calls were logged to ensure an accurate and timely response and all 3,000 letters of inquiry and support received a response. “There were mechanisms for feedback from constituent public, and a high value was placed on public input” (Center and Jackson, 1995, p. 228). The flow of information between the company and its publics established a joint effort to solving the crisis. “Successful communication is not a one-way street. Employees should have the right and opportunity to ask questions. There may be problems that have not been addressed, or they may have some good suggestions the company has not considered” (Cohn, 2000, p. 290).

Transforming Headquarters into a Crisis Control Center

The crisis demanded some adjustments on the normal operation of both Johnson & Johnson and McNeil. The crisis team provided representatives at Johnson & Johnson’s headquarters and at McNeil. During the first week, Foster handled the media at headquarters and Kniffin was in charge at McNeil Pharmaceuticals. However, the team
still met on a regular basis in Chairman Burke’s office to manage developments in the crisis to keep a consistent and honest message.

Changes in telecommunications were also made. Johnson & Johnson installed 33 telephones to communicate with publics during the crisis more efficiently. Pretaped statements were also placed on special toll-free telephone lines as a way to ease up on the direct load to the press center. These messages were updated on a regular basis. All of these measures were taken in order to adapt to the crisis situation. The company increased its capacity to handle the surplus of calls and media attention.

Similar attention to the media’s needs was used during the press conference that prompted Tylenol’s comeback. Johnson & Johnson transmitted the news conference by satellite to 29 different locations and toll-free numbers were set up for consumers for information on the new promotion. The adjustments in the technology and communication allowed the organization to reach a larger audience.

The Press Log: Important Tool in Managing Communication

The press log that was kept throughout the tragedy also contributed to the success. The log kept the calls organized, which allowed the team to maintain quick and immediate communication. The increase in press inquiries was overwhelming, but Tylenol kept track of every one of them. Foster explained its use to James Gray in Managing the Corporate Image.

The press log, which was researched and updated for accuracy, included the name, title, news organization, phone number, address, etc., of every one of the
2,500 plus calls on the Tylenol story in the first several months, as well as everyone who wrote a by-line story, which we researched from the clips as they came in. It was used in numerous ways to communicate with the people closest to the story including inviting them to the video press conference (via satellite) which was our initial event in the Tylenol comeback. Some 600 reporters turned out, making it the largest press conference (I am told) ever held (1986, p. 28).

Logging all calls kept the crisis team informed of the principal players in the media coverage and allowed for a well-organized flow of information.

_Honest Spokespersons With One Consistent Message_

Kniffin handled the media at McNeil, Foster was in control at headquarters, and Burke was the chairman who controlled the spotlight of the media at news conferences and at nationally broadcasted interviews. All three had the authority and expertise to remain in control as a spokesperson and all three communicated the same message of the company’s responsibility to consumer safety. The size of the crisis demanded the top officers in the company to act as a spokesperson. The status of the spokesperson should match the seriousness of the situation. In this case, the chairman of McNeil Consumer Products, the chairman of its parent company Johnson & Johnson, and Johnson & Johnson’s vice president of public relations all showed leadership and authority in their relations with the different publics. Foster was known to be fair, honest, and ethical when dealing with the media even before the crisis. Burke and Kniffin also relied on high ethical standards and the corporation’s responsibility to guide their messages. The
company gained credibility, public trust, and esteem through the open and honest relationship the three spokespersons had with the media.

**Success in Maintaining Credibility**

Credibility is crucial during a crisis. The organization needs the support and trust of the public. Without it, the company faces a difficult path in recovering from the crisis. Johnson & Johnson established itself as a socially responsible company with the credo written decades prior to the crisis. The strong business philosophy was a foundation for the open and honest communication used throughout the crisis.

Chairman Burke pulled out the credo during the team’s first meeting. He emphasized that their goal was to live up to the responsibilities established in that document. The crisis team focused on the safety of its consumers and took Tylenol off the shelves immediately. Although it went against the advice of the FDA, the FBI, and business critics, it won over the public’s trust and strengthened the company’s credibility. The team did not have the answer to the source of the cyanide and understood that waiting for answers from an investigation put the public at risk. The company took the financial loss, but gained strong support and credibility.

Trust and credibility also grew from the openness and cooperation with the media. The crisis team held nothing back because they felt that keeping the public up-to-date was an important step in protecting the public and solving the murders. Johnson &
Johnson established a strong trust between the company and the public and encouraged a joint effort in solving the crisis. The company provided resources for the media, consumers, stockholders, and employees to access information and contacted each group directly. The company showed it had nothing to hide and that it was committed to finding a solution and protecting the public. “Johnson & Johnson’s willingness to accept responsibility for the tragedy and to communicate with Tylenol users guaranteed that the company image endured intact. Johnson & Johnson kept the public informed and reassured consumers with a message that came across loud and clear. That message was ‘Trust us’” (Gray, 1986, p. 28).

*Evaluation and Continuous Fact Finding Makes For a Positive Comeback*

Johnson & Johnson’s ongoing evaluation of the communication used during the crisis in 1982 served several important purposes. It showed how the public perceived the company throughout the crisis and what strategies worked. Johnson & Johnson conducted an ongoing public opinion research program to guide the crisis team’s activities. The company understood the value of being in tune with public perception. The crisis team found that 90 percent of those surveyed did not hold the manufacturer responsible. Johnson & Johnson’s awareness of public opinion led them to keep the Tylenol brand name instead of changing it. The information from the public was instrumental in guiding the company’s strategies (Lerbinger, 1997, p. 149).
The company also searched for a solution that reached beyond ending the crisis. Johnson & Johnson took this crisis and turned it into an opportunity to advance the industry.

The conversion to tamper-resistant packaging and caplets has become an industry wide standard, not limited merely to Tylenol products. Johnson & Johnson’s innovation forced every competitor to spend the capital required to make the changes that Johnson & Johnson initiated… In a sense, when crisis served Johnson & Johnson a lemon, the company made its competitors choke on it (Silva and McGann, 1995, p. 204).

Johnson & Johnson realized that a simple resolution of the problem did not mean that the company was preventing the situation from happening again. The team found a way to pull out the crisis with success and effectively communicated this achievement to the public at the November 11 press conference.

The company’s evaluation of the communication also allowed them to be well prepared for the next crisis. In 1986, there was another poisoning. This time Johnson & Johnson was prepared to take the crisis head on.

The organization halted capsule manufacturing and offered to refund or exchange all capsules on the market for tablets or caplets. A few days after the stenographer’s death, five poisoned capsules were found in a Woolworth store. Johnson & Johnson took action to withdraw Tylenol capsules entirely from the market at a cost of $180 million, which covered ‘inventory handling and disposal, and communication expenses to reassure consumers of the safety of non-capsule Tylenol.’ The action fitted the public image of Johnson & Johnson, and the news media coverage was positive (Center and Jackson, 1995, p. 232).

The company used evaluation as a way to continually advance and improve the crisis communication strategies. Evaluation of the public opinion also emphasized the importance of recognizing a responsibility to the public.
Tylenol as a Benchmark

The actions that Johnson & Johnson took during the crisis defined the important elements for other companies to follow during a crisis. The company controlled the situation and managed to strengthen its image as a corporation with a conscience. Robin Cohn describes Johnson & Johnson as one of the “good guys” because of the visible moral action taken during the crisis (2000, p. 43). The key components that contributed to the company’s success include:

- The immediate response when the crisis was detected, which included informing the public and removing Tylenol capsules from store shelves.

- The strong crisis team that included qualified top executives from McNeil and Johnson & Johnson, its parent company.

- The completely open and honest communication with the media.

- The credo, which emphasized the importance of corporate responsibility.

- The direct communication to key publics.

- The appropriate changes to headquarters to facilitate the flow of information.

- The consistent and strong messages from respected spokespersons, which included James E. Burke, the CEO.
• The continuous and joint effort in finding answers to the crisis.

• The press log that produced a quick and effective response to media inquiries.

• The importance on building trust and credibility with the public.

• The evaluation of communication strategies through public opinion.

• The innovation of Johnson & Johnson used in solving the problem.

The company’s response during the Tylenol crisis is one of the greatest success stories in crisis communication. It involved looking beyond the bottom line and the financial loss from recalls. It involved a focus on the safety of the people that Johnson & Johnson owe its existence to: the consumers.
Seven years after the Tylenol crisis, Exxon also faced a tragedy that would have a lasting impact on the company’s reputation. However, Exxon’s communication during the crisis did not yield the same results. In the seven years that passed, there were other crises that added to developments in crisis communication. Nevertheless, companies such as Exxon did not see the importance of proper crisis communication and took their chances.

**Company Background**

Exxon, like Johnson & Johnson, started in the late 19th century. Industries such as steel, railroads, banking, and petroleum were booming in the United States.

John D. Rockefeller acquired a diversity of petroleum interests during that period and, in 1882, organized them under the Standard Oil Trust. That same year marked the incorporation of two refining and marketing organizations -- Standard Oil Co. of New Jersey and Standard Oil Co. of New York. "Jersey Standard" and
"Socony," as they were commonly known, were the chief predecessor companies of Exxon and Mobil, respectively. (Exxon Mobil Corporation, 2001)

Both companies grew internationally and expanded into Europe and Asia. Overseas shipments of products in bulk were carried by large "kerosene clippers." (Exxon Mobil Corporation, 2001)

In 1911, the U.S. Supreme Court ordered the dissolution of the Standard Oil Trust, resulting in the spin-off of 34 companies. The competition in the market increased and the companies expanded around the world. The companies suffered wartime casualties as their tankers and crews were lost at sea. Refineries and other facilities in Europe and Asia were destroyed. (Exxon Mobil Corporation, 2001)

After the war, the two companies expanded into over 100 countries. The technology continued to advance and new company names developed.

Exxon Chemical Company became a worldwide organization in 1965. The company was an industry leader in metallocene catalyst technology to make unique polymers with improved performance. Manufacturing facilities were located in 24 countries. Jersey Standard changed its name to Exxon Corporation in 1972 and established Exxon as an uncontested trademark throughout the United States. (Exxon Mobil Corporation, 2001)

By the late 1980s, Exxon was one of the five largest companies in the United States with sales of $80 billion (Fearn-Banks, 2002, p. 97).

The Crisis

It was Friday, March 24, 1989. The Exxon Valdez, a 987-foot oil tanker was traveling through Prince William Sound off the coast of Alaska to Long Beach, California on a calm and beautiful day. The abundance of wildlife that inhabited the Sound including sea otters, seals, whales, salmon, herring, and halibut could be seen in
the water. It was also the time of migration that attracted the largest concentration of migratory fowl in the entire world (Fearn-Banks, 2002, p. 97).

The clear and beautiful day was the quiet before the storm.

Just before midnight, the local pilot, who had guided the tanker out of the harbor, went off duty. Captain Joseph Hazelwood, in command, put the supertanker on autopilot and headed straight for Bligh Reef, one of several well-known hazardous areas in Prince William Sound. Hazelwood had sailed the route more than 100 times. Some said he could do it nearly blindfolded. He had been with Exxon for 21 years, 10 of them as captain (Fearn-Banks, 2002, p. 97-98).

The trip appeared to be a routine route for Captain Hazelwood who had traveled the area several times before.

This otherwise routine trip took a turn for the worst when Hazelwood left his post at the bridge and put Third Mate Gregory Cousins in charge. Hazelwood told Cousins to keep the tanker on course for three minutes and then to turn right to avoid the reef.

“Although Cousins was qualified to take command during normal times, government investigators later said that he was not qualified to take command at the critical period when the ship had to be steered in a very precise maneuver” (Fearn-Banks, 2002, p. 98).

In the dark, Cousins could not see the tree-lined shores, the rock pinnacles of the Sound jutting out of the water, or the abundant seals, sea lions, and birds resting on shore. In order to avoid icebergs from the Columbia glacier, Cousins was authorized to steer out of one southbound channel and into another. Three miles through that second channel, the steel from the single hull met a shallow underwater rock known as Bligh Reef. Metal ripped. For a few seconds, a glowing aura surrounded the bow (Susskind and Field, 1996, p. 88).

In that instant, the largest oil spill in United States history began with Exxon’s name all over it.
The holes that ripped into the tanker ran nearly the length of the ship. Over 11 million gallons of crude oil began to pour into Prince William Sound. The hull of the vessel contained six to eight holes and leaked oil relentlessly. “Captain Joseph J. Hazelwood, who was not at the helm at the time of the accident, radioed the Coast guard: ‘Evidently we’re leaking some oil. And we’re going to be here awhile’” (Susskind and Field, 1996, p. 88).

The tear in the tanker eventually leaked out 270,000 barrels of oil covering 3,000 miles of the Prince William Sound and blackening 1,300 miles of the shoreline (Susskind and Field, 1996, p. 88). The beauty of the water was destroyed and the wildlife that filled the area fell victim to the oil spill. “It was estimated that 1 million migratory fowl and one third of the sea otter population, about 2,500 died. Some sources revealed that 2 million animals died as a result of the oil, although this did not include halibut, pink salmon, herring, clams, and worms that remained uncounted” (Fearn-Banks, 2002, p. 98). This was the beginning of the environmental, corporate, and public relations disaster that would face Exxon for years.

The Response

12:04 a.m.

The Exxon Valdez shuddered, advanced 600 feet, and grounded to a halt on Bligh Reef.
After feeling the grounding Hazelwood rushed to the bridge, arriving as the ship came to rest. He immediately gave a series of rudder orders in an attempt to free the vessel, and power to the ship's engine remained in the "load program up" condition for about 15 minutes after impact. Chief Mate Kunkel went to the engine control room and determined that eight cargo tanks and two ballast tanks had been ruptured; he concluded the cargo tanks had lost an average of 10 feet of cargo, with approximately 67 feet of cargo remaining in each. He informed Hazelwood of his initial damage assessment and was instructed to perform stability and stress analysis. At 12:19 a.m. Hazelwood ordered that the vessel's engine be reduced to idle speed. (Alaska Oil Spill Commission, 1990)

12:27 a.m.

Twenty-three minutes after Valdez grounded, Hazelwood finally radioed the Coast Guard traffic control. Hazelwood contacted the Coast Guard saying, “It’s Valdez back. We should be on your radar there. We’ve fetched up, run aground north of Goose Island, around Bligh Reef. And evidently we’re leaking some oil. And we’re going to be here awhile. And if you want to say you’ve been notified. Over” (Gottschalk, 1993, p. 193).

12:30 a.m.

When the Coast Guard received the call he immediately awoke Commander Steve McCall who was asleep at home. The Coast Guard also called Alyeska Pipeline Service Company, a consortium of six companies including Exxon that controls the Trans-Alaska Pipeline, and alerted night-shift superintendent Dave Barnum that the Exxon Valdez had run aground and was leaking oil. Barnum continued the line of communication and notified a crew that was loading a tanker (Gottschalk, 1993, p. 193).
12:35 a.m.

Alyeska terminal superintendent Chuck O’Donnell was also awakened by phone just minutes after Hazelwood’s call. He was told that the tanker had “possibly gone aground.” O’Donnell called Alyeska marine supervisor Larry Shier and told him to go over to the Coast Guard office. Shier assured the Coast Guard and Alaska’s Department of Environmental Conservation (DEC) that Alyeska was implementing its contingency plan (Gottschalk, 1993, p. 193).

1:23 a.m.

As Alyeska initiated the response in Alaska, Exxon officials were contacted in Houston. About an hour after Exxon Valdez started to leak oil, Darryl Warner, president of Exxon Pipeline Company in Houston, was notified of the spill. He immediately contacted Frank Iarossi, president of Exxon Shipping in Houston.

1:30 a.m.

At his bedside, Iarossi initiated Exxon’s response by making phone calls to executives and oil spill specialists. Ulysses LeGrange, senior vice-president of Exxon U.S.A., gave Iarossi full authority to do whatever needed to be done (Gottschalk, 1993, p. 194).
3:00 a.m.

Coast Guard Lieutenant Thomas Faulkstein and Dan Lawn from DEC reached the Exxon Valdez to find a pool of oil rising two feet higher than the surrounding water. He reported to McCall that at least 138,000 barrels of oil had leaked out into the water and that 20,000 barrels were escaping every hour (Gottschalk, 1993, p. 194).

3:30 a.m.

George Nelson, Alyeska president, called Iarossi to inform him that an estimated 138,000 barrels had already been lost (Lerbinger, 1997, p. 191).

4:00 a.m.

Iarossi held a meeting with the top managers and spill experts in his office. Calls were made to mobilize skimmers and boom in San Francisco and Southampton, England. Half an hour into the meeting, a call was also made to Commander McCall to ask if dispersants could be used. At the same time, DEC’s Dan Lawn called Alyeska from the tanker’s satellite phone and waited at the Valdez accident site for Alyeska’s response boat. “Alyeska’s contingency plan stated that a vessel with containment boom and skimmers would arrive at the scene of a spill in no more than five and one-half hours, and that period was nearly over” (Gottschalk, 1993, p. 195).
5:00 a.m.

Thirty-nine workers arrived at the Alyeska terminal and expected to be handed equipment and assignments to contain the oil spill. “However, the boom required to contain the oil and skimmer attachments needed to suck it up were not on the response barge – and the barge itself was in dry rock” (Gottschalk, 1993, p. 195).

6:00 a.m.

The word was spreading. A local radio station awakened the Mayor of Valdez, John Devens, to tell him the news. He tried calling Exxon and Alyeska, but was unable to reach anyone (Gottschalk, 1993, p. 195).

6:23 a.m.

First official word from the Exxon and Alyeska Anchorage Center confirmed that the tanker Exxon Valdez had run aground on Bligh Reef (Gottschalk, 1993, p. 195).

8:36 a.m.

Iarossi and Exxon oil spill response coordinator Craig Rassinier left Houston for Valdez in an Exxon jet. Gordon Lindblom, a scientist who had helped pioneer the use of chemical dispersants on oil spills, and one of Exxon’s senior mariners accompanied Iarossi and Rassinier (Gottschalk, 1993, p. 195).
5:37 p.m.

Exxon’s corporate jet landed. At this point, 240,000 barrels had leaked into Prince William Sound (Lerbinger, 1997, p. 190). Iarossi immediately opened the company’s command post at Westmark Hotel. On the way to a press conference, Coast Guard Commander McCall informed Iarossi that they needed to test dispersant. Iarossi said that it was the first time the company had heard of the test requirement. That afternoon, Alyeska had made the first dispersant trial from a helicopter, and as Gordon Lindblom had predicted, the test failed. The calm conditions and thickness of the oil caused the dispersants to be ineffective (Gottschalk, 1993, p. 197). Exxon could not act in a timely manner because of the tests that should have been done ahead of time. The oil spread while Exxon waited for the Coast Guard’s approval. However, Exxon avoided responsibility for the delay by pointing the finger somewhere else. Exxon said, “We were ready on Saturday,” but “…we couldn’t get authority to do anything until 6:45 p.m. Sunday… I don’t want to point fingers, but the facts are we’re getting a bad rap on that delay.” (Susskind and Field, 1999, p. 98). Exxon tried to shift the blame a number of times instead of admitting its mistakes.

6:30 p.m.

A press conference was held where Iarossi said that Exxon would assume full financial responsibility (Gottschalk, 1993, p. 197). Iarossi held the press conference without first being briefed by public relations personnel. As the president of Exxon Shipping, Iarossi was not trained with the proper communication skills to face the public
in this situation. The press conference concluded in a battle with fishermen and journalists (Dougherty, 1992, p. 91).

Following the press conference, Iarossi drove to the Valdez tanker terminal and took control over the spill response. Exxon assumed responsibility from Alyeska for the lightering operation, dispersants, and public relations (Gottschalk, 1993, p. 197). The company accepted responsibility at this point, but as time went on it did little else to show the public that it could handle the situation.

**March 25 and 26**

Exxon sent out several news releases. One of the news releases announced that Exxon had begun its informal investigation of the accident. Media advisories announced that the transfer of oil from the Exxon Valdez started and that the onsite workforce was growing. Almost 100 people were involved in managing, advising, or supervising response activities. (Gottschalk, 1993, p. 198).

**March 27**

A media advisory was sent out to address the investigation by the National Transportation Safety Board (NTSB). “All our efforts and comments will be focused on these priorities [the clean up]. Reconstructing the events of the accident has low priority, and we will have further information available only when the investigation has been completed.” At this time, Exxon started canceling the daily briefings held twice a day and the press conferences at the control center (Gottschalk, 1993, p. 198). Exxon was more
concerned with cleaning up and covering up the accident than finding the causes of what actually happened.

Meanwhile, the command post gave restricted access to the media. Armed guards were placed around the media center where the flow of information caused further problems. The information coming into the center was slow in coming and the communication lines were constantly jammed with media inquiries. There was also difficulty in getting information to management in New York (Center and Jackson, 1995, p. 443). Exxon also advised the media to contact offices in New York and Houston rather than in Alaska (Gottschalk, 1993, p. 199). The media attention was too large for the Valdez site to handle. However, officials such as Dennis Stanczuk, media relations coordinator, and Brian Dunphy, an Exxon Shipping spokesperson, that were contacted in Houston and New York had incomplete information and referred reporters to another source for an answer. The command post turned out to be another problem on top of the oil spill. Communication problems were spreading like the oil and the speed of response was not in favor of Exxon’s public image. “The Wall Street Journal reported that Exxon had a one-man Houston public relations office for its U.S. operations, clearly insufficient to handle major crises” (Lerbinger, 1997, p. 197).

March 28

William Stevens, president of Exxon U.S.A., arrived in Alaska as the chief spokesperson. Stevens met with Alaska’s governors and legislators one week after the accident. “Exxon officials from the company’s New York corporate office who flew to
the site had little knowledge of Alaska, its laws, and elected officials. The governor of Alaska conceded that he didn’t know if he had the authority to direct Exxon to do anything” (Barton, 1993, p. 9). Even though the company had business running through Alaska for years, Exxon lacked the knowledge for proper communication when it took control of the situation.

March 29

The Exxon Shipping Company released an announcement that the oil off-loading on the Valdez was going well. Five days after the accident, the local fleet had mobilized and was in full operation. Samuel Skinner, secretary of transportation; William Reilly, EPA administrator; and Paul Yost, U.S. Coast Guard commandant, reported to President Bush that the cleanup was going well enough that there was no need for the federal government to take over despite increasing public concern (Gottschalk, 1993, p. 199).

Exxon assumed all responsibilities in the clean up and refused to let any outside involvement affect the company’s efforts. Exxon refused local participation using the excuse that the company was concerned with corporate liability.

March 30

Exxon Chairman Lawrence G. Rawl finally made a comment, but refused to visit the scene. “He issued a statement via television telling the public what chemicals would be used to clean up the spill. He made no apologies to the fishermen whose livelihoods
had been affected. He showed no emotion over the impact of the disaster” (Fears-Banks, 2002, p. 101). Rawl refused to go on site because he saw himself as “technologically obsolete.” He believed that going to the site would have diverted his people’s attention away from the immediate need to clean up the oil spill (Dougherty, 1992, p. 91).

That same day, Exxon announced the termination of Captain Hazelwood. This was another way to avoid full responsibility and use finger pointing. Iarossi said that the decision to terminate Hazelwood was made because of a violation in the company policy that deals with alcohol. Hazelwood was given a sobriety test the morning following the accident. He said that he had one beer before boarding the ship and one low-percentage alcoholic beverage after the accident. There is still some confusion as to whether or not he was drinking that night, but it is a fact that his driver’s license had been revoked for drunk driving and that he had been hospitalized at one time for alcohol treatment (Fears-Banks, 2002, p. 100).

April 1

Exxon sent out two more press releases. One of the releases stated, “Exxon Ready for Full-Scale Dispersant Application March 25.” The news release explained that the company was ready to use the dispersants, but did not get unconditional approval until March 26 at 6:45 p.m. This was another strategy for Exxon to show the public that it was not their fault. In addition to this release, Exxon sent out another one that described how the company was funding the Alaska Bird Rescue Center (Gottschalk,
1993, p. 200). The two releases attempted to make Exxon look like it was concerned for the environment and that it was not to blame for any setbacks in the clean up.

April 3

Two days later, Exxon ran a full-page “apology” in 166 U.S. newspapers. The ad came out ten days after the spill. It expressed the company’s concern and guaranteed to do everything possible to clean up the oil (Dougherty, 1992, p. 91). The public did not receive the ad as well as Exxon might have hoped. The New York Times reported, “To some readers the ad seemed platitudinous and failed to address the many pointed questions raised about Exxon’s conduct” (Susskind and Field, 1996, p. 98). The ad followed Exxon’s communication strategy of focusing on the facts while ignoring the public perception.

Exxon’s full-page apology ads on April 3, 1989, were badly timed and plagued with conflicting messages. They claimed that, “Exxon has moved swiftly and competently to minimize” the damage. In the same papers, front pages reported how slowly the company had been in starting the clean up, with a specific list of unflattering reasons why. The actual “we’re sorry statement” appeared in the last paragraph, vastly minimizing readership in today’s sound-bite world (Center and Jackson, 1995, p. 444).

The ad could not compete with the visual images of animals in distress and the negative press that had already been running for days.

In the next several days, Exxon made several monetary contributions. The company announced a $250,000 advance to the Cordova District Fishermen United. The money would go towards seafood and tourism marketing efforts. Another advance of $1 million was also made to Aquaculture Corporation, an organization that optimizes the value of salmon resources in Prince William Sound for all user groups. In addition,
Exxon announced the construction of an expanded sea mammal rescue center (Gottschalk, 1993, p. 200). Exxon continued to see the problem based in facts and figures. The company used money as a solution to calm down distraught publics.

**April 14**

Three weeks after the oil spill, CEO Rawl went to Alaska. Rawl was quoted as saying that he, “had too many other things to do” (Silva and McGann, 1995, p. 127). “When he finally entered the scene, he presented himself as rigid and aggressive, not bowing to the groups that opposed him or the media. His inflexibility may have cost him opportunities to seek positive relationships with the various publics” (Center and Jackson, 1995, p. 442-3). Rawl showed little public interest and a strong disdain for the media, which added to the negative publicity.

In a May interview with *Fortune* magazine, Rawl acknowledged responsibility for the spill while hedging against taking blame for having caused it: “It’s our problem the ship was on the rock. It’s our problem the oil was spilled.” In the eyes of the public, “our problem” and “our fault” are not the same thing. A problem is something you solve. A fault is something you admit, then attempt to correct. The impact of the spill was, in a sense, everybody’s problem. The cause of the spill was not, however, everybody’s fault. Exxon needed to accept responsibility for its actions (Susskind and Field, 1996, p. 98).

The fact that the CEO and other spokespersons accepted financial responsibility, but did not accept responsibility beyond the bottom line hurt the public perception of the company. Instead of a collaborative effort on solving the crisis, the public turned against Exxon.

**May 18**

At Exxon’s annual meeting, a movement was made for Rawl’s resignation. It failed by a substantial margin. The action was provoked by his unapologetic response to
the crisis and the demand for his resignation by angry publics. Rawl remained in his position until his scheduled retirement in 1993 (Gottschalk, 1993, p. 189). His aggressive defense perpetuated the trouble Exxon faced with the angry public.

The effect of the poor communication and handling of the crisis resulted in several negative reactions among the company’s different publics. “By the mid-May, Exxon estimated it had received 18,000 credit card cancellations due to the national radio talk show “Cut Up Your Exxon Credit Card” campaign” (Gottschalk, 1993, p. 200). Officials at Exxon had to deal with protests, frantic phone calls, demands for access to records, and even death threats.

One official for Alyeska, noted, “The crowds are getting angrier and nastier. Valdez has become a black hole, sucking in every nut and screwball in the universe. Some of these clowns tried running our people off the road. I told our employees, ‘Don’t drive Alyeska’s red Suburbans, drive your own cars’” (Barton, 1993, p. 10).

The angry consumers not only reacted by cutting up credit cards and protesting, but a number of upset consumers simply stopped purchasing the company’s gasoline.

The consumers were not the only ones offended by Exxon’s lack of compassion. Exxon made payments to compensate fishermen and groups affected by the tragedy. However, parts of the community saw these efforts as payoffs aimed at buying support. The compensation money was distributed through a unilateral decision made by the company. Municipalities pointed out specific needs and they were often ignored. A substantial amount of money that could have been used to mitigate or compensate for the direct efforts of the spill went into an advertising campaign that offended the local community (Susskind and Field, 1996, p. 96). Exxon made decisions on how to make
amends with the community without consulting those affected. The action was seen as a payoff and insulting to members of the community.

Mayor Devens of Valdez responded to Exxon’s compensation efforts by saying, “It’s insulting to me to have to go to Exxon for everything this community needs. We’re experiencing a lot of social problems related to the spill – fights, depression, divorces. We asked for a counselor, but Exxon turned us down and then gave the $20,000 we requested to Seward to enhance its summer celebration. A community shouldn’t have to come begging to a company, and it bothers me that we are getting their handouts… Exxon treats us like a child: ‘No, son, we don’t think you need that, but we’ll give you this’” (Susskind and Field, 1996, p. 96).

Exxon’s compensation was not a solution to the problem. By April 1990, 170 lawsuits had been filed (Gottschalk, 1993, p. 200). The company still faces litigation from the fishermen and Native Americans almost 15 years after the crisis that could cost Exxon up to $4 billion.

Exxon’s own employees were also disappointed by the response to the crisis. The Wall Street Journal reported that Exxon’s employees felt “confused, embarrassed, and betrayed” by the company’s attitude toward the Valdez spill (Silva and McGann, 1995, p. 127). The management’s lack of a clear, single message left company employees in the dark about Exxon’s role in the situation.

The impact of the angry public was never fully measured. Exxon did not provide public forums or a method to evaluate public opinion during the crisis. “Exxon had no legitimate public forum in which to conduct a conversation about who could best help in the clean up efforts, how those efforts should be directed, how the services should be contracted, and how those helping should be paid for their services” (Susskind and Field, 1996, p. 100). Exxon did not find public opinion as relevant in resolving the crisis.
Exxon also did little in response to the media coverage. Exxon’s relationship with the media was hostile and the company provided insufficient access to information. Exxon continued to release facts and figures while the media focused on the environmental damage and the affect on the community. Exxon did not evaluate its media coverage and ignored the need to show remorse to change the public’s perception.

Clean up efforts halted in September of 1989. Instead of explaining to the public that clean up efforts would prove fruitless because of weather limitations, Exxon simply discontinued work for the season. The clean up continued until 1992 when the federal on-scene coordinator and state declared it complete. However, the public did not understand the clean up process. Someone needed to explain it to them. That someone should have been Exxon (Center and Jackson, 1995, p. 445).

Exxon paid in terms of image and capital. Exxon built a reputation as a company that lacks compassion and the ability to protect the environment. “With this reputation firmly entrenched in the public mind, the crisis of the Valdez spill will continue for as long as Exxon pumps oil” (Silva and McGann, 1995, p. 206). The company also lost $1.03 billion in claims and charges for its actions when Federal Judge H. Russel Holland finally accepted a plea bargain in October of 1991. The agreement concluded one of the largest cases by the government against a company in U.S. history (Barton, 1993, p. 10). However, the nightmare continues today as Exxon faces litigation with fishermen and Native Americans that could cost the company as much as $4 billion. Tom Cirigliano, ExxonMobil spokesperson explains the company’s aggressive defense. “Our shareholders can be assured that we will vigorously defend the company and their
investments. We are going to take this case as far as it needs to go until a fair decision is made” (McNulty, 2003, p. 22).

**Reasons for the Communication Disaster**

Unlike Johnson & Johnson, Exxon came into the crisis with a 1,800 page contingency plan that was designed specifically for the type of crisis it faced. However, Exxon’s plan failed to properly address the situation and did not include crisis communication as part of the plan. In addition to a crisis plan that overlooked major components of the situation, the company’s reaction led to a loss of the greatest asset during a crisis: the public’s trust and support. Exxon’s response overlooked the basic principles of crisis communication and resulted in a multitude of problems.

*A Poorly Constructed and Unprepared “Crisis Team”*

Exxon was not prepared with an organized core crisis team. A series of lower-ranking Exxon executives were sent to Valdez to act as spokespersons and to handle the situation. “Exxon officials appeared myopic in deciding who would speak for the company and who would travel to Alaska to take managerial control of the disaster” (Barton, 1993, p. 41). Frank Iarossi took control in the beginning and was told by Ulysses LeGrange, senior vice-president of Exxon U.S.A. that it was completely in his hands. Iarossi, however, was the president of Exxon Shipping and did not have the communication skills to contact the public. Iarossi did not even meet with public relations personnel before the first press conference, where he was verbally slaughtered.

Days later Exxon sent William Stevens, the president of Exxon U.S.A. to be the chief spokesperson. He met with government officials in Alaska four days after the
accident. Stevens was also not part of the public relations staff and had little knowledge of Alaska, its laws, and elected officials. “The governor of Alaska conceded that he didn’t know if he had the authority to direct Exxon to do anything” (Barton, 1993, p. 9)

Don Cornet, the Exxon coordinator for Alaska, helped set up the media center in Valdez. According to the Alaska public relations expert George Mason who met with Cornet during the Valdez crisis, “Mr. Cornet had already grasped the futility of the situation as far as the degree of damage Exxon’s image had suffered. He seemed to accept this and had begun to look ahead to the long-term future” (Fearn-Banks, 2002, p. 104). Exxon Chairman Lawrence G. Rawl did not arrive on the scene until three weeks after the accident. Exxon officials told the press that Rawl could not come to Valdez immediately because he was too busy with other business. The severity of the oil spill requires someone of high status, such as Chairman Rawl, to be part of an active response to the crisis. The New York Times, commented on the absence of Rawl.

The biggest mistake was that Exxon’s chairman, Lawrence G. Rawl, sent a succession of lower-ranking executives to Alaska to deal with the spill instead of going there himself and taking control of the situation in a forceful, highly visible way. This gave the impression that the company regarded the pollution problem as not important enough to involve top management (Holusha, 1989, p. B1).

The company lost control of the crisis from the beginning. The management that responded to the crisis lacked the knowledge, organization, and preparation needed for the situation. Public hysteria entered the scene before Exxon’s management could initiate a response.

If a company gets trapped inside the walls of confusion, fear of the media, lack of preparation, and unwillingness to talk, the public’s expectations won’t be met. And worse, because the cocoon effect causes decisions to be made in isolation, events are likely to get out of control operationally and perceptually. Crisis
management perception planning is geared primarily toward managing the first minutes, hours, and day or two of an emergency…and staying out of the crisis cocoon (Gottschalk, 1993, p. 190).

The lack of organization led to poor communication. “Iarossi held a press conference without first being briefed by public relations personnel; he was verbally slaughtered. Brian Dunphy, another spokesperson for Exxon Shipping said that he would not verify the extent of the damage or what was being done about it” (Fearn-Banks, 2002, p. 100). The company’s communication needed openness and consistency to win the public’s trust and support.

Exxon’s crisis team did not include some of the major positions in the crisis response that Johnson & Johnson did to solve the problem. First and foremost, in a major crisis where 11 million gallons of oil are spilled into one of the most pristine environments, the CEO of a company is someone that the public wants to see active in finding the solution to the crisis. Chairman Rawl, however, kept himself out of the situation and saw himself as “technologically obsolete” until three weeks after the accident. “To the question regarding whether Rawl could possibly be interviewed on the TV news program, a statement was issued to the effect that the chairman of the board of directors of Exxon had no time for that kind of thing” (Gottschalk, 1993, p. 205). Rawl emphasized cost cutting and pushing the decision making process down to operational levels (Barton, 1993, p. 41). In contrast, Johnson & Johnson’s Chairman Burke took control of the situation from the very beginning by defining the company’s goal and emphasizing the importance of its public. Burke was open and honest with the media and did several TV interviews and press conferences.
During the Tylenol crisis, Lawrence Foster, the vice president of public relations, was a significant component in guiding the crisis team in ethical and effective communication. In 1989, the position of public relations manager did not even exist at Exxon. The company’s management did not understand the importance of proper communication and public opinion. Therefore, those managing the crisis focused on the facts and ignored public perception. There was no compassionate response to show the public that Exxon cared. “Throughout the process, top management’s position was that Exxon ‘could handle it,’ didn’t need any help from outsiders, and, in fact, resented the growing public concern about damage to Valdez” (Gottschalk, 1993, p. 204).

Inadequate Crisis Audit

Sometimes companies can be caught off guard with a crisis that is hard to predict. Even the most extensive crisis audit can overlook or underemphasize certain rare crises. On the other hand, there are crises that a company would list as a top priority and continually address in order to be prepared for when the actual situation occurs. In a crisis audit, Exxon would put an oil spill as a crisis of top priority. Warning signs for Exxon could have included Hazelwood’s prior record with drinking or the inadequate preparation for an oil spill on the Alaskan pipeline.

When the crisis hit it was obvious that the company did not prepare itself for the event of an oil spill. Before the accident, Exxon reneged on the promises it had made when it was given the right to build the Alaskan pipeline and had no adequate emergency response plan for a spill. “Clean up equipment, what little there was, was buried under several feet of snow. To make matters worse, the state had apparently known about these
deficiencies sine the early 1980s, but had not rectified the situation” (Susskind and Field, 1996, p. 89). The company was also missing the approval of the dispersants that were used for the clean up. Exxon should have looked into what needed to be pre-approved to ensure a quick response during a potential crisis. Exxon was not equipped with the proper methods or materials for the oil spill. In a crisis audit, this should have stuck out.

Other prodromes that Exxon failed to notice included the cut on crew size and its effect on the safety of operations.

One reported incident is that 2 weeks after an electrical fire aboard the 814-foot tanker Exxon San Francisco, the ship was allowed to sail to Alaska with a reduced crew and without a radio electronic officer under a Coast Guard certificate. Another example is that between 1985 and 1986, when the workforce was being reduced, at least nine experts on oil spills, including its senior environmental officer left the company (Lerbinger, 1997, p. 197).

Exxon reduced the amount of steel contained in modern tankers by 10 percent. “Although the argument is made that newer steels have higher strength, even a former Exxon shipping executive who is now director of the Tanker Advisory Center in New York says that modern tankers are ‘flimsy and have too narrow a margin for error’” (Lerbinger, 1997, p. 197). Exxon should have considered how the change in steel content would affect the risk of an oil spill from taking place.

The company understood that an oil spill could occur; it is an obvious risk for anyone in the oil industry. However, Exxon ignored the risk and believed in the mantra that many companies hide behind: “it will never happen here.” The positions of vice president for environmental safety and public relations manager were not even created until after the Valdez accident. A proper crisis audit could have shown the need for these positions and a better crisis plan.
The Crisis Communication Plan Proved Worthless

By 1989, most major corporations owned a crisis communication plan in some form or another. Exxon had a 1,800 page contingency plan for an oil spill. The contingency plan “proved to be a sham. No fully dedicated response team or equipment was ready, the number of container booms was insufficient, and the much-touted application of chemical dispersants was mired in scientific and bureaucratic controversy over its effectiveness” (Lerbinger, 1997, p. 190).

The plan allotted only five hours for the containment of an oil spill. Nearly two days passed during the actual crisis before the plan was put into action. The delay was a result of another problem in the plan. The company did not test the dispersant prior to the crisis to get it approved. The chemicals used in the dispersants needed to be approved before they could be used in the actual crisis. Executives from Exxon claimed that they had never heard of that policy before.

The plan that Exxon had prepared was worthless because the organization did not use proper measures of simulation and rehearsal. “An organization must simulate predicted crisis situations, familiarize staff and executives with the stresses of potential and inevitable crisis situations. During such an exercise the errors in the plan can be discovered long before a real crisis hits” (Dougherty, 1992, p. 91). The practice and review of the crisis plan is part of the plan itself. Even if the actual crisis turns out to be somewhat different, the rehearsal can be helpful in pointing out the key guidelines to follow.
Unfortunately, it did not include important guidelines for the communication during the crisis. Exxon’s contingency plan was not a crisis communication plan. A proper crisis communication plan states the purposes, policies, and goals of the company during the crisis. It also assigns various duties to employees that are skilled and ready to fill that position during the crisis. The evidence in Exxon’s response shows that its plan did not define any of these components. Exxon’s plan consisted of how to clean up the spill, and even that plan did not prove effective.

The clean up effort was not effectively coordinated with the efforts of all groups involved. No one knew what each group should do or when. Observers felt that both of these aspects should have been considered and put into the crisis plan as well. Even if a plan was not in place, as soon as the smoke cleared Exxon could have been initiating the coordination of the communications and development of a strategy and plan with all pertinent groups (Center and Jackson, 1995, p. 445).

A more thorough crisis plan could have pointed to effective proactive strategies to gain public support and improved ways of solving the crisis. Exxon should have identified indigenous groups and individuals who could represent the interests of their communities in the crisis plan. Individuals like town mayors, heads of chambers of commerce, presidents of fishermen’s associations, heads of fishermen’s wives associations, and tribal leaders of native peoples. These leaders could have worked alongside, instead of against, Exxon to solve the situation (Susskind and Field, 1996, p. 100). Important groups in the community could have been identified in the rehearsal of a crisis communication plan. These groups would be informed of what to do if an oil spill occurred. Collaborative efforts with groups such as the fishermen’s organizations and the National Marine Fisheries Service could have helped in determining solutions to a possible oil spill. However, joint problem solving methods were replaced by company
pay-offs. Exxon’s crisis plan could have been more valuable if it contained guidelines for effective proactive communication strategies.

A Spokesperson Mishap

During a crisis, the spokesperson is not just an extension of the company; he or she is the company. The spokesperson is responsible for delivering a clear, consistent message that constructs a positive image for the company. The spokesperson’s status must also be equivalent to the severity of the crisis.

Exxon used several spokespersons. There is nothing wrong with the use of multiple spokespersons. Johnson & Johnson also used more than one spokesperson and proved its credibility through effective communication. However, Exxon’s spokespersons were inconsistent and lacked the proper skills and knowledge to fulfill the role.

Iarossi, president of Exxon Shipping, was the first spokesperson for the crisis. The first press conference that Iarossi conducted ended in a battle with fishermen and journalists. Stevens, president of Exxon U.S.A., was then sent to Valdez as the chief spokesperson four days later and finally met with government officials in Alaska. Media Relations Coordinator Dennis Stanczuk responded to the media inquiries by stating that his boss had forbidden him to answer any questions. Another Exxon Shipping spokesperson, Brian Dunphy, said more than a week after the accident that he could not verify the extent of the damage or what was being done to rectify the situation. “Public statements by Exxon were often erratic and contradictory. At one news briefing, an
Exxon spokesperson said there would be minimal environmental damage, while others in
the industry said the damage would likely be substantial” (Dougherty, 1992, p. 90).

The Exxon executives that responded to the media as spokespersons were missing
two major elements: information and communication skills. Johnson & Johnson had two
high-ranking public relations executives on its crisis team. The spokespersons for the
Tylenol crisis were trained to deal with the public and communicate effectively. Exxon
allowed its spokespersons to speak without the advice of the public relations personnel.
The company had recently reduced the public relations staff and had a one-man Houston
public relations office for its U.S. operations (Lerbinger, 1997, p. 197). Exxon
spokespersons held back information and had inadequate knowledge about the situation.
Messages were inconsistent and did not provide sufficient information for the public.

Another problem was that the severity of the crisis called for a higher-level
officer. In this situation, Chairman Rawl’s presence was necessary in responding to the

A higher level officer, preferably the chief executive officer, should serve as chief
spokesperson in major crises, provided he or she is media savvy and comfortable
in dealing with the media. James Burke, chairman of Johnson & Johnson, met
that qualification; Lawrence G. Rawl, chairman and CEO of Exxon, did not.
Nevertheless, even if the CEO does not serve as the chief spokesperson, his or her
presence at an initial news conference is increasingly mandatory because the CEO
personifies the organization. Both the public and the media expect the top person
of an organization to say something (which is especially true of oil industry
executives since the oil emergencies of 1973 and 1978). Often what they say is to
express concern for the victims of an accident or product defect, and to promise
corrective action. Rawl was generally criticized for not making a statement
during the initial news conference and not visiting the site of the oil spill until
three weeks after the event. His greater involvement and visibility were important
because of the magnitude of the environmental damage and because of the
photojournalism dimensions of the disaster (Lerbinger, 1997, p. 42).
Rawl’s position as a spokesperson lacked the compassion and openness that Burke had to gain the public’s support and trust. He made no apologies and stuck to the facts on how the company was cleaning up the spill. His voice represented the entire company, which left a negative impact on Exxon’s reputation.

*Slow and Unprepared Crisis Management Activation*

A company’s employees should be aware of when and how to activate crisis management. Once the crisis is detected, the employee should notify the chain of command by contacting the appropriate individuals immediately. When Exxon Valdez shuddered from the impact, Hazelwood and the ship’s crew knew that there was a problem. After the initial impact, the tanker traveled 600 feet and grounded to a halt. It took Captain Hazelwood 23 minutes to radio the Coast Guard traffic control in Valdez (Gottschalk, 1993, p. 193).

Within minutes the Coast Guard alerted officials at Alyeska. An hour later, Larry Shier, Alyeska marine supervisor, assured Dan Lawn of the DEC that Alyeska was implementing its contingency plan. The plan said that a vessel with containment boom and skimmers would arrive at the scene in no more than five and one half hours. The workers that reported to the Alyeska terminal were ready to be handed equipment and assignments on containing the spill. Instead, the equipment was not on the response barge, and the barge itself was in dry dock. The barge did not set out from Valdez until 11 a.m. and arrived at the scene around 2:30 p.m. The barge arrived more than 14 hours after the accident. The promises in the contingency plan were not delivered (Gottschalk, 1993, p. 196).
Exxon executives were also unprepared to begin managing the crisis. Throughout the night, Frank Iarossi contacted executives of the company and held a meeting at his office to activate crisis management. A half hour into the meeting, one executive asked the Coast Guard if dispersants could be used (Gottschalk, 1993, p. 194). The approval for dispersants should have been obtained prior to the crisis and not four hours after the accident. Management lacked the preparation needed to initiate the proper crisis management. Executives did not even arrive in Alaska until the next evening.

Once Exxon arrived, the company took complete control over the spill response. Although a prior agreement said that Alyeska was responsible for the initial stages of the response, the takeover surprised many already working on the oil spill containment. “It’s surprising how many remember Exxon’s initial attempt to takeover and manage the entire affair, keeping – even demanding- that everyone else become supportive to their efforts, and at minimum, stay out of Exxon’s way” (Gottschalk, 1993, p. 204-5).

*Slow Reaction Gave Media Control*

A company should reveal their own bad news immediately following a crisis. The quick and honest response of a company shows that the organization is in control of the situation. However, Exxon’s communication to the public was delayed and provided insufficient information on the crisis.

Several hours after the accident, the media requested a statement from Exxon’s headquarters in Houston. The response was vague and uninformative (Dougherty, 1992, p. 90). Most of the questions that journalists posed to Exxon representatives were met with responses that declined to reveal any information.
When the media asked for a comment at Exxon’s headquarters in Houston several hours after the disaster in Alaska, it was coolly stated that this was question for the Exxon Shipping Company, the manufacturer responsible for oil tanker transportation. They could not, and did not want to, make any further comment (Gottschalk, 1993, p. 205).

Information was blocked from the media. Exxon revealed as little as possible and hindered the public from knowledge about the crisis.

When the company did not take control of providing adequate information on the situation, the media took over. “The media’s initial disbelief of Exxon’s unreadiness and the unmanageability of the situation quickly turned to incredulity and negative news coverage as reporters began to feel hampered, excluded, and disliked. They finally felt it necessary to get even” (Gottschalk, 1993, p. 194). Exxon’s tardy media relations led to negative publicity and portrayed the company as incapable of handling the situation.

Speculation Hurts Credibility

Exxon also ignored the importance of sticking to the facts and avoiding speculation. Not only did Exxon officials avoid revealing any information, but also some of the information that they revealed lacked necessary accuracy and proof. Some Exxon representatives downplayed the damage to the environment as minimal when others in the industry said the damage would be substantial (Dougherty, 1992, p. 90).

Exxon also used other sources to blame as the cause for the accident. Iarossi pointed to Hazelwood as the cause of the accident and accused him of being intoxicated during the accident. It was never settled whether or not Hazelwood was drunk, but Iarossi saw it as a way to shift the blame onto someone else.
The mistakes and arrogance of Exxon’s response caused the public to lose trust in the company. Exxon did not portray itself as a responsible company, which negatively impacted its credibility.

*Media Center Causes Additional Problems*

Exxon designated a location in Valdez as the media center for the crisis. “It staffed the media center in Port of Valdez. Information was often slow in coming, and communication lines to Port of Valdez became jammed with information inquiries from media. It was also hard for management in New York to get information” (Center and Jackson, 1995, p. 443). Exxon said that the media would be best served from the Valdez location, rather than filter the information through one of its large metropolitan centers. However, the location had limited communication operations and could not handle the amount of media personnel that would flood the town.

Critics argue that the media center was unsuitable for the crisis and should have been located in a major city to better accommodate the number of reporters and photographers.

Rick Hagar of *Oil and Gas Journal* wrote in an editorial that the Valdez center’s infrastructure was unable to handle the vast number of inquiries from reporters and the public. Hagar also made the point that handling media out of a major city such as New York or Houston would have been logical and convenient for the media and would have been more manageable for Exxon (Dougherty, 1992, p. 90).

Exxon could not effectively address the media from the location. The site did not allow for easy access to information and became an additional problem rather than a helpful communication tool for the crisis.
Lack of Fact Finding Overlooks Solutions

Exxon’s immediate and only concern was to clean up the situation. The company did not see immediate fact finding important. Exxon told the media that all of the company’s efforts were focused on the clean up. The organization believed that reconstructing the events of the accident had lower priority. Exxon’s response implies that the company had to put all of its efforts into one area. However, Exxon is a large enough company that it could handle the clean up as well as conduct necessary fact-finding and proper communication with the public. Johnson & Johnson saw the need to investigate the causes of the crisis as a way to control and solve the situation. The solution to the problem goes beyond a quick fix. It includes taking into account all facets of the crisis from the fact finding to reaching the public.

The narrow focus overlooked different ways to solve the problem and was used to cover up the company’s lack of communication skills. Exxon refused help from governments and the local community. The company believed that they had the ability and equipment to manage the clean up. However, Exxon was shortsighted in the preparation to contain the oil spill and lacked the proper knowledge of the area. Ultimately, the Coast Guard was ordered in by the president of the United States to handle the situation (Gottschalk, 1993, p. 205). Exxon should have worked closely with government officials in finding ways to solve the problem rather than trying to push away any assistance.

The community involvement could have made an enormous impact. Public forums should have been implemented in order to provide two-way communication and
to allow input from individuals who could represent the interests of their community.

Exxon could have used the forums to learn about how to resolve the problem with the help of the community, instead of working against it (Susskind and Field, 1996, p. 104).

The company also overlooked the possible effects to the environment with the methods it used in the clean up process.

Scientists at the symposium also suggested that clean up techniques may have damaged the environment. High-pressured blasts of hot water used to clean oil-fouled coastlines may actually have harmed those areas. ‘I am beginning to wonder if the effects we’re seeing now are the effects of the spill, the effects of the clean up, or the effects of both,’ said federal government researcher Alan Mearns (Gottschalk, 1993, p. 202).

Exxon should have put more emphasis on gathering important facts to shed light on the situation, rather than look at the solution as simply a financial cost to clean up the area.

The company also overlooked the overworked crew as a possible cause.

Employees said that in order to save money Exxon cut crews. They reported that crews were short-staffed, which led to long working hours and little sleep. “Moving the oil was a cardinal rule, they said, and employees who did not work fast and long enough feared losing their jobs. In 1986, the Exxon Valdez was designed for a crew of 33. Yet on the fateful night of the spill, the crew numbered only 19” (Fearn-Banks, 2002, p. 100).

Exxon’s focus on the clean up could have been a way to overlook causes stemming from the corporate culture.

Inconsistent Messages

Even if there are multiple spokespersons, the idea of a single voice must remain. The message must be consistent in order to maintain credibility.
Exxon failed to keep this consistency. In the beginning, Iarossi announced the Exxon accepted responsibility. Days later, he shifted the blame to Hazelwood and to the state and the Coast Guard. The statement of accepting responsibility was never followed through in the company’s actions. Iarossi also relied on incomplete facts to base accusations. He explained that because the government and Coast Guard did not approve the dispersants, Exxon’s clean up was delayed. He mentioned that the company was ready to begin using the dispersants and that it was the government and Coast Guard that kept clean up efforts from moving along. However, Iarossi failed to mention that Exxon was expected and should have gotten approval beforehand and that the company was the one responsible for the delay.

The public received mixed messages on the magnitude of the crisis because Exxon lacked the unity needed to convey a clear message. “Contradictory statements about the seriousness of the crisis were issued from various news sources. One statement said the damage was minimal. Another said the damage was substantial” (Fearn-Banks, 2002, p. 100) It is difficult to consider a company credible when its messages are not clear and consistent.

Those in charge of communications at Exxon and the executive offices couldn’t seem to speak with a single set of messages. A colorful, combative chairman; operating executives who, I believe, while sincerely trying to be responsive, sympathetic, and helpful were simply overwhelmed by the emotional magnitude of eh event; and a senior executive corps caught up in its own emotional involvement and embarrassment – all moved forward without a very specific and useful plan of action (Gottschalk, 1993, p. 209).

When a company cannot deliver a consistent message, the public has little reason to believe what it has say and the organization loses credibility.
The major setback in Exxon’s communication was the ignorance toward public perception. The company focused on conveying the facts of the situation and released information on the clean up efforts. However, the press was providing the public with a different approach. The media used visual images of the damage to the environment to provoke an emotional response from the public. Exxon’s response did not acknowledge the public outcry.

The response and management of the situation was told in incomplete facts and figures and left out any indication of compassion.

It focused primarily on the facts concerning clean up efforts and let impressions about long-term effects on the region form on their own. These facts consisted of dollar amounts, size of work force, and stories about the confusion they had to overcome to begin the process. The public, knee deep in “green issues,” found no reassurance that Alaska’s vast natural regions would recover (Center and Jackson, 1995, p. 444).

The media portrayed Exxon as inhuman and money-focused. Company officials talked in numbers when they should have been making a personal commitment to the community as well.

Exxon should have better understood the media and how they would cover the story. The company did not bother tracking the press coverage to determine public opinion in order to guide future actions. Lee Raymond, president of Exxon, said that the company thought the first task should be to assist its operating people to get the incident under control. Exxon was more concerned with that than with external perception (Gottschalk, 1993, p. 186). However, Exxon did not have to pick and choose between
what to concentrate on. Exxon did not understand the importance of public opinion and used the clean up effort as an excuse to ignore the growing negative perception.

Johnson & Johnson was able to address public concern while reporting the facts on the situation. The crisis team used direct communication to keep its public up-to-date and informed on the latest discoveries throughout the crisis. Johnson & Johnson consistently showed the public its concern for the well being of the consumers while solving the crisis. Keeping public perception in mind actually helped in decision making throughout the crisis.

Exxon’s reputation was hit hard by the public’s perception of the accident. “Analysis of what actually happened as compared with public perception of what was done shows that many permanent negative myths now exist about Exxon’s performance” (Gottschalk, 1993, p. 186). The negative public relations could have an impact on the company that lasts for decades. “Exxon’s situation was so overwhelming that traditional means of managerial response were simply not adequate” (Barton, 1993, p. 10).

Exxon’s Continued Stubborn Defense

The company continued to ignore the importance of informing the public. Exxon halted the clean up efforts in September 1989 because of the winter conditions without telling the community. The public was confused with the act and did not understand the clean up process (Center and Jackson, 1995, p. 445). The plans on the clean up were indicated in an internal memo that was leaked to the news media.

Otto Harrison, Exxon’s Valdez general manager, distributed an internal memo stating that: 1) Exxon will demobilize when it chooses; 2) For safety reasons, no operations will be continued during the winter months; 3) No commitment will be made for future action other than a survey of the shore in the spring of 1990. A
firestorm of criticism followed. By October, approximately 40,000 cut-up credit cards had been returned to Exxon (Gottschalk, 1993, p. 200).

Exxon refused to increase communication to the public, which continued to hurt the public perception of the company.

Fourteen years after the crisis, Exxon is still dealing with litigation concerning the oil spill. Fishermen and Native Americans are waiting for the decision on the $4 billion that would be awarded as compensatory damages. Robin West, chairman of PFC Energy, says that, “ExxonMobil never settles. They litigate and litigate and litigate and litigate. They always wear people down” (McNulty, 2003, p. 22).

The disaster that hit Exxon on March 24 in 1989 had a lasting impact on its reputation. Exxon’s experience with poor crisis communication was an example for other companies in how not to communicate after a crisis. Some of Exxon’s communication mistakes include:

- The poor structure and lack of preparation and organization of the management that responded to the crisis.

- The lack of preparation that should have been identified in the company’s crisis audit, which included the need to obtain approval of dispersants ahead of time.

- The ineffective crisis plan, which left Exxon officials unprepared.

- The spokespersons that lacked communication skills, knowledge, authority, and a consistent message.

- The lack of a compassionate response from Chairman Rawl and other Exxon spokespersons.
• The slow response to clean up the oil spill and communicate to the public.
• The failure to reveal information to the public.
• The reliance on speculation to avoid responsibility.
• The location of the media center and its inability to accommodate the amount of media.
• The narrow focus on the clean up while overlooking important factors in solving the crisis.
• The emphasis on conveying the facts without addressing the public’s perception of the crisis.
• The continuous fight against the community through litigation.

The case of the Exxon Valdez crisis is referred to by many public relations professionals as one of the greatest failures of proper crisis communication. Exxon refused to accept public support as an important asset to the company. Chairman Rawl was concerned with the bottom line and saw no need to track public opinion. When the crisis hit, the response showed that the company was unprepared, disorganized, and lacked compassion for those affected by the accident. The public continues to see Exxon as the archenemy of the environment and the passing of time has done little to diminish that reputation.
The two case studies show how one company's strong communication during a crisis compared with another company's poor communication skills. It is important to note that one example was not perfect and the other was not a complete failure. The comparison between the companies also does not take into account the difference in the nature of the crises. The purpose of the case studies were to point out the main differences in how following certain principles can help an organization during a crisis. The chart on the following page shows the difference between each organization's communication during their particular crisis.

Crises can happen despite how well an organization runs. The key is to be ready for when a crisis occurs and to take preventative measures to keep it from occurring in the first place. Some problems are easier to detect than others. That is why it is important to be aware of the present situation and what is being done currently to decrease the risk of a crisis.

Nevertheless, even the most prepared operations can be hit with a major crisis. Therefore, understanding how to communicate during a crisis applies to all organizations. The response to a crisis goes beyond fixing the problem. It also establishes the credibility of the organization and impacts its reputation long after the crisis has past. Communication during a crisis is crucial to keeping public support and maintaining
Figure 4.1 Did Tylenol and Exxon Follow the Guidelines?

<table>
<thead>
<tr>
<th>Company</th>
<th>Form a Crisis Team</th>
<th>Crisis Audit</th>
<th>The Crisis Communication Plan and Rehearsal</th>
<th>Effective Spokesperson</th>
<th>Activate Crisis Management</th>
<th>Reveal Your Own Bad News At Once</th>
<th>Stick to Confirmed Facts</th>
<th>Structure Efficient Command Post</th>
<th>Conduct the Necessary Fact Finding</th>
<th>Speak With One Consistent Voice</th>
<th>Log All Calls</th>
<th>Maintain Credibility and Continue to Take Action</th>
<th>Evaluate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tylenol</td>
<td>yes</td>
<td>no</td>
<td>no plan; rehearsed for emergencies</td>
<td>yes</td>
<td>yes; activated by contacting management through phone list</td>
<td>Yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Exxon</td>
<td>no</td>
<td>yes</td>
<td>no communication plan; no rehearsals</td>
<td>no</td>
<td>yes; activated through Alyeska and then Exxon with a shift in power</td>
<td>No</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
</tbody>
</table>
credibility. It is essential for every organization to be familiar with the key principles of effective crisis communication.

**Understand the Risk for Potential Crises**

Constant evaluation of the organization’s potential for different crises is the key to being prepared. Conducting frequent crisis audits means not just listing the potential crises, but understanding the severity of the damage when it occurs and how likely it is to happen. This can help an organization put priority on which types of crises to focus on.

Prodromes, the warning signs that lead to crises, can be detected during the crisis audit. The size of an organization might make it hard to detect all risk factors, therefore all members and levels of an institution should indicate what they see as possible prodromes. The majority of crises occur internally and some can be prevented when prodromes are detected early on.

It is important to ask questions about the vulnerabilities during a crisis. An organization must understand as much as possible about the situation it will be in if a crisis occurs. Questions on legal ramifications, the potential for the crisis to escalate, how the different publics will react, what types of communication channels will be used, and how the media will handle the crisis should all be asked to better prepare for an actual crisis.

**Prepare, Organize, Rehearse**

Once the potential crises are defined, measures should be taken to effectively prepare for that situation. A crisis communication plan should be written for each type of crisis. The document should include rehearsal dates, purpose and objectives, key publics
and how they will be notified, a list of members on the crisis team, a crisis directory, a list of spokespersons, a list of emergency personnel and local officials, a list of the key media, information on the crisis control center, any pregathered information, key messages, a list of prodromes, a list of trick questions, and an evaluation form. There should be multiple copies of the CCP and it should be in several locations to ensure that at least one will be accessible during a crisis. The document should be easy to read and organized for organization members to follow in the event of a crisis.

A crisis team should be formed for each situation depending on who has the expertise if the crisis occurs. Usually a director of public relations as well as company presidents, the CEO, and the general counsel are on the team. It varies depending on the type and severity of the crisis. The team should consist of about seven people so that it is large enough to handle several aspects of the crisis, but small enough to be efficient and consistent.

Some type of simulation or rehearsal should take place a few times a year to better acquaint those involved in the crisis response with the strategies provided in the CCP and to catch any flaws or oversights in the plan. If a crisis strikes, the organization should be comfortable with how to respond and be flexible. Johnson & Johnson rehearsed and planned for various problems before the product tampering. Although the crisis the company encountered was beyond what many of them could predict, the knowledge and resources gained in preparing for other events were applied to maintain as much control as possible in the situation.
When an organization rehearses and reviews the plan, errors or potential setbacks in the crisis can be detected. In the Exxon case, equipment for cleaning and containing the oil spill was inadequate. The state knew about the equipment years prior to the accident. Yet, nothing was done and the clean up response was delayed. Although it was not the cause of the problem it still affected the speed of the response. If Exxon updated the equipment beforehand it could have avoided some setbacks.

Another way to prepare is to develop healthy relationships with the different publics before a crisis can hit. The media, leaders in the community, government officials, employees, and consumers can work with or turn against an organization during a crisis. It is important to build and develop positive relationships with these groups in order to have their support and trust during a crisis. The importance of these relationships goes beyond crisis situations. A good rapport is beneficial to the day-to-day operations as well.

Reveal Your Own Bad News Immediately

During a crisis, the public trusts an organization that assumes full responsibility and moves quickly in solving the issue. It shows that there is control over the situation and that the organization is concerned about the greater good of the public rather than its bottom line. As soon as the crisis is detected, key publics should be notified of the situation by the organization and not through an outside source. The first source that reveals the news may be the source that the public will trust and look to for information throughout the crisis. An immediate response from the organization shows that it has nothing to hide and that it can be trusted to as a reliable source of information.
A critical factor in revealing this news is to reveal only what is known, not what is assumed. If the organization does not know the answer, it can admit that and explain that when the answer is found it will inform the public. The crisis team should come forth with the information and accept full responsibility in responding to the crisis even if the crisis was not caused by the organization. It is not a time to shift blame and to avoid the media. It will show a lack of concern and responsibility that is needed for public support.

**Accommodate the Media**

A crisis places an organization on the front page regardless of how it is handled. The communication with the media is significant in how a story is presented to the public. The organization must be as accessible to the media as possible. The crisis control center should accommodate the media as much as possible. The location should be relative to the site of the crisis, large enough for the amount of reporters and photographers, and well equipped for proper communication. Exxon’s choice for the center’s location was criticized as being too small and ill equipped for access to information. The location served as a barrier to information for the media and caused hostility between company officials and members of the press.

Improvements in the organization’s phone system should also be made to allow for the increased number of calls. Press logs should also be implemented to keep calls organized for a timely response to all inquiries. Johnson & Johnson installed more telephone lines and prepared recordings for the public to stay up-to-date on the information. In addition, the company responded to all inquiries with the help of the press log.
The contrast between the way Exxon handled the media and the way that Johnson & Johnson handled the media shows that keeping the press happy is important. News coverage shapes public opinion and affects the reputation of an organization.

**Honest and Open Communication**

Johnson & Johnson let it all hang out. The company showed it had nothing to hide. When mistakes were made the crisis team admitted that they were wrong and proved why they still deserve the public’s trust. They made themselves available to the public and showed the public that the number one priority was their safety.

Exxon held back information. Company officials refused to comment on the situation, shifted blame to other parties, and used facts when they should have shown emotion and concern. The company was not open to talking with the public and used the “no comment” remark as its safety net. Some spokespersons were not honest about the damage done to the environment and were inconsistent throughout a number of their messages.

When a crisis occurs, the organization needs to maintain open and honest communication to uphold or gain credibility. “No comment” shows that there is something to hide and that the organization is not willing to cooperate with the public in sharing information. When information is limited or inaccurate, the public looks elsewhere to understand the crisis. Misconceptions and negative views of the organization can develop when open and honest communication is not delivered.
Use a Spokesperson That Cares

The spokesperson needs to be in the position that matches up with the severity of the crisis. In many cases, it is the CEO. The chairman is viewed as a leader and the voice of the entire organization. His or her presence is mandatory in major crises despite whether or not the chairman lacks communication skills. When Exxon’s Chairman Rawl ignored the problem and appeared too busy to address the accident, the public became upset with Exxon for showing a lack of concern.

Even when the chief spokesperson is not the CEO, it is still important to have someone who is knowledgeable, credible, and compassionate. The spokesperson must communicate to the public with emotion and with an accurate, consistent message. He or she must be accessible to the public and work with the media to inform the public of the latest information.

Find Out the Facts

Continuous fact finding throughout the crisis is important in finding the causes of the tragedy and in deciding future actions. Searching for the facts shows that the organization is rigorously working at finding answers and solving the situation. In the case of Johnson & Johnson, investigations on the plants ruled them out as a source of product tampering. Further research also produced a better way of packaging that made the company an innovator in the industry. It also gained the public’s trust.

Exxon focused on the clean up and paid little attention to the possible causes and how the clean up efforts were affecting the environment. The company knew little about
the area and came across as unprepared and unable to handle the situation. In the end, the Coast Guard had to come in and take over operations.

The organization needs to confirm the facts that it is relaying to the public. Without fact finding, an organization cannot indicate the causes and solve the situation.

**Evaluate**

Evaluation is an important component during and after the crisis. Evaluating public opinion during the crisis can show how well the communication strategies are working as well as determine what needs to be addressed in order to win public support. By evaluating how the public felt about the Tylenol brand name, Johnson & Johnson was able to determine how to reintroduce the product. Exxon ignored the importance of public opinion and continued to inform the public with facts and figures rather than address the environmental issue that upset the public. The response was acted out in protests and cut up credit cards. Exxon’s problems multiplied when public opinion was not evaluated.

Evaluation can also prepare the organization for further crises. A repeat of the product tampering hit Johnson & Johnson again in 1986. The company was well prepared for the second crisis because of the evaluation from the first one. It shows what strategies worked and which ones did not so that improvements can be made in the organization. Even Exxon understood the value of adding new positions in public relations and environmental safety. The crisis evaluation shows where the organization needs attention and development.
Develop a Vision

It is easy to sit and write an outline of what and what not to do in a crisis. It is harder to actually follow through with the guidelines in the actual event of a crisis. When a crisis hits things become chaotic and every move needs to made so quickly it provides little time to get prepared and to think about the next step. Johnson & Johnson’s crisis communication was so successful because the company had something that many, like Exxon, do not emphasize: a vision. The company vision explains the reason for its existence and its basic principles for day-to-day operations. Johnson & Johnson’s vision is explained in its credo. The company stresses its responsibilities to its different publics. The importance of consumer safety was its main concern and the crisis team used that as an underlying factor in all of its decisions during the crisis. The company did not need a thoroughly written crisis communication plan because it already understood its purpose and goals.

Exxon lacked a company vision. The company’s purpose and goals were never clearly established. Messages were inconsistent throughout the crisis because Exxon officials were unsure of what their role was in the accident. Some executives wanted to show emotion and concern, but were directed by a CEO and a legal department that told them otherwise. The commitment to the environment, to the consumers, and to the community was never defined. Exxon simply saw itself as a business that focused only on oil and ignored the people that were tied to the company. Therefore, Exxon did not know how to communicate to them and saw the public as insignificant. In the end, the public’s opinion had a major impact on the company’s reputation.
Effective crisis communication depends on much more than the plans that are created. It is a product of how well the organization operates in general. Organizations with a vision that shows the purpose and the goals for its existence can form sound and ethical practices in and out of crisis situations. Implementing a sense of responsibility and commitment to the different publics can guide communication during a crisis by pointing out what important goals need to be met.
Bibliography


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