Crisis Communication: A Case Study Perspective

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CRISIS COMMUNICATION: A CASE STUDY PERSPECTIVE

BY

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Thesis Advisor

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Submitted in partial fulfillment of the requirements for the Master of Arts in Corporate and Public Communication
Seton Hall University

2001
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Chapter I

INTRODUCTION

The development of a successful crisis communication plan at the onset of a crisis is crucial in taking responsibility and communicating information to the public quickly, consistently, and truthfully. "In today's world, it is no longer a question of whether a major crisis will strike any organization, it is only a matter of when, which type and how" (Mitroff & Pearson, 1993, p. xiv). Establishing an effective crisis communication plan is essential. Schuetz (as cited in Sellnow, Ulmer & Snider, 1998) contends that the "primary objective of crisis management is to provide 'accurate information as quickly as possible' to external publics affected by the crisis" (p. 282). "However, even in a case where management is confident of its responsibility for a crisis, the legal complexities of the situation may foster vacillation and reluctance by management in its crisis response" (Sellnow, Ulmer & Snider, 1998, p. 60).

Schwan's Sales Enterprises, a popular ice cream and frozen food distributor, did have a crisis management plan in place when it was faced with a salmonella outbreak in 1996 and used customer safety as its guide in dealing with the crisis. The Dow Corning Corporation, which was questioned about the safety of its silicone breast implants in 1993 consistently denied that its implants were unsafe and failed to take responsibility for its product.
"You can’t plan your crisis, but you can plan for crisis management. The number one must-have item, experts say, is a crisis management team comprised of top executives, public relations people, and IT professionals” (Battey, 2000, p. 47). While a crisis management team is effective, informing all employees about the crisis plan and simulating drills is essential to a successful crisis communication plan. “Companies need to examine closely their crisis management systems and undertake simulations and constant rehearsals to be sure that, if a real crisis occurs, they will be ready” (Pines, 2000, p. 15).

While having an effective crisis communication and taking responsibility for a failed product is essential to maintaining a positive corporate image, failure to accept blame and facilitate information to the public, may result in a tarnished image. Once a brand has lost credibility with its consumers, it must rely on image restoration strategies to bolster its image. The image restoration strategy developed by William L. Benoit serves to restore a company’s tarnished image. “Benoit’s theory is based upon the assumption that an individual’s or organization’s most important asset is its reputation” (Fishman, 1999, p. 51).

According to Fishman (1999) “crisis communication began in the aftermath of the 1962 Cuban missile conflict” (p. 369). “Most of the crisis communications dogma in place today grew out of Johnson & Johnson’s massive Tylenol recall of 1982 and the Pepsi syringe scare of 1993” (“Lessons of...,” 2000, p. 31). “While consumer confidence in the safety of Johnson & Johnson’s products had to be re-established, the company’s handling of this explosive situation generated public
sympathy" (Murray & Shohen, 1992, p. 14). Johnson & Johnson was praised for its crisis communication plan and its effective public relations campaign and product recall, which today is still the most highly regarded crisis in history.

While the communications industry has changed since 1980, the fundamental principles of crisis communication remain the same. With the Internet and with so many communications vehicles reaching the masses in record speed, it's important to get the message out and be consistent. Values such as honesty, openness, and sincerity are vital to the success of a company's crisis communication plan.

Problem Statement

This thesis study is a review of the appropriate course of action for corporations when faced with a communication crisis, as exemplified by Schwan's Sales Enterprises salmonella outbreak and The Dow Corning Corporation silicone breast implant crisis.

Subsidiary Questions

This study will serve as a tool for answering the fundamental questions of crisis communication. It will also provide a suggested strategy for developing a successful crisis communication plan when faced with a corporate crisis.

1. What are the keys to a successful crisis communication plan?
2. What should a company do when faced with a tarnished image?
3. Is crisis training an effective form of crisis planning?
4. What has been learned from past crises?

Need for the Study

With so many corporate crises on the rise today, little has been done to look out for the consumer and their safety. Whether it be salmonella poisonings or e-coli outbreaks, consumers are on their own. “In fact since 1993, food poisoning outbreaks have been on the rise and have been linked to an ever-growing list of items, including such uncooked edibles as fruit and ice cream” (Ince, 1998, p. 63).

In addition to food contamination crises, product recalls have also come under scrutiny in the media. A high profile product failure such as the Ford/Firestone tire recall in 2000 is an example of a crisis that is out of control. While neither Ford nor Firestone accept full responsibility for the crisis, both companies blame each other. Even worse than placing blame on the company is blaming the consumer for their failure to properly inflate their tires. While the Tylenol poisonings (1981) and the Pepsi crisis (1993) were the result of sabotage outside the company, that is not the case with Ford/Firestone. “Ford and Firestone have yet to nail down the cause of Firestone tires falling apart on Ford Explorer SUVs, but the problem undoubtedly rests with company procedures” (“Lessons of. . .,” 2000, p. 31).

While the Ford/Firestone crisis, Schwan’s salmonella outbreak, and Dow Corning’s breast implant controversy are only a few examples of crisis
management, the research suggests that while all crises cannot be anticipated, most corporate crises can be avoided. Companies’ failure to inform the public about a recall or a defective product has more to do with profits than with consumer safety. “In a crisis that involved public health and safety, the interest of the public should be the overriding concern” (LaPlant, 1999, p. 33).

Definition of Terms

1. **Crisis:** “Are characterized by low probability/high consequences events that threatens the most fundamental goals of an organization” (Weick, 1998, as cited in Kernisky, 1997, p. 844).

2. **Crisis communication:** “A crisis communication situation typically creates pressure for an immediate explanation to reassure the media, relevant stakeholders, and the public at large” (Fishman, 1999, p. 48).

3. **Organizational crisis management:** “A systematic attempt by organizational members with external stakeholders to avert crises or to effectively manage those that do occur” (Pearson & Clair, 1998, p. 61).

4. **Image:** “Perceptions of the source held by the audience, shaped by the words and deeds of that source, as well as by the actions of other relevant actors” (Benoit & Hanczor, 1994, p. 417).

5. **Image restoration:** “To re-establish a company’s image or reputation, while counterbalancing negative allegations” (Fishman, 1999, p. 53).
6. **Denial:** "...the accused repudiates the accusation" (Benoit & Brinson, 1994, p. 77).

7. **Shifting Blame:** When blame is shifted to another person or organization and away from itself.

8. **Evasion of responsibility:** Evasion of responsibility occurs "when the accused does not deny committing the offense, but rather claims a lack of responsibility because the misdeed was the result of someone else's actions, a lack of information, an accident or committed with good intentions" (Benoit & Brinson, 1994, p. 77).

9. **Reduction of offensiveness:** Reducing the offensiveness of the act and the potential damage to the organization's or individual's image.

10. **Mortification:** To admit wrongdoing and ask to be forgiven.

11. **Corrective action:** Taking the proper steps to resolve the problem and ensure it does not happen again.

12. **Bolstering:** "Bolstering strengthens the audience's positive affect toward the accused, counteracting negative feelings" (Benoit & Brinson, 1994, p. 77).

**Limitations of Study**

The author will only review select articles, focusing on corporate crises taking place only in the United States after 1980. This study does not focus on crises in the public sector, education, the sports and entertainment industry, nor
does it focus on crises as a result of natural disasters. While this study references many corporate crises, the author will only focus on two specific case studies: The Dow Corning silicone breast implant crisis and Schwan’s Sales Enterprises salmonella outbreak.

While over the years there have been many corporate crises, the Dow Corning silicone breast implant crisis and Schwan’s Sales Enterprises salmonella outbreak are particularly interesting. Throughout the Dow Corning crisis, the company consistently denied their implants were unsafe. The company denied patients claims and failed to admit wrongdoing. Dow Corning is an example of a company whose crisis led to their eventual downfall. In 1995 Dow Corning filed for Chapter 11 Bankruptcy.

Conversely, Schwan’s Sales Enterprises took multiple corrective action steps to positively position their company, in addition to maintaining their customers. “The nature of Schwan's product, its financial resources, and its relationship with its customers enabled the company to manage its crisis by taking immediate efforts to correct the problem” (Sellnow, Ulmer & Snider, 1998, p. 72).
Chapter II

REVIEW OF LITERATURE

In terms of corporate crises, Johnson & Johnson’s management of the Tylenol poisonings is one of the most successful cases of effective crisis communication. Although in 1982, Tylenol did not have a communication plan at the time of the crisis, “subsequent crises have been measured against the Johnson & Johnson response. In fact, the Tylenol crisis management has become the gold standard by which all crises are now measured” (Murray & Shohën, 1992, p. 14). In addition to Murray and Shohën’s (1992) beliefs regarding the effectiveness of Johnson & Johnson’s crisis plan, Birch (1994) and LaPlant (1999) also agree that the Tylenol case is still the most highly regarded crisis in history. While most of the research cites Tylenol as a textbook case of what to do in a crisis, Fishman’s (1999) research contradicts that. Tyler (as cited in Fishman, 1999) contends “Rarely are a company’s hands so clean and rarely is a corporation so patently a victim. Johnson & Johnson clearly handles a very difficult situation well, but the Tylenol case should not stand as a model for crisis communications” (p. 74).

The Johnson & Johnson crisis in September 1982, began when seven people died in Chicago as a result of ingesting cyanide tainted Tylenol capsules. In addition to the immediate crisis, Johnson & Johnson had to contend with “the larger issue of diminished credibility that could affect the sale of other products,
loss of public confidence, and widespread fear” (Ferguson, 1999, p. 95).

Johnson & Johnson’s first course of action immediately following the tampering was an immediate recall of all Tylenol capsules throughout the country. Johnson & Johnson’s quick response and their ability to take responsibility saved their reputation. In addition to the recall, the company offered a $100,000 reward, they set up a toll-free hotline, in which consumers were able to ask questions and receive coupons.

Simultaneous to effectively communicating the crisis to consumers and the media, Johnson & Johnson developed an employee relations program.

Robert V. Andrews (as cited in ten Berge, 1988) one of the public relations staff members states, “Our most valuable constituents are the employees” (p. 25).

Johnson & Johnson’s ability to get their employees directly involved in the crisis served to boost morale. Andrews (as cited in ten Berge, 1988) also asserted that, “If there’s any good that comes out of an unfortunate situation such as this, we felt that the decisions that were made during the crisis knitted our employees together and bonded them as never before in the company’s history” (p. 25).

The word “crisis” may have multiple definitions. According to Seeger, Sellnow and Ulmer (as cited in Ulmer & Sellnow, 2000), crisis is defined “as a specific, unexpected and non-routine event or series of events that create high levels of uncertainty and threaten an organization’s high priority goals” (p. 143). Ten Berge (1988) defines a crisis as “a situation that has reached a critical phase, a decisive, moment, a critical time, a turning point for better or worse” (p. 7).
Fishman (1999) however, believes that the word “crisis” has become overused by the media. “As a result, the word ‘crisis’ has become a convenient synonym for an ‘accident,’ ‘disruption,’ ‘catastrophe,’ or ‘disaster’ with no attempt to delineate the scope or severity of a given problem” (Fishman, 1999, p. 347).

Developing a Crisis Communication Plan

Creating a crisis management plan prior to an emergency is the first step in developing an effective crisis communication plan. “In dealing with any kind of crisis, you first have to get your facts straight. You need a crisis management plan that is ready to go” (ten Berge, 1988, p. 7). While Adams (2000), Dyer (1995) and ten Berge (1988) all believe a crisis communication plan is essential, Silva and McGann (1995) believe that “the truth behind the myth gets distorted when the crisis exceeds the capacity of the contingency plan to provide an effective solution” (p. 45). Silva and McGann (1995) also believe that no company can have a contingency plan for every possible crisis. “Contingency planning, while important, can actually become a liability when management relies on it in all circumstances” (p. 44).

While Ferguson (1999) and Silva and McGann (1995) both agree that no organization can plan for every type of crisis, Ferguson believes an organization can create typologies. For example, “A typology of crises for an airline could include airplane crash, hostage taking, hijacking, worker layoffs, discovery of
structural fault in aircraft design and merger” (Ferguson, 1999, p. 93). “To ensure that the organization remains in control, maintains public confidence, and avoids escalation of the crises, those in position of authority often commission the development of contingency plans” (Ferguson, 1999, p, 92).

According to Ferguson (1999) the final step in developing a crisis communication plan is the creation of a crisis management manual. “A crisis management plan specifies the membership of the crisis management team and the roles and responsibilities of each person. A crisis management plan discusses alternative communication plans, operation sites and equipment. Ferguson (1999) suggests having a backup generator, in addition to food and drinks, flashlights and communication equipment. “Several different telephone lines should be available for communications between the chief spokesperson, those who are at the scene of the crisis, other experts, and the media” (Ferguson, 1999, p. 98).

Detecting a Crisis

Detecting a crisis before it happens is the most important phase of crisis management. “Effective crisis management involves minimizing potential risk before a triggering event” (Pearson & Clair, 1998, p. 69). Steven Fink’s Natural History Approach, (as cited in Fishman, 1999) is comprised of a four-stage system for a crisis communication event, in which the prodromal phase involves detecting the impending crisis. The prodromal stage “is the time when it is easiest to manage a crisis and a decision-maker should be willing to ask difficult ‘what if’
questions in order to anticipate and detect potential signs of trouble” (p. 348). While detecting a crisis may be crucial to the success of the organization, many companies ignore the warning signs. “Most crises have early warning signs that indicate potential problems. Sensing potential problems is the first step toward avoiding or resolving a crisis” (Gonzalez-Herrero, 1995, p. 25).

In 1994, Intel discovered that the Pentium chip was error-prone when certain mathematical operations were performed. Although Intel knew about the flaw, they failed to issue a recall or notify the public even after consumers filed numerous complaints about the Pentium chip. According to experts you must “Start with the goal of addressing consumer concerns and work back from there” (Lessons of..., 2000, p. 32). Once IBM discovered the flaw in the Pentium chip they decided not to use the Pentium-based computers. After Intel lost IBM’s business their stock price began to decline, however, Intel still failed to issue a recall. Instead, Intel issued a partial recall, in which they decided which customers deserved a replacement. “The company did not seem to make any great efforts to address the problem by, for example, publicizing extensively the toll-free number it set up for its customers” (Gonzalez-Herrero, 1995, p. 29). “Analysts concede that this case has damaged the company’s reputation as a quality-driven manufacturer” (Gonzalez-Herrero, 1995, p. 30).

While Intel’s product failure has since been resolved and they recovered quickly, the effects of ValuJet’s devastating crash in 1996 are still being felt.
ValuJet’s market targeted consumers on a low budget, who didn’t want to pay the high prices of the larger airlines. It appeared as if ValuJet was more concerned with its busy schedule than with customer service or quality. Fishman (1999) found that “ValuJet’s maintenance programs were scattered among fifty contractors at eighteen companies until eventually the airline began to postpone critical repairs in order to keep its busy schedule afloat” (p. 357). In 1994, ValuJet pilots made 15 emergency landings, in 1995 the number had risen to 57 and in 1996 ValuJet made 59 emergency landings in only 9 months. While ValuJet is to blame for ignoring the early warning signs, the Federal Aviation Administration (FAA) is also partially at fault for the 1996 crash. According to Fishman (1999), “the FAA failed to monitor ValuJet’s performance” (p. 357).

In the case of Intel and ValuJet, these companies failed to see the warning signs, however, many corporations never realize they have a potential disaster waiting to happen. Ten Berge (1988) refers to the detection plan as the “early warning design system” (p. 36). He believes planning for the crisis before it happens is easier and more cost-efficient. Ten Berge (1988) states that “to determine the potential effect of any incident, an emergency action plan provides an inventory of company vulnerabilities (p. 36).

Preventing a Crisis

“From a crisis communication perspective, events are rarely, if ever, ‘accidental,’ ‘benign,’ or ‘incomprehensible,’ and thus the underlying causes are
discernible” (Fishman, 1999, p. 347). Often, a crisis can be prevented if the proper steps are taken. According to Gonzalez-Herrero (1995) “Most crises have early signals that indicate potential problems. Sensing potential problems is the first step toward avoiding or resolving a crisis” (p. 25). One example is the McDonald’s hot coffee spill, which took place in 1992. In this case, an 81-year old woman suffered third-degree burns when she placed a hot cup of coffee between her legs. The woman sued McDonald’s and was awarded 2.9 million dollars by a New Mexico jury. Although a judge later reduced the settlement to $640,000, this crisis could have been avoided had McDonald’s responded to more than 700 earlier complaints of coffee burns from their customers.

Image Restoration Strategies

Many companies fail to develop crisis-management plans prior to a crisis and fall victim to poor crisis planning. Often, these companies are forced to rely on image restoration strategies to boost their tarnished image. Image restoration discourse is “designed to restore face, image, or reputation after alleged or suspected wrong-doing. By ‘image’ we mean the perceptions of the source held by the audience, shaped by the words and acts of the source” (Benoit & Brinson, 1994, p. 75). “When a reputation is threatened, individuals and organizations are motivated to present an image defense: explanations, justifications, rationalizations, apologies, or excuses for behavior” (Brinson & Benoit, 1996, p.
29). The image restoration approach was developed William L. Benoit.

"Benoit asserts that a reputation or public image, like other valuable assets, should be managed strategically to obtain the best results (Fishman, 1999, p. 350). Brinson and Benoit (1996) organize image restoration strategies into five categories: denial, evading responsibility, reducing offensiveness, corrective action, and mortification.

Denial

Denial is one of many image restoration strategies used frequently by companies when confronted with a crisis. Denial may be used in two different ways. An organization may "deny that the act occurred, that the firm performed the act, or that the act was harmful to anyone" (Benoit, as cited in Sellnow, Ulmer & Snider, 1998, p. 62). "Second, an organization may shift the blame for an act to another person or organization" (Sellnow, Ulmer & Snider, 1988, p. 62). Benoit believes that shifting blame is an effective image restoration strategy. Benoit (1995) contends that "the immediate effect of (successfully) shifting the blame is to damage the reputation of the other person. However, the ultimate end or goal sought by shifting the blame is to exonerate the source" (Benoit, as cited in Sellnow, Ulmer & Snider, 1998, p. 67). While Benoit believes denial and shifting blame are effective image restoration strategies, he also contends, "organizations typically must accept some degree of responsibility or association with the crisis" (Benoit, 1995, as cited in Ulmer & Sellnow, 1997, p. 217). Kovoor-Misra and
Nathan (2000) believe that during a crisis, organizations should avoid blame.

"The focus during this sensitive period, however, should not be on placing blame, but on learning what happened and what can be done differently and better in the future" (p. 35).

Evasion of Responsibility

According to Benoit and Brinson (1994) evasion of responsibility is "when the accused does not deny committing the offense, but rather claims a lack of responsibility because the misdeed was a result of someone else's actions (provocation), a lack of information (defeasibility, an accident, or committed with good intentions" (p. 76).

Reduction of Offensiveness

"Rather than deny or reduce responsibility for a wrongful act, a rhetor who is accused of misbehavior may attempt to reduce the perceived offensiveness of that act" (Benoit & Hanczor, 1994, p. 418). Reduction of offensiveness, which is a form of image restoration, has six components. Bolstering, minimization, differentiation, transcendence, attacking one's accuser, and compensation are all forms of image restoration.
Bolstering

"Bolstering refers to stressing positive traits in order to offset any negative accusations against an individual's or organization's reputation" (Fishman, 1999, p. 352). Bolstering was one of the most important strategies used during Schwan's Sales Enterprises salmonella outbreak. "Schwan's was able to bolster implicitly as a result of its immediate action to take responsibility and correct the problem. Even before the origin of the crisis was determined" (Sellnow, Ulmer & Snider, 1998, p. 67).

Minimization

Minimization is also an effective form of image restoration. According to Fishman (1999) minimization is defined as "reducing or downplaying the negative aspect of a wrongful act (p. 351). During the Dow Corning crisis, the company consistently downplayed the seriousness of the side effects of the breast implants. "Corning asserted that the implants were not as bad as reports suggested, and that most women were quite satisfied with them, thereby minimizing the impact of the attack" (Brinson & Benoit, 1996, p. 31).

Corrective Action

Benoit's fourth image restoration strategy is corrective action in which, the company or individual recognizes the problem and takes the proper steps to ensure the crisis will not happen again. "Conversely, organizations that fail to
accept or delay accepting responsibility for crises may exacerbate the difficulty in maintaining or regaining their social legitimacy” (Sellnow, Ulmer & Snider, 1998, p. 67).

Mortification

According to Brinson and Benoit (1996) “one possible strategy for repairing one’s image is to confess wrongdoing and beg forgiveness” (p. 36). Mortification was one of the strategies used by Dow Corning after “several internal memos, questioning the safety of the silicone breast implants, written by Corning researchers during the 1970s were produced as evidence during the trial” (Sellnow, Ulmer & Snider, 1998, p. 34). Not only had Dow Corning chosen to ignore concerns made by their own researchers, but Hilts (1992) and Seligmann (1992) (both as cited in Brinson & Benoit, 1996) found that “the documents suggested that Corning chose to disregard the concerns of its researchers and press the implants to market” (p. 34). Dow realized first hand that by ignoring essential behavioral standards they were losing credibility with the public, the media and the government. Once it became public that Dow Corning was aware that its silicone breast implants may leak and cause serious health problems, it was inevitable that they would have to confess wrongdoing and utilize the strategy of mortification.
Public Relations and the Media

Communicating to the media during a crisis is crucial to the success of the organization's communication plan. "Because the media have enormous influence on the direction a crisis will take, how well your organization survives is determined by how you handle communication in the glare of intense media scrutiny" (ten Berge, 1988, p. 77). Your ability to function well - to meet the needs of the media and the community for public information while not jeopardizing the personal and legal rights of employees and your organization - will depend on split-second decisions and uncommon judgment (Adams, 2000, p. 26).

Many companies look to Tylenol as a case study, for they exemplify it as one of the most successful crisis communication plans in history. Tylenol's public relations plan was highly effective in communicating information to the media. According to Robert V. Andrews (as cited in ten Berge, 1988) the assistant director of public relations at Johnson & Johnson, the safety of their consumers was their main concern. Andrews stated, "We had no alternative but to provide as much factual and truthful information as quickly as we could" (p. 20). Similarly, Lukaszewski (1997) believes that willingness to respond and unconditional honesty are two important standard-setting communication goals.

A crisis is news; whether it's a merger/acquisition, a product recall, or a government investigation. According to ten Berge (1988) "the news media, the most efficient information distribution system in the history of civilization, are
never, far from the center of a controversy or emergency” (p. 77). “With today’s highly efficient news delivery system in action any crisis is a candidate for the front-page lead in a newspaper or broadcast” (ten Berge, 1988, p. 77).

While facing a crisis is most companies’ worst nightmare, dealing with the media can also be equally challenging. Both Zoch (1997) and Duhe (1994/1995) and ten Berge (1988) agree that as soon as the crisis hits, corporations will be bombarded by the press. The challenge is how to satisfy the media during the early stages of a crisis, when often the spokespeople from the company are not fully aware of the crises effects.

Ten Berge (1988) believes that during the first stage, “the cardinal rule of crisis communications is to get the bad news out fast and to get it out completely” (p. 70). During the first few hours of a crisis, getting some type of information to the media is crucial. Due to the popularity of the Internet and the advances in the telecommunications industry, the media has the ability to broadcast news across the country and throughout the world to millions of people. “If the coverage is based on facts our company has confirmed rather than on speculation by reporters, the news is likely to be more accurate and balanced” (Lukaszewski, 1997, p. 9). Unfortunately “companies often try to delay a press briefing until they have pulled more facts together. Initially you need to communicate the briefest, most appropriate, and most accurate information that you have as quickly as possible” (ten Berge, 1988, p. 89).
The Role of a Communication Specialist

Communicating to the media during a crisis is often difficult. Many large companies may turn to their public relations staff to deal with the media attention during the early stages of the crisis. "An internal public relations affairs executive has the advantage of knowing the nuances of internal company attitudes and philosophies, personal views and perceptions, and provides the advantage of knowing which skeletons should remain in which closets" (ten Berge, 1988, p. 57). For small companies that cannot afford a full-time public relations staff, hiring a media specialist may be the solution. "Sometimes an external consultant can do a better job because his detachment from the company allows more objectivity and makes it easier to look at the company and its products from an outsider's point of view" (ten Berge, 1988, p. 58).

Identify a Spokesperson and Speak With One Voice

Once the crisis is in full force it is pertinent for organization's to identify a company spokesperson, who is familiar with the company, the operating procedures, and the logistics of the crisis. Lukaszewski (1997) and ten Berge (1988) both agree that while companies facing a crisis must speak with one voice, they may use more than one spokesperson. While the spokesperson does not have to be the CEO or president of the corporation, it should be someone "capable of handling the press in a detached and appropriate manner" (ten
Berge, 1988, p. 66). Often the boss becomes the company spokesperson, which may be detrimental. "It is possible for the boss to become so taken with her own interests she forgets the real reason why she is communicating the message" (ten Berge, 1988, p. 66).

Working with the Media

Establishing relationships with the media is an important aspect of working through a crisis. Both ten Berge (1988) and Pearson and Clair (1998) agree that the public is highly influenced by the media. Susskind and Field (as cited in Pearson & Clair, 1998) believe "organizations may attempt to affect media coverage by developing positive relationships with media representatives prior to any incident and by endeavoring to appear honest, cooperative and forth-coming with information during incidents" (p. 75).

Assuming Responsibility vs. Consequences of Delayed Response

Failure to accept responsibility may be the downfall for many corporations during the early stages of a crisis. According to Lukaszewski (1997) taking responsibility is the first step.

Consider the case of the Exxon-Valdez, which ran aground off the coast of Alaska and dumped about 250,000 barrels of oil into Prince William Sound. The entire nation was waiting for a response from Exxon. Exxon executives did not comment for about a week after the spill, which made the world
wonder how much they had to hide, what they were doing to contain the spill and how they were going to respond to accusations about the tanker captains alleged alcohol consumption before the accident. (Murray & Shohen, 1992, p. 16)

On the other hand, when Johnson & Johnson was faced with a crisis, their “creed and mission statement, plus a solid reputation and immediate action, enabled it not only to survive the catastrophe but to enhance its image with the public” (Murray & Shohen, 1992, p. 16). In the case of Dow Corning, however, “it is clear that Corning’s failure to be more forthcoming earlier led to the extreme crisis management strategies used during Phase Three” (Brinson & Benoit, 1996, p. 36).

When Jack in the Box faced an e-coli outbreak in 1993, in which three children died and more than 4,000 people became infected, questions arose regarding their responsibility in the poisonings. “Jack in the Box survived the crisis, but not without serious accusations of irresponsibility, deception and poor communication” (Sellnow & Ulmer, as cited in Ulmer & Sellnow, 2000, p. 148).

Training to Handle a Crisis

When crises occur, many organizations fail to have a crisis management plan in place. In addition to the lack of a crisis plan, many organizations also lack a company training system for employees when faced with a crisis. “During a crisis it is tempting to concentrate on dealing with the problem and the media
in the home market, however, it is critical for operations in the rest of the world
to be kept informed and given guidance as to what to do” (Birch, 1994, p. 31).
Getting employees involved in the crisis plan is essential in minimizing damage.
“The crisis communication plan is only effective when everyone in the
organization potentially involved not only knows of its existence or has it in the
drawer of his or her desk, but also knows in advance which role he or she has to
play in the big scenario” (ten Berge, 1988, pp. 72-73).

Getting Employees into the Crisis Communication Plan

“Once people are involved in developing, implementing, and evaluating
the crisis response, then planning for ongoing simulations with the crisis plan
can, as a result, be a much more viable part of organization practice” (Dyer, 1995,
p. 39). “Everyone in every department should have access to information on
what a crisis is, who should be informed, how to initiate that information flow,
and how to insure employee and customer safety” (Dyer, 1995, p. 39).

Practicing the Crisis Management Plan

“Having selected a crisis management team, the board should ensure that
action in any number of crisis situations is rehearsed” (Hitchcock, 1998, p. 27).
“Even in avoiding emergencies, rehearsals and drills have proved to be extremely
useful. They are an excellent opportunity for building trust among the company,
city officials, and the local media” (ten Berge, 1988, p. 74).
While most of the research highly recommends crisis training for employee and management, drills do not always lessen the impact of a crisis. Interestingly, Prince William Hospital in Virginia did have a crisis plan and a training program in place when it was faced with a gas leak in January 2000, and they used it to identify their crisis plan's weaknesses.

"Even with strong procedures and training in place some lessons are not learned until a crisis hits" (Steiner, 2001, p. 53). Although the gas leak was brought under control and no one was injured, the hospital learned how their plan was effective and how it could be improved. During the crisis, "some of the disaster procedures did not work as planned, and some situations arose that were not covered in the safety manual" (Steiner, 2001, p. 53).

In future disasters the hospital command center will be set up and staffed by a senior administrator, a nursing supervisor, or the administrator on call. The command center staff will be responsible for ensuring that the hospital disaster response plan is implemented. (Steiner, 2001, p. 57)

Activating a Crisis Management Team

If every company planned for all possible crisis scenarios, the number of crises taking place each year would dramatically decrease. "Establishing a scenario team is the first step of anticipation in the crisis planning process" (ten Berge, 1988, p. 40). Successful crisis planning and recovery requires the development of a crisis management team before the crisis strikes. Ten Berge
(1988), Hitchcock (1998), and Roughton and Awadalla (1998) all believe that establishing a crisis management team is a crucial step in successful crisis organization. In Chapter Three of his book, *The first 24 hours*, ten Berge (1988) defines the crisis team as the “scenario team.” He believes “establishing a scenario team is the first step of anticipation in the crisis planning process” (p. 40). In fact, “organizations in which the responsibility for crisis preparation and response rests with crisis management teams will experience greater success outcomes when managing crises than will those organizations in which crisis management responsibility rests with an individual” (Pearson & Clair, 1998, p. 71). During the Tylenol poisonings, a crisis task force was created by Johnson & Johnson’s chairman. “The crisis task force was set up to handle new decisions on the rapidly changing developments and coordinate all company-wide efforts” (ten Berge, 1988, p. 21).

According to Pearson and Clair (1998) crisis management teams are much more effective during crisis situations than an individual response. Specifically, “group efforts tend to succeed when the burdens of making decisions and taking actions are distributed collectively among all members” (Zander, as cited in Pearson & Clair, 1998, p. 73). The vice-president of corporate communications for Pan Am, Jeffrey Kriendler believes that in crisis communication its important to work as a team. According to Kriendler (as cited in ten Berge, 1988) “The key is to have an intra-communications network whereby a full range of people from
virtually ever major operating department in the company can be notified and brought together to act as a team” (p. 47).

After the Crisis

“In order to reduce the longer-term damage that inevitably follows in the wake of a crisis you should realize and understand what issues you face” (ten Berge, 1988, p. 161). After the crisis is the time to reflect on what went wrong and how the organizations’ crisis communication plan may be revised and improved for the potential chance of a future crisis. “Evaluate how the crisis plan, if one existed, worked and how management and employees responded to the situation” (Gonzalez-Herrero, 1995, p. 31). Ten Berge (1988) suggests sending out questionnaires to consumers to gauge the public’s opinion. “The only way to learn from the experience is to assess one’s own performance in the most critical way” (p. 162).

Summary

The author’s review of the literature including various case studies discloses pertinent information for the central question this study seeks to explore: What is the appropriate course of action for corporations when faced with a communication crisis. Specifically, the author examined the steps to developing an effective crisis communication plan, how to detect potential crisis and the positive and negative outcomes that can be learned from past crises. Past case
studies also gave the author the opportunity to explore the relationship between the importance of customer safety and the failure to protect of the consumer. In light of the events of September 11th additional research must be done to inform corporations of the importance of developing crisis communication plans and instituting simulated crisis training.
Chapter III

SCHWAN'S SALES ENTERPRISES SALMONELLA OUTBREAK CASE STUDY

In 1994 Schwan's Sales Enterprises, a privately held ice cream and frozen food company located in Marshall, Minnesota, was forced to quickly develop a crisis response plan when they were faced with a widespread salmonella outbreak. Schwan's, which was founded in 1952, is a successful food manufacturer, earning approximately $1.2 to $1.8 billion a year. The success of the company may be partially attributed to the convenience they offer, such as door-to-door delivery service of all of their products. Schwan's route drivers make regular visits to the homes of customers, delivering a variety of ice cream and other frozen foods (Sellnow, Ulmer & Snider, 1998, p. 65).

The development of a successful crisis communication plan at the onset of a crisis is crucial in taking responsibility, and communicating information to the public quickly, consistently, and truthfully. Schwan's did have a crisis management plan in place when it was faced with a salmonella outbreak, but used customer safety as its guide in dealing with the crisis.

Schwan's first plan of attack was to issue a recall of all products. Sellnow, Ulmer and Snider (1998) believe issuing a recall was Schwan's first step in correcting the problem. Unlike Brinson and Benoit (1996), Lukaszewski (1997) states that in a crisis the first priority in communication response is "those most
directly affected victims, intended and unintended” (p. 2). Sellnow, Ulmer and Snider (1998) cite Sieves and Yost (1994) who found that Alfred Schwan held a press conference at which he stated: “the well-being of our customers is our first priority at Schwan’s, which is why we are willingly withdrawing our ice cream products from distribution and cooperating fully with government agencies” (p. 65). Schwan’s successful handling of the salmonella outbreak may be partly attributed to their adoption of Johnson & Johnson’s credo, which states, “The first responsibility is to the customer” (Murray & Shohet, 1992, p. 17).

According to ten Berge (1988) “you need a crisis management plan that is ready to go” (p. 7). Schwan’s was prepared and they did have a crisis management plan when they were faced with a massive salmonella outbreak, however, it was of little use during the crisis. “The crisis spread so quickly and throughout such a massive region that the plan was unable to meet the demands of the situation” (Sellnow, Ulmer & Snider, 1998, p. 5). Although ten Berge (1988) believes a crisis management plan is essential, Silva and McGann (1995) believe contingency plans are a myth. “While every organization must anticipate and prepare itself for crisis, most contingency plans amount to little more than wishful thinking because most such plans assume that when crisis strikes, it will follow predictable paths” (Silva & McGann, 1995, p. 2).
At this point it had not yet been proven that Schwan’s ice cream was the cause of the massive salmonella outbreak. Schwan’s used customer safety as their main focus, and while the state of Minnesota’s Department of Health had yet to issue a recall, Schwan’s went ahead and recalled all products manufactured in its Marshall, Minnesota plant. Schwan’s decision to issue the recall prior to pressure from the state health department was essential to maintaining and protecting their image.

The timing of Schwan's recall produced a bolstering effect for several reasons. First, Schwan's acted without being forced to do so by any state or federal agency. At the time Schwan's announced its recall, the company would not know the source of the outbreak for two weeks. Despite the potential legal complications, Alfred Schwan's decision to establish his customers as his top priority made the recall an obvious choice. (Sellnow, Ulmer & Snider 1998, p. 63)

Schwan’s response to the salmonella outbreak was immediate. They not only issued the recall, but they took responsibility for the crisis, without even knowing how the salmonella spread. “Although no recall had yet been ordered by the state, on the evening on October 7, 1994, Schwan’s voluntarily recalled all products manufactured at its Marshall plant” (Sellnow, Ulmer & Snider, 1998, p. 63). “The organization accepted responsibility for the crisis almost immediately and then engaged in corrective action as its primary form of crisis communication” (Sellnow, Ulmer & Snider, 1998, p. 61).
The massive recall of all Schwan’s products was the company’s first step in taking corrective action. “For Dow Corning, an unwillingness to accept responsibility or to engage in significant corrective action during critical periods of crisis served to intensify the damage done to its public image” (Sellnow, Ulmer & Snider, 1998, p. 60).

After Schwan’s issued a recall, they went one step further and notified customers that they were eligible for refunds. The route drivers collected all recalled products from customers and issued a personal apology for the outbreak. By apologizing personally to each customer, Schwan’s actions exemplify Lukaszewski’s (1997) second fundamental communication principle which states, communicating close to the site is crucial. “Communication should be handled as close to the site of impact or emergency as possible. Field operations and facility managers, rather than the public affairs staff at headquarters should speak, unless companywide effects are anticipated” (p. 3).

Sellnow, Ulmer and Snider (1998) contend “Had Schwan’s waited to enact its recall until state or federal agencies forced the company to do so, it is possible that Schwan’s might have appeared less credible to its consumers (p. 60). “In short, Schwan’s early recall gave the company an opportunity to emphasize the good trait of valuing its customers’ well-being above all else” (Sellnow, Ulmer & Snider, 1998, p. 60). In fact Schwan’s recall effort “included publication of notices in hundreds of newspapers as well as direct mailings to thousands of Schwan’s
customers” (Katz, 1997, p. 30).

When companies are faced with crises they often used image restoration strategies as a means of bolstering their image. In the case of Schwan's Sales Enterprises their use of corrective action was effective in maintaining their image. While their first step was to issue the recall, Schwan's also engaged in corrective action when they issued an investigation of the Marshall, Minnesota manufacturing plant where the ice cream was made. It is clear that Schwan's implementation of image restoration strategies and corrective action was successful in maintaining its reputation, its relationships with customers and its public image.

Schwan's offering to pay the medical bills of those individuals infected with salmonella because of their product represents Lukaszewski's (1997) principle of generosity. "We will find a way to go beyond what is expected or required, even to 'do penance' where appropriate" (Lukaszewski, 1997, p. 5)

Mortification, which is part of the image restoration strategy, may be defined as admitting wrongdoing and asking for forgiveness. Schwan's Sales Enterprises used mortification effectively during their 1994 crisis. Once it was confirmed, on October 9, 1994, 2 days after Schwan's issued the recall, that the salmonella outbreak was traced back to their products, the company continued to engage in mortification and corrective action. While this crisis affected more than 220,000 people, Schwan's had an advantage over other corporate crises. "Whereas most organizations would be mystified as to when and where
products were sold and to whom, Schwan’s knew who bought its products and when they were sold because of the records kept by its route salespeople” (Sellnow, Ulmer & Snider, 1998, p. 63). Because the company used route drivers to deliver their products, each driver was able to issue a personal products to all the customers. “They expressed regret for the outbreak the products had caused and pledged to replace any items that were suspected of being contaminated” (Sellnow, Ulmer & Snider, 1998, p. 63).

Schwan’s continued its effective use of corrective action by establishing a toll-free hotline for customers. When customers called the hotline, they didn’t receive a pre-recorded message; instead they spoke to company employees who answered their questions and concerns. “Schwan’s hotline provided another personal contact with its consumers. This link provided an additional means for making a direct apology to consumers, while clarifying the corrective action taken by Schwan’s” (Sellnow, Ulmer & Snider, 1998, p. 64).

In addition to mortification and corrective action, Schwan’s continued their positive customer relationship and goodwill by offering to pay the medical bills of those affected. “While the investigation into the outbreak continued, Schwan’s offered to pay for customers who wished to have diagnostic medical exams if they experienced symptoms of salmonella poisoning” (Sellnow, Ulmer & Snider, 1998, p. 64).

Throughout the crisis, even before Schwan’s knew where the salmonella
outbreak could be attributed to, the company continued to utilize image restoration strategies. On October 21, 1994 the source of the salmonella contamination was determined. The trucking Company, Cliff Viessman, Inc., was responsible for transporting ingredients to Schwan’s factory. Investigators discovered that raw, unpasteurized eggs, which carry the salmonella bacteria, were transferred by these trucks. Once Schwan’s learned that they were not solely responsible for the outbreak they shifted blame to the trucking company. Schwan’s was able to effectively shift blame away from itself because “the source of the outbreak materialized outside of Schwan’s facilities” (Sellnow, Ulmer & Snider, 1998, p. 66).

After the FDA identified the trucking company as the source of the salmonella outbreak, Schwan’s was able to shift blame and take proper measures for future safety. “The corrective actions endorsed by the FDA also placed increased emphasis on the fact that the source of the outbreak materialized outside of Schwan’s facilities. Consequently, Schwan’s preventive actions served to shift the blame away from itself” (Sellnow, Ulmer & Snider, 1998, p. 66).

Schwan’s learned from their crisis and went to great lengths to ensure a crisis such as this would never happen again. Once the trucking company was identified as the source of the salmonella outbreak, Schwan’s took many preventative measures. In addition to the new facility, Schwan’s went one step further and began using a new trucking company, “which will carry only ingredients for Schwan’s products –nothing else” (Sellnow, Ulmer & Snider, 1998,
While the new fleet of tanker trucks and the development of the repasteurization plant were costly, “both measures communicated to customers that the company was taking every reasonable step, well beyond what the FDA required, to avoid any such outbreaks in the future” (Sellnow, Ulmer & Snider, 1998 p. 66). “Moreover, news that the outbreak did not originate within the Schwan’s facilities made the urgency with which Schwan’s responded to the crisis even more compelling to consumers” (Sellnow, Ulmer & Snider, 1998, p. 66). Sellnow, Ulmer and Snider (1998) found “Fundamental to establishing legitimacy was Schwan’s ability to value its customers over its finances” (p. 73).

“While food companies hit with product contamination should practice good loss control an pay all legitimate health claims, they should also take aggressive legal action to recover some of their losses from other responsible parties” (Katz, 1997, p. 29).

Despite suffering from a contamination scare in 1994, sales of Schwan’s ice cream products have returned to pre-contamination levels within five months. “Conversely, Jack in the Box, a fast-food restaurant that experienced a similar crisis three years earlier and denied responsibility vehemently, reported a much slower return to normal operations” (Sellnow & Ulmer, as cited in Sellnow, Ulmer & Snider, 1998, p. 72).

Like Schwan’s, Odwalla, a gourmet beverage company initiated a voluntary recall after a 16-month old infant died from drinking e-coli tainted
apple juice. Odwalla’s crisis recovery plan mirrored the actions taking by Schwan’s during their crisis. Like Schwan’s, Odwalla also used customer safety as its focus. According to CEO, Greg Steltenpohl, “We are very pleased that we’ve been able to pull our product from nearly every shelf and have been able to get the word out to our customers” (Thomsen & Rawson, 1998, p. 39).

In days to follow, “FDA officials announced that they had found no e-coli at Odwalla’s juice-production plant in Dinuba, California and that the focus of the investigation would now be on apple growers in the Central San Joaquin Valley” (W. King, 1996, as cited in Thomsen & Rawson, 1998, p. 40).

Similar to Schwan’s, Odwalla also used bolstering and corrective action as effective method of image restoration. Odwalla’s was known for its cold processing juice formula, which guaranteed freshness. The company did not use traditional pasteurization nor did they heat-treat its juices. Cold processing while fresh, does not guarantee protection from the deadly bacteria e-coli. Once this was determined Odwalla was forced to change their identity, which made them stand apart from the competition.

While Schwan’s built their own manufacturing facility after the salmonella outbreak, Odwalla began using a new production process. On December 5, two weeks after the crisis began, “Odwalla announced that it would begin flash pasteurizing its apple juices, which would be re-introduced in the company’s seven-state distribution area the following day” (“Odwalla reintroduces”, 1996, as cited in Thomsen & Rawson, 1998, p. 42).
Because the company initiated a voluntary recall, "Odwalla bolstered its image as a company that would put customers' health and well-being ahead of profits – a company willing to do the right thing regardless of economic consequences" (Thomsen & Rawson, 1998, p. 38).

At the onset of Schwan's salmonella crisis, the company quickly took responsibility and expressed concern for their customers. "Clearly, Schwan's response heightened its legitimacy with external constituents. This was accomplished even though Schwan's was in the wake of a crisis and the company's products were identified as the source" (Sellnow, Ulmer & Snider, 1998, p. 74). It is clear that Schwan's quick response, their financial capabilities and corrective action enabled them to retain their image and reputation, as well as their consumer loyalty.
Chapter IV

THE DOW CORNING SILICONE BREAST IMPLANT CASE STUDY

The Dow Corning Corporation, headquartered in Midland, Michigan is most notably known for the production of chemicals, plastic materials, agricultural and other specialized products, however, the company’s most infamous product is its silicone breast implants. The Dow Corning crisis began in July 1992, when it was ordered by the U.S. Food and Drug Administration to demonstrate the safety of its silicone breast implants. The FDA’s investigation was initiated after numerous complaints were made from the Public Citizen Health Resource Group regarding the safety of the implants. While Tylenol has become the standard by which all other companies measure their crisis communication plans, “The Dow Corning breast implant crisis has become a benchmark of how not to handle a crisis” (LaPlant, 1999, p. 32).

Breast implants have been marketed in the United States since as early as 1963. In the late 1980s and 1990s approximately 1 million women or 1% of the adult female population had silicone breast implants. Although breast implants surgeries are commonly performed after a mastectomy, 80% of breast implants are requested for cosmetic purposes.

"Implantable breast prostheses are medical devices and as such became subject to regulation by the Food and Drug Administration in 1976, with the passage of the Medical Device Amendments" (Brown, Parmentieri, Woo,
Vishnuvajjala & Headrick, 1998, p. 535). As early as the 1970s, the safety of silicone breast implants were questioned, however the device failed to be taken off the market. "The very first lawsuit filed against Dow Corning for faulty implants was in 1977. This means company officials were aware that there would be problems over a decade before the actual crisis occurred" (LaPlant, 1999, p. 32). "For example, a 1982 study conducted by industry officials showed no correlation between implants and breast cancer. However, in 1984, a federal court in San Francisco ruled that the company had committed fraud in marketing implants as safe" (Smart, as cited in Rumptz, Leland, McFaul, Solinski, & Pratt, 1992, p. 30).

In late 1991, after reviewing the data submitted by breast implant manufacturers, the General and Plastic Surgery Devices Panel voted that manufacturers had not presented adequate scientific data to support the safety and effectiveness of breast implants, but recommended that these devices should stay on the market while adequate data were being collected. (Brown, Parmentieri, Woo, Vishnuvajjala & Headrick, 1998, p. 535)

When the Dow crisis began in July, 1991, the company consistently reiterated that their silicone breast implants were safe. However, "patients and doctors have associated silicone leakage with breast cancer, immune system deficiency, and other various symptoms" (Rumptz, Leland, McFaul, Solinski &
Pratt, 1992, p. 30). Soon after questions arose about the safety of Dow’s silicone breast implants and the Food and Drug Administration issued a moratorium, Dow began a public relations campaign. The company immediately integrated image restoration strategies into its crisis communication plan. Dow’s strategies included denial, evading responsibility, shifting blame, attacking the FDA, corrective action, and mortification. According to Pearson and Clair (1998) “individuals in ‘crisis-prone organizations,’ compared to ‘crisis-prepared’ organizations, are seven times as likely to use defense mechanisms, such as denial, disavowal, fixation, grandiosity, and projection” (p. 61).

Dow’s first course of action was denial in which “the company refused to doubt the safety of its product” (Brinson & Benoit, 1996, p. 32). Although Sellnow, Ulmer and Snider (1998) and Lukaszewski (1997) do not suggest denial as an effective means of crisis recovery, Brinson and Benoit (1996) believe that “denial is an appropriate form of image restoration” (p. 38). According to Lukaszewski (1997) and Roughton and Awadalla (1998) the first course of action in a crisis is accessibility.

Throughout 1992, 1993 and 1994 Dow Corning continued to state that its were implants were safe. “By simply denying the accusations, Corning hoped to restore its public image (Brinson & Benoit, 1996, p. 32). However, “each time the company asserted the implants were safe, they effectively denied recipients’ claims of physical and emotional distresses resulting from implantation, hence mitigating legal culpability” (Brinson & Benoit, 1996, p. 32). Although
throughout the crisis Dow stridently denied that its implants were unsafe, they soon began to realize denial was not restoring their already tarnished image.

Once Dow realized denial was not helping to restore its reputation, the company decided to use minimization, in which Dow "attempted to restore its public image by minimizing the negative claims" (Brinson & Benoit, 1996, p. 32). Dow Corning maintained that "there may be side effects from the use of breast implants, but... an overwhelming majority of women who have them are happy with them" (Hilts, 1991, as cited in Brinson & Benoit, 1996, p. 32). The company continued to use mortification as an image restoration strategy even after internal research documents surfaced questioning the safety of the implants. At this point, the company attempted to discredit the research done by its own scientists. "Corning asserted that excessive focus on these documents was ineffective for determining their safety" (Brinson & Benoit, 1996, p. 36). Company spokesperson, Robert Rylee further minimized the effect of the internal memos in which he argues, "although silicone might escape the implant, their research indicated it would not be harmful to the recipient". (Brinson & Benoit, 1996, p. 36)

Ten Berge (1988) states "the cardinal rule of crisis communication is to get the bad news out fast and to get it out completely" (p. 170). Dow Corning, however, failed to admit wrongdoing to the public for more than 2 years. "Communication research consistently argues that an early and candid public
response to a crisis by the afflicted organization’s leadership can minimize the potential damage to the organization’s credibility Marconi, 1992; Schuetz, 1990; Seeger, 1986; Williams & Treadway, 1992” (Ulmer & Sellnow, 2000, p. 146).

“After a while it’s not just the bad news that’s at stake. Sometimes the fact that officials have been lying in an attempt to hide the truth becomes a story in itself” (ten Berge, 1988, p. 79). Ulmer and Sellnow (2000) however, believe “the assumptions that organizations should provide a candid and early response to a crisis is, in most cases, inappropriate” (p. 153).

Dow’s failure to respond to the public, recognize that they had a problem, and take the necessary steps to identify the possible dangers of their silicone breast implants, forced the company to resort to minimization to restore its public image. By minimizing claims that the implants could rupture and cause muscular and corrective tissue orders and neurological damage, Dow violated Lukaszewski’s (1997) first priority in standard-setting fundamental communication principles which states, “our organization’s first obligation is to the health, welfare and safety of the people most directly affected” (p. 2).

As the crisis persisted, the FDA’s probe into the safety of Dow Corning’s silicone breast implants continued. The FDA ordered Dow to demonstrate the safety of its product. While the FDA pressed Dow for internal documents and more information on the implants, Robert Rylee, the chair of Corning’s health care businesses suggested that the FDA failed to examine existing company documents. “Corning attempted to reduce the offensiveness of the safety issue
by attacking the accuser, the FDA. The company also tried to shift public
attention to the FDA rather than itself" (Brinson & Benoit, 1996, p. 33). In
addition to the FDA, Dow also attacked the media.

Dow’s unwillingness to accept responsibility for their product was further
reiterated when the company provided false information over their implant
hotline and attacked the FDA stating that it misunderstood the hotline’s role.
Once the information given out on Dow Corning’s hotline came under question,
"The FDA further demanded that Corning stop telling callers the implants were
100% safe" (Brinson & Benoit, 1996, p. 34). Dow Corning, however, stated that
"we object strongly to any characterization of the hotline as providing anything
other than accurate information" (Cimons, 1991, as cited in Brinson & Benoit,
1996, p. 34). At this point, Dow was shifting blame to the FDA and away from
itself, a practice that both Brinson and Benoit (1996) and Sellnow, Ulmer and
Snider (1998) support. As noted in Sellnow, Ulmer and Snider (1998), Benoit
(1995) found that shifting blame is effective because "it provides a target for
any ill will the audience may feel, and this ill feeling may be shifted away from
the accused" (p. 70). On the contrary, Lukaszewski (1997) believes if an
organization takes responsibility for its actions, shows concern and cooperates
with the media, shifting blame is unnecessary. Not only was Dow accused of
falsifying information, but the FDA accused Corning of making "verbal
statements...in a confusing or misleading context" (Brinson & Benoit, 1996, p. 33).
In this case, Dow violates Łukaszewski’s (1997) principles for dealing with an unforeseen event which state, “when events are unanticipated, we will ‘use simple, direct, positive messages’” (p. 2). Dow’s failure to confront the safety of its implants and the accuracy of the information further tarnished their public image.

It was clear that Corning’s image was further tarnished when “several internal memos, questioning the safety of silicone breast implants, written by Corning researchers during the 1970s were produced as evidence during the trial” (Sellnow, Ulmer & Snider, 1998, p. 34). “The documents in question suggested Corning knew the silicone might escape the implants and travel through the recipient’s body” (Brinson & Benoit, 1996, p. 33). “It was apparent that Corning had declined to fully test their implants despite the urging of corporate scientists, and that the company had withheld the conclusions of scientific studies and instead asserted product safety” (Brinson & Benoit, 1996, p. 35). Not only had Corning chosen to ignore concerns made by their own researchers, but Hiltz (1992) and Seligmann (1992) found that “the documents suggested that Corning chose to disregard the concerns of its researchers and press the implants to market” (Brinson & Benoit, 1996, p. 34).

Dow realized first hand that by ignoring essential behavioral standards they were losing credibility with the public, the media and the government. Once it became public that Corning was aware that their silicone breast implants may leak and cause serious health problems it was inevitable that they would
have to confess wrongdoing and take corrective action. Although Corning never apologized for their actions, Brinson and Benoit (1996) believe they did express regret. Lukaszewski (1997) however, believes that refusal to issue an apology represents arrogance and is categorized as “trust-busting behavior” (p. 8).

In February 1992, 7 months after the safety of the silicone breast implants came under scrutiny, Dow Corning issued corrective action statements. A company spokesperson asserted “Very clearly, one of the things we didn’t do well...was to really express our concerns for the women who have Dow Corning implants or have been considering getting implants” (Hilzenrath, as cited in Brinson & Benoit, 1996, p. 37).

Once the company realized they could no longer deny the safety of its silicone breast implants, they took corrective action. Corning “advised doctors to take ruptured implants out immediately because the silicone in the implant may mix with body fluids and migrate to distant parts of the body and create large lumps and inflammation among other harmful effects” (Hilts, 1992, as cited in Brinson & Benoit, p. 37). The company also made a decision in 1992 to stop manufacturing silicone breast implants. Although the company’s denies that the reasons they stopped manufacturing the implants was for safety reasons, “this is a strong signal that there is something very wrong with these products” (Gladwell, as cited in Brinson & Benoit, 1996, p. 37).
Although Dow eventually implemented image restoration strategies and corrective action, the company was unsuccessful in maintaining its reputation, its relationships with customers and its public image. Dow's approach, however, failed because the company did not take responsibility for their product nor did they admit that the implants were unsafe. Dow also withheld researchers' conclusions in order to manufacture their product. "The more damaging the situation, the more likely it is that these standards will be imposed by demanding victims, a demanding public, a demanding government, and a demanding media" (Lukaszewski, 1997, p. 1). For an organization to accept responsibility immediately and communicate information effectively during the early hours of a crisis, it illustrates their capabilities in managing that crisis (Brinson & Benoit, 1996; Lukaszewski, 1997; Sellnow, Ulmer & Snider, 1998).

It is evident that Dow's communication strategies were poorly executed during the silicone breast implant crisis. Dow's plan of action should have consisted of developing standards of behavior and creating appropriate principles and procedures for dealing with an unanticipated crisis. From the beginning of the crisis, Dow should have researched the safety of its silicone breast implants and stopped production until their safety could be guaranteed and approved by the FDA. It was also Dow's responsibility to communicate information to the public quickly, consistently, truthfully and accurately. Dow's failure to adopt the credo, "the customer is always right" resulted in a tarnished public image and forced the company to implement image restoration strategies.
and corrective action.

According to Brinson and Benoit (1996) "Dow Corning’s initial failure to accept some responsibility in its breast implant crisis inhibited the company’s image restoration efforts" (Brinson & Benoit, as cited in Sellnow, Ulmer & Snider, 1998, p. 60).

Even though Dow Corning contributed $2 billion toward a settlement fund in 1994, the company still maintains that the implants are safe. While The Dow Chemical Company is a 50% shareholder of Dow Corning Corporation, the company claims no liability for the implants. In fact, according to The Dow Chemical Company’s 1995 Annual Report,

The Company’s management believes that there is no merit to plaintiff’s claims that the Company is liable for alleged defects in Dow Corning’s silicone products because of the Company’s alleged direct participation in the development of those products, and the Company intends to contest those claims vigorously. (The Dow Chemical Company and Subsidiaries Annual Report, 1995, p. 29)

Dow Corning failed to recover from the silicone breast implant crisis, which began in the late 1980’s. The company filed for Chapter 11 Bankruptcy on May 15, 1995. “The Company is separately named as a defendant in over 13,000 breast implant product liability cases” (The Dow Chemical and Subsidiaries Annual Report, 1995, p. 29).
Chapter V

CONCLUSION AND RECOMMENDATIONS

This study seeks to analyze the appropriate course of action for corporations when faced with a communication crisis and the development of a successful crisis management plan. Based on comprehensive research including a literature review and a series of case studies, the author determined the keys to a successful crisis communication plan and the lessons that can be learned from past crises.

Both the literature and the case studies expose the fact that many corporations have failed to develop effective crisis communication plans. In addition, many organizations ignore the warning signs, fail to take responsibility or protect the consumer in an emergency or when faced with a product failure. The author also found that the majority of corporate crises can be identified early and detection is the most important phase of crisis management. Additionally, the author found that while image restoration strategies such as denial and shifting blame are designed to restore a tarnished image, characteristics such as honesty, openness and sincerity are vital to the success of a company’s crisis communication plan.

Future Study

In closing, the author believes that her literature review and case studies
provide insight into the fundamental principles of crisis communication and their effectiveness. However, future research must continue to explore contingency planning, typologies and the impact of using consumer safety as a guide for effective crisis management. Future studies may also include a survey determining the percentage of corporations which currently have crisis management plans. The author also encourages researchers to examine companies' failure to inform the public about a recall or a defective product, which in many cases has more to do with profits than with consumer safety. The Ford/Firestone Tire Recall is a recent example of a company's failure to address consumer safety more than a year after the crisis began.
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Lessons of a blowout What we can learn from the Ford/Firestone tire recall? As John Frank explains, unlike the Tylenol crisis, the problem is that they just can’t seem to put a lid on it. (2000, October 9). *PRWEEK*, p. 31.


Appendix A

Tylenol Case Study
Tylenol Poisonings

COMPANY PROFILE

In September of 1992, Johnson and Johnson which is headquartered in New Brunswick, NJ began one of the most serious and highly regarded crises in history. "As one of the world's leading healthcare corporations, Johnson & Johnson is parent to 165 companies in 53 countries, encompassing the entire spectrum of the medical field in total encompassing 77,000 people" (ten Berge, 1988, p. 19). One of Johnson & Johnson's most successful products was Tylenol, with over one hundred million users. "As an absolute leader in the over-the-counter painkiller market, the brand held a 37% market share, outselling the next four leading analgesics combined, including Anacin, Bayer aspirin, Bufferin, and Excedrin" (ten Berge, 1988, p. 20).

During the Fall of 1992 seven people died after ingesting Tylenol capsules laced with cyanide. Immediately the FBI declared the poisonings an act of terrorism, Johnson & Johnson halted production of the capsules and withdrew all Tylenol capsules from stores across the country. "It was estimated that 22 million bottles of Tylenol capsules were in consumers' medicine chests and on pharmacists' shelves - worth approximately $80 million at retail prices. At this time, Johnson & Johnson offered a reward of 100,000 for any information leading to the arrest of those involved. The company also set up a toll-free hotline for consumers to call with any questions or concerns that they may have. Because
Tylenol had halted production at the McNeil manufacturing plant, employees volunteered their time to answer consumers' questions.

During this corporate crises, Johnson & Johnson was praised for being forthright and providing consumers with the most accurate and current information. Jim Burke, the chairman of Johnson & Johnson appeared on television ads and interviews to discuss the crisis. "Johnson & Johnson didn't fall into the trap of trying to diminish the affair of placing blame somewhere else, although the company must have felt the temptation many times to disclaim any connection between the product and the murders" (ten Berge, 1988, p. 24).

In addition to the reward and the hotline, Johnson & Johnson formed a crisis task force. The task force "was set up to handle new decisions on the rapidly changing developments and coordinate all company-wide efforts" (ten Berge, 1988, p. 21).

POST-CRISIS

After the Tylenol poisonings, Johnson & Johnson's response involved developing tamper resistant packaging. The packaging consisted of "a glued box, a plastic seal over the neck, and a foil seal over the mouth of the bottle" (ten Berge, 1988, p. 27).
Appendix B

Bridgestone/Firestone & Ford Case Study
Bridgestone/Firestone & Ford

The Bridgestone Firestone and Ford crisis continues more than a year after the company recalled more than 6.5 million tires. The crisis began when Ford Explorers equipped with Firestone tires began rolling over. In addition to frequent accidents in the United States, accidents involving Ford Explorers were reported in Saudi Arabia, Thailand and Venezuela. Since August 9, 2000, the inception date of the recall, approximately 271 deaths have resulted from accidents involving Bridgestone/Firestone tires.

Bridgestone/Firestone, Inc. was formed in 1990 when Bridgestone U.S.A. merged with The Firestone Tire & Rubber Company. The Firestone Tire & Rubber Company began in 1900 when Harvey S. Firestone began producing tires in Akron, Ohio. In Japan, in 1931, Shojiro Ishibashi created Bridgestone Tire Company Ltd.

Bridgestone/Firestone and Ford Motor Company have continuously blamed each other for the ongoing tire recall controversy. While Bridgestone/Firestone accused Ford of refusing to share research about possible Explorer problems, Ford accused Firestone of withholding information about faulty tires. “While neither Ford Explorers nor Firestone tires may be unusually dangerous in their own right, the combination of the two has sometimes proved lethal” (Greenwald, 2001, p. 1).

As early as 1990, however, Ford engineers were questioning the stability
and handling of the Explorer. According to an investigation by Greenwald (2001) the Explorer was developed as a sibling for the Bronco II, which cost Ford $2.4 billion in damage settlements. “Previously undisclosed memos and e-mails show the extent to which the engineers were juggling decisions about the Explorer’s suspension systems, tire pressure, weight and steering characteristics, plus its height and width, all of which could factor into a vehicle’s stability” (Greenwald, 2001, p. 1).

According to an article by Hakim (2001) Bridgestone/Firestone Inc., in an effort to be proactive, will pay $41.5 million in a settlement with states over defective tires. In addition to the settlements, Bridgestone/Firestone will pay $10 million for investigation costs and an additional $5 million for consumer education on tire safety.
Appendix C

Valujet Case Study
ValuJet

On Saturday, May 11, 1996 ValueJet Flight 592 took off from Miami and minutes later crashed into the Florida Everglades killing all those on board. The crash, however, may have been prevented had ValuJet not ignored the warning signs.

When ValuJet began in 1993 its mission was to “offer fares at fifty to sixty percent less than the major carriers and to outsource maintenance to the lowest bidding repair services, thereby eliminating the need for costly repair facilities, expensive parts bins, and mechanisms of its own” (Fishman, 1999, p. 358). While ValueJet was very concerned with costs, they were not as concerned with repairs. ValuJet postponed many of their planes crucial repairs due to busy flight schedules. The company continued to use older planes and accidents began to occur more frequently. “According to Time, ValuJet had an accident rate of 3.06 per 100,000 departures compared to the other fourteen low-cost airlines in the study who averaged 0.43 accidents per 100,000 departures” (Gleick, as cited in Fishman, 1999, p. 359).

The FAA, however, in conjunction with Valujet downplayed the accident reports, citing that no fatalities had occurred. Although the FAA’s job was to protect the consumer and regulate the airlines industry, a conflict began to arise. “The FAA seemed to have a soft spot for start-ups such as ValuJet, believing that low cost airlines would foster a competitive balance on certain routes then dominated by major carriers” (Fishman, 1999, p. 359).
Appendix D

McDonald's Case Study
McDonald’s Crisis

The McDonald’s hot coffee case is an example of a company’s failure to heed the warning signs. In February 1992, Stelila Liebeck of Alberquerque, New Mexico was severely burned when she spilled McDonald’s coffee on her lap. During this time, Liebeck was in her grandsons car and was attempting to open the lid to the cup of coffee. Liebeck testified that she asked her grandson to pull over so she could add cream and sugear to her coffee. Liebeck than placed the hot cup of coffee between her knees, pulled off the top and spilled the coffee on her lap. Lioebeck suffered third degree burns over 6 percent of her body, including her groin, inner thighs and buttocks. Liebeck underwent skin graft surgery and remained hospitalized for 8 weeks.

Although prior to Liebeck’s case, McDonalds had more than 700 claims by customers burned by its coffee between 1982 and 1992, the company refused to settle her $20,000 claim. While McDonalds’s maintains that the company requires their coffee to be held at 185 degree. Although experts testified that liquids at 180 degrees will cause third degree burns within seconds, McDonald’s contends that their customers like their coffee hot.

The jury awarded Liebeck $200,000 in compensatory damages and $2.7 million in punitive damages, however the settlement was later reduced to $480,000.
Appendix E

Pepsi Case Study
Pepsi

On June 9, 1993 a couple from Tacoma Washington reported finding a syringe in a can of Diet Pepsi. Within 24 hours of the media’s broadcast, there were reports of syringes found in Diet Pepsi cans across the country. The fact that the tampering came only one month before the July 4th holiday was hurting sales.

As the FDA investigated the claims, they urged consumers to empty the contents of their Diet Pepsi into a glass before drinking. Although the investigation resulted in no evidence of product tampering, people from all over the country continued to report finding syringes, screws and pins in Diet Pepsi cans.

Pepsi’s crisis response began the day the tampering was publicized. Pepsi’s crisis team immediately set up a crisis command center, but did not believe issuing a recall was necessary. The crisis team’s objective was to be open and honest, to communicate all the facts to the media as quickly as possible, and to work closely with the FDA. The crisis team also granted interviews at their on-site location in Seattle and used video news releases and press releases.

The fact that the tampering came only one month before the July 4th holiday was hurting sales. The crisis plan cost approximately $500,000 and Pepsi lost more than $25 million in sales. Although Pepsi had lost millions of dollars in sales by the end of the seasons they reported their
highest sales in 5 years.

By the end of July, the Pepsi syringe scare was over and it was confirmed that crisis was a hoax. More than 53 people were arrested in conjunction with lying about product tampering.