

Reading

Read the extracts from Eric Dezenhall's book on the right, and answer the questions.

- What did crises cost a leading cell phone manufacturer, Merck, Perrier and Audi? Why does Dezenhall refer to them?
- How does Dezenhall argue these concepts are relevant for crisis survivors?

strong leaders feel-good gurus
climate shifts guarantees
pain thresholds baby steps
self-knowledge the little guy
luck

- According to Dezenhall, how has the way we judge a crisis changed?
- What is the political model of crisis management?
- How does Dezenhall see the media in general and TV in particular?

Discussion

In small groups, discuss the questions.

- In our culture, whoever attacks, wins, whoever defends, loses. Is this a sad indictment of American culture, a more global phenomenon, or a misleading exaggeration?
- Do you think there are circumstances in which PR firms should defend companies that pollute the environment, exploit workers, or market defective products?
- In your opinion, which of Dezenhall's characteristics of crisis survivors can or cannot be influenced or developed by PR firms?
- Dezenhall presents competitors, lawyers, the news media, politicians and regulators, short-sellers, NGOs, corporate stalkers, whistleblowers and bloggers as opponents that want to torpedo you. Is this paranoia, sensationalism, savvy marketing, or simply facing facts?
- As CEO of a large corporation, would you hire Dezenhall's company? Why (not)?

Damage Control

Crisis management, while a rare corporate discipline, is nevertheless a fundamental one because the future of the enterprise is on the line. A grieving widower appeared on Larry King Live in 1992 and speculated that his wife's terminal cancer was caused by a cellular telephone: a leading cell phone manufacturer saw its stock drop by 20 percent in the following days. Merck's recall of its arthritis drug Vioxx cost the company roughly \$750 million in the fourth quarter of 2005 alone. A Merrill Lynch stock analyst estimated that damages against the company could run between \$4 billion and \$18 billion. Perrier was toppled from its perch atop the bestselling bottled water mountaintop after the chemical benzene was found in its product. And when the Audi 5000 was accused of 'sudden acceleration', its sales evaporated and the Audi brand essentially vanished from the U.S. market for a decade.

WHO SURVIVES?

Companies (and individuals) that survive crises tend to have certain features in common, features that are often evident in the first moments of an engagement.

- They have strong leaders who have broad authority to make decisions.
- They question conventional PR wisdom and do not worship at the altar of feel-good gurus who espouse 'reputation management', the canard that corporate redemption follows popularity.
- They are flexible, changing course when the operating climate shifts (which it usually does).
- They commit significant resources to the resolution of a crisis with absolutely no guarantee that these resources will provide results.
- They have a high threshold for pain, recognizing that things may get worse before they get better.
- They think in terms of baby steps, not grandiose gestures, which explains Rome's success, after all.
- They know themselves, and are honest about what kinds of actions their culture can – and cannot – sustain.
- They believe that corporate defence is an exercise in moral authority, and that their critics are not necessarily virtuous simply because they purport to be standing up for the 'little guy'.
- They are lucky, often catching unexpected breaks delivered by God, nature, Fortune, or some other independent factor.

Enterprises and individuals under siege need all the help they can get these days. Since the tech bubble burst and corporate scandals have come to fill the media vacuum once occupied by lionizing of messianic CEOs, it seems as if no one's exempt from hostile scrutiny. Crises are now judged not only by financial (Did the company recover?) and ethical (Was the public welfare served?) standards, but by whether the company handled its crisis effectively in the eyes of Wall Street, Madison Avenue, the plaintiff's bar, and twenty-four-hour-a-day cable news. Inevitably, the airwaves are filled with experts from various fields who will opine that the crisis is being mismanaged. (Saying 'all's well' doesn't make for very good TV.)

We endorse a political model of crisis management versus the more conventional public relations approach. The fundamental difference is that the political model, which is practiced in our hometown of Washington, D.C., assumes the threat of motivated adversaries while the public relations model tends to view crises as organic and resolvable through good communications. In real crises there are often opponents – a mirror image of your own crisis management team – that want to torpedo you. That opposing team consists of competitors, plaintiffs' lawyers, the news media, politicians and regulators, short-sellers, multi-million dollar non-governmental organizations (NGOs), corporate stalkers, whistleblowers and bloggers. These opponents don't care whether you 'do the right thing'; they care about defeating you.

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