

6.1 About business Crisis management

Discussion

1 Work in small groups. Do the crisis management quiz.

What would you do in these crisis situations?



1 A psychopath puts cyanide in your company's paracetamol capsules; several customers die, and you have to recall 31 million bottles of the product worth over \$100 million.

- relaunch the product under a new name
- scrap the product and the brand
- relaunch the brand with tamper-proof packaging

2 A customer complains they found a human finger in your company's chilli con carne.

- recall the product immediately
- pay the customer compensation
- deny any responsibility

3 A host on your company's provocative radio show makes racist remarks.

- have him make a public apology but let him continue to host the show
- fire him and cancel the show
- fire him but continue the show with a new, less provocative host

4 A company which is obviously guilty of wrongdoing asks your PR company to help.

- take the contract
- refuse the contract
- take the contract but charge double your normal fee

Turn to page 114 to check your answers.

Listening for gist

2 2:13 Listen to an interview with Eric Dezenhall, author of *Damage Control*. How does Dezenhall's philosophy of PR differ from conventional wisdom?

Listening for detail

3 Listen again and answer the questions.

- Where did Dezenhall get his first PR experience? In your opinion, why might this background be significant?
- What three examples does Dezenhall give of PR rules which are wrong?
- According to Dezenhall, what mistake do people make about apologies?
- What strategy does Dezenhall recommend in a crisis, and why?
- What point does Dezenhall make using the example of the wallet?
- Who are the three characters Dezenhall says are present in any crisis, and why are they significant?

Inference

4 From what you know about the context, try to explain the references and expressions in bold.

- One of my chief criticisms of crisis management is there are these rigid, '**Mother Goose**' rules that the PR industry applies that are wrong ...
- Well first of all I think **he was toast** the minute the words came out of his mouth.
- The track record of recovering from racial remarks is awful. Basically because corporate advertisers do not want to be in a battle with **Al Sharpton** or **Jesse Jackson**.
- If you're truly innocent, you're saying, fight it out ... but I imagine there are people who would take that advice, and even if they're totally guilty, they're going to deny it, **stonewall**, lie ...
- You can't take someone who is hateful and who is totally guilty, and who has no interest in repenting, and **put lipstick on that pig**.

Internet research

Search for the keywords *bad crisis management*. Share your stories and vote for the best example of how not to handle a crisis.

6.1 About business

Discussion (page 70, exercise 1)

1c Tylenol, a Johnson & Johnson company, was praised for recalling 31 million bottles when this happened in 1982. After falling to 8%, the product subsequently recovered its 35% market share when it was relaunched in a tamper-proof package.

2c Wendy's restaurants lost millions of dollars in sales and had to make redundancies when a woman claimed she had found a finger in her chilli in 2005. The company contested the woman's story, and she was eventually sentenced to nine years in prison for filing a fraudulent insurance claim.

3b In 2007, CBS cancelled a show and terminated a contract worth \$40 million with Don Imus, a TV and radio talk show host who had made racist remarks about a female basketball team.

4b Eric Dezenhall, the author of *Damage Control*, says that his company refuses this type of PR contract.

3.6 Case study

Simulation (page 43, exercise 6)

Group C

You are in favour of relocating the company's production unit to North Africa, Eastern Europe or even Asia. In your view, quality is still your key USP, so although cutting costs is critical if the company is to survive, it is essential to retain control over production, and to keep the company's competitive advantages secret. Relocating key production staff (including Karl Hoffmann) to the new site would guarantee quality whilst cutting costs. You feel strongly that as General Manager, Eva should be allowed to run the company in the way she wishes, without interference from her husband or her father.

1.6 Case study

Discussion (page 17, exercise 7)

Student D

Argue the case for taking up the headhunter's offer and moving to Sweden. Gemma's career prospects will be infinitely better in a country which takes equal opportunities seriously.

7.2 Grammar

Negotiation (page 87, exercise 7)

Group A

You manage a medium-sized investment portfolio in real estate. You want to grow your business and attract a significant body of new clients in a different investment area. By far the quickest and most effective way of doing this is to enter into an alliance with an investment management company which specializes in a different area. You have narrowed the field down to two companies: B, which specializes in stocks and shares, and C, which deals in commodities. In the current investment climate, you have good reason to believe that each of these groups also wants to diversify and form an alliance. Anti-trust laws forbid alliances between more than two groups.

Use the information below to prepare your arguments to persuade the other two groups that you are the best company to form an alliance with.

Consider:

- how long the company has been established
- its corporate structure and ownership
- how large its client base is
- where in the world the company mainly operates
- any strategic plans for the future regarding geographical expansion; number of employees
- recent operating profits
- proportion of the company's budget spent on research

7.6 Case study

Discussion (page 95, exercise 6)

Student C

You are not against a no-frills project, provided that the workforce in the French factories is protected. Resist any proposals which could mean that jobs might be lost in the short-, medium- or long-term.