Many speakers find it helpful to write reminders about effective oral delivery in the margins of the outline. Some examples are:

SLOW!
LOOK AT THE AUDIENCE!
SPEED UP!
PAUSE HERE!
RELAX!
SMILE!
WATCH POSTURE!
GESTURE!

Along with comments about delivery, important instructions for the presentation such as these should also be included:

SHOW SLIDE #1 HERE
USE TRANSPARENCY #2 HERE
START INTRODUCTIONS OF GUESTS STAGE RIGHT
ADJUST MICROPHONE

If it is important, write it on your outline.

Step Four: Memorize the Beginning and the End of the Presentation

Although we do not recommend that you memorize your entire presentation, we do recommend that you employ some memory work to enhance the effectiveness of the presentation.

We propose that you memorize the very beginning of the presentation. By doing so, you will be able to begin your presentation without looking at your notes. Instead, you will walk to the lectern, look directly at your audience, pause a moment, and begin to speak. After your opening remarks, naturally, you will glance at your outline. But the first impression you give will be one of confidence and command over the content of the presentation.

At the end of your presentation, do the same in reverse. Look up from your outline, pause, and speak directly to your audience as you conclude the presentation. Your last impression will also be one of confidence and control.

Step Five: Practice Your Presentation

You would be astonished at the number of managers who neglect this step or simply pay lip service to it. Except with a few gifted people, practice will always improve one's actual performance. You also run the risk of wasting any efforts expended on the first four steps if you do not practice your presentation.

Here are some suggestions for practicing your presentation:

- *Practice from the Beginning to the End.* Start at the very beginning of the presentation—practice even an acknowledgment or an anecdote. Continue to practice with your outline until you have worked your way through the conclusion. Do this a minimum of three times to attain command over your material and to increase your self-confidence.

- *Practice the Use of Your Visual Aids.* If you plan to use visual aids (such as PowerPoint, overhead transparencies, slides, and so on), practice using them in your presentation. Be sure to follow the advice in Step Three and indicate in your outline when to use each visual aid.
- *Time Your Presentation.* Be sure to time your presentation as you practice. Given the nature of extemporaneous speaking, you will find that the time will vary a bit from practice session to practice session. If you are an inexperienced presenter, allow your presentation to run a little longer rather than a little shorter in your practice sessions. You will find when you stand before your actual audience that your rate of speech will increase somewhat because of nervousness. Therefore, a 16-minute practice session may well be a 15- or 14-minute presentation.
- *Use Audio-Visual Feedback While Practicing.* If possible, tape your delivery during practice on a tape recorder or video camera to provide feedback. Listen to your vocal delivery; observe your body language. Use the discussion on effective delivery (Step Six) and the checklist in Figure 11.5 as a basis for self-evaluation.
- *Ask for Feedback from Colleagues and Superiors.* After a few practice sessions by yourself, ask a colleague to watch another practice session and offer some constructive criticism. This step is especially valuable if the presentation is a major one. If the presentation is to be made before your boss's superiors or some major clients, you might consider asking your immediate superior for some feedback, too. Be sure, however, to ask for specific, constructive criticism.

Step Six: Deliver Your Presentation

Your audience will both hear and see you: what they will hear is your vocal delivery, and what they will see is your body language. Let's consider both in turn and then discuss the effective use of visual aids in the delivery of a speech.

Vocal Delivery

The key factors in vocal delivery include expressiveness, emphasis, rate and volume, and articulation and pronunciation.

Vocal Expressiveness. To create the conversational style that we associate with the extemporaneous method of delivery, your voice must convey expressiveness. Simply put, vocal expressiveness is variation in the pitch, rate, and volume of your speaking voice. To sound expressive, your voice should move up and down in pitch, increase and decrease in rate of speech, and increase and lower in volume. Although you should make a conscious effort to vary these three vocal elements, an easy way to remember how to sound is to model your vocal delivery on an animated conversation. Listen to two people engaged in a lively conversation. You will hear the vocal expressiveness. That is how you should sound.

Vocal Emphasis. All words are not created equal; some are more important than others. When you write, you have a number of devices at your disposal by which you can emphasize a word or phrase—for example, underlining (italics in the printed

page), bullets, indentation, and so forth. Obviously, these devices are of no help in an oral presentation. Instead, you must employ vocal emphasis.

Vocal emphasis is achieved in three ways: by the use of the pause, by variation in rate of speech, or by variation in volume. If, for example, you wish to emphasize an important phrase in a presentation, do any or all of the following:

- Pause before or after a key word.
- Slow down when you reach an important passage.
- Increase or decrease volume.

These three techniques, simple as they seem, will effectively convey to your audience the following message: This is important!

Appropriate Rate and Volume. Along with vocal expressiveness and emphasis, you must be careful to avoid two common problems among inexperienced presenters: speaking too rapidly and speaking too softly. Rapid speech is often caused by nervousness. Nervous speakers, perhaps seeking relief from the stress of delivery, seem compelled to race through their presentation, sacrificing both vocal emphasis and the comprehension of the audience. Resist the temptation. If you tend to speak too quickly, write yourself a note or two in the margins of your outline to remind yourself to slow down. A caution, however: some speakers overcompensate by speaking too slowly, a sure recipe for boring your audience. Try to speak at about 150 words per minute, slowing occasionally to emphasize a key word or phrase.

Speaking too softly is a serious problem as well. If members of your audience cannot hear you, or can hear you only part of the time, your presentation is doomed. Avoid this problem by projecting your voice with sufficient loudness so that all members of the audience are able to hear you. If volume is a problem for you, write yourself a reminder on your outline to project. You might also consider asking someone in the audience to signal to you if your volume is too low.

Articulation and Pronunciation. Pay careful attention to articulation and pronunciation as you make a presentation. By articulation, also referred to as enunciation, we mean the precision and crispness of your spoken words; by pronunciation we mean the sounds assigned to a given word. Sloppy articulation and errors in pronunciation create a poor impression. Make a conscious effort to articulate clearly, without overarticulating. When in doubt about the standard pronunciation of a word, check with a dictionary. Be especially careful about the pronunciation of names; people are not amused when they hear their names mispronounced.

Body Language

Eye contact and body movement are the two major categories of body language to consider.

Eye Contact. Eye contact—looking at members of your audience—is essential to any effective extemporaneous presentation. Here are some suggestions for effective use of eye contact:

Because presentations are usually given to small audiences, establishing eye contact from time to time with all members of the audience is expected. We recommend, however, that you linger a bit on each audience member—do not gaze rapidly around the room like a surveillance camera at a bank.

If you are speaking to a large group, it is wise to break up the audience into four sections. As you speak, shift your gaze from section to section, looking at individuals in each section. Again, linger.

Be careful with supportive and friendly audience members. Some presenters see someone in the audience smiling and nodding approval and direct the bulk of the eye contact to that person. Avoid the temptation.

Body Movement. Your body language should reflect your expressive and emphatic vocal delivery. Here are some suggestions:

- Use facial expressions to forecast and reflect the tone of your presentation.
- Gesture naturally as you speak.
- Stand with an appropriate, relaxed posture.
- Project a high energy level.
- Move with poise and confidence.
- Do not adopt a deadpan expression or a fixed smile.
- Do not employ gestures that will distract the audience.
- Avoid touching your hair, mustache, and so forth, while you speak.
- Avoid a rigid posture.
- Control such unmotivated body movement as swaying, shuffling your feet, pacing back and forth, or playing with coins or keys in your pocket.

In short, allow your body movement to convey a positive, professional image.

Visual Aids

Here are three suggestions for the effective use of visual aids during your extemporaneous presentation:

First, do not display your visual aid until you are ready to refer to it in your presentation. Otherwise, the audience will be distracted by the visual.

Second, allow your audience sufficient time to look at the visual before you remove it or replace it with another. It is most annoying for audience members to have a visual whisked away before they have fully read or understood it.

Third, do not talk to the visual aid; talk to your audience. To avoid the problem of turning your back to your audience as you point to a visual, use your inside arm.

Translation

Finally, if you find it necessary to have your presentation translated to an international audience as you speak, consider these four suggestions:[3]

1. Plan to meet with your interpreter prior to your presentation to ensure that he or she will be familiar with your phrasing, accent, pace, and idioms.
2. Review all technical terms with your interpreter prior to your presentation.
3. Insist that the interpreter translate in brief bursts and not wait until the end of a long statement, to ensure both the accuracy of translation and to sustain the interest of the audience.
4. Make a special effort to use visual aids, since the combination of both the interpreter's words and the visual message will enhance audience comprehension and accurate communication.

Step Seven: Evaluate Your Presentation

After a presentation, evaluate your performance. What did you do well? What aspects of your presentation, content, or delivery were ineffective? What feedback have you received from audience members? (Consider both positive and negative feedback.) Use the checklist in Figure 11.5 as a basis for your evaluation.

Figure 11.5 Checklist for an Effective Extemporaneous Delivery

KEY ELEMENTS OF DELIVERY	EVALUATION			
Sufficient eye contact?	W	A	G	E
Appropriate gestures?	W	A	G	E
Appropriate facial expressions?	W	A	G	E
Poised and confident?	W	A	G	E
Vocal expressiveness?	W	A	G	E
Vocal emphasis?	W	A	G	E
Appropriate rate of speech?	W	A	G	E
Sufficient volume?	W	A	G	E
Clear articulation/correct pronunciation?	W	A	G	E

KEY ELEMENTS OF CONTENT	EVALUATION			
Appropriate introduction	W	A	G	E
Appropriate pattern of organization/transitions	W	A	G	E
Appropriate supporting materials	W	A	G	E
Appropriate use of visual aids	W	A	G	E
Appropriate use of language	W	A	G	E
Appropriate conclusion	W	A	G	E

W = weak   A = adequate   G = good   E = excellent

Special Considerations for Team Presentations

The advice in this chapter also applies to presentations made by a team. Additional considerations for planning and delivering a team presentation include the following:

- Select a team leader for the presentation who has some aptitude for and experience with oral presentations.
- Prepare a list of team member responsibilities for preparation and delivery.
- Standardize the format for visuals by making a master slide.
- Rehearse from start to finish *as a team*.
- Prepare and practice introductions and transitions to create the impression of one seamless presentation.
- Prepare *as a team* for the handling of Q & A (anticipated questions from the audience and your answers).

After the team presentation be sure to meet and evaluate its effectiveness.[4]

Summary

Oral presentations in business and industry are common. They may be internal or external, informative (a briefing) or persuasive (a sales presentation). They may be delivered individually or as a team. The preferred style of delivery for nearly all business presentations is extemporaneous—that is, the speech is carefully prepared and delivered from an outline using a conversational tone. The effective extemporaneous presentation is characterized by such conversational qualities as vocal expressiveness and vocal emphasis, good eye contact, and appropriate body language. This chapter has outlined seven steps to follow as you prepare, deliver, and evaluate your oral presentations.

Discussion Questions

1. Many people feel more comfortable writing than making oral presentations. Discuss why they feel one way or the other. Which way do you prefer and why?
2. Why is the extemporaneous method of delivery superior to the other three methods for most business presentations?
3. What advice or cues would you include in your own presentation outline to facilitate an effective oral presentation?
4. What are the most significant differences between oral presentations and written messages? In what business situations are oral presentations more appropriate? Less appropriate? How does an oral presentation to a small group differ from an e-mail message sent to members of that same group?

Communication in Action

@ Internet

1. Toastmasters International says its mission is "Making Effective Communication a Worldwide Reality." Visit its Web site (**http://www.toastmasters .org**) and prepare an oral report (what else?) on how Toastmasters might help you and your fellow students to become more effective public speakers.

   Conduct a search for articles and information on "speech anxiety," "stage fright," "communication apprehension," and similar terms that refer to a "fear of public speaking." Based on your research, what are the common causes? What are some sensible ways to cope with such distressful emotions?

ⓘ InfoTrac

2. Retrieve the Reinsch and Shelby article, "What communication abilities do practitioners need? Evidence from MBA students" (A20223070) and an article by Jeanne D. Maes et al., "A Managerial Perspective: Oral communication competency is most important for business students in the workplace" (A19218840). What do these articles convey about the importance of oral communication in the workplace and the importance of oral presentations in particular?

3. Retrieve James Calvert Scott's article, "Differences in American and British vocabulary: Implications of international business communication," (A68534547). As Scott notes, it is often said that "Americans and Britons are separated by a common language—English." How significant are the differences between American and British English? What are the implications for international business communication?

4. Locate N. Lamar Reinsch, Jr.'s, "Communication is fundamental to business performance." *Executive Speeches.* August 2001, v.16i1, p.20. Write an outline of the speech, identifying the attention-getting device, the main points, conclusion, and so forth.

Notes

1. Joseph A. Devito's discussion in *The communication handbook* (pp. 204–205). (1986). New York: HarperCollins.
2. Adapted from Patricia L. Kurtz's excellent primer, *The global speaker* (pp. 40–49). (1995) New York: AMACOM, American Management Association.
3. Adapted from the writing of R. E. Axtell, cited in L. H. Chaney & J. S. Martin. (1995). *Intercultural business communication* (p. 105). Englewood Cliffs, NJ: Prentice-Hall.
4. Adapted from O'Hair, D. R. Stewart, & H. Rubenstein. (2001). Appendix B: Preparing for team presentations. In *A speaker's guidebook.* New York: Bedford/St. Martin's.

Meeting Management

Effective meeting management is an essential business communication goal. In this chapter, we will consider the reasons for meeting, review common complaints about meetings, and offer some sensible advice for planning and leading face-to-face meetings.

Reasons for Meeting

Think of the last meeting you attended. What was the reason (assuming there was a reason) for the meeting? Was it to make a decision? Was it to solve a problem? Or was it for another reason? The 3M Meeting Management Team has identified 13 of the most common reasons for calling a meeting (see Figure 12.1); the reason for your meeting probably will be on its list.[1] We will consider each reason in turn.

To Accept Reports from Participants

Many organizations schedule meetings on a weekly or monthly basis to allow managers to report on the activities of their departments or divisions, including an account of positive or negative developments. Usually led by a senior executive, the meetings serve three vital organizational communication functions: upward communication (information is shared with superiors), downward communication (superiors provide feedback on the reports), and horizontal communication (colleagues in different departments or divisions are kept abreast of developments throughout the firm). Such meetings have a disadvantage: They run the risk that participants have little to report, especially if the meetings are weekly. This leads to trivial presentations and wasted time.

In addition to such periodic meetings, there are ad hoc meetings called to receive reports on the status of various projects within an organization. Ad hoc meetings can be as fruitful as last-minute party invitations (sometimes the most fun).

To Reach a Group Judgment or Decision

Should we discontinue a product line? Should we approve a loan to a corporate customer? Should we reorganize the human resources department? Should the firm

move items decentralized to a centralized word-pro
approve a new companywide medical benefits plan
issues that might be decided at a meeting of exe
Decisions may be made in the following five

1. Unanimity—All participants agree on the decision.
2. By consensus—Although some members have reservations about the decision, all participants support the decision.
3. By majority—More than 50 percent of the participants agree on the decision; it is understood, however, that the minority will support the majority's decision once it is made.
4. By a plurality—The decision supported by the largest number of participants is adopted even if the number is less than a majority.
5. By fiat—The boss makes the decision; other participants are expected to endorse it.

Figure 12.1 **The 13 Most Common Reasons for Holding a Meeting**

Reasons for Meeting

1. To Accept Reports from Participants
2. To Reach a Group Judgment or Decision
3. To Analyze or Solve a Problem
4. To Gain Acceptability for an Idea, Program, or Decision
5. To Achieve a Training Objective
6. To Reconcile Conflicting Views
7. To Communicate Essential Information to a Group
8. To Relieve Tension or Insecurity by Providing Information and Management's Viewpoint
9. To Ensure That Everyone Has the Same Understanding of Information
10. To Obtain Quick Reactions
11. To Reactivate a Stalled Project
12. To Demonstrate a Product or System
13. To Generate New Ideas or Concepts

Source: 3M Meeting Management Team, *How to Run Better Business Meetings: A Reference Guide for Managers*, McGraw-Hill, New York, 1987, pp. 8–13.

To Analyze or Solve a Problem

Why has our software lost 20 percent of its market share? Why is turnover so high at one of our subsidiaries? How can we reduce the cost of our liability insurance? How can we improve our recruitment of MBAs from the most prestigious business schools? A meeting allows the knowledge and experience of participants to be pooled and applied toward the analysis and solution of problems such as these.

Meetings called to analyze and solve a problem often adopt the following well-known approach:

1. Define the problem (as an open question).
2. Assess the significance of the problem.
3. Analyze the problem (duration, causes, effects).
4. Establish criteria for evaluating solutions.
5. Generate possible solutions.
6. Evaluate solutions (using the criteria from Step 4).
7. Select the best solution.

All seven steps are important, and they should be followed in sequence. Do not try to analyze the problem (Step 3) before you have defined the problem (Step 1).

To Gain Buy-In for an Idea, Program, or Decision

Suppose that your company has imposed a tough new security system requiring that all employees wear ID badges at all times regardless of their status or position. Anticipating resistance from many managers and other professionals in the company, you hold a series of meetings to explain, face to face, the rationale for the change in security procedures and to respond to questions and objections.

To Achieve a Training Objective

In one sense, all meetings have a training objective. Meetings offer younger executives an opportunity to observe and learn from more-experienced executives. Some meetings, however, may be called for more explicit training objectives. For example, sales meetings may be called to provide sales representatives with information and techniques required to sell new or current products, or managers may meet to review performance-evaluation procedures.

To Reconcile Conflicting Views

Staff in a department who enjoy working with background music or computer sound effects and those who prefer a more quiet working atmosphere may sharply disagree over the issue of acceptable noise levels. To ensure a sensible compromise that will allow both sides to work together peacefully, a meeting is called to air conflicting views. Such a meeting is most effective if it is chaired by an outside consultant specializing in conflict-resolution techniques.

To Communicate Essential Information to a Group

An example of such a meeting is a gathering of the officers of the trust department of a major bank to hear a briefing by a tax attorney on the implications for estate planning and management in the new federal tax bill. The presentation, supported by a variety of carefully prepared visual aids, is followed by a question-and-answer period.

To Relieve Tension or Insecurity by Providing Information and Management's Viewpoint

As an organization faces a crisis or a major change, employees hunger for authoritative information from management but often subsist on a diet of rumor and misinformation. A meeting with employees allows management to convey information personally, directly, and accurately. A meeting may also allow employees to ask questions and express their views.

To Ensure That Everyone Has the Same Understanding of Information

At times, an organization may choose to complement an important written message with face-to-face communication, especially if the message is highly controversial or complex. The major advantage of using a meeting for this purpose is the opportunity it provides for the source of the information to elicit feedback from the intended audience.

To Obtain Quick Reactions

Some managers occasionally call meetings to solicit comments about decisions or plans still being formulated. The comments may serve to alert management to possible reactions to the decision or plan, thus affecting implementation. Or input may actually be used to modify the final decision or plan.

To Reactivate a Stalled Project

When a project is stalled for lack of an administrative decision, a meeting may be called to force the decision. Such meetings can be highly political in nature.

To Demonstrate a Product or System

Meetings to demonstrate a product or service may be internal (a meeting to demonstrate the operation of the new corporate information center) or external (a meeting of automobile dealers held by the manufacturer to allow the dealers to observe and test-drive the new models). The external demonstration meeting, in particular, requires especially careful planning.

To Generate New Ideas or Concepts

Although a creative meeting called to generate new ideas or concepts is common at advertising and public relations firms, it is also employed by every type of organization from time to time. A common approach to this type of meeting, called brainstorming, is characterized by these guidelines:

1. Ideas are not evaluated positively or negatively as they are introduced; they are just recorded.
2. The emphasis is on the generation of as many ideas as possible.
3. Ideas may be combined or modified.
4. The final list of ideas is evaluated.

Brainstorming is often very productive—assuming, of course, that you have some good brains at work.

Common Complaints About Meetings

Complaints About Planning

When managers grumble about a meeting being poorly planned, the specific complaints are likely to be one or more of the following:

- An agenda was not prepared or sent out prior to the meeting; hence, the participants were unclear about the meeting's purpose.
- The wrong people were invited to attend (people who should have been there were not, while those who should not have been there were).
- The time for the meeting was inconvenient for most participants.
- The room was too small for the number of participants.
- Audiovisual equipment was not ordered.
- The meeting room was not set up correctly (wrong arrangement, too few chairs, and so forth).

Complaints About Leadership

Meetings are often criticized for poor leadership. Common complaints about ineffective leadership include the following:

- The leader did not follow the agenda; the meeting went off track.
- The leader was domineering, monopolizing meeting discussion time and attempting to impose personal views on the group.
- The leader was weak, speaking infrequently and failing to control disruptive participants.

- The leader did not facilitate communication among all the participants of the meeting.

Complaints About Participation

A third source of dissatisfaction with meetings is the performance of participants other than the leader. Some common complaints are:

- Participants were unprepared for the meeting. (They were unfamiliar with the agenda, they had not read the background materials relevant to the issues to be addressed, or they had not prepared their own presentations carefully).
- Some participants contributed too much at the meeting. (This is especially a complaint about high-status participants.)
- Some participants contributed too little to a meeting. (This is often heard about participants who felt insecure psychologically or politically.)
- Some participants were disruptive or uncooperative, either intentionally or unintentionally.

Complaints About the Meeting's Outcomes

The most common complaint about meeting outcomes is, simply put, there "ain't" any. Other complaints include these:

- Decisions are not implemented.
- Assignments agreed to by participants are not done.
- Recommendations are not passed on.
- Findings are often ignored.

Given the cost of meetings, these are serious problems. However, successful executives do not dwell on what is wrong. They do what is right. Therefore, let us consider effective techniques for planning meetings, leading and conducting meetings, and participating in meetings, as well as ensuring desired outcomes after meetings.

Planning Meetings

Effective planning always increases the probability of a successful meeting. As you plan a meeting, consider these five questions.

What Is the Objective of This Meeting?

As earlier chapters have suggested, effective business communication requires a clear understanding of one's objective or objectives. An objective is more specific

than a topic (for example, "New Security Procedures at CONTECH"). An objective should describe what you expect the meeting to accomplish (for example, "CONTECH managers will be thoroughly briefed on all aspects of the new Department of Defense security requirements").

Usually, meetings have more than one objective. Beyond the first objective listed above, these two objectives also could be linked with it: "Need for changes in the existing CONTECH security system will be assessed"; and "A timetable for the implementation of mandated changes in the security system will be prepared." As you will see in our discussion of agenda items later in this chapter, the objectives may serve as items for the agenda.

Who Should Attend This Meeting?

Avoid the two most obvious problems: inviting too many people or inviting too few. Consider the objective of the meeting as you consider whom to invite. If the objective is to brief managers on a new security system, then the subset of questions would include: Who should do the briefing? Who should be briefed? Does my boss need to be there? Do other corporate superiors or additional staff need to attend? Keep the number down as much as possible, because it costs money to meet.

When and Where Will the Meeting Be Held?

Be practical. The availability of key people and corporate superiors should be determined before choosing a meeting time and date, since you will have to accommodate them. In the absence of such considerations, preferences will vary among different corporate cultures. Some people will prefer a midmorning meeting on a Tuesday, Wednesday, or Thursday, with others preferring the impact of the Monday morning meeting or the sense of closure offered by a Friday afternoon meeting.

The "where" of a meeting should be determined by two basic considerations: convenience and suitability.

First, the convenience of the location for participants should be considered, with preference accorded to senior executives. Convenience, however, also refers to how close the meeting room is to telephones if someone needs to make a call, and how accessible people are if they need to be reached by their staff or boss. Some executives deliberately select locations that are inconvenient, hoping to minimize the interruptions of telephone calls. Having the meeting offsite at a conference center or hotel is one way to achieve this.

Second, assess the suitability of the meeting room, with the size of the room as the most important factor. Is the room large enough for the number of participants selected, along with the necessary tables, chairs, and audiovisual equipment required? Other factors affecting suitability are the noise level outside the room, physical appearance, and control over temperature (heat and air conditioning).

What Materials, Equipment, Refreshments, and Room Layout Will Be Required for the Meeting?

Be prepared with whatever materials are needed, including notepads and pencils for each participant, nametags or place cards, and handouts. Have such equipment as flip charts, an overhead projector, a slide projector, a VCR, or a lectern for speakers ready if necessary. Possible refreshments include water, coffee and bagels, and soft drinks. Ensure a sufficient supply of tableware, such as cups, glasses, and napkins.

How should the room be laid out? Four popular meeting layouts are (1) the table in the center of the room with all of the participants sitting around it; (2) the U-shaped layout; (3) the classroom layout, and (4) the theater layout. See Figure 12.2 for diagrams of the four types.

To serve as a checklist for the four issues we have just addressed, you may wish to use the meeting-planning checklist from the 3M Meeting Management Team (see Figure 12.3).
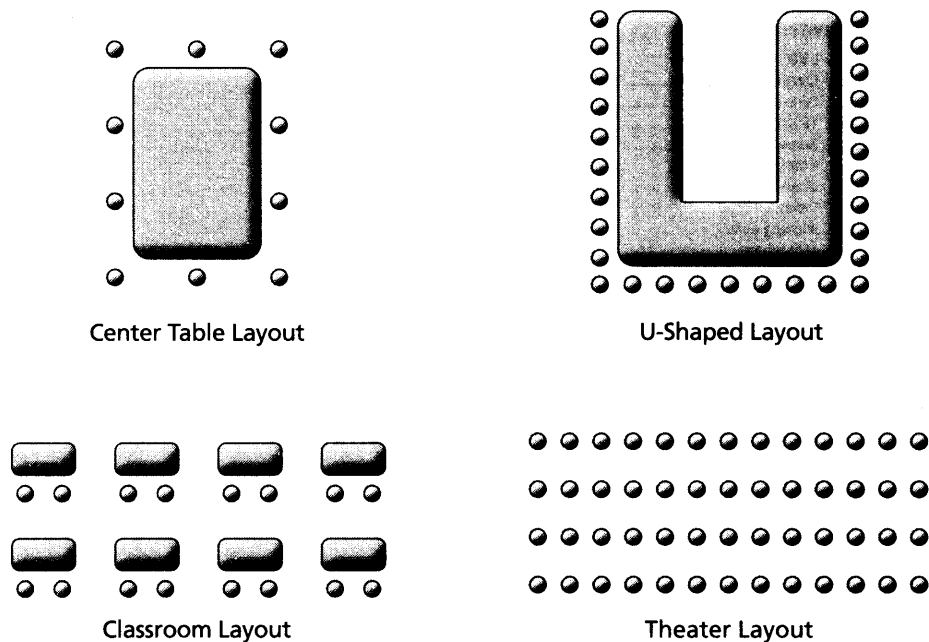
Figure 12.2   Four Layouts for Meetings

Center Table Layout

U-Shaped Layout

Classroom Layout

Theater Layout

Figure 12.3   Meeting Planning Checklist

MEETING PLANNING CHECKLIST

Meeting objective: _____

Date _____

Time _____ to _____ am/pm

Place _____

Participants _____

_____

_____ Room reserved

_____ Agenda (meeting notice)

_____ Prepared

_____ Sent

_____ Visuals prepared

Meeting Materials

_____ Notepads, pencils   _____ Name/place cards   _____ Name badges

_____ Handouts _____

Equipment

_____ LCD panel/PC

_____ Overhead projector   _____ Spare lamp

_____ Slide projector .....   _____ Spare lamp

_____ 16 mm ....   _____ Spare lamp

_____ Screen (Size) _____

_____ Charts   _____ Pointer

_____ Chalkboard   _____ Chalk

_____ Videotape/disc

_____ Marking pens

_____ Microphone

_____ Lectern

_____ Extension cord

Room Layout

Food, Beverage

_____ Coffee _____ Juice _____ Soft drinks

_____ Lunch _____

Post Meeting

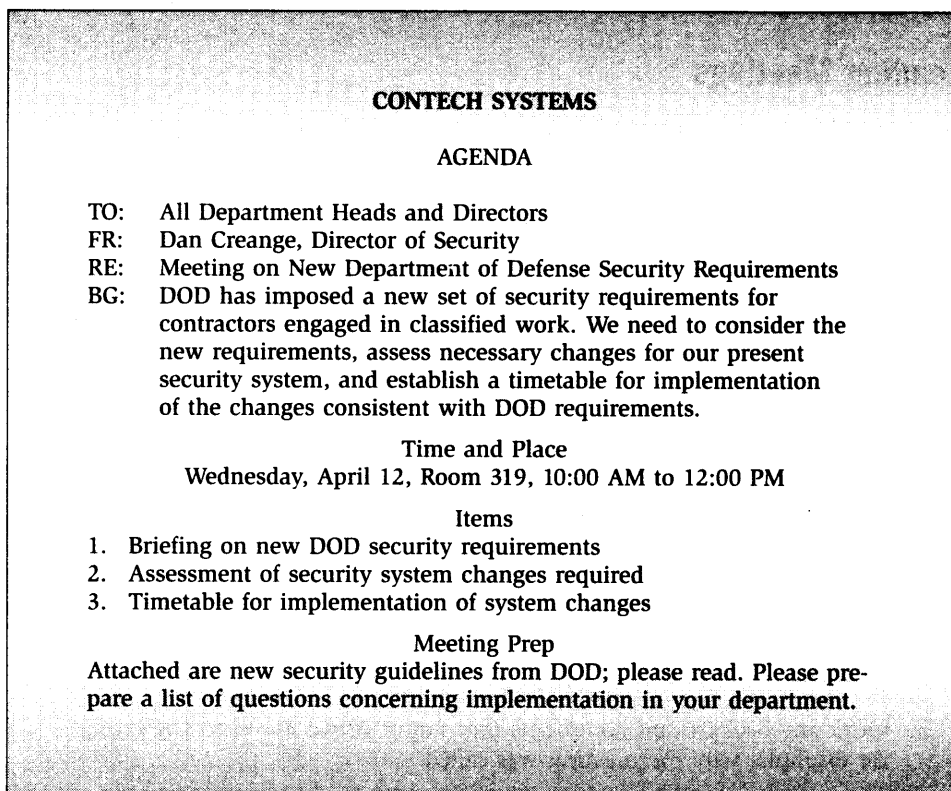_____ Action minutes

_____ Next meeting _____

What Should the Agenda Include?

An effective agenda should include the following information:

- Time of meeting
- Length of meeting
- Location of meeting
- List of participants
- Subject of meeting
- Background information
- Items to be covered
- Premeeting preparation

The sample agenda in Figure 12.4 covers all this information.

Figure 12.4 Sample Agenda

CONTECH SYSTEMS

AGENDA

TO: All Department Heads and Directors
FR: Dan Creange, Director of Security
RE: Meeting on New Department of Defense Security Requirements
BG: DOD has imposed a new set of security requirements for contractors engaged in classified work. We need to consider the new requirements, assess necessary changes for our present security system, and establish a timetable for implementation of the changes consistent with DOD requirements.

Time and Place
Wednesday, April 12, Room 319, 10:00 AM to 12:00 PM

Items
1. Briefing on new DOD security requirements
2. Assessment of security system changes required
3. Timetable for implementation of system changes

Meeting Prep
Attached are new security guidelines from DOD; please read. Please prepare a list of questions concerning implementation in your department.

The first five items in the list above were discussed earlier in this chapter. By background information we mean any information that will convey the reason for, or significance of, the meeting. In Figure 12.4, the background information consists of a reference to the new DOD security requirements and the need for a meeting to assess and plan modifications in CONTECH's current security system.

The items to be covered are really objectives of the meeting, and they should be specific and realistic. Some agendas specify the time that the item will be addressed or the amount of time to be devoted to each item during the meeting. These devices ensure that the group will not devote a wildly disproportionate amount of time to one item while neglecting others. Time limits should not be viewed as rigid requirements, however. Some items may require a little less time; some items may require a little more.

By including a section on premeeting preparation you inform participants about your expectations regarding their level of preparation, as well as specific responsibilities for participation at the meeting. In our example (Figure 12.4), the agenda requests that all department heads and directors read the new DOD security guidelines and that they prepare a list of questions regarding the implementation of the new security system in their departments.

Leading Meetings

The leader of a meeting has one basic goal: to accomplish the objectives of the meeting. The following guidelines will prove useful to you as you assume this role.

Starting On Time

Start the meeting on time. Nothing says more about your philosophy of meeting management than starting a meeting promptly. It happens so infrequently that starting at the time specified in the agenda will serve as an excellent attention-getting device.

Opening Remarks

Once you have the group's attention, open the meeting with an appropriate set of remarks. Offer some remarks intended to achieve the following objectives:

1. Establish the right tone—usually serious and positive.
2. Be sure to identify any participants unknown to the group.
3. Offer any background comments that might prove useful to the group—for example, why the meeting was called.

4. Review the objectives of the meeting as expressed as items on the agenda. Identify any time constraints not already expressed on the agenda—for example, when the meeting must end.

Getting to Business

After you finish your opening remarks, move to the first item on the agenda. Be careful not to let your opening remarks serve as a springboard for the group to get off track.

Participation

Facilitate balanced participation among meeting members. Some participants talk too much while others talk too little. Effective meeting leadership ensures that participation is balanced. If it is, a few members of the group will not dominate the discussion at the expense of less-assertive colleagues. Rather than muzzle the more talkative participants, issue direct, open-ended questions to the quiet ones, specifically soliciting their comments or advice.

Sometimes the group as a whole is quiet, and you may need to prime the pump. If the group appears prepared but reticent, pose open questions to them. For example, you could say, "What problems should we anticipate as we implement the new security system?" If the group's silence is related to a general level of unpreparedness, then consider rescheduling the meeting or offering sufficient information (in the form of handouts or a briefing) to improve the level of preparation.

Deal assertively but patiently with disruptive members. A storyteller, for instance, can sidetrack a meeting with an irrelevant story, especially one that walks the group down memory lane. After the first story, inquire about the relevance of any later stories to the point under discussion. Do the same for humorists and digressers. But employ some strategic leniency at times, too. An occasional story or digression may prove a harmless diversion and even provide a useful release for group tension.

Agenda

Use your agenda to keep the discussion on track. If the discussion starts to drift from the item being considered, firmly steer the group back to the item. If a meeting member resists your request to change direction, ask for justification of the relevance of the comments to the agenda item under consideration. Remind participants of time constraints: "We'd better return to Item Two. We've got only an hour left to cover four more items!"

Again, remember to exercise some strategic flexibility when appropriate. If an agenda item elicits far more productive discussion than you anticipated while planning

the agenda, do not attempt to limit discussion prematurely. Otherwise, attendees may feel muzzled. If it appears that an item may require substantially more time than the agenda allows, consider holding another meeting addressed to that item.

Closing

Close the meeting at the appropriate time. Once you have covered the items on the agenda, close the meeting. Meetings sometimes continue aimlessly after the items have been covered, and it is embarrassing to have someone inquire, "Is the meeting over?"

Before you close the meeting, signal the participants by asking for any final comments or questions. Offer a summary of what has been accomplished at the meeting, and explain what will occur next. For example, let people know that minutes will be sent to all participants; another meeting will be scheduled on this subject; etc. Finally, be sure to thank the group members for their time and contributions.

Effective Meeting Outcomes

It is deeply frustrating to carefully plan and skillfully lead a meeting only to see poor results from your efforts: assignments agreed to at the meeting are not completed, decisions are not implemented, or deadlines are missed. To prevent these problems and ensure effective meeting outcomes consider the approach recommended by the 3M Meeting Network. Its approach involves two steps:

Step One: Visual Display

The first step ensures a "visual group memory." A designated recorder, using a flip chart or whiteboard, captures the important "outcomes" of the meeting. Specifically, the recorder will list these three items.

1. action items (including a description of the task, the person responsible, and the deadline);
2. decisions made by the group on either substantive (schedule press conference on most recent developments related to a company crisis) or procedural issues (day and time of next meeting)
3. open issues (issues raised but not resolved)

Step Two: Meeting Action Plan

After the meeting the recorder will copy all of the information on action items, decisions, and open issues, and send the summary to all of the participants. (See Figure 12.5).[2]

Figure 12.5 Format for Minutes and Group Recordings

_____ Meeting

Meeting date: _____ Recorder: _____

ACTION ITEMS

Item	Person Responsible	Deadline

Decisions

_____

_____

_____

_____

Open Issues

_____

_____

_____

_____

List of attendees attached   Time: End: _____

                                                  Start: _____

Next meeting: _____ Length: _____

Summary

Meetings serve a large number of important organizational purposes. They include: accepting reports; reaching a group judgment or decision; analyzing or solving a problem; gaining acceptability for an idea, program, or decision; achieving a training objective; reconciling conflicting views; communicating essential information to a group; relieving tension or insecurity by providing information and management's viewpoint; ensuring that everyone has the same understanding of information; obtaining quick reactions; reactivating a stalled project; demonstrating a product or system; generating new ideas or concepts.

Common complaints about meetings fall into four categories: complaints about meeting planning, complaints about meeting leadership, complaints about participation, and complaints about meeting outcomes. Careful planning, skillful leadership, and ensuring meeting outcomes will eliminate most of these complaints.

Discussion Questions

1. How does an agenda serve to make *both* the meeting's leader and other attendees perform more effectively?
2. Although a leader should ensure balanced participation among attendees during a meeting, what responsibilities do *attendees* have to foster balanced participation?
3. Given the widespread use of cell phones and various other wireless messaging gadgets, discuss possible standards of etiquette with respect to such technology at business meetings.
4. Sometimes meetings are highly successful. Recall such a meeting that you attended. What factors contributed to the meeting's success? Conversely, sometimes meetings are highly ineffective. Recall such a meeting that you attended. What factors contributed to the meeting's ineffectiveness?

Communication in Action

@ Internet

1. Visit **http://www.3m.com/meetingnetwork/** and discover an excellent source of information about meeting management. Be sure to find the "articles and advice" page on the site, where you will find more than 30 articles to read about meeting management.

   Write a short summary of two articles on the site and be prepared to discuss these summaries in class.
2. IDEO is a Palo Alto, California, firm that has near-mythic status in the field of product innovation and design. "Brainstorming" is one of the techniques IDEO employs to great effect. Look for some articles on IDEO and brainstorming. You might wish to start with Ed Brown's article in *Fortune*, "A Day at Innovation U.: Can You Learn Creativity?"[3]

InfoTrac

3. Search for articles on "emotional intelligence" at work, starting with Daniel Goleman's article "What Makes a Leader?" (A53221401). What are the characteristic features of emotional intelligence and how does emotional intelligence (or lack thereof) affect performance in business meetings?

Notes

1. 3M Meeting Management Team. (1987). *How to run better business meetings: A reference guide for managers* (pp. 8–12). New York: McGraw-Hill.
2. Minutes and Group Recordings. (n.d.). Retrieved October 5, 2002, from **http://www.3m.com/meetingnetwork**
3. Brown, E. (1999, April 12). A day at Innovation U.: Can you learn creativity? *Fortune, 139*(7), p. 163+.

Crisis Management

Employees of organizations spend large portions of their time in work-related activities that contribute to polishing the company's image. All of that work can be destroyed quickly when a crisis hits—especially a crisis of September 11, 2001, proportion. Potential crises exist in every organization. Traditional businesses prepare for the uncertainties. E-businesses have more recently learned that a few minutes of downtime can cause anger, and several hours of downtime can lose customers and cause stock to plummet. After September 11, every business understands it is susceptible in some way to disruptive crisis events. The wise organizations anticipate the potential crises and develop contingency processes that will either eliminate the threat or will create opportunities to deal with crises immediately and successfully.

This chapter examines organizational crises and methods of managing them. While we •all know of large and small organizations that have been destroyed because a crisis developed, there are also many success stories of organizations that survive and do better in the future. This chapter will first examine the basic theses and stages of a crisis. Next, the crisis-management process will be explored. You will learn how organizations prepare crisis-management plans and develop communication strategies. This material will prepare you to guide your organization as it weathers the storms of crises and survives.

On the morning of September 11, 2001, the lives of all Americans changed forever. Millions of television viewers watched the World Trade Center (WTC) Towers crumble, taking thousands of office workers to their death. Over 500 businesses in the WTC were destroyed, and an additional 14,000 businesses in the lower Manhattan area were affected.[1] Every business involved in that catastrophe was suddenly thrown into an unprecedented crisis mode. One company managed the process in an almost simplistic manner.

Morgan Stanley's Plan

Morgan Stanley was the WTC's biggest tenant, with over 3,700 employees and a million square feet of space in the Towers. Following the 1993 terrorist attack on the WTC, Morgan Stanley fine-tuned its crisis plan and evacuation procedures. The company's basic principle became "you can replace the buildings but not people."[2] When the first plane hit Tower One, shortly before 9 A.M., Morgan Stanley's security and maintenance staff began moving employees out of the building. That action

In the 20 minutes between the two plane employees were evacuated. President Robert Sec Trade Center, and he watched the second plane hit located.[4] In the end, only six Morgan Stanley employees died. Ironically, one of the lost was Rick Rescorla, chief of security. In the 1993 WTC attack he was the last person out of the buildings, and on this occasion he stayed to ensure that all employees were evacuated.[5] As David Arena, managing director for Morgan Stanley Real Estate remarked, "At the end of the day, it was really about evacuation, and about people who knew where they had to be."[6]

Not only did Morgan Stanley have a low casualty rate, its crisis planning allowed operations not to be disrupted. Following the 1993 attack the company had established a backup site some 22 blocks away. By 9:20 A.M. that site was activated. Ten minutes later, at 9:30 A.M., senior management had relocated to another backup site that became the command post. With New York City phone lines dead, a credit card call center in Phoenix was converted into a toll-free emergency hotline for locating the 3,700 employees. By 11:00 A.M. that number became the first emergency number to be displayed on national television, beating even the federal government. By 1:30 P.M. over 2,500 calls had been received. By 4 P.M., Philip Purcell, the company's chairman, had posted a message concerning the attack and the company's actions on the Morgan Stanley Web site.[7]

At the command post senior managers created a usable telephone system by accessing a dedicated phone line to their London office, through which they could call their Chicago office.[8] Several emergency centers were set up to help workers. Over 300 grief counselors were hired. Twenty-four hours later, with 200 employees still unaccounted for, teams of people began calling and visiting employee homes. A process of ongoing communication then started and continued. Although located in three different New York City facilities, "[w]hen securities trading resumed on September 17, the office was fully functioning and handled the bulk of the company's trading activities that day."[9] The words of Howard Paster, CEO of Hill and Knowlton public relations firm, aptly summed up the successful results achieved by Morgan Stanley. "There are lessons here; a key one of which is that managing in a crisis requires planning, knowledge, hard work, and intangible qualities of leadership."[10]

Defining a Corporate Crisis

Crisis management, emergency preparedness, disaster response, disaster recovery, continuity planning, and risk management . . . these are all terms used in relation to business crisis. The terms have two things in common: dealing with a business interruption and protection of company assets. If a business interruption has significant impact on a company, it could mean the destruction of the organization. Such an event would be a crisis and survival would depend upon a good crisis-management strategy.[11] When a company mentions a "disaster recovery plan," it is referring to the resources, actions, tasks, and data necessary to restore operations after a disastrous business interruption. A "business continuity plan" is the process

a company follows when normal operations are disrupted. Either event can be called a crisis.[12]

We define *crisis* as a significant, suddenly occurring, disruptive event that creates uncertainty and stress, and has potentially negative results. The event stimulates news media coverage. The public scrutiny may impact the organization's normal operations, and its aftermath may significantly damage an organization and its employees, products, services, financial condition, and reputation. Just as a business develops a variety of plans for marketing its sales and services, so too must it develop plans for how to survive if thrown into a crisis.

Examples of Crisis Situations

According to the Institute for Crisis Management, before the September 11 terrorist attacks the four basic causes of a business crisis were: (1) acts of God (storms, earthquakes, volcanic action, and so forth); (2) mechanical problems (ruptured pipes, metal fatigue, and so forth); (3) human errors (mistakes in making a product, and so forth); and (4) management decisions/indecisions.[13]

In the late 1990s businesses had numerous crises. Those most frequently covered by the media were white-collar crimes, labor disputes, general mismanagement, catastrophes (death, product tampering, and so forth), labor disputes, environmental disputes, defects and recalls, and class-action lawsuits. The crises that appear most frequently in news stories include sexual harassment allegations, hostile takeovers, and executive dismissals. Since September 11, crises like those above seem almost peaceful. The WTC terrorist attack struck new fear in the hearts of all Americans, including those in business. It created a feeling of impending disruption. Indeed, in the months following 9-11, the country was wracked by anthrax and bioterrorist fears; continued recession; the collapse of energy giant Enron, a Fortune top-ten company; the unraveling of the Arthur Andersen accounting firm; credibility questions with other accounting firms; and the sexual abuse revelations of the world's largest organization: the Catholic Church.

According to Ian Davies, a professor of Disaster Management at Cranfield University in England, natural hazards have cost companies in the U.S. an average of $1 billion a week since 1989.[14] Businesses often avoid the word "crisis," preferring to use words like: strike, layoff, accident, natural disaster, negative financial news, critical regulatory report, environmental problem, or legal issue.[15] Now the word *terrorism* has taken on a new meaning. "It is no longer inconceivable to imagine a scenario in which your company or facility could be confronted with a potential terrorist attack . . . , a sabotaged facility, stolen hazardous materials or trade secrets, or even the implication that one of your employees could be involved in a terrorist plot."[16]

The sample incidents listed in Figure 13.1 either resulted in significant damage or had the potential to cause significant damage to employees, consumers, the physical or financial operation of an organization, the organization's image, and even local communities or the general public. The organizational and individual victims of these unfortunate incidents ranged from large corporate companies to the federal government, from senior executives to common laborers.

Figure 13.1 Crisis Examples

ACTS OF GOD
- Oklahoma City tornado
- Florida hurricanes
- California earthquakes and forest fires

PUBLIC HEALTH AND SAFETY
- Jack in the Box hamburgers cause deaths
- Major airline crashes (Valujet, TWA, USAir, Egyptian Air)
- Mass killings of citizens and employees: McDonalds in San Diego; Luby's Cafeteria in Killeen, Texas; Columbine High School
- American Home Products: Fen-phen
- Texas A&M bonfire construction

LABOR RELATIONS
- Employee strikes at General Motors, American Airlines, and United Parcel Service

PRODUCT FAILURE
- Intel Pentium computer chip
- Dow Chemical silicone implants
- Ford Pinto gas tank placement
- Ford Explorer/Firestone tires

CORPORATE MISMANAGEMENT
- Sexual harassment (Mitsubishi, Ford, and Astra Pharmaceutical)
- Racial discrimination at Texaco and Denny's
- Bribery in the Salt Lake City 2002 Winter Olympic bids
- Cover-up of sexual misconduct in the Catholic Church
- Enron partnerships; Arthur Andersen's shredding documents

TERRORISM
- World Trade Center attacks
- Oklahoma City Federal Building bombing
- Pan American Airlines explosion
- Anthrax attacks

FINANCIAL CALAMITIES
- ADM price-fixing
- Daiwa Bank

INDIVIDUAL ACTIONS
- Falsification of individual résumés
- Office affairs
- Embezzlement by executives

CONVENTION EVENTS
- Hotel fire
- Phone system outage
- Keynote speaker collapse
- Death of attendee

Computer security expert Mark T. Edmeand has compiled some interesting statistics about companies that experience a crisis.

- Of 350 businesses affected by the 1993 World Trade Center bombing, 150 eventually went out of business.
- Of businesses that lose records in a fire, 44 percent never reopen, and the 30 percent that do reopen survive only three years after the fire.
- The equivalent of one week a year is spent by 30 percent of computer users reconstructing lost data.
- Power outages have interrupted business operations of 72 percent of U.S. companies.
- Computer hardware problems have interrupted business operations of 52 percent of U.S. companies.
- Software problems have interrupted business operations of 43 percent of U.S. companies.
- Telecommunication failure has interrupted business operations of 46 percent of U.S. companies.[17]

Every business organization should examine how many similar incidents have the potential of occurring within its boundaries and lines of operation. The organization should then create strategies for both preventing and dealing with the crises.

Basic Crisis Thesis

Steven Fink, in his book *Crisis Management*, refers to the time of crisis as "an unstable time or state of affairs in which a decisive change is impending—either one with the distinct possibility of a highly undesirable outcome or one with the distinct possibility of a highly desirable and extremely positive outcome."[18] Fink's words are important for advanced business students to remember because each crisis has the potential for either disastrous or quite positive outcomes. Consider the five crisis theses and how they apply to your organization.

A Crisis Can Be Anticipated

As part of its risk management, your organization should audit what it does and how it does it to determine every potential crisis. There are always telltale signs that, when observed, clearly can lead to crisis detection. One of the easiest times for this to occur is during the regular strategic management process in a SWOT analysis: As a company looks at its strengths, weaknesses, opportunities, and threats, potential risk areas become apparent. We discuss this process as we talk about case analysis in Chapter 15.

A Crisis Can Be Prevented

Once the potential crisis is detected your organization can take the proper measures to correct what is wrong and to ensure that a full-scale crisis does not develop.

A Crisis Can Be Controlled

Even if prevention is not possible, your organization can take steps to manage each stage of the crisis and to bring it to a complete end.

A Crisis Can Be Turned into an Advantage

While the presence of a crisis almost always means that some type of negative outcome will occur, the overall impact does not have to remain negative. Johnson & Johnson's (J&J) skillful handling of the Tylenol tampering case gives an excellent example of how the end result can be more positive than negative if your organization takes the right steps through the duration of the crisis.

James Burke, J&J's Chief Executive Officer, responded to the cyanide poisonings by referring to the company's ethical credo, and issuing a total capsule recall. J&J's market share fell from 35 percent to 18 percent. The total recall cost J&J in excess of $500 million. Yet within three years the company had recaptured the market share, had set the industry standard for tamper-resistant products, and had become the model of how to handle a corporate crisis. Remember, a crisis will run its course if it is untreated.[19]

Many of us have Intel's Pentium or Celeron chips in our computers. Yet lots of us have forgotten how close Intel came to never getting the Pentium chip to the market. The following case study concerns Intel Corporation and the crisis it encountered in the mid-1990s. Intel survived, and you will read how the survival process was managed and communicated.

Intel's Big Crisis

Intel's Hidden Crisis

Over a five-year period, starting in early 1990, Intel Corporation spent hundreds of millions of dollars on consumer advertising campaigns designed to establish its name and the first of its high-powered Pentium computer chips as household words. Between March and December of 1994, it spent $150 million on the *Intel Inside* campaign. The image-building process worked: Computer companies like IBM, Dell, Packard-Bell, and Gateway shipped millions of computers to retail outlets in anticipation of successful holiday sales. But on Thursday, November 24, 1994, Thanksgiving day, Intel's world almost fell apart.

The New York Times ran a business-section front page with the headline, "Flaw Undermines Accuracy of Pentium Chips." The *Boston Globe* business page echoed a similar warning, "Sorry, Wrong Number." This was followed with the subtitle, "Results are in: Intel computer chip sometimes makes inaccurate math."[20] While this was the general public's first inkling that a problem existed with the Pentium chip, many computer users had already heard the message. For Intel, a crisis was brewing.

Intel's Pre-Crisis

The event that triggered Intel's crisis actually occurred on June 13, 1994. A college math professor had been running billions of calculations on his Pentium computer and couldn't get the numbers to divide correctly. For four months he continued to recalculate the formula and eventually figured out the error was being produced by the computer's microprocessor. The professor contacted Pentium and learned that he was the only one of 2 million users to report the problem. Believing that he had indeed discovered a problem, and seeking to find more data, he

posted a message on the CompuServe online network. The issue spread across the Internet and was discussed for weeks by a network of scientists and engineers who need precise calculations and who were wondering if their work could be impacted. So began Intel's public relations quagmire.[21]

Eventually Intel acknowledged it had discovered the bug in July 1994 but had determined there was no need for a recall. The company contacted technical and scientific users, big companies, and computer retailers. It issued press releases and held telephone conferences with Wall Street analysts. But it did not run any mass-market print or TV ads explaining the situation or publicizing the toll-free phone number that it set up for concerned Pentium users. As one analyst noted, Intel's calculations showed a casual user might encounter a problem with the chip "once every 27,000 years."[22] The message seemed to be that "for the kind of computing most of us plain folks do, a defective Pentium is good enough."[23]

Intel's Full Crisis

Intel reached a new stage in its crisis management by mid-December. Walter Mossberg, who writes a popular weekly technology column in *The Wall Street Journal*, contacted Intel about a replacement for his machine. Evidently someone unfamiliar with Mossberg's status responded grudgingly that Intel would replace computer chips for certain individuals—but before a replacement could be issued the user had to prove to the company that the work being done on the computer was "mathematically complex enough to meet Intel's self-defined rules about who needed accuracy." In addition the user had to give Intel a credit-card number and agree to a potential charge of $1,000 if the old Pentium chip was not returned within 29 days. The user also had to pay for having someone swap the chips. When word of Intel's actions reached the general public it became incensed. Mossberg found cause to describe the negative customer service he had experienced in his weekly column.[24]

On December 12, 1994, alerted to Mossberg's impending article, IBM announced that it was halting all shipments of its highest-power Intel PCs. It also stated that Intel Corporation had significantly underestimated the potential for errors to occur. This action caused Intel's stock to plummet and forced a temporary halt to trading. Andrew Grove, Intel's president and chief executive officer, shot a verbal response to IBM. "You can always contrive situations that force this error. In other words, if you know where a meteor will land, you can go there and get hit."[25] The response by Intel's president seemed to typify its handling of the crisis events. At every turn it dismissed the flaw as a small problem even when customers complained. One crisis manager commented, "Whether it happens one in 10,000 times or one in a million, the reality becomes that the customer is concerned."[26] Crisis-management expert Ian Mitroff responded, "Their [Intel's] technology may be in the Systems Age, but their management thinking is in the Stone Age." Mitroff believed the company should run high-profile ads to fully explain the issue and to commit to replace the chip for any consumer who asked. He compared the $250 million Intel had spent to build an image to how quickly its image could be tarnished for years.[27]

Intel continued to hold fast to its position until the events between December 16 and 19: A *Wall Street Journal* article described "at least 10 [law-] suits in three

states" that involved securities fraud, false advertising, and a violation of state consumer protection laws. Three days later the *New York Times* article on the lawsuits quoted Florida's deputy attorney general as saying, "They've [Intel] got to stop acting like a rinky-dink two-person operation in a garage and start acting like the major corporation they are." On the same day a *PC Week* cover story urged IS managers "to protect themselves against liability claims from use of flawed chips."[28]

Intel's Post-Crisis

On December 21, 1994, Intel came to its senses. Andrew Grove reversed his stand and announced Intel would give any Pentium-based computer owner a free replacement chip—no questions asked. Figure 13.2 shows a copy of the Intel press release announcing the replacement. A full-page, letter-format advertisement appeared in most major newspapers. The letter was signed by President and Chief Executive Officer Andrew S. Grove; Executive Vice President and Chief Operating Officer Craig R. Barrett; and Chairman of the Board Gordon E. Moore.[29] The letter read:

> To owners of Pentium™ processor-based computers and the PC community:
>
> We at Intel wish to sincerely apologize for our handling of the recently publicized Pentium processor flaw.
>
> The Intel Inside® symbol means that your computer has a microprocessor second-to-none in quality and performance. Thousands of Intel employees work very hard to ensure that this is true. But no microprocessor is ever perfect.
>
> What Intel continues to believe is technically an extremely minor problem has taken on a life of its own. Although Intel firmly stands behind the quality of the current version of the Pentium processor, we recognize that many users have concerns.
>
> We want to resolve these concerns.
>
> Intel will exchange the current version of the Pentium processor for an updated version, in which this floating-point divide flaw is corrected, for any owner who requests it, free of charge anytime during the life of their computer. Just call 1-800-628-8686.

Intel survived its crisis. Sales of Pentium processor-based systems set new sales records over the 1994 holidays. Intel's revenue for 1994 grew by 31 percent.[30] A few months later the average user gave little thought to an Intel machine's inability to perform. From a crisis-management standpoint Intel's major mistake was in waiting so long to arrive at an appropriate response. It approached the problem from an engineering rather than a consumer perspective. In fact, as one analyst stated, "Intel's stubbornness turned what could have been a minor problem, perhaps limited to a few scientists and engineers, into a costly fiasco."[31] The entire crisis episode cost Intel $475 million and was a pretax charge to fourth-quarter 1994 earnings.

Ethically, Intel's pre-crisis decision was financially motivated. It knew that a total recall would take months and would cost millions. "Because chips take as long as 12 weeks to make . . . it would take months for Intel to start stamping out chips with revised circuitry. And because computer-systems makers also take time to cycle

Figure 13.2 Intel Press Release

INTEL ADOPTS UPON-REQUEST REPLACEMENT POLICY ON PENTIUM™ PROCESSORS WITH FLOATING POINT FLAW; WILL TAKE Q4 CHARGE AGAINST EARNINGS

SANTA CLARA, Calif., December 20, 1994—Intel today said it will exchange the processor for any owner of a Pentium™ processor-based system who is concerned about the subtle flaw in the floating point unit of the processor. The company has been criticized in recent weeks for replacing processors on the basis of need rather than on request. Intel will take a reserve against fourth quarter earnings to cover costs associated with the replacement program.

The flaw can produce reduced precision in floating point divide operations once every nine billion random number pairs. Intel said that while almost no one will ever encounter the flaw, the company will nevertheless replace the processor upon request with an updated version that does not have the flaw. This offer will be in effect for the lifetime of a user's PC, which means that users can conclude they do not currently want a replacement, but still have the option of replacing the chip in the future if they wish. Intel is making a rapid manufacturing transition to the updated version, and expects to be able to ship sufficient replacement parts to meet demand during the next few months.

"The past few weeks have been deeply troubling. What we view as an extremely minor technical problem has taken on a life of its own," said Dr. Andrew S. Grove, president and chief executive officer. "Our OEM customers and the retail channel have been very supportive during this difficult period, and we are very grateful," Dr. Grove said. "To support them and their customers, we are today announcing a no-questions-asked return policy on the current version of the Pentium processor.

"Our previous policy was to talk with users to determine whether their needs required replacement of the processor. To some people, this policy seemed arrogant and uncaring. We apologize. We were motivated by a belief that replacement is simply unnecessary for most people. We still feel that way, but we are changing our policy because we want there to be no doubt that we stand behind this product."

Intel will send a replacement processor to PC users who choose to do the replacement themselves, and will offer telephone technical assistance. Call 1-800-628-8686 for details. Intel also said it planned to contract with service providers to do replacements at no charge for PC owners who prefer to bring their PC's to a service location. Details will be provided in the next few weeks. Finally, Intel said it would work with its OEM customers to provide replacement for PC users who prefer to work with the manufacturer of their system.

The company said it would take an unspecified but material charge against fourth quarter earnings to cover costs associated with the replacement program announced today. Intel said it was unable to determine the amount of the reserve, but said an estimated total will be provided on or before January 17, the date of Intel's 1994 financial results announcement. Following this release is a copy of an advertisement that will appear starting on December 21 in major newspapers in North America.

Intel, the world's largest chip maker, is also a leading manufacturer of personal computer, networking and communications products.

Source: Reprinted with permission of Intel Corporation.

through their inventories, as many as 5 million flawed chips would be sold before the new ones would hit the market, analysts [had] estimated."[32]

In the end the cost was financially the same, but the company's reputation was distorted in the minds of many users. Andrew Grove was right when he said in his public letter, "technically an extremely minor problem has taken on a life of its own." Years later we recognize that Intel managed the crisis well, for few people remember or care about the event. Intel and Pentium are synonymous and positive words. Intel was fortunate. It referred to the crisis in its 1994 Annual Report as an event that brought the personal computer (PC) industry and consumers closer together. "This episode reflects a strategic turning point. Quite simply, the PC is now a standard consumer tool used by a wide range of people, from preschoolers to university researchers. Many of these PC customers have more demanding—and varied—expectations for product quality, performance, and service than computer users have in the past. In many ways, Intel facilitated this transition."[33]

Intel's Management Mindsets

Intel did not anticipate a public response to what the company considered to be a minor problem. If the company had adopted a philosophy of correcting each problem in favor of the customer, the crisis could have easily been prevented. When the company finally came to its senses, it controlled the negative spiral and quickly applied positive public relations to turn the situation to the company's advantage. It believed that it could get by without responding to the general public, issuing a recall, and answering many of the questions that had been generated.

Intel's management held the first of several mindsets: "There is only one correct approach to solving a problem." It decided to stonewall the issue, pretend that only a few Pentium users could possibly be impacted, and that all other users would eventually realize that their machines were not damaged. In doing this it fell prey to the second mindset: "Factual data is superior to subjective opinions when making a decision." While it was true that errors were generated in answers that required extremely high calculations, they failed to take the beliefs of the ordinary user into account. By using the third mindset—"*It is possible totally to separate reason and emotion*"—Intel disregarded the feelings of consumers and in essence called them "stupid" for not seeing that they would never be doing problems that could possibly generate errors. Finally, Intel believed that "Severe change is only temporary. . . . Things will return to normal if one will just wait long enough." Its problem with the waiting was that it gave those who were demanding that Intel respond more time to generate additional support, especially through the Internet. What started as a small problem became a giant one.

Four Stages of a Crisis

As the Intel case showed, four stages can be identified in every example of an organizational crisis that has run its course. If management applies itself seriously to correcting problems as they develop in Stages One and Two, a full crisis can usually be averted. However, once the crisis hits Stage Three it is too late to avoid certain consequences. It is important that the organization at that point seek to resolve the crisis as quickly as possible and minimize the costs involved.

Stage One: The Hidden Crisis

Just as when a disease invades a human body and the person is not yet aware, potential crises exist within every organization. They could be in the composition of a product, a particular response to a customer, a method of production, or any number of other items. If management is wise, and seeks to correct every problem and issue that develops, it may avoid a crisis. The organization will often not know the potential danger until the issue moves to Stage Two.

Stage Two: The Pre-Crisis

If the hidden issue is recognized but not resolved, the organization will find itself in Stage Two. Managers here often believe that a problem will solve itself over time. For Intel this stage occurred in July 1994, when one of its engineers realized that the computer chip allowed errors to occur. The fatal mistake was that management believed that no one outside the organization would ever find the problem. Consequently it chose not to act. Even when the math professor notified Intel of his findings in September the company led him to believe that he alone had made a mistake and that the chip was perfect.

Stage Three: The Crisis

Here the problems can no longer be hidden from the public. Managers operate at a high degree of stress. Entire entities within the organization are in chaos. Rapid problem-solving attempts are made, but not enough time and resources are available to quickly bring the problem to an end. Input from people within the organization is narrowed to just a few. Outside help is not trusted or sought. Panic is the norm. If the crisis goes public, the media's agenda becomes the organization's agenda. Instead of putting its attention to properly solving the problem, employees suddenly have to supply the media with information and strategy. Valuable time is wasted. Resources are improperly used.

Stage Four: The Post-Crisis

Eventually a crisis will end. It is hoped the outcome favors the organization. This stage is critical because the organization can now discover what went wrong, how it happened, and what should have been done about it in the first place. The wise organization uses this stage to re-evaluate every potential crisis and to put in motion problem-solving groups that are empowered to correct whatever problem exists before a new crisis can occur.

The Crisis-Management Process

Every organization should recognize that crisis management is a process. The time and energy spent in investigating and planning will pay off should an actual crisis develop. The preparation steps allow management to ask hypothetical questions that are not thought of or that are too emotional to ask when a crisis develops. Accord-

ing to a study at Oxford University, organizations that actually take the time to prepare for a crisis (recoverers) regained shareholder value within 50 days. For organizations that did not plan (nonrecoverers) recovery time was always more than a year.[34] In order to ensure a favorable result, five steps need to be taken: (1) determine the crisis potential, (2) develop appropriate crisis teams and centers, (3) write a crisis-management plan, (4) develop a communication strategy, and (5) practice and revise the plan.

Step One: Determine the Crisis Potential

Studies show few organizations critically evaluate the technical, human, natural, or contingent threats they could face.[35] Wise managers do scenario planning on how likely it is their organizations will suddenly encounter a crisis. To do this, what-if questions must be asked. Examine your organization's internal and external environments. Start with the *personnel*. For instance, what would happen if your CEO or president suddenly died? Who would take charge? What immediate actions would be necessary? What could happen to people involved in a plant accident? How would your organization handle a libel or slander suit?

The next category deals with the organization's *facilities*. Companies that manufacture, transport, and store certain chemical and hazardous products are required by federal and state regulations to have available emergency-response plans. Consequently, organizations in such industries have plans available to deal with emergencies at the incident site. Employees are usually trained as to what procedures to follow.[36]

Amazingly many companies are not prepared to deal with catastrophic events or incidents. Ask questions like: What would happen if a fire, flood, or earthquake occurred? Where would my organization meet to conduct business? If a manufacturing plant were the target, how would the organization continue to make its products? Is there a backup source that you could have continuing the production?

The Oklahoma City Chamber of Commerce experienced a disruption that impacted both facilities and personnel on April 19, 1995, when the Murrah Federal Building was bombed. The Chamber is a not-for-profit organization. It makes no product, but services dues-paying member organizations. The organization was housed in downtown Oklahoma City, a few blocks from the epicenter of the blast. At the time of the explosion, all personnel evacuated the building. Unlike Morgan Stanley on 9-11, no procedure was in place for where to go or where to meet. Because of the chaos in the downtown area, Chamber personnel went in different directions. Some volunteered to help blast victims. Some became so distraught they went home and watched the happenings on television. Because of the telephone outages, it was several days before new office space was secured and all employees were notified and reassembled for work.

Another area of concern is with *products*. What will your organization do if, like Intel, a product is shown to be faulty, causes death or injury, or needs to be recalled? What plans are in place in case a product becomes obsolete? How will your organization respond to a patent infringement?

Competition should also be considered. What will your organization do if competition suddenly undercuts your price substantially? How will it respond to a major advertising campaign? What will happen if your company suddenly becomes

a takeover target? By asking many of these questions, your organization can prepare to deal with uncertain and destructive events and can develop management strategies for the inevitable.

United Parcel Service (UPS) failed to consider several of these factors when its employees, who were Teamster union members, threatened to stage a strike. According to UPS Vice-Chairman John Alden: "We didn't expect a strike. Then we thought it would last only a day or two. And we thought the vast majority of our workers would cross picket lines." UPS didn't understand its personnel were truly mad at management for holding down workers' wages while company profits and executive salaries soared. Neither did UPS understand its opponent. The union had a well-funded war chest and had prepared carefully for the battle. Finally, as we will soon see, a company should select a primary spokesperson to address the crisis. Teamster president Ron Carey consistently addressed the media, while UPS paraded as many as a dozen different human-resource executives before the press to answer questions.[37]

Figure 13.3 gives some ideas regarding the potential risk for your organization. Barton found in a ten-year study of hundreds of organizations that certain types have a much higher degree of risk for crisis events than others do. Pinkerton's Inc. determined the specific security threats that cause many of the risks. Figure 13.4 gives the 2000 list of Top Ten Business Security Threats in the United States.

Step Two: Develop Appropriate Crisis Teams and Centers

As potential crisis situations become evident an organization should develop teams that take responsibility for previewing each crisis, developing a strategy to prevent occurrence, and then managing the event should it occur. *Senior executive* teams may include two or three key executives. *Support* teams may involve several department heads, key managers, and functional specialists. *Field* response management is developed based on the nature of each organization, its facilities, and operations. The team must include multiple perspectives, such as legal, marketing, operations, communications, security, and corporate, as well as an external communications counsel.[38]

Crisis centers are places where teams can assemble and carry out their activities. Anticipatory measures like adding telephone lines to a conference room, and pre-designating computers, printers, and copy machines can help the support-response operations and will save valuable time later.

As teams develop they should be carefully trained to make decisions and empowered to be able to carry them out. If a crisis occurs and the team is unsure of what to do, the staff will sense it and the media will notice it, too. Conducting tabletop exercises or response drills exposes flaws in the support system and allows each member of the team to see how important his or her role is to the total endeavor.

Step Three: Write a Crisis-Management Plan

Crisis management implies that to some degree each crisis situation can be managed. This management process takes place before, during, and after the crisis. For instance, the following things can be managed: anticipating a crisis, developing and

Figure 13.3 Crisis Risk Categories

CRISIS RISK CATEGORIES

HIGH-RISK CATEGORY
- Manufacturing organizations, especially chemical and nuclear
- All financial institutions: banks, credit unions
- Technological firms: chip and software makers, ammunition and weapons
- Public transportation: airlines, railroads, and subways
- Lodging properties: hotels and motels
- Food producers and distributors
- Nightclubs and casinos
- Federal and state buildings and agencies
- Amusement parks
- Public personalities: politicians, entertainers
- Craft renting: helicopter, excursion planes, hot-air balloons, water rafts
- Utilities and airports
- Builders, roofers, and structural engineering companies
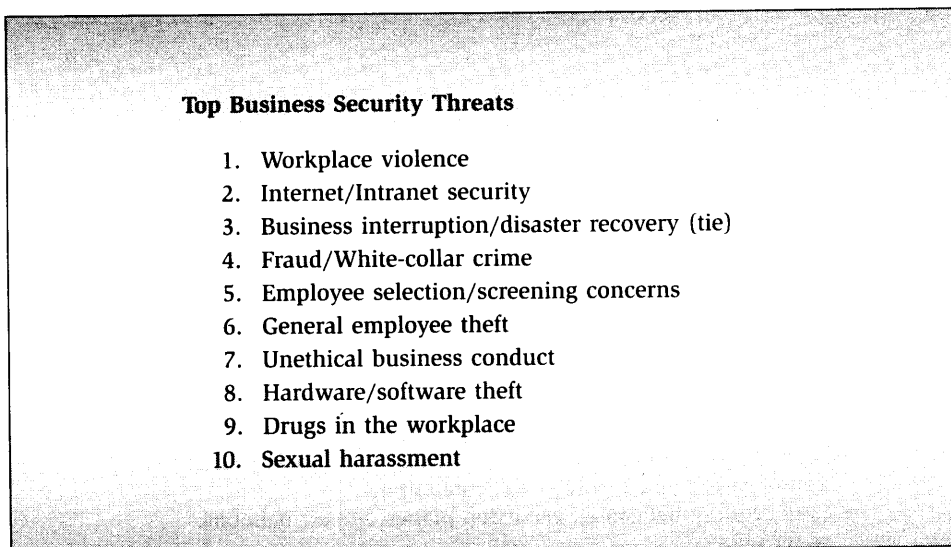
MEDIUM-RISK CATEGORY
- Not-for-profit agencies, churches, colleges, hospitals
- Retail concerns
- Fast-food outlets and restaurants
- Telecommunications companies
- Household products manufacturers
- Computer manufacturers/distributors
- Physicians and related medical professionals
- Mall and shopping centers
- Health clubs, preschools
- Liquor, beer, and wine stores

LOW-RISK CATEGORY
- Radio and television broadcasters
- Certified Public Accountants
- Apparel manufacturers
- Neighborhood businesses: barber shops, pet stores, video rentals, dry cleaners
- Automobile repair shops
- Law firms
- Social organizations
- Car rental companies

Source: Adapted from: Lawrence Barton, *Crisis in Organizations,* South-Western, Cincinnati, Ohio, 1993, pp. 65–66.

Top Business Security Threats

1. Workplace violence
2. Internet/Intranet security
3. Business interruption/disaster recovery (tie)
4. Fraud/White-collar crime
5. Employee selection/screening concerns
6. General employee theft
7. Unethical business conduct
8. Hardware/software theft
9. Drugs in the workplace
10. Sexual harassment

Source: Adapted from: Workplace violence is top security threat for Fortune 1000. (n.d.). Pinkerton.com. Retrieved April 4, 2002, from http://www.disasteresource.com/articles/pg_110.shtml.

training a crisis team, designing and equipping a crisis center, working through a plan for each potential crisis, developing the statements to be used in communication events, and handling media interviews. A smart organization develops all of these managerial processes into a Crisis Management Plan (CMP). Organizations put these plans into action if a crisis occurs. While the plan may not address "glass found in a company's product," it can address how the organization would respond to rumors of false media information, which executives would be responsible for talking to the media, and even things they would say.

The Crisis-Management Plan Contents

The best plan is one that is thought out and prepared thoroughly. Clarke Caywood, a crisis-management specialist at Northwestern University, assembled what he considers to be "The Ultimate Crisis Plan." Caywood contends that a wise organization writes what is essentially an autobiography. This should be ready to pull from the shelf and use when a crisis hits. Usually the plan has already been reproduced and copies sent to key members of the management team—but this document will never be leaked to the outside world. In many ways it reveals an organization in its most vulnerable form.[39]

Figure 13.5 gives an outline of a crisis-management plan. In the completed plan, each item is fully documented and all requested information is listed. While creating this document may seem overwhelming, most organizations have this information readily available—although probably dispersed throughout the organization. By dividing the creation task among a variety of managers, the overall assembling of a CMP can be done in a short time frame.

| Figure 13.5 | Crisis-Management Plan Outline |

I. Mission and related items

Mission. The organization's mission statement, goals, and objectives are briefly stated.

The organization's philosophy and behavior standards are listed.

Objectives. Objectives regarding what is important for your organization are then recorded. This describes what you hope your CMP will achieve and prevent. Prioritize the items listed so that if a crisis does occur, there will be no confusion as to what to do first.

Listed with the objectives are also the things that your organization wants to protect. This section can list items like an organization's image, customer and member safety, and product quality.

Rational for the CMP. This portion states explicitly the realization that crises could occur, how they would be handled by crisis teams, and vital information about the members.

II. History of Crises and Potential Crises

History of past crises. A review and critique of previous crises that have occurred within the organization are described, along with the way the situations were handled and changes that were made.

Listing of potential crises. This area lists the potential problems that were uncovered during the crisis audit.

Survey results. Here the results of any questionnaires used during the crisis audit are discussed.

Crisis stage development. For each potential crisis that is uncovered an outline of the stages of development should be constructed along with a timetable and the personnel assigned to handle it.

III. Preparing the Crisis Center

Crisis center furnishings. Each crisis center should be furnished with the items that will aid the crisis team and help bring an end to the crisis. A variety of items like those listed below should be considered:

- Sufficient electrical outlets
- Portable computers with modems that access company files; a laser printer
- Fax machines, blast fax, and fax cover sheets
- Preprogrammed cellular telephones and standard telephones equipped with a separate line for each member of the crisis team and voice mail with call interrupt
- Telephone directories for each organizational site along with updated organizational chairs and telephone trees
- Media, governmental, business, and professional directories
- Televisions with cable to receive CNN, C-Span, and multiple networks
- Radios equipped for shortwave
- Photocopier
- VCR and audio recorder with playback and copying ability and extra tapes
- Risk area maps in hard copy and software
- Body bags in the event of crisis-related deaths
- Legal pads, pens, pencils, paper clips, and staplers

Figure 13.5 **Crisis-Management Plan Outline (Continued)**

- Organization stationery, envelopes, rapid-delivery containers
- Clocks
- Restroom and shower facilities nearby
- Lots of refreshments
- Corporate credit cards and cash

A media room. A media briefing room should also be established and equipped with the following items:

- General press kit: list of products, background of safety record and fact sheets
- Telephones
- Podium, microphone, and portable public address system
- Chairs, tables, and desks
- Computers, modems, and printers
- Photocopiers

IV. Directories of the Organization's Stakeholders

Directories of Stakeholders. Each directory should contain addresses and telephone numbers for some of the following groups:

- Emergency response personnel
- Board of directors
- Community and civic leaders
- Media
- Customers and/or members
- Shareholders
- Clients
- Neighbors
- Financial partners
- Government agencies
- Regulatory agencies
- Vendors
- Suppliers
- Certain competitors
- Family members
- Analysts
- Legal groups
- Subsidiary heads
- Employees
- Plant managers
- Union officials
- Retirees
- Pension holders
- Sales and marketing personnel

Appropriate channels of communication for each group. Mechanisms for reaching each of the above groups must be decided along with who in the organization will be responsible for reaching each stakeholder. Any preliminary steps that can be taken to have communication items ready should be taken. Typical mechanisms include:

- Press releases
- Letters
- Personal visits

Figure 13.5   **Crisis-Management Plan Outline (Continued)**

- Telephone calls
- Employee call-in center
- Emergency toll-free hotlines
- General meetings
- Video conferences
- Media advertising
- Video news releases (VNR)
- Internal publications
- News conferences
- Interoffice memos
- Faxes preprogrammed for multiple sending ability
- Telegrams and telexes
- Electronic mail
- Overnight mail
- Accessibility of computer back-up files

Government regulatory forms. All compliance forms that would be required by government regulatory organizations should be collected.

V. Media Awareness

Organization's media policy. This section should emphasize open, honest, and proactive actions with the media during the crisis.

Organization's spokespeople. The level and type of crisis will dictate the specific spokespeople. Identifying all the potential people at this point will allow the organization to do plenty of media interview training (see Chapter 13).

Organization gatekeeper and that person's function. This person will centralize and control the flow of information to ensure that it is accurate and valid and that it reaches the right people at the right time. The person will also monitor the flow of internal and external communication to ensure that the organization speaks with "one voice." He or she should always be accessible for both good and bad news.

Media databases and media contacts. A listing of each available media representative, prioritized in favor of those that have a positive relationship with the organization, should be drafted. List also media deadlines and policies. Be sure to keep this database current.

Third-party sources. Third-party sources should be developed and then updated continually. This lists friends of the organization and experts in the organization's field. The media can call these individuals for background information during a crisis. Make sure these contacts are credible, reliable, trusted sources who are often quoted in the media.

A process for handling media inquiries. This section should provide answers to questions like, "How will the calls be recorded?" "Who will the calls be forwarded to?" "How will they be prioritized when answered?" "How will they be answered (i.e., fax or phone)?"

Designate also who will check the validity and accuracy of the stories being printed and broadcast. This person should have access to the scene of the crisis and should monitor radio, television, and wire services, along with police, hospitals, and government agencies.

Figure 13.5   **Crisis-Management Plan Outline (Concluded)**

VI. **Other Action to Take**

Depending upon the specific industry, each organization will need to determine when and where to take appropriate action on a variety of issues like the following:

- Have back-up office sites.
- Specify how security arrangements will be handled for facilities, possibly injured individuals, and the public.
- Cover items like what alarms will be activated, who will be responsible for first aid, and what evacuation routes to use.
- Determine how much crisis insurance to purchase. Policies normally cover types of events like securities confidence, hostile takeovers, and employment practices.
- Develop a list of professional counselors who can help "de-escalate" the crisis. Their help is often needed in the first few hours and days following an event. They can support, encourage, and listen in a caring way to traumatized employees.
- Consider establishing a reunification center, where dispersed individuals can be reunited. Make sure it can accommodate both vehicles and people. This necessity has become apparent with the major school crises.
- Create a cellular phone policy that can be put into effect for the first few hours of the situation. Often all members of a community are encouraged to avoid use to allow safety officials reliable service.

VII. **Method of Evaluation**

After a crisis is resolved, it is important that an organization review and analyze everything that occurred. This process should be started while the crisis is happening (the gathering of information) and completed immediately after it is resolved. Several things go into this process.

Interviews with both external and internal publics. The organization can interview, informally, people who are key to the system. They should be asked about their perception of how the company reacted and how the organization could have reacted better.

A content analysis of media clippings and tapes. Clippings collected by staff during the crisis should be analyzed for accuracy of reporting and fairness of treatment.

A cost-benefit analysis. After the crisis has ended and all data have been summarized, an organization should determine how much damage was done to the organization financially.

Modification of the crisis management plan. After all evaluations are completed, the crisis management plan should be changed to allow the organization to better manage crises of the future.

Written case study. While the information is still fresh in the minds of all involved, a case study should be developed. This can be an excellent training tool to use in preparing future personnel for new crises. This also allows the organization to be more objective in its focus.

Step Four: Develop a Communication Strategy

When a crisis hits, a company must communicate and do so quickly. History is full of organizations that did not respond and their reputation suffered. NASA took five hours before commenting on the *Challenger* spacecraft explosion. Exxon took several days. Intel also tried to avoid telling the truth. But in stories of crisis success, like that of Johnson & Johnson during the Tylenol tragedy, appropriate communication protected the organization's image.

One crisis expert defines *crisis communication* as ". . . the process of managing the strategy, messages, timing, and distribution channels necessary to communicate effectively with the media, employees, core constituencies, clients, customers, and stakeholders. The focus of the crisis-communications function is to facilitate the rapid de-escalation of the crisis through timely and effective communications methods." [40] Because time is of the essence for managers in the midst of a crisis, a communication strategy must be easy to understand and follow.

To be able to accomplish the above requires that a strategy be developed and working at the time the crisis occurs. The crisis-management plan should designate who will take charge of the communication process. Usually the public relations department takes care of the mechanics and a designated individual is selected to be the spokesperson. A good communication strategy considers several things.

Determine the Audience That Needs Information

Figure 13.6 gives a list of potential stakeholders. Not every audience member will need to receive information in every crisis. As Whitesell states, "It is crucial to communicate only with the appropriate audiences. For instance, there is no need to alert the news media to a situation occurring internally that has no impact on the general public. A contingency plan should always be developed for secondary audiences, because crises can explode beyond their initial boundaries.[41]

A key objective of a good communication strategy is that you reach your target audience with the right message and response. Finally, "identify and prioritize target audiences and then identify channels of communication; update media lists; consider alternate communications sources: newsletters, Internet, e-mail, fax-on-demand, 1-800 lines."[42] Lukaszewski gives a protocol for prioritizing the communication:

Priority #1: Those most directly affected (victims, intended and unintended).

Priority #2: Employees (sometimes they are victims, too).

Priority #3: Those indirectly affected: neighbors, friends, families, relatives, customers, suppliers, government, regulators, and third parties.

Priority #4: The news media and other channels of external communication.[43]

Determine Who Will Be the Spokesperson for the Organization

A single spokesperson is recommended, with a backup designated. Longtime crisis expert Barry McLouglin states: "A good spokesperson is someone who is technically knowledgeable, in a position of authority, has strong professional credentials, is a quick study, has an even temper, a reasonable tone, an honest face, an ear for a good sound bite, and gets along well with reporters."[44]

Figure 13.6 **Organizational Stakeholders**

Adversarial groups	International executives
Bankers	Investors
Board members	Law enforcement
Brokers	Lawyers
Business groups	News media
Community leaders	Neighbors
Competitors	Politicians
Customers/clients	Regulators
Educators	Retirees
Emergency response personnel	Senior executives
Employees	Stockholders
Employees' families	Suppliers
Financial partners	Union officers
Franchisees	Vendors
Government agencies	

Source: Adapted from "Stakeholders in a business crisis," Institute for Crisis Management, Louisville, Kentucky, 1999, at http://www.crisisexperts.com/stakeholders_main.htm.

In 99 percent of the cases the chief executive officer, executive director, or highest-ranking official takes charge—but some experts believe this is unwise. Larry Smitz, president of the Institute for Crisis Management, contends: "Your spokesperson should be someone high up who has credibility, but not the top person. It's better to reserve your CEO as a safety net. That way, if someone makes a statement that needs to be corrected, the CEO can step in. Deploy your top gun first and you've got no ammunition left."[45] For minor types of information-sharing a public relations member may be used. You may want to have a member of your board, a chief scientist, or the head of your board's audit committee. The real thing you should look for is, "Who has the credibility?" Usually a public relations person will be the designated receiver of all media requests, questions, and other sources of information. It is critical that each person in the organization be informed that only the designated spokesperson will comment to any outside source. Of course cases of severe crises involving deaths or public health threats make the CEO a required spokesperson.

Such was the case of New York City Mayor Rudy Giuliani, who established a new standard for the role of crisis spokesperson as he handled the WTC aftermath. He was visible almost immediately following the attacks and spearheaded every aspect of the city response effort. He provided a wealth of factual and usable information for his constituents. He answered questions concerning their needs in areas like electric power, water supply, transportation, and where families could go for help. In the midst of chaos he presented a calm personal strength, speaking with empathy, passion, and eloquence. He gave New York City residents assurance that

they could get past the crisis. He refused to take credit for any of the effort under way, but directed it to his fellow New Yorkers, and to the search-and-rescue workers. Author Malcolm Fleschner commented about Giuliani's media style: "perhaps most important for the deeply shaken city and nation was the mayor's ubiquitous TV presence, whether in front of the cameras delivering a press briefing on casualty figures, at Ground Zero overseeing rescue efforts, or comforting victims at triage centers or area hospitals. Understanding the power of symbols, and to emphasize his role as emergency response chief, Giuliani never appeared on-camera without a rescue worker jacket, FDNY hat, or some article of clothing symbolizing the heroic city employees who continued to work tirelessly off-camera to save lives."[46]

Determine the Appropriate Communication Style

Information should be communicated quickly, candidly, and in a positive way. The organization must act immediately to show that it is capable of resolving the problem and then take steps to ensure it doesn't occur again. It is critical that the organization tells the truth and never lies. This, of course, does not mean revealing confidential or competitive information. Because crisis situations are related to emotions, communication should recognize those areas and be developed and delivered with compassion. Finally, as in all written and spoken communication, the information should be clear, concise, and free of technical jargon and ambiguity.[47]

Determine the Appropriate Timing

Each communication device is impacted by timely delivery. By drawing on the crisis-management plan, some data can be accessed immediately and distributed to the necessary audiences. Policy statements must be developed. A question-and-answer sheet regarding the crisis should be prepared, especially for the media. Other written materials such as news releases, press kits, or letters must also be prepared and distributed when necessary. An organization will find that it will use various means of communicating during crisis situations: meetings, press conferences, memos, e-mail, telephone calls, Internet Web site, letters, and personal interviews. Chapter 14 describes the appropriate methods of working with the news media. Media interface is one place where a well-prepared crisis-management plan is invaluable. Your CMP should contain fact sheets, backgrounds, prior news releases, prior media statements, and a general archive of your past public statements. Often such items serve as boilerplates for your required messages.

In crisis situations the media are busy compiling the story. If you want your voice to be heard, use that opportunity to speak while the news is fresh. In a hurry, the media can sacrifice quality. Realize that when the media representatives appear, you must have an organized statement that relays pertinent information. Make sure that this statement is prepared and delivered in a clear and concise manner.

Richard Brundage, at the Center for Advance Media Studies, believes an organization should take control of a crisis situation within the first six hours—not 24 or 36 hours later. "Even if you have a press release already written for incidents like this, present it and then let them know when they will get more. Then follow through. This is how to get the media off your back without making them mad."

He describes the timing used by Waterworld USA when an accident occurred at its Concord, California, location. "It was obvious they had a well-laid-out plan well ahead of time. . . . Right from the outset, control was established. Not one media [member] was allowed inside the park . . . until all details, if not completed, were launched. The parties that needed to get in and do their work could. They had a clear-cut plan in place for an interim management team to come in and deal with the day-to-day communications with all the agencies and the media."[48]

Contrast Waterworld USA to Exxon. Exxon misjudged its opportunity in the oil spill off the Alaska coast. As the public, environmentalists, government, and the media waited for the company to respond to and manage the spill, the situation grew worse. Most executives have learned to take immediate and visible action, and so a press conference seemed required. Other CEOs caught in similar crises have even jumped on a plane to head for the disaster scene. Lawrence Rawl, Exxon's CEO at the time of the accident, did none of those things. In fact, he did not comment publicly for a week, and when he did make a statement he tended to blame others, including God.[49] It quickly became evident that neither Exxon nor the petroleum industry could find a reasonable solution. At that point, the media became their enemy. As one public relations expert put it:

> There was a window of opportunity with the news media. The reporting initially and for a period of time following the disaster was factual and pretty straight-forward even though media representatives were undoubtedly as horrified as the rest of us at the scope of the disaster. But as Exxon stumbled, fumbled, stone-walled, denied, shifted the blame, ducked responsibility, and tried to manage the messages, the news media had no choice but to turn against them as well.[50]

Figure 13.7 shows the critical impact of a CEO's failure to appear at an appropriate time. Coca-Cola experienced a relatively minor European crisis, but that grew in intensity as the company failed to manage it properly. In this instance the CEO's appearance would have showed strong organizational leadership.

American Airlines shocked many when it announced just eight days after its jet crashed into the mountains of Cali, Columbia, "that human error on the part of our people may have contributed to the accident." Most corporate lawyers fear that any concessions of that type cost the company in court. Yet American, which had not had a crash in 16 years prior to that accident, had learned much from other airlines like Pan American and U.S. Air, and also from two American Eagle affiliate accidents. Travelers will stop flying your airline if they do not trust your safety. A company is "better off admitting what they know, what went wrong and whether it was their fault."[51]

Determine How to Use the Internet

In past crises, managers were primarily concerned with communicating to stake-holders primarily through other media. The Internet has changed all that. Compa-nies today must take both a defensive and offensive posture with the Internet. As we saw in the Intel case an angry customer can send a message that is instantly received by millions of interested stakeholders. Those with complaints can go to

Figure 13.7 **Coca-Cola's Poor Crisis Response**

The year 1999 was a bad one for Coca-Cola, the world's leading brand. In an average week, 70 million French and Belgian consumers drink 120 million servings of the beverage. Yet seven days is all it took "for the 113-year-old Atlanta-based [company] . . . to go from a much admired and trusted market leader in Europe, to a company scrambling to give away product in order to pick up the shreds of consumer confidence."[1]

In mid-May people in Belgium, many of them children, became sick after drinking Coke. Over 100 people were hospitalized with symptoms of headaches, nausea, and vomiting. Two days later the company withdrew 2.5 million bottles of Coca-Cola, Coca-Cola Light, Fanta, and Sprite. But then things took a strange turn. Coke was so sure of its product's innocence that it misread the consumers' level of concern and focused on denying that its product caused the illnesses. For seven days Coke failed to give an explanation or to even discuss the matter. Governments throughout Northern Europe banned and recalled Coke soft drinks, and in some countries, all Coke products (Nestea, Minute Maid, Aquarium, and bon Aqua).[2] A Belgian health minister described the scene: "People were angry and disturbed because there was a lack of communication. They did not say whether they knew what the problem was and if they did know they were keeping it to themselves. Coca-Cola has been seriously damaged in Belgium."[3]

That action got Coke's attention and it quickly responded. In Belgium, a "created in-house" newspaper ad offered an apology. Coke's CEO, M. Douglas Ivester, known for an extremely hands-on management style, finally got on a plane to Brussels to take charge. His first words were: "My apologies to the consumers of Belgium. I should have spoken to you earlier." Soon similar ads appeared in France and Poland with Ivester saying, "I want to reassure our consumers, customers and governments in Europe that the Coca-Cola company is taking all necessary steps."[4]

What caused the problem? Coke placed the blame on a batch of defective carbon dioxide in its Antwerp plant, as well as on a fungicide in Dunkirk, France, that may have rubbed off wooden pallets onto the soda cans. Others suspect that maybe errors were committed in the selection of plants or the dosage of extracts in the Coke concentrate. But months later the blame still is unsure . . . there is no evidence linking the illness to the product.[5]

What is sure is that Coca-Cola bungled its crisis management. It was slow to address the issue, insisting that no real problems existed. An apology was belated. Coke also failed to read the social fears. Belgium had just come off a devastating dioxin-contaminated food scare with pig farmers.

European government agencies were cautiously trying to protect their reputations as watchdogs. Many fear Coke got caught in the middle. But one analyst also placed the blame on Ivester. "CEOs are still regarded as the ultimate face, voice and guardian of the enterprise. No other substitute can stand for the 'real thing'—the CEO."[6] Ball agrees with this: "The golden rules of crisis management are to get the message across that you are acting, to do it swiftly and to be seen to be transparent. Coca-Cola seems to have failed on almost all these points."[7] Perhaps the stock market and Coke's board of directors agreed.
M. Douglas Ivester stunned employees and investors in early December 1999 by resigning.

1. Schmidt, K. V. (1999, September 27). Coke's crisis. *Marketing News*, p. 1.
2. Ibid, p. 2.
3. Ball, S. (1999, June 24). Coke pays the price of a mis-handled crisis. *Marketing*, p. 15.
4. Ibid.
5. Michener, B., & McKay, B. (1999, August 17). EU criticizes Coke's explanation of contaminated-drinks scare. *Dow Jones Business News*.
6. Deogun, N. (1999, June 18). Coke's public-relations fiasco in Europe tests CEO. *The Wall Street Journal Europe*, p. 5.
7. Gaines-Ross, L. (1999, June 28). CEO driving lessons. *Advertising Age*, p. 34.

Web sites such as **complaints.com, fightback.com,** or **thesqueakywheel.com.** Wise companies monitor the Net for brand protection.[52]

In times of crisis the Internet works at warp speed. In fact, the Internet was primarily designed as a communications network that could remain operational in disaster-recovery situations—like nuclear war. Natural disasters and terrorist attacks have displayed the enormous contribution that it has made. During the Northridge, California, earthquake it was used for emergency communication. In the Kobe, Japan, earthquake the Net linked survivors to the outside world and helped rescue teams locate them. During the Oklahoma City bombing the official Internet-response site received over 27,000 hits in the first 48 hours.[53]

Brian L. Mackay, a business-continuity consultant, describes the importance of the Internet in crisis management. "The possibilities for utilization of this tool range from simple e-mail capabilities to full-blown dedicated crisis-management Web pages with press releases, pictures, situation reports, weather maps, and real-time video/audio conferencing that are 'turned on' when there is an active event. The possibilities are almost unlimited."[54] One example of a company making use

of the Internet during a 1996 crisis is the California-based Odwalla Juice Company. When its natural apple juice was found to contain E. coli bacteria a nationwide recall was issued. Internet newsgroups quickly circulated news of the outbreak and recall. Consumer users wanted more information. Investment newsgroups discussed the falling price of the company's stock. Odwalla wanted to respond but had no Web site. Within a week Odwalla's public relations firm created a site and the company put up messages that expressed "ongoing concern for all those impacted." The site was simple but featured "a brief message by the company's chairman and links to the company's new releases regarding the recall, a fact sheet, a question-and-answer section, and additional relevant health resources on the Web."[55]

Following the World Trade Center attacks the Internet allowed opened communication channels so organizations could coordinate response efforts, communicate to employees, and disseminate information to the public. At the beginning of this chapter we read how Morgan Stanley successfully utilized the Web to keep its operations active. A more tragic story took place at Cantor Fitzgerald. Out of 1,000 employees in the WTC, Cantor lost 658 people. As they suddenly realized the enormity of the loss, the first priority became family communication. Cantor marketing vendors quickly volunteered their help. "Within 24 hours, digital media developer Thinkware built a crisis site [Cantor.com] containing news updates and contact information for friends, families, and colleagues. Rapp Collins built a database of missing and found employees as well as a memorial Web site. Edelman Public Relations Worldwide . . . donated the time of 100 employees who took calls at the financial service firm's grief center."[56]

Cantor Fitzgerald found what many organizations have found in time of organizational crisis: the Internet is the best link between the company, families, friends, customers, and the general public. Mackay encourages companies that he works with to designate either a separate Web site or a portion of the company site to crisis management. By password the site can be activated when needed. The information made available there "can range from simple call trees and announcements to detailed plans, pictures of facilities and structures, and detailed instructions for event management. A Disaster Press Kit can be made available that includes statements from management, status reports, press conference schedules, digital photos of the event, company histories, and product information sheets." In addition, companies can use multimedia packages and video and audio conference through the Net.[57]

Determine Whether to Use the Proactive or Reactive Media Approach

An organization must decide whether it wants to take a proactive or reactive approach to the media. The proactive is by far the most successful, yet often the most threatening. With this approach a company is ready to start its crisis machinery whenever an unwanted situation occurs. In fact, proactive companies often contact the media before the media have a chance to call them.

Shell Oil found that the proactive style paid off in a disaster. A blowout in the Gulf of Mexico killed four people and threatened the safety of water, beaches, and wildlife. Shell chose not to stonewall the incident. They issued 150 press releases

and arranged 50 interviews and 6 press conferences. They even took reporters to the site for personal inspection. This communication technique brought the media to Shell's side as they fought the fire and finally put it out.[58]

In using the proactive approach, it is important to make a clear distinction between what you know for certain, what you assume to be true, and what you really do not know at all. Help all members of the organization involved in the crisis know the kinds of information that falls into each category. As you acquire facts try to move all information into the "known" category. Some of the members will be working with the press, some with the public, and others with the regulatory agencies that have a legitimate right to information.

The communication manager should try to determine how the media would cover the story. Because the organization's goal is to de-escalate the story, management must work hard to determine what actions will accomplish that end.[59] In relation to the media, the designated company spokesperson should tell the press only as much as the firm wants them to know, without being evasive or untruthful. How to fill white space or dead air is the media's problem, not the spokesperson's. Too many representatives keep talking well beyond the point at which they should quit, simply because they think it is their obligation to fill the airtime.

Opposite of the proactive approach is the reactive approach. Here, as Intel and Exxon did, the company takes a wait-and-see stance before making a statement. This often backfires because the lack of communication excites an already news-hungry media. The media are going to work twice as hard to cover an emergency or crisis. They will have added manpower, extra time and space allotted for coverage, and will be seeking out unknown information. Often their files and databases have facts you and your company do not have.[60]

In this age of media activism, a reactive approach combined with a defensive communication posture is seen as an indication of guilt. The proactive approach is more likely to be perceived as a sign of honesty. In addition, when an organization uses a proactive approach the media are more apt to assist in issuing warnings, informing and reassuring the public, stopping rumors, and soliciting volunteer help and public empathy.[61]

While American companies have been drilled with the necessity of creating and practicing a good crisis-management process, many foreign companies have a more difficult time developing this process. Figure 13.8 addresses the difficulty faced by Japanese organizations.

Step Five: Practice and Revise the Crisis Management Plan

Practice the Plan

Writing the CMP is not an easy task. Consequently, an organization that has a plan in place may be tempted to rest, wait, and hope the crisis never hits. But unless the plan is practiced it is like having a football team that has never practiced. At the beginning of this chapter we described how Morgan Stanley's plan for a potential crisis allowed them to evacuate all but six of its 3,700 employees, and to experience uninterrupted operations. This was possible because of the company's vigorously