PUBLIC RELATIONS TODAY: Managing Competition and Conflict

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Glen T. Cameron, University of Missouri
Dennis L. Wilcox, San Jose State University
Bryan H. Reber, University of Georgia
Jae-Hwa Shin, University of Southern Mississippi

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SAMPLE CHAPTER
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Chapter Two

Managing Competition and Conflict

Topics covered in this chapter include:

- A New Way of Thinking
- The Role of Public Relations in Managing Conflict
- It Depends: A System for Managing Conflict
- It Depends: Two Basic Principles
  - A Matrix of Contingency Factors
  - The Contingency Continuum
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A New Way of Thinking

Chapter 1 offered a general overview of public relations and working in the field. Building on that orientation, this chapter provides a more focused description of public relations as the management of competition and conflict.

Within this framework, public relations is best defined as the strategic management of competition in the best interests of one’s own organization and, when possible, also in the interests of key publics. A breakdown of this definition is as follows:

- **Strategic**—For the purpose of achieving particular objectives
- **Management**—Planned, deliberate actions
- **Competition**—Striving for the same object, position, prize, and so on, as others
- **Conflict**—Sharp disagreement or opposition resulting in direct, overt threat of attack from another entity.

The definition implies that practitioners believe in their employers and work first and foremost in the interests of the employer to compete against others and to handle any conflict that might arise. In sum, provided the objectives are worthy and ethical, the paramount concern of professionals should be managing communication in the interests of employers and clients to enhance competitive position and handle conflict effectively.

This new definition is more assertive than most definitions that emphasize building mutually beneficial relationships between an organization and its various stakeholders. Indeed, building relationships is a key objective, but it is part of the larger role for public relations in helping an organization succeed.

Professor Glen T. Cameron, of the University of Missouri, says the newer definition emphasizing the strategic management of competition and conflict is a more “muscular PR” and uses the image of Olympic swimmer Natalie Coughlin to make his point. The swimmer embodies preparation, strength, and fair play required to compete against others. This image of public relations embraces competition and conflict as a sometimes necessary and usually healthy element of public relations practice.

The point here is that public relations plays a key role in enabling both profit and nonprofit organizations to compete for limited resources (customers, volunteers, employees, donations, grants, etc.) and to engage in healthy, honest conflict with others who hold different
views of what is best and right for society. Achieving these sorts of objectives increases the value of public relations to an organization. It is also how public relations professionals earn the influence that leads to greater recognition by top management, increased respect in the field, and ultimately, a better-paying, more secure position for public relations professionals.

Although competition and conflict are closely related to each other, this book makes a distinction between the two terms. *Competition*, a pervasive condition in life, occurs when two or more groups or organizations vie for the same resources. In business, these “resources” may be sales, market share, contracts, employees, and ultimately profits. In the nonprofit sector, the competition may be for donations, grants, clients, volunteers, and even political influence.

*Conflict*, on the other hand, occurs when two groups direct their efforts against each other, devising communication and actions that directly or verbally attack the other group. Conflict arises, for example, when labor unions pressure Wal-Mart to unionize or when an environmental group lobbies Home Depot to stop selling lumber from endangered hardwood forests. It also occurs when government regulators investigate Steve Jobs, CEO of Apple, for backdating stock options.

Experienced public relations experts, however, are quick to point out that many practitioners will spend most of their professional lives dealing with fairly moderate levels of competition (such as marketing communications) and perhaps have few, if any, situations that involve conflict. For example, the development director for the Audubon Society may compete for donations for a new program from the same donors who are being approached for donations by the Sierra Club. The two professionals may be friends; perhaps one even mentored the other. On the other hand, a more heightened level of competition might exist between public relations professionals at Wal-Mart, Target, and Costco, companies that compete with each other to increase consumer recognition and retail sales.

Most public relations activity and programs, as already noted, deal with competition between organizations for sales and customers. Conflict, in contrast, involves confrontations and attacks between organizations and various stakeholders or publics. An example of a conflict was when Target decided to ban the Salvation Army from collecting donations at its store entrances during the holiday season. The store immediately found itself in conflict with various community groups that charged the store with being a “grinch” and not supporting the needs of the poor and homeless. Target then had to manage the attacks on the company’s charitable reputation, as well as a possible consumer boycott and threats to its revenues.

Admittedly, the distinction between competition and conflict is partly a matter of degree, but it is also a matter of focus. In competition, the eye is on the prize—such as sales or political support, for example. With conflict, the eye is on the opposition, on dealing with or initiating threats of some sort or another. In either case, professional practice by this definition is vitally important to organizations. It requires a sense of mission and conviction that

- Your organization’s behavior is honorable and defensible
- Your organization is ethical
- Your organization’s mission is worthy
- Your advocacy of the organization has integrity
- Your organization works at creating mutual benefit whenever possible.
The last point, striving for mutual benefit, is extremely important. It involves balancing the interests of an employer or client with those of a number of stakeholders. Often, professionals are able to accommodate both the interests of the organization and its various publics. By the same token, organizations may not be able to please all of their publics because there are differences in worldviews. Wal-Mart may please labor unions by paying more employee benefits, but consumers who like low prices may object. Environmentalists may want to close a steel plant, but the company’s employees and the local community may be avid supporters of keeping the plant open despite its pollution problems. Given competing agendas and issues, the public relations professional will need to look first to the needs of the organization, and then manage the inevitable conflicts that arise.

The Role of Public Relations in Managing Conflict

Conflict takes many forms, from warfare between nations to spats between kids on a playground. Any sharp disagreement or collision of interests and ideas can be defined as a conflict, with many such conflicts falling under the purview of public relations. This means that public relations professionals must develop communication strategies and processes to influence the course of conflicts to the benefit of their organizations and, when possible, to the benefit of the organizations’ many constituents. This deliberate influence applied to publics is called strategic conflict management (see the Insights box on real-world strategic conflict management).

The influence of public relations on the course of a conflict can involve reducing conflict, as is often the case in crisis management. At other times conflict is escalated for activist purposes, such as when antiabortion advocates not only picket health clinics but also assault clients, doctors, and nurses. Other strategies are less dramatic, such as oil industry advocates lobbying to open parts of the Alaskan wilderness to exploration, striving to win approval over time from the public—and ultimately, Congress.

ON THE JOB

Strategic Conflict Management in the Real World

The following scenarios provide just a few examples of the conflict-related challenges public relations professionals tackle every day around the world.

- A public relations pro takes charge of the temporary press briefing room that was built near the site of a plant explosion, funneling all press and family inquiries through her makeshift operation and offering fax, phone, and Internet access for a flock of reporters.
- Recognizing the need for domestic fuel sources in an uncertain world, a D.C. lobbyist works with his PR firm to bolster arguments for federal subsidies to ethanol producers in the U.S. corn belt.
- As American waistlines bulge, the National Institutes of Health calls for the creation of centers to prevent obesity and related diseases.
- Anticipating a strike by Teamster truckers delivering products to a nonunion plant, the plant’s public relations team launches a philanthropic campaign to aid widows of the Iraqi war in plant communities.
- Having allowed yet another instance of sexual harassment in the workplace, a spokesperson expresses mortification about the performance of her company and pledges to change the company culture.

These scenarios share a common theme: the strategic management of conflict. Conflict management is one of the most interesting, vibrant, and essential functions of public relations.

Strategic efforts also run a wide gamut, corresponding to the four phases of the conflict management life cycle:

1. Monitoring media for emerging issues (proactive phase)
2. Taking preventive actions that forestall conflict (strategic phase)
3. Dealing with crisis or disaster, whether caused by the organization or by nature (reactive phase)
4. Repairing relations and public image in the aftermath of a conflict (recovery phase)
Indeed, conflict management often occurs when a business or industry contends with government regulators or activist groups that seem determined to curtail operations through what the industry considers excessive safety or environmental standards. At the same time, both the regulatory body and the activists engage in their own public relations efforts to make their case against the company. For example, the deep-shaft coal mining industry in the Appalachian area of the United States has simultaneously worked to improve mine safety while also lobbying to ensure that regulations do not excessively curtail profits. On the other side, unions and environmental groups lobby government regulatory agencies for further reforms, especially as tragic deaths continue to occur in the mining industry.

Professor Jae-Hwa Shin, now a professor at the University of Southern Mississippi, describes this dialogue between multiple parties as the “wrangle in the marketplace of ideas.” And much like Olympic swimmers in the pool striving to represent their own interests (to win), this wrangle is inevitable and perfectly acceptable, according to Shin. In fairness, sometimes the event resembles an aggressive water polo match more than a 100-meter butterfly race.

Sometimes, an organization is able to catch a conflict at an early stage and reduce damage to the organization. However, in other cases, an issue may smolder before turning into a major fire. The prison abuse scandal at Abu Ghraib prison in Iraq is a good example. The Pentagon ignored reports about humiliation of prisoners until the problem became front-page news. Dealing with problems early on is not only more efficient, it is usually the right thing to do. The basic concepts of issue and risk management will be discussed shortly.

Unfortunately, most conflict situations are not clear-cut in terms of an ideal solution. In many cases, public relations professionals will not be able to accommodate the concerns of an activist group or a particular public because of many other factors, including the survivability of the organization. KFC, for example, is not going out of the fried chicken business just because People for the Ethical Treatment of Animals (PETA) is picketing stores about the inhumane slaughter of chickens. In such cases, public relations professionals have to make tough calls and advocate strictly on behalf of their organizations. How they decide what position to take is the subject of the next section.

**It Depends: A System for Managing Conflict**

Working with management, a public relations professional or team must determine the stance its organization will take toward each public or stakeholder involved in a conflict situation. Stance then determines strategy—what will be done and why. The stance-driven approach to public relations began with the discovery that virtually all practitioners share an unstated, informal approach to managing conflict and competition: “It depends.”

In other words, the stance taken toward publics “depends” on many factors, which cause the stance to change in response to changing circumstances. Simply put, the outstanding practitioner monitors for threats, assesses them, arrives at a stance for the organization, and then begins communication efforts from that stance.

Practitioners face a complex set of forces that must be monitored and considered. One approach is the threat appraisal model. Essentially, a threat to an organization requires an assessment of the demands that the threat makes on the organization as well as consideration of the resources available to deal with the threat. An identified threat, for example, forces the public relations professional to consider a variety of fac-
tors. One is organizational. Do you have the knowledge, time, finances, and management commitment to combat the threat? On another level, how do you assess the severity of the danger to the organization? What effort is required by you? Is it a difficult situation with potential for long duration, or is it a relatively simple matter that can be resolved fairly quickly?

An example of how the threat appraisal model is used in the real world, is the 1996 Summer Olympic Games that took place in Atlanta. The communication department of the Atlanta Organizing Committee needed to select a radio station to serve as the clearinghouse and distributor of audio news releases related to the games. A radio station was chosen primarily because of its large staff and state-of-the-art equipment. It just so happened that the station was an AM news/talk station with a fairly conservative talk show host who was occasionally accused of racial stereotyping. Through word of mouth it came to light that a protest movement was being mounted against the selection of the conservative radio station.

The protest group posed a potential threat to the Olympic Committee, first as a source of immediate criticism and then in terms of the subtle message they could give to the world that Atlanta was not a modern progressive city, but remained a “typical” Southern fascist bastion. C. Richard Yarbrough, director of communication, had the protest group checked out by a staffer who found that only a handful of local people were involved. Given that they were neither well organized nor very well connected to the media or powerbrokers in Atlanta and given that the Olympic Committee was not endorsing station programming, but simply using it as a clearinghouse, the decision was made not to dignify the criticism of the station with any response whatsoever. The threat was appraised and a stance of nonaccommodation was taken. As it turned out, the issue never did emerge as a public problem for the committee.

In making his decision, Yarbrough considered a number of factors—which are part of the threat appraisal model. First, what was the danger to the image and reputation of Atlanta? Could this movement gain coverage and support, resulting in embarrassment? Once under way, would a protest on racial grounds take a great deal of time and money to address? The emerging activist group certainly posed an issue and a possible public conflict. In this case, uncertainty was reduced by learning that the
group was not likely to get well organized or reach a critical mass. Consequently, the threat appraisal resulted in a stance-based strategy to ignore the group, allowing the “movement” to quietly pass away.

**It Depends: Two Basic Principles**

The threat appraisal model—assessing the seriousness of the threat and the resources needed to combat the threat—is common in the practice of strategic public relations. The model illustrates the “it depends” approach, but there are two other principles that are important.

The first principle is that many factors determine the stance or position of an organization when it comes to dealing with conflict and perceived threats against one's organization. The second principle is that the public relations stance for dealing with a particular audience or public is dynamic; that is, it changes as events unfold. This is represented by a continuum of stances from pure advocacy to pure accommodation. These two principles, which form the basis of what is called contingency theory, are further elaborated upon in the next sections.

**A Matrix of Contingency Factors**

The public relations approach that is used is “contingent” on many factors that professionals must take into account. Glen Cameron and his colleagues identified at least 86 contingency variables divided into 11 groups that on two levels caused organizations to adopt a particular stance on a conflict. Five groups comprised external variables identified as (1) external threats, (2) industry-specific environment, (3) general political/social environment, (4) external public characteristics, and (5) the issue under consideration. The six groups of internal variables were (1) general corporate/organizational characteristics, (2) characteristics of the public relations department, (3) top management characteristics, (4) internal threats, (5) personality characteristics of involved organization members, and (6) relationship characteristics.

Glen Cameron, Jae-Hwa Shin, and Fritz Cropp at the University of Missouri then conducted a survey of 1,000 members of the Public Relations Society of America (PRSA) to explore what variables affect the stance that public relations professionals take, ranging from more advocacy to more accommodation with a public regarding an issue, in order to accomplish organizational goals. The survey found that most practitioners reported the primary influence of individual-level variables on public relations practice and adopting an organizational stance. This included such contingency variables as individual communication competency, personal ethical values, ability to handle complex problems, ability to recognize potential or existing problems, and familiarity with external publics or its representatives. In other words, the expertise and experience of the public relations professional play a major role in formulating the proper strategy for dealing with a conflict or issue.

Organizational-level variables, however, are also important. Factors affecting the stance of an organization included top management support of public relations, public relations department communication competency, public relations representation in top management, top management’s frequency of external contact, the public relations department's perception of the external environment, department funding, and the organization's experience with the public. In other words, the values and attitudes
of top management (known as the dominant coalition) also has a great influence on how an organization responds to conflict and threats.

In fact, in a Public Relations Review article, Astrid Kersten, of LaRoche College in Pittsburgh, noted that an organization’s everyday culture and operations highly influence how the organization responds to conflict. She writes, “What appears to us as rational and real is determined by the organizational culture we exist within and the economic and political reality that structures that culture.” Conflict and crisis often reinforce organizational dysfunction. “In times of uncertainty and danger, the organization reverts to denial, ritual, and rigidity and invokes its own version of reality as a basic defense against external evidence or attack,” says Kersten.

The Contingency Continuum

The matrix, or list of possible variables, that influence an organization’s response are helpful in understanding inputs into the complex decision-making process. Depending on circumstances, the attitudes of top management, and the judgment of public relations professionals, such factors may move the organization toward or away from accommodation of a public.

The range of response can be shown on a continuum from pure advocacy to pure accommodation (see Figure 2.1). Pure advocacy might be described as a hard-nosed stance of completely disagreeing or refuting the arguments, claims, or threats of a competitor or a group concerned about an issue. Later in the chapter, for example, the conflict management of Pepsi is examined when it was claimed that used syringes were

Note: PR professionals will change stance as events and factors emerge as is indicated in the real life examples.

Contingency Continuum  This continuum from pure advocacy to pure accommodation forms the foundation for identifying the stance of an organization toward a given public at a given time. The diagram also illustrates how fast-moving public relations can be by showing how some organizations shift positions along the continuum as a conflict evolves.
found in cans of its product. In this case, Pepsi took the stance that such claims were a hoax and stood 100 percent behind its product, resisting suggestions that a product recall was needed.

The other extreme of the continuum is pure accommodation. In this case, the organization agrees with its critics, changes its policies, makes restitution, and even makes a full public apology for its actions. The example given in the chart is Mitsubishi Motors. After years of resistance and litigation, it capitulated and settled a class action suit regarding sexual harassment. Another good example of pure accommodation is Odwalla. After the company found that a problem in production caused food poisoning of customers, it immediately issued a product recall. Odwalla also offered to pay all medical expenses of the victims, and made a full apology to the public.

There are other stances along the continuum that an organization can take. Norfolk Southern railroad, for example, used litigation public relations to shift stockholder opinion concerning an offer to take over Conrail. The Catholic Church can be placed in the middle of the continuum, as various archdioceses finally moved from pure advocacy (denial of a problem) to cooperation and negotiation by making restitution to sex abuse victims. Another part of the continuum is compromise; KFC improved condition for chickens supplied to their stores as a result of complaints by the animal rights group PETA.

The key point about the continuum is that it identifies the stance of an organization toward a given public at a given time. It also shows the dynamism of strategic conflict management. In many cases, an organization will initially adopt a pure advocacy stance, but as the situation changes, new information comes to light, and public opinion shifts, the stance will change toward more accommodation. A variation of this continuum is also used to portray how organizations respond to a crisis situation, which is discussed on pages 44–53.

**The Conflict Management Life Cycle**

Much of what has been presented so far involves functions and processes for managing competition and conflict for one’s organization. The concept of assessing the degree of threat, and its potential harm to the organization, has been discussed. Threat appraisal requires extensive knowledge, experience, and expertise on the part of a public relations professional in order to make correct assessments that will help the organization correctly manage the situation.

The competence of the public relations professional and staff, for example, are significant factors in the matrix of variables that influence an organization’s stance on a particular issue. We have also seen that the values and attitudes of top management play a significant role. And finally, a chart was presented showing how an organization’s stance can be placed on a continuum from pure advocacy to pure accommodation.

Indeed, the true value and the highest professionalism requires that students today also embrace their roles as managers of competition and conflict. Outstanding and successful public relations professionals must serve as more than communication technicians carrying out the tactics of organizing events, writing news releases, handling news conferences, and pitching stories to journalists. They must also take on the responsibility within the organization for managing conflict and weathering inevitable crisis situations faced by all organizations at one time or another.

This conflict management process can be depicted as a life cycle for a problem or an issue that professionals must track. Figure 2.2 shows the conflict management life
cycle and includes numerous techniques that public relations people use to deal with conflict. Typically, events move through time from left to right along the life cycle. At the end of the cycle, persistent issues will require that the process begins all over again on the left side of the cycle.

The conflict management life cycle shows the “big picture” of how to manage a conflict. Strategic conflict management can be divided into four general phases, but bear in mind that the lines between the phases are not absolute and that some techniques overlap in actual practice. Furthermore, in the exciting world of public relations, busy practitioners may be actively managing different competitive situations as well as conflicts in each of the four phases simultaneously. To better understand the conflict management life cycle, each phase will be briefly explained.

**Proactive Phase**

The proactive phase includes activities and thought processes that can prevent a conflict from arising or from getting out of hand. The first step in the phase is environmental scanning—the constant reading, listening, and watching of current affairs with an eye toward the organization's interests. As issues emerge, issues tracking becomes more
focused and systematic through processes such as the daily clipping of news stories. Issues management occurs when the organization makes behavioral changes or creates strategic plans for ways to address emerging issues. In the proactive phase, well-run organizations also develop a general crisis plan as a first step in preparing for the worst—an issue or an event that escalates to crisis proportions.

**Strategic Phase**

In the strategic phase, an issue that has become an emerging conflict is identified as needing concerted action by the public relations professional. Three broad strategies are undertaken in this phase. Through risk communication, dangers or threats to people or organizations are conveyed to forestall personal injury, health problems, and environmental damage. This risk communication continues so long as the risk exists or until the risk escalates into a crisis. Conflict-positioning strategies enable the organization to position itself favorably in anticipation of actions such as litigation, boycott, adverse legislation, elections, or similar events that will play out in “the court of public opinion” (see the Insights box on Wal-Mart). To be prepared for the worst outcome—that is, an issue that resists risk communication efforts and becomes a conflict of crisis proportions—a specific crisis management plan is developed for that particular issue.

**Reactive Phase**

Once the issue or imminent conflict reaches a critical level of impact on the organization, the public relations professional must react to events as they unfold in the external communication environment.

Crisis communications includes the implementation of the crisis management plan as well as the hectic 24/7 efforts to meet the needs of publics such as disaster victims, employees, government officials, and the media. When conflict has emerged but is not careening out of control, conflict resolution techniques are used to bring a heated conflict, such as collapsed salary negotiations, to a favorable resolution. The public relations practitioner may employ strategies to assist negotiation or arbitration efforts to resolve conflict.

Often, the most intractable conflicts end up in the courts. Litigation public relations employs communication strategies and publicity efforts in support of legal actions or trials...
Litigation public relations involves managing communication during the course of any legal dispute so as to affect the outcome of litigation or the impact of the trial process on the overall reputation of a client. Because litigation is a serious matter, it is fair to say that litigation public relations—strategic communication advice to top management and its legal counsel—is actually a crisis management specialty. However, the stakes in litigation public relations go far beyond winning the case and minimizing financial costs because cases not only play out in courtrooms but also, in high-profile instances, play out as “trial by media” with significant consequences in the “court of public opinion.”

Clearly, litigation public relations has as much to do with reputation as with how the court case unfolds. Effectively managing the crisis that surrounds litigation will not only contain a crisis but also save a company’s good name.

According to Richard S. Levick, an expert in litigation public relations, the following 10 rules of litigation communication are essential guidelines for public relations professionals to safeguard the long-term corporate reputation, market positioning, and share price of clients in the midst of litigation-driven crisis:

1. Safe Harbor—“No comment” may be a fine legal strategy but it is usually a horrific media strategy, which concedes the entire public came to the opposing side.

2. Protect the Brand—You’re not in the legal defense business; you’re in the brand protection business. There’s no greater time to propel the value of the brand and no more vulnerable time.

3. Recognize the Problems—In 90 percent of high-profile cases the reporters call the lawyers first—before the lawyer informs the client that this may be a media issue. When reporters call, the story is already written.

4. The “Rule of Jobs”—Everyone has a job to do. The reporters job is to write an interesting story. Your job is to help them tell an interesting story. If you think that they are unfair, it may be because you are “no comment”-ing and you are not available. If you think reporters have a bias, they do. It’s not anticorporate—it’s anti-boring.

5. The Rule of ST—Lawyers confront big issues all the time. How do they know to anticipated something is newsworthy? If it ends in “ST”—firST, biggest, worst, best.

6. The Rule of Audiences—If you want to communicate, target your audiences. Think like your customer, not like a lawyer.

7. Perception Rules—Perception trumps reality 100 percent of the time. Lawyers think it’s all about facts—it’s about the perception.

8. Anticipate trends—If you track the media, you can anticipate what the media’s interest is going to be. To the media something occurring once is a fact; something occurring twice is a trend. Journalists are addicted to trends.

9. Total, Headline, Story—It’s the pictures, not the words that prevail. What is your picture, both literally and figuratively? People don’t read—they scan. What we see is far more powerful than what we hear.

10. The Rule of Thinking Differently—To take away for a lawyer is stare-decisum—“what’s come before, precedent.” For a journalist, “truth” is what they know by 4 p.m. You’ve got to play by their rules.

Poorly managed issues, imposing excessive risk to others, and callous responses to a crisis damage an organization’s reputation. When this damage is extreme, image restoration strategies can help, provided they include genuine change by the organization.

Managing the Life Cycle

Not only do public relations practitioners face the challenge of addressing different conflicts in different phases of the life cycle, no sooner do they deal with a conflict, then the process starts over again for that very same issue. Environmental scanning is resumed to ensure that the conflict does not reemerge as an issue. Although challenging, conflict management is not impossible. Systematic processes described in the next sections of this chapter provide guidance and structure for this highly rewarding role played by public relations professionals in managing competition and conflict. These four processes are (1) issues management, (2) risk communications, (3) crisis management, (4) and reputation management.

Issues Management

Identifying and dealing with issues early on is one of the more important functions during the proactive phase of the conflict management life cycle. The interaction of organizations with various elements of society has led to the emergence of issues management as an important part of effective public relations and strategic planning. Essentially, issues management is a proactive and systematic approach to (1) predicting problems, (2) anticipating threats, (3) minimizing surprises, (4) resolving issues, and (5) preventing crises. Martha Lauzen, a professor at San Diego State University, says that effective issues management requires two-way communications, formal environmental scanning, and active sense-making strategies.

Another definition of issues management has been formulated by Joseph Coates, and his colleagues in their book *Issues Management: How You Can Plan, Organize, and Manage for the Future*. They say, “Issues management is the organized activity of identifying emerging trends, concerns, or issues likely to affect an organization in the next few years and developing a wider and more positive range of organizational responses toward the future.”

The basic idea behind issues management is proactive planning. Writing in *Public Relations Review*, Philip Gaunt and Jeff Ollenburger say, “Issues management is proactive in that it tries to identify issues and influence decisions regarding them before they have a detrimental effect on a corporation.” Issues management involves assessment of an issue to determine its importance to an organization.

Gaunt and Ollenburger contrast the issues management approach with crisis management, which is essentially reactive in nature. They note, “Crisis management tends to be more reactive, dealing with an issue after it becomes public knowledge and affects the company.” In other words, active planning and prevention through issues management can often mean the difference between a noncrisis and a crisis, or, as one practitioner put it, the difference between little or no news coverage and a front page headline. This point is particularly relevant because studies have shown that the majority of organizational crises are self-inflicted, in that management ignored early warning signs. The issue of the exploitation of women and children in Third World factories by American companies, for example, simmered for several years before it finally broke into the headlines after a worker activist group publicly accused Nike of using “sweat-shop” labor to make its expensive and profitable athletic shoes and apparel.
Such revelations put the entire U.S. garment industry on the defensive. David Birenbaum, a consultant to the garment industry, wrote in the Wall Street Journal that the issue of using cheap Third World labor was not really new, but the public reaction to such practices was different. He wrote in an op-ed article, “What’s changed is that for the first time human rights concerns could become a major marketing issue. . . . More and more importers are now considering safety and other conditions in Asian factories. Few can afford not to, because all it takes is one disaster to damage a label’s reputation.” All of the publicity and public outrage, however, might have been avoided if the various clothing and athletic shoe manufacturers had paid attention to the concept of issues management.

Public relations counselors W. Howard Chase and Barrie L. Jones were among the first practitioners to specialize in issues management. They defined the process as consisting of five basic steps: (1) issue identification, (2) issue analysis, (3) strategy options, (4) an action plan, and (5) the evaluation of results. The following is an illustration of how these steps could have been implemented by the garment industry.

**Issue Identification.** Organizations should track the alternative press, mainstream media, online chat groups, and the newsletters of activist groups to learn what issues and concerns are being discussed. Of particular importance is establishing a trend line of coverage. Concern about the working conditions of women and children in the garment industry began showing up as an emerging issue several years before it became a major public issue.

**Issue Analysis.** Once an emerging issue has been identified, the next step is to assess its potential impact on and threat to the organization. Another consideration is to determine whether the organization is vulnerable on the issue. Are its policies exploitative? Is the company being ethical and socially responsible by turning a blind eye to violations of human rights in the interest of high profit margins? Can revelations about sweatshop conditions affect sales or damage a label’s reputation?

**Strategy Options.** If the company decides that the emerging issue is potentially damaging, the next step is to consider what to do about it. One option might be to set higher standards for foreign contractors seeking the company’s business. Another option: Work with human rights groups to monitor possible violations in foreign factories that produce the company’s products. A third option might be to establish a new policy that would ensure that Third World workers receive decent pay and health benefits. The pros and cons of each option are weighed against what is most practical and economical for the company.

**Action Plan.** Once a specific policy (stance) has been decided on, the fourth step is to communicate it to all interested publics. In the garment industry example, such publics could include consumers, the U.S. Department of Labor, labor unions and worker activist groups, company employees, and the financial community. This step could involve using the new policy as a marketing tool among consumers who make buying decisions based on a company’s level of social responsibility.

**Evaluation.** With the new policy in place and communicated, the final step is to evaluate the results. Has news coverage been positive? Have activist groups called off product boycotts? Have the working conditions for women and children in the factories improved? Is the company being positioned as an industry leader? Have public perceptions of the company and the industry improved? If the company has acted soon enough, perhaps the greatest measurement of success is avoiding the media coverage that occurs when a problem becomes a crisis.
Issues and situations can be managed or even forestalled by public relations professionals before they become crises, or before their conflictual nature leads to significant losses for the organization, such as a diminished reputation, alienation of key stakeholders, and financial damage to the organization.

**Strategic Positioning and Risk Communication**

Following upon issues management is strategic positioning. Any verbal or written exchange that attempts to communicate information that positions the organization favorably regarding competition or an anticipated conflict is called strategic positioning. Ideally, the public relations professional communicates in a way that not only positions the organization favorably in the face of competition and imminent conflict but also favorably influences the actual behavior of the organization. For example, facing enormous financial losses and the need to lay off thousands of employees, General Motors announced that it was freezing executive salaries. Doing so reduced the level of criticism of employee layoffs that followed.

Often, public relations professionals can engage in communication that reduce risks for affected publics and for their employers. Communicating risks to public health and safety and the environment is a particularly important role for public relations professionals. (See Chapter 13 for more on health communication as an important risk communication field in public relations.) Such risks may occur naturally, such as beach undertows and riptides that require warning signs and flyers in hotel rooms. Or, the risk may be associated with a product, such as an air bag or a lawn mower.

Organizations, including large corporations, increasingly engage in risk communication to inform the public of risks, such as those associated with food products, chemical spills, radioactive waste disposal, or the placement of drug abuse treatment centers or halfway houses in neighborhoods. These issues deserve public notice in fairness to the general populace. In addition, expensive lawsuits, restrictive legislation, consumer boycotts, and public debate may also result if organizations fail to disclose potential hazards. As is often the case, doing the right thing in conflict management is also the least disruptive in the long run.

An example of somewhat unsuccessful risk communication was the 2003 “mad cow scare” in Canada. Despite assurances by Canadian health officials and the beef industry that the fatal disease posed an “extremely small” risk to consumers, many countries stopped buying Canadian beef, severely damaging the Canadian cattle industry and driving up beef prices worldwide. In contrast, Jeff Zucker of Burson-Marsteller points out that U.S. cattlemen have worked for years to get the message out that U.S. beef is the safest in the world. Thus, the discovery of a possibly infected cow in Washington State did not result in dire consequences for U.S. producers. Effective risk communication can minimize adverse effects on publics, and it can also reduce risks to the organization itself such as lawsuits, of damaged employee morale, and diminished reputation. When risk communication fails, however, an organization often faces a crisis.

**Variables Affecting Risk Perceptions.**

RISK communication researchers have identified several variables that affect public perceptions:

- Risks voluntarily taken tend to be accepted. Smokers have more control over their health situation, for example, than airline passengers do over their safety.
The more complex a situation, the higher the perception of risk. Dangers associated with disposal of radioactive waste is more difficult to understand than the dangers of cigarette smoking.

Familiarity breeds confidence. If the public understands a problem and its factors, it perceives less risk.

Perception of risk increases when the messages of experts conflict.

The severity of consequences affects risk perceptions. There is a difference between having a stomachache and getting cancer.

Suzanne Zoda, writing on risk communication in *Communication World*, gives the following suggestions to communicators:

- Begin early and initiate a dialogue with publics that might be affected. Do not wait until the opposition marshals its forces. Early contact with anyone who may be concerned or affected is vital to establishing trust.
- Actively solicit and identify people’s concerns. Informal discussions, surveys, interviews, and focus groups are effective in evaluating issues and identifying outrage factors.
- Recognize the public as a legitimate partner in the process. Engage interested groups in two-way communication and involve key opinion leaders.
- Address issues of concern, even if they do not directly pertain to the situation.
- Anticipate and prepare for hostility. To defuse a situation, use a conflict resolution approach. Identify areas of agreement and work toward common ground.
- Understand the needs of the news media. Provide accurate, timely information and respond promptly to requests.
- Always be honest, even when it hurts.

**Crisis Management**

In public relations, high-profile events such as accidents, terrorist attacks, disease pandemics, and natural disasters can dwarf even the best strategic positioning and risk management strategies. This is when crisis management takes over. The conflict management process, which includes ongoing issues management and risk communication efforts, is severely tested during crisis situations in which a high degree of uncertainty exists. Unfortunately, even the most thoughtfully designed conflict management process cannot prepare an organization to deal with certain crises, such as planes flying into the World Trade Center. And sometimes, in spite of risk communication to prevent an issue from becoming a major problem, that issue will grow into a crisis right before a professional’s eyes. At such times, verifiable information about what is happening or has happened may be lacking.

Uncertainty causes people to become more active seekers of information and, as research suggests, more dependent on the media for information to satisfy the human desire for closure. A crisis situation, in other words, puts a great deal of pressure on organizations to respond with complete and accurate information as quickly as possible. How an organization responds in the first 24 hours, experts say, often determines whether the situation remains an “incident” or becomes a full-blown crisis.

**What Is a Crisis?** Kathleen Fearn-Banks, in her book *Crisis Communications: A Casebook Approach*, defines a crisis as a “major occurrence with a potentially negative outcome affecting the organization, company, or industry, as well as its publics, products,
services, or good name.” In other words, an organizational crisis can constitute any number of situations. A *PRWeek* article includes “a product recall; a plane crash; a very public sexual harassment suit; a gunman holding hostages in your office; an E. coli bacteria contamination scare; a market crash, along with the worth of your company stock; a labor union strike; [and] a hospital malpractice suit” in a list of crisis scenarios.

Nor are crises always unexpected. One study by the Institute for Crisis Management found that only 14 percent of business crises were unexpected. The remaining 86 percent were what the institute called “smoldering crises,” in which an organization was aware of a potential business disruption long before the public found out about it. The study also found that management—or in some cases, mismanagement—caused 78 percent of the crises.

“Most organizations have a crisis plan to deal with sudden crises, like accidents,” says Robert B. Irvine, president of the institute, “However, our data indicates many businesses are denying or ducking serious problems that eventually will ignite and cost them millions of dollars and lost management time.” With proper issues management and conflict planning, perhaps many smoldering crises could be prevented from bursting into flames.

**A Lack of Crisis Planning.** Echoing Irvine’s thought, another study by Steven Fink found that 89 percent of the chief executive officers of Fortune 500 companies reported that a business crisis was almost inevitable; however, 50 percent admitted that they did not have a crisis management plan. This situation has prompted crisis consultant Kenneth Myers to write, “If economics is the dismal science, then contingency planning is the abysmal science.” As academics Donald Chisholm and Martin Landry have noted, “When people believe that because nothing has gone wrong, nothing will go wrong, they court disaster. There is noise in every system and every design. If this fact is ignored, nature soon reminds us of our folly.”

Many smoldering crises could be prevented if professionals had used more environmental scanning and issues management, leading to the development of a strategic management plan. Instead, issues are left to fester and ultimately ignite in national headlines. This nearsighted performance can be reduced by public relations professors adopting the conflict life cycle in training the next generation of students. Professionals who are keenly aware of the progression that an issue can take will do a better job of forestalling catastrophe for their organization.

**How to Communicate During a Crisis.**

Many professionals offer advice on what to do during a crisis. Here’s a compilation of good suggestions:

> Put the public first.
> Take responsibility. An organization should take responsibility for solving the problem.
> Be honest. Don’t obscure facts and try to mislead the public.
> Never say, “No comment.” A Porter Novelli survey found that nearly two-thirds of the public feel that “no comment” almost always means that the organization is guilty of wrongdoing.
> Designate a single spokesperson.
> Set up a central information center.
> Provide a constant flow of information. When information is withheld, the cover-up becomes the story.
> Be familiar with media needs and deadlines.
How Various Organizations Respond to Crises.

The list just presented offers sound, practical advice, but recent research has shown that organizations don't all respond to crises in the same way. Indeed, W. Timothy Coombs postulates that an organization's response may vary on a continuum from defensive to accommodative. Here is a list of crisis communication strategies that an organization may use:

- **Attack the Accuser**—The party that claims a crisis exists is confronted and its logic and facts are faulted; sometimes the organization threatens a lawsuit.
- **Denial**—The organization explains that there is no crisis.
- **Excuse**—The organization minimizes its responsibility for the crisis by denying any intention to do harm and saying that it had no control over the events that led to the crisis. This strategy is often used when there is a natural disaster or product tampering.
- **Justification**—The crisis is minimized with a statement that no serious damage or injuries resulted. Sometimes, the blame is shifted to the victims, as was the case in the Firestone recall. This is often done when a consumer misuses a product or when there is an industrial accident.
- **Ingratiation**—The organization acts to appease the publics involved. Consumers who complain are given coupons or the organization makes a donation to a charitable organization. Burlington Industries, for example, gave a large donation to the Humane Society after the discovery that it had imported coats from China with fur collars containing dog fur instead of "coyote" fur.
- **Corrective Action**—The organization takes steps to repair the damage from the crisis and to prevent it from happening again.
- **Full Apology**—The organization takes responsibility and asks forgiveness. Some compensation of money or aid is often included.

The Coombs typology gives options for crisis communication management depending on the situation and the stance taken by the organization. He notes that organizations do have to consider more accommodative strategies (ingratiation, corrective action, full apology) if defensive strategies (attack accuser, denial, excuse) are not effective. The more accommodative strategies not only meet immediate crisis communication demands but also can help to subsequently repair an organization's reputation and or restore previous sales levels. He says, "Accommodative strategies emphasize image repair, which is what is needed as image damage worsens. Defensive strategies, such as denial or minimizing, logically become less effective as organizations are viewed as more responsible for the crisis."

Often, however, an organization doesn't adopt an accommodative strategy because of corporate culture and other constraints included in the contingency theory of conflict management matrix. Organizations do not, and sometimes cannot, engage in two-way communication and accommodative strategies when confronted with a crisis or conflict with a given public. Six variables proscribing accommodation, according to Cameron, include: (1) management's moral conviction that the public is wrong; (2) moral neutrality when two contending publics want the organization to take sides on a policy issue; (3) legal constraints; (4) regulatory constraints such as the Federal Trade Commission or the Securities and Exchange Commission; (5) prohibition by
senior management against an accommodative stance; and (6) possible conflict between departments of the organization over what strategies to adopt.

In some cases, the contingency theory contends that the ideal of mutual understanding and accommodation doesn’t occur because both sides have staked out highly rigid positions and are not willing to compromise their strong moral positions. For example, it is unlikely that the pro-life and pro-choice forces will ever achieve mutual understanding and accommodation. Taking an inflexible stance, however, can be a foolish strategy and a sign of unprofessionalism. At other times, conflict is a natural state between competing interests, such as oil interests seeking to open Alaskan wildlife refuges to oil exploration and environmental groups seeking to block that exploration. Frequently, one’s stance and strategies for conflict management entail assessment and balancing of many factors.

How Some Organizations Have Handled Crises. The crisis communication strategies outlined by Coombs are useful in evaluating how an organization handles a crisis. Intel, for example, first denied in 1994 that there was a problem with its new Pentium chip. As the crisis deepened and was covered in the mainstream press, Intel tried the strategy of justification by saying that the problem wasn’t serious enough to warrant replacing the chips. It minimized the concerns of end users such as engineers and computer programmers. Only after considerable damage had been done to Intel’s reputation and IBM had suspended orders for the chip did Intel take corrective action to replace the chips, and Andy Grove, Intel’s president, issue a full apology.

Exxon is still highly identified with the major oil spill that occurred in Prince William Sound, Alaska, in 1989. The company chose a defensive strategy when one of its ships, the Exxon Valdez, hit a reef in 1989 and spilled nearly 240,000 barrels of oil into a pristine environment. The disaster, one of history’s worst environmental accidents, was badly mismanaged from the beginning.

Exxon management started its crisis communication strategy by making excuses. Management claimed that Exxon, as a corporation, wasn’t at fault because (1) the weather wasn’t ideal, (2) the charts provided by the U.S. Coast Guard were out-of-date, and (3) the captain of the ship was derelict in his duties by drinking while on duty. As cleanup efforts began, Exxon also tried to shift the blame by maintaining that government bureaucracy and prohibitions against the use of certain chemicals hampered the company’s efforts.

Exxon also used the strategy of justification to minimize the damage, saying that environmentalists in the government were exaggerating the ill effects of the spill on bird and animal life. Meanwhile, negative press coverage was intense, and public outrage continued to rise. William J. Small of Fordham University, who researched the press coverage, wrote, “Probably no other company ever got a more damaging portrayal in the mass media.” More than 18,000 customers tore up their Exxon credit cards, late-night talk show hosts ridiculed the company, and congressional committees started hearings. Exxon dropped from 8th to 110th on Fortune’s list of most-admired companies.

Exxon’s response to all of these developments was somewhat ineffective. It did try the strategy of ingratiation by running full-page advertisements stating that the company was sorry for the oil spill—but did not take responsibility for it. Instead of calming the storm, that approach only further enraged the public. Exxon also took corrective action and cleaned up the oil spill, spending about $3 billion on its efforts. The company received little credit for this action, however, because most of the public believed it was done only under government pressure. And by the time the cleanup was finished, public attitudes about Exxon had already been formed.

It is important to note, however, that not all successful crisis communication
strategies need to be accommodative. Pepsi-Cola was able to mount an effective defensive crisis communication strategy and avoid a recall when a hoax of nationwide proportions created an intense but short-lived crisis for the soft-drink company.

The crisis began when the media reported that a man in Tacoma, Washington, claimed that he had found a syringe inside a can of Diet Pepsi. As the news spread, men and women across the country made similar claims of finding a broken sewing needle, a screw, a bullet, and even a narcotics vial in their Pepsi cans. As a consequence, demands for a recall of all Pepsi products arose, an action that would have had major economic consequences for the company.

Company officials were confident that insertion of foreign objects into cans on high-speed, closely controlled bottling lines was virtually impossible, so they chose to defend their product. The urgent problem, then, was to convince the public that the product was safe, and that any foreign objects found had been inserted after the cans had been opened.

Pepsi officials and their public relations staff employed several strategies. One approach was to attack the accuser. Company officials said the foreign objects probably got into the cans after they were opened, and even explained that many people make such claims just to collect compensation from the company. The company also announced that it would pursue legal action against anyone making false claims about the integrity of the company's products.

Pepsi also adopted the strategy of denial, saying that there was no crisis. Pepsi president Craig E. Weatherup immediately made appearances on national television programs and gave newspaper interviews to state the company's case that its bottling lines were secure. Helping to convince the public was U.S. Food and Drug Administration Commissioner David Kessler, who said that a recall was not necessary.

These quick actions deflated the public's concern, and polls showed considerable acceptance of Pepsi's contention that the problem was a hoax. A week after the scare began, Pepsi ran full-page advertisements with the headline, "Pepsi is pleased to announce. . . Nothing." It stated, "As America now knows, those stories about Diet Pepsi were a hoax. . . ."

These varied cases illustrate one emphasis of contingency theory: No single crisis communication strategy is appropriate for all situations. Therefore, as Coombs indicates, "It is only by understanding the crisis situation that the crisis manager can select the appropriate response for the crisis."

The PR Casebook for this chapter discusses how two corporations faced a major public relations crisis in 2000.

**Reputation Management**

Reputation is defined as the collective representation of an organization’s past performance that describes the firm's ability to deliver valued outcomes to multiple stakeholders. Put in plain terms, reputation is the track record of an organization in the public's mind.

Public relations scholar Lisa Lyon makes the point that reputation, unlike corporate image, is owned by the public. Reputation isn't formed by packaging or slogans. A good reputation is created and destroyed by everything an organization does, from the way it manages employees to the way it handles conflicts with outside constituents.

**The Three Foundations of Reputation.** Reputation scholars offer three foundations of reputation: (1) economic performance, (2) social responsiveness, and (3) the ability to deliver valuable outcomes to stakeholders. Public relations plays a role
in all three foundations of reputation, but professionals who manage conflict effectively will especially enhance the latter two. The social responsiveness of an organization results from careful issue tracking and effective positioning of the organization. It is further enhanced when risk communication is compelling and persuasive. The ability to make valuable contributions to stakeholders who depend on the organization results in part from fending off threats to the organization that would impair its mission.

Research techniques called *reputation audits* can be used to assess and monitor an organization’s reputation. These can be as basic as *Fortune* magazine’s list of “Most Admired Companies” (www.cnn.com/magazines/fortune/mostadmired/2007/index.html) to rigorous global reputation measures, such as the Reputation Quotient offered by the Reputation Institute (www.reputationinstitute.com) in conjunction with Harris Interactive. Of particular interest to public relations professionals is the Media Reputation Index (MRI), which measures the effects of media coverage on corporate reputations. Working with Delahaye Medialink, the project documents the important role of media in reputation management. This relationship is depicted in Figure 2.3.

In addition to tracking and dealing proactively with issues, conveying risks to publics, and managing crises as they arise, public relations practitioners also will be faced with the need to apologize at those times when all efforts to manage conflict have fallen short. The future trust and credibility of the organization are at stake in how well this recovery phase of conflict management is handled.

The frequent platitude in postcrisis communication is that practitioners should acknowledge failings, apologize, and then put the events in the past as quickly as possible. However, Lyon has found that apology is not always effective because of the hypocrisy factor. When an organization has a questionable track record (i.e., a bad reputation), the apology may be viewed as insincere and hypocritical. Coombs suggests a relational approach, which assumes that crises are episodes within a larger stakeholder–organizational relationship. Applying the contingency theory, considering
how stakeholders perceive the situation can help communicators determine which strategy is best to rebuild the stakeholder–organization relationship and restore the organization’s reputation.

**Image Restoration.** Reputation repair and maintenance is a long-term process, but one of the first steps in the process is the final one in the conflict management life cycle discussed earlier in this chapter. Professor William Benoit of the University of Missouri offers five general strategies for image restoration and a number of sub-strategies, adding to the options available to the public relations professional that can be used when the worst of a crisis has passed:

1. **Denial**
   - *Simple Denial*—Your organization did not do what it is accused of.
   - *Shift the Blame*—Someone else did it.

2. **Evade Responsibility**
   - *Provocation*—Your organization was provoked.
   - *Defeasibility*—Your organization was unable to avoid its actions.
   - *Accident*—The bad events were an accident.
   - *Good intentions*—Good intentions went awry.

3. **Reduce Offensiveness**
   - *Bolstering*—Refer to the organization’s clean record and good reputation.
   - *Minimization*—Reduce the magnitude of negative feelings.
   - *Differentiation*—Distinguish the act from other similar, but more offensive, acts
   - *Transcendence*—Justify the act by placing it in a more favorable context.
   - *Attack the Accuser*—Reduce the credibility of the accusations.
   - *Compensation*—Reduce the perceived severity of the injury.

4. **Corrective Action**—Ensure the prevention or correction of the action.

5. **Mortification**—Offer a profuse apology.

Benoit’s typology for image restoration is somewhat similar to the Coombs list on page 51 about how organizations should respond to a crisis. Both scholars outline a response continuum from defensive (denial and evasion) to accommodative (corrective action and apology).

The image restoration strategy that an organization chooses depends a great deal on the situation, or what has already been described as the “it depends” concept. If an organization is truly innocent, a simple denial is a good strategy. However, not many situations are that clean-cut. Consequently, a more common strategy is acknowledging the issue, but making it clear that the situation was an accident or the result of a decision with unintentional consequences. Benoit calls this the strategy of “evading” responsibility.

Another way of restoring an organization’s reputation is reducing offensiveness. Benoit lists six response strategies – all the way from “bolstering” by telling the public about the organization’s good record to “compensation” for the victims. Ultimately, the most accommodative response is a profuse apology by the organization to the public and its various stakeholders.

The Benoit and Coombs continuums give a tool chest of possible strategies for dealing with a crisis or beginning image restoration, but it should be noted that a strategy or combination of strategies may not necessarily restore reputation. A great deal depends on the perceptions of the public and other stakeholders. Do they find the explanation credible? Do they believe the organization is telling the truth? Do they
Managing Reputation Through Crises: A Tale of Two Crashes

How does an organization, with an excellent record of global service and safety, but beset by two high-profile crises, rebuild its image and bounce back into public acceptance, approval, and favor?

The organization in question was Singapore Airlines, one of the top airlines in the world and what Fortune magazine described as Asia’s most admired organization. Singapore Airlines’ unblemished 27-year track record was shattered one afternoon on December 19, 1997, when a Boeing 737 jet belonging to its subsidiary, SilkAir, mysteriously crashed in Palembang, Indonesia. All 104 passengers and crew on MI 185 perished. While the cause of the crash remains unsolved, what became evident was the airline’s apparent businesslike and emotionally cold crisis communication efforts to its different publics, particularly the families of the deceased. A negative impression was conveyed to anyone with an interest in the first-ever disaster involving a Singapore aircraft. The accusations included:

- The airline’s less accommodative stance in addressing speculations involving the cause of the crash
- The possibility of pilot suicide
- Its legalistic approach to awarding compensation to families
- Its failure to keep the families informed of the progress of the investigations

Though Singapore Airlines became increasingly more generous in meeting the practical needs of the families, in trying to repair its image by being more accommodative through corrective action to revise compensation figures, and in releasing up-to-date investigation findings, the damage had already been done.

By a cruel twist of fate, even before the airline could recover fully from this tragedy, a second disaster followed. On October 30, 2000, at Chiang Kai-shek International Airport in Taipei, Taiwan, one of its Boeing 747 aircraft crashed into a crane on the runway, killing 83 passengers and crew. The plane was later found to have taxied onto the wrong runway. Instead, it promised corrective action that such accidents did not happen again. When an enraged relative barged into the middle of a televised press conference demanding answers, the Company’s vice president for public affairs, who was chairing the conference, allowed him to vent his frustrations instead of asking the guards to remove him. After the emotionally exhausted man had calmed down, the PR chief went up to him, gave him a hug, and said, “I’m very sorry.”

The decisiveness, compassion, and expeditiousness with which the second crisis was handled attracted widespread accolades. The Geneva-based International Air Transport Association (IATA) lauded the airlines’ management of the crisis as “nothing short of outstanding.” Members of the public wrote to the press singing its praises, particularly the humility and humanity its CEO and public affairs chief displayed. At least three newspaper editorials lauded the airline’s crisis communications. In a commentary, China Press hailed Singapore Airlines’ efforts as “very important and yet quite rare for an airline to display this quality.”

think the organization is acting in the public interest? In many cases, an organization may start out with a defensive strategy only to find that the situation ultimately demands corrective action or an apology in order to restore its reputation.

Déjà Vu—All Over Again

Empirical evidence from Benoit’s work is ongoing, but it appears that image restoration can be an effective final stage in the conflict management process. But, to paraphrase Yogi Berra, conflict management is like déjà vu all over again. The best organizations, led by the best public relations professionals, will strive to improve performance by starting once again along the left side of the conflict management life cycle (Figure 2.2) with tasks such as environmental scanning and issues tracking. Issues that are deemed important receive attention for crisis planning and risk communication. When preventive measures fail, the crisis must be handled with the best interests of all parties held in a delicate balance. Then reputation must be given due attention. At all times, the goal is to change organizational behavior in ways that minimize damaging conflict, not only for the sake of the organization, but also for its many stakeholders.

PR CASEBOOK

Firestone versus Ford: An Epic Public Relations Battle

The reputation and credibility of a major corporation can be seriously damaged if it doesn’t take the proper corrective action and public relations steps to solve a conflict with its customers, the public and even government regulators. Firestone/Bridgestone and Ford Motor Company learned this lesson the hard way.

Firestone had to recall 6.5 million of its tires after the National Highway Traffic Safety Administration (NHTSA) began investigating reports that 46 deaths and more than 300 accidents were linked to its tires. Later, it was determined that the number of deaths was actually 148, with an additional 525 individuals injured. Of the tires recalled, more than 60 percent were used on Ford vehicles, primarily the Explorer.

Firestone’s announcement followed basic public relations concepts. The company said that it was working closely with regulatory agencies, apologized for the lack of information in previous weeks before the recall, and made assurances that “nothing is more important to us than the safety of our customers.” Ford, in the meantime, announced a separate public relations and advertising campaign notifying customers about possible tire problems with the Ford Explorer, but assuring them that the vehicles were completely safe.

Critics, including congressional investigators, challenged both Firestone’s and Ford’s assertions that they were doing everything possible to ensure the safety of their customers. Ford, for example, continued to use Firestone tires on their vehicles, even though evidence suggested that Ford knew the tires were subject to blowouts on vehicles that already had a reputation for instability and rolling over.

Firestone was also criticized for the way it handled the public relations element of the recall. Paul Hicks, head of corporate practice at Ogilvy Public Relations, said, “I have yet to see a senior officer from the parent company quoted in any fashion. It’s a grievous error in strategy that will cost them millions, if not hundreds of millions in the long run.”

In addition, Firestone committed another public relations blunder before the voluntary recall because it tried to blame the consumer. Company spokespersons said the tires shredded or peeled because consumers didn’t maintain proper inflation and drove on poor roads. As Paul Holmes of Inside PR pointed out, “By blaming the consumers, the company appeared to be shirking its own responsibility for the problem.”

Although Firestone seemed to come across as highly defensive, Ford decided on a more proactive public relations strategy. In addition to using Ford’s CEO as a major spokesperson on the crisis, about 30 members of the company’s internal public relations staff worked on the automaker’s crisis team. Ford PR chief Jason Vines was widely quoted, and Ford
announced that new purchasers of Ford Explorers could choose any brand of tire they wanted.

The stakes for both Firestone and Ford were extremely high. Both companies saw a decline in sales of its products, and stock prices plunged as a result of both companies spending almost $1.3 billion on the recall. Bridgestone shareholders saw two-thirds of their stock value vanish practically overnight, whereas Ford experienced a $4 billion loss in shareholder value. Both companies were highly vulnerable to multiple lawsuits, requiring assertive litigation public relations. It was important to wage defense in the court of public opinion, which did have some impact on the number of lawsuits filed and the predisposition of juries to award large damages.

Ford's public relations strategy was relatively simple with a stance definitely based in advocacy rather than accommodation. The company understood that it was necessary to allay customer's concerns as well as those of congressional investigators, so the legal department's intent to paint Firestone as the responsible party was highly supported. Firestone took major exception to Ford projecting itself as the "good guy." The stage was set for an epic public relations battle for the hearts and minds of the American consumer.

Firestone used reports, surveys, and statistics to make the case that Ford had known for several years that the Explorer was unstable and subject to rollover in the case of a tire blowout, failing to recognize the issue and to minimize risk to customers. Ford countered by trotting out internal memos from Firestone about the failure rate of its tires and noting that the company had opposed Ford's recall of Explorers with Firestone tires in other nations. Firestone raised the ante by announcing at a news conference that it would no longer do business with the automaker.

Ford then announced that it would spend about $3 billion of its own money to replace Firestone tires on its Explorer model. It again blamed Firestone for any problems, but it had its own public relations problems in trying to explain new design changes in the Explorer without admitting that the older models were unsafe.

Public relations experts thought the "finger-pointing" and the "blame game" were not effective strategies for either company. Unfortunately, adversarial stances predictably escalate conflict, often hardening the position of each side. One public relations veteran said, "This is a no-win for both sides. The more they fight, the more uncertain the public becomes." Indeed, one opinion poll indicated that Firestone had made some headway in eroding consumer confidence in Ford, but its own corporate reputation and consumer confidence continued to be at an all-time low.

Both Firestone and Ford, several years after the tire recall, have yet to regain the level of consumer confidence they had before what one newspaper called "one of the biggest and deadliest auto safety problems in U.S. history."

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Summary

A New Way of Thinking
By defining public relations as strategic management of competition and conflict, a fresh and vigorous approach to public relations is envisioned. Public relations is positioned to earn influence within organizations by focusing on achieving objectives.

Contingency Theory of Conflict Management
Some of the most crucial roles played by public relations professionals involve the strategic management of conflict. The contingency theory argues for a dynamic and multifaceted approach to dealing with conflict in the field.
Life Cycle of Conflict Management
Strategic conflict management can be broadly divided into four phases with specific techniques and functions falling into each phase. The life cycle emphasizes that conflict management is ongoing and cyclical in nature.

Issues Management
Issues management is a proactive and systematic approach to predicting problems, anticipating threats, minimizing surprises, resolving issues, and preventing crises. The five steps in the issues management process are issue identification, issue analysis, strategy options, an action plan, and the evaluation of results.

Risk Communication
Risk communication attempts to convey information regarding risks to public health and safety and the environment. It involves more than the dissemination of accurate information. The communicator must begin early, identify and address the public’s concerns, recognize the public as a legitimate partner, anticipate hostility, respond to the needs of the news media, and always be honest.

Crisis Communication
The communications process is severely tested in crisis situations, which can take many forms. A common problem is the lack of crisis management plans even when a smoldering crisis is building. Organizations’ responses vary from defensive to accommodative. Corporate culture and other constraints prevent adoption of an appropriate strategy.

Reputation Management
One of an organization’s most valuable assets is its reputation. This asset is impacted by how the organization deals with conflict, particularly those crises that generate significant media attention. Using research to monitor reputation and making realistic responses after crises have passed can minimize damage to an organization’s reputation. More importantly, returning to the proactive phase of conflict management to improve organizational performance will ultimately improve reputation.

CASE ACTIVITY >>
What Would You Do?
Managing Conflict
Many businesses never recovered from the wrath of Hurricane Katrina, but Oreck Corporation was an exception. It gained the gratitude of its employees and townspersons in Long Beach, Mississippi, by reopening its storm-damaged plant 10 days after the storm. Sixteen months later, however, the manufacturer of vacuum cleaners stunned the community and state officials by announcing that it was closing the plant and moving its operations to Tennessee.

In making the announcement, company executives said they could no longer get enough insurance to cover the plant and could not hire enough skilled workers to replace those who never returned after the storm, primarily because they had nowhere to live. The decision was criticized by the local newspaper and government officials, including Senator Trent Lott, also blasted the company for abandoning the city. In addition, the employees expressed anger at the company and expressed concern about finding new employment. Obviously, the affected publics want Oreck to reconsider its decision.

The decision to relocate has definitely created a conflict situation for the company and its public relations department. The company, at present, is taking a stance of advocacy (see the contingency continuum on page 41). As you review the continuum, how would you evaluate the company’s stance? Should the company move to a more accommodative stance or not? From the standpoint of reputation management (see the conflict management life cycle on page 43), is there anything the company could do to restore its image or appease the affected publics?
Questions for Review and Discussion

1. Do you accept the proposition that conflict management is one of the most important functions of public relations? Why or why not?

2. What are the five steps in the issues management process?

3. How can effective issues management prevent organizational crises?

4. Do you think Wal-Mart's offer of $4 generic drugs was an effective conflict positioning strategy? Why or why not? In general, do you think these "olive branches" have any real impact in the "court of public opinion."

5. Both Exxon and Pepsi used defensive crisis communication strategies. However, one succeeded and the other failed. What factors do you think made the difference?

6. What is risk communication?

7. How would you use the contingency theory of conflict management (the continuum from accommodation to advocacy) in advising management on a rising conflict situation?

8. Do you think that image restoration is merely a superficial fix or a substantive solution to adverse events? Support your view with some examples from current news stories.

9. Why would lawyers benefit from working closely with public relations counsel? For litigation? For dispute resolution through effective negotiation?

10. Do you think it is ethical for legal counsel to be assisted by public relations expertise?

Suggested Readings


