

## Twenty Years after Tylenol

This week marks the twentieth anniversary of a landmark corporate crisis that was handled so well it became the standard for crisis management.

During a three-day period beginning on September 29, 1982, seven people in the Chicago area died shortly after taking Extra-Strength Tylenol capsules that had been laced with cyanide. The poisonings set off a nationwide panic and generated international media attention. Some experts predicted that the Tylenol brand – and even Johnson & Johnson, which owns it – would not survive.

But survive they did. Today, Tylenol remains a trusted, popular aspirin substitute. And since *Fortune* magazine began compiling its list of America's Most Admired Companies twenty years ago, Johnson & Johnson has landed in the top ten nine times.

Two decades after Johnson & Johnson's skillful handling of its product tampering crucible, much about crisis management has changed. Here are some of the changes every potential crisis manager should know about:

**Today's crises are different.** No longer are most of them the result of sudden events such as fires or explosions. Instead, crises develop over time. According to the Institute for Crisis Management, smoldering problems such as employment discrimination, sexual harassment and financial mismanagement now account for three-fourths of all organizational crises. And some 90 percent of them are caused by people inside the organization – with management the culprit 75 percent of the time, employees a mere 15 percent.

The good news is that most people-caused crises send out early-warning signals, and can be prevented. A financial analyst, an outside auditor, and at least two insiders warned top Enron executives of improprieties within the company – in one instance, nearly three years before Enron's collapse.

As your company regularly conducts its "SWOT" analysis (assessing its strengths, weaknesses, opportunities, threats), be sure your threat assessment considers more than competitors and product obsolescence. Identify a wide range of potential problems – especially personnel problems such as fraud, insider trading and workplace violence. Look beyond problems you've experienced in the past, or crises that are endemic to your industry.

The court of public opinion has a million more data points. Never before has so much information (or misinformation) been so readily available. Anyone can create a Web site and become an instant "expert." Be sure your firm has a permanent, ongoing function whose job is to monitor what's being said about you on the street and on the Net.

Create a corporate culture that encourages employees to spot and report the early-warning signs of a crisis, and then reward them when they do. Public companies should consider reacquainting shareholders (especially employee shareholders) with one very important role of the audit committee of the board of directors: investigating reports of illegal or unethical activity within the corporation.

**The media have changed.** Yes, they still thrive on a crisis – only more so. One reason is a shift in the media’s primary mission from serving the public interest to delivering profits. Back in the 1960s, CBS head William Paley told his journalists, “You guys cover the news; I’ve got Jack Benny to make money for me.” Well, news is big business today, and it can make big profits. You can count on several things when the media cover your crisis:

- Aggressive use of technology: helicopters, stabilized zoom lenses, high-end graphics, music, quick edits, unusual camera angles.
- News delivered as theatre, often with journalists serving as celebrities. (Remember, your crisis is a reporter’s resume-building opportunity.)
- Live coverage: satellite technology has made it possible from just about anywhere. Even the print media can “go live” via the Internet. Today’s news cycle is 24 hours, and TV makes frequent use of “cut-ins” (interrupting programming for breaking news) and “crawls” (running information across the screen). It used to be that a company facing a major crisis had roughly 60-90 minutes to prepare to meet the press; today it has about 15 minutes. People expect – and get – instant news; they expect an instant response from a corporate spokesperson.
- More contact with junior-level journalists: growth in traditional and new media outlets along with economic pressures on news organizations means less experienced reporters make it to the big leagues earlier.
- Shrinking soundbites: When John F. Kennedy ran for president, he could expect to be heard on the evening news for 45 uninterrupted seconds. In the last presidential election, George W. Bush was lucky to get seven seconds. Today, broadcast and print journalists alike will tell you they prefer 6-15-second answers to their questions.

**Trust in corporate America has eroded.** This will make it more difficult for you to get to that all-important recovery stage of a crisis. At one time, corporations under siege could draw upon the reservoir of good will they built up through jobs they created or contributions they made to charities, education and the arts. You can no longer buy the public’s trust or support. In today’s climate, even the victim in a crisis sometimes becomes the villain.

You earn trust by telling the truth, telling it all, and telling it quickly. One of the most dramatic changes in corporate crisis communications during the past 20 years has been the shift from refusing comment, to commenting only if asked, to initiating comment. Forward-thinking organizations know the value of being the first to release their bad news.

You communicate trust by putting a human face on your organization. Issuing a press release is preferable to saying nothing, but having a real person talking on camera means you are willing to be judged for trustworthiness.

You enhance trust by expressing empathy.

**Neglect can lead to litigation.** Some years ago, chemical companies learned a valuable lesson. Whenever they had an accident with off-site impact, invariably they would be sued. But then they began to send insurance adjusters out into the community immediately after an incident to resolve problems – replacing broken windows, paying for doctors’ visits, etc. The result was a dramatic decrease in litigation. Most people sue not because of what initially happened to them, but because they feel ignored, mistreated or marginalized afterwards. How you treat victims or their families can impact your legal exposure.

Twenty years after Tylenol, one thing about crisis management remains unchanged: a crisis can happen to any organization – large or small, public or private. Are you prepared to manage your crisis?