

MEETING OF UNLIKE MINDS

Symposium featured an advisory board of heavy hitters from the business & political realm: Mack McLarty, Kissinger McLarty, former chief of staff for Pres Clinton; Ann McLaughlin, Aspen Institute, sec'y of labor under Reagan; Robert Hormats, Goldman Sachs; Horst Teltschik, BMW; Douglas Hurd, former UK foreign sec'y; David K.P. Li, CEO, Bank of East Asia. Representing NGOs were Barbara Shailor of AFL-CIO & World Wildlife Fund's Tony Long.

“Altho many NGO messages are incongruent with attendees' business & pr plans, we wanted to offer a discussion on ways to find common ground & develop proactive strategies,” says Edelman Int'l Chair Mike Deaver. “I think what came out of the proceedings is that companies that want to protect their global reputation – & stock price – need to hear NGO concerns & begin a conversation with them.” **Since NGOs operate on umbrella issues, all types of org's should heed their views for impact.**

The group urged practitioners to get org's to implement programs that will avoid confrontation with NGOs before problems become major news stories. They say practitioners should advise CEOs to:

- **Be open & transparent.** “Virtually every org'n is open for inspection via the Net. It's there for all to see, so if you wait for pressure from NGOs to become more pronounced, you're behind the curve”
- **Be proactive.** Seeking out even the most obscure NGO can have long-term benefits. “If you reach out to them & actually give them responsibility, they will react positively”
- **Sustain the relationship.** During times of crisis, dialogue is imperative. “It's when things are quiet that you need to make sure the lines of communication are open”
- **Remember employees.** “Often your average employee can provide better protection from an NGO than your CEO. Companies with an established set of values that address contentious issues will find their employees will carry these messages to the world & be more resistant to pressure from outside groups
- **Prepare your ground.** When & if things go negative in dealing with an NGO, it's imperative that pr professionals have a crisis com'n plan in place to deal with media scrutiny

HELPING BUSINESS STAY IN THE SMART ZONE

NGOs are here to stay, & info technology is ensuring that fact. But, “it's not just the Internet. We're broadening the base of org's we deal with to include groups concerned with labor, human rights & other critical issues.” And, youth engaged as college kids head to Indonesia & other areas to support causes like worker's rights & the environment.

Tony Long says NGOs can help org's identify trouble down the road on a wide variety of issues. “We can share our expertise & help companies do more to get themselves into the smart zone” i.e., where a modern, forward looking company wants to be – exceeding environmental, labor & other regulations. **“You want to do the same with public perceptions,” he says, “rise above expectations.”** (More from Jeff Surrell, 202/326-1748.)

LESSONS FROM FIRESTONE – AND FORD – IN MASSIVE RECALL. FIRST RULE VIOLATED: ALWAYS BEGIN BY SAYING YOU'RE SORRY

Crisis expert Larry Newman sees this case illustrating the famous statement by Farley Manning, pr pioneer & founder of Manning Selvage & Lee: *“The truth is a ceiling above which public relations cannot rise.”* At this juncture it seems doubtful any amount of pr magic can save the Firestone brand, Newman believes. As usual, the problem is senior management's misunderstanding of pr.

- **The reason: Organized syndicates of trial lawyers linked by the Net, and appealing to plaintiffs online & thru pliant, cooperating media – which love their attack dog approach – are changing the old rules of crisis response & management**

These attorneys claim to be protecting consumers' rights & seeking redress for injury, which is to some degree true. But as evidence grows in books, court cases & investigative reporting, in fact “It's all about the money,” as a current ad from the Washington Legal Foundation puts it.

The result: org's which have product defects, managerial screwups, or just about anything someone, somewhere can claim has damaged them, can expect the legal & media dogs to attack. Making things right – e.g. Firestone's recall & replacement of 6.5 million tires – now only means louder attacks from more parties eager to join the frenzy, with resulting media coverage & watchdog group outrage. Yet if the company hadn't offered the recall, regulators would have ordered it. And its best customer, Ford, would have done it alone. **Immediate response & statements of concern & caring are vital.**

MISTAKES TO LEARN FROM

1. **Where's the CEO?** Nowhere has his face or name been seen, notes Newman. It's Exxon Valdez once again, when the oil company's CEO made a reluctant appearance so late he was pilloried, in a classic case of refusing to face the seriousness of an issue
2. **“Only 4 people died.”** In a conversation reported by one author, Firestone reportedly said, “Two weeks ago, we believed only 4 people had died.” Any death or even injury is too much. “If only 1 person died, who wants to be that person?” Newman asks. And if this was known 2 weeks ago, *when* was Firestone going to do something? Such behavior comes across as heartless & uncaring
3. **Transparent communication required.** Ford, Firestone's largest customer whose Explorer SUVs are the ones crashing, had to do the data analysis that gave a clear picture of which tires, made in which factory, were faulty. Did Firestone mgmt think they could keep the truth hidden? Why didn't *they* crunch the numbers? To get people to listen to their side of the story – & it appears there is one – Firestone would have had to tell the facts. Instead, Ford forced them to it
4. **Timely disclosure today means immediately** a problem is found. As it turns out, Firestone knew the tires involved were unreliable in '97 ... & maybe '91, when trial lawyers saw a pattern. If the goal was to define the problem as narrowly as possible, this only gives the perception it's bigger



- 5. **Scapegoating hurts, not helps.** First, org'ns linked in a tragic situation must be united. Ford & Firestone are now sniping at one another. 2nd, in searching the tiremaker's data, Ford found most claims involved tires made at a plant that was on strike for 2 years & using probably less experienced replacement workers. The company won the strike – but now has lost the war. Even tho Ford only reported what the data show, won't this sound like blaming workers? And it raises another issue about Firestone mgmt, or that of its Japanese parent, Bridgestone: why let a strike go on 2 yrs? One result: several unhappy strikers have been working with trial lawyers on their cases
- 6. **Open question: is it wise to tell employees not to talk to the media?** Firestone did, in a fax to those who work in its retail outlets. But what might they say? Isn't One Clear Voice needed? Or does this raise further trust issues?
- 7. **Logic vs. common sense.** Since 97% of the accidents occurred in a handful of warm climate states, and replacement tires are in short supply, the recall is staggered – beginning with the 4 states that had 80% of the incidents, then other warm states, then the rest, over a period of a year. But queasy SUV owners aren't waiting – predictably. Worse, 800 numbers & Firestone's Web site are jammed, frustrating customers more. Basic issue response is to immediately upgrade such systems
 - Lawyerly logic led to Firestone insisting the plaintiffs with whom they've been quietly settling out of court since '92, and their lawyers, not talk about the cases. Now this coverup comes across as the ultimate spoiler of trust in the company

Unlucky coincidence. Concorde airliners have been grounded because of – yes, tire problems. To what level of fear about tires will the paranoid public take this? Will it shift some of the focus onto the whole industry, eroding trust in all tiremakers?

OTHER SIDE OF THE COIN?

- 1. **Rush to judgment?** Tho other carmakers also use the tires on similar vehicles, Ford Explorers account for most of the crashes & deaths – flipping when tires blow. Is there a design failure? How might Firestone strategically get that fact across? Will gov't tests conclude that is part of, or most of, the problem? Some suing lawyers think so. In addition, underinflation & heat combined seem to cause the failures. Ford & Firestone disagree on proper inflation pressures. Might Firestone be vindicated, partially or wholly? Is it acceptable strategy for the company to wait & see?
 - As the *NYTimes* put it: “Experts assessing the information available so far suspect it is the combination of burning sun, Ford Explorers, Firestone tires & drivers' failure to properly inflate them that can prove lethal”
- 2. **Overzealous enemies can be helpful.** Consumer activists call for other Firestone tires to be recalled, tho none have exhibited problems. They made the demand in a joint press conference with trial lawyers *who are suing the company*. Activists lose trust when they lose objectivity
- 3. **Stepping up to the issue can only help.** Ford demanded Firestone turn over the data for analysis. Ford's CEO is leading a war room on the issue. Feeling Firestone's phased recall will anger Ford owners, the automaker is helping its dealers replace tires – even those not the troubled sizes. Even (or especially) if it turns out design or suspension flaws in the SUVs are partially causing the rollovers, it's a safe bet Ford will get credit in customers' minds for these initiatives

- 4. **Opportunity: public info campaign.** Cars today pretty much take care of themselves, so owners rarely check tire pressure, say safety experts. Firestone or the industry can mount a campaign pointing out the folly of this attitude, especially with large loads & in hot weather

DAMAGING ROLE OF MEDIA

Issue arose when a Houston tv station was contacted by a person injured in an accident, prompting other stations to pick up the tire story. *USAToday* gave it front page early this month – & presto! Gov't agencies say each new story prompts more complaints to be filed – now nearing 1,000.

- **The companies are holding daily press conferences.** If the goal is to get tires to a small percentage of the total sold that have been identified as possibly faulty, and **not** arouse needless fears in the great majority of Ford & Firestone customers whose equipment has not had problems, isn't this counterproductive? Mazur's law tells us the longer any subject with a fear element is on the agenda, the more the public believes the worst – often needlessly

Summary: Coverage has highlighted 3 topics: Firestone tires, Ford Explorers & trial lawyers. It helps the latter. Ford is adding new suspension systems to its SUVs to prevent rollovers & being proactive in this crisis. Firestone is the likely loser – especially if consumers catch on that of the 10 largest tire recalls, 4 involved this company, as reported by *WSJ*.

RISE OF NGOs POSES SPECIAL CHALLENGE FOR PRACTITIONERS: WILL MANAGEMENT AGAIN ATTEMPT TO STIFF-ARM OPPOSITION?

The increasing strength of non-governmental organizations (NGOs) means pr must find ways to work with them. “Taking NGOs Seriously,” conference hosted by Edelman PR Worldwide, highlighted how NGOs are filling the “trust vacuum” left by government & business and exerting profound influence.

Rising role of the NGO is underscored by Edelman research in which 500 US & 100 European & Asian opinion elites assert that gov'ts & large corporations must be alert & proactive about managing issues dear to NGOs. Findings indicate:

- 1. **NGOs play an important role in shaping attitudes & behaviors of gov'ts & corporations,** say 90% of opinion elites
- 2. **Only 11% think gov't & corp'ns are doing “all they can to make the world a better place”** but 70% of the opinion elites are positive about the role of NGOs in shaping a better world
- 3. **NGOs are seen by opinion elites as highly effective organizations:** Amnesty International by 78%, Greenpeace 80%, NOW 75%, & International Campaign to Ban Landmines 69%
- 4. Caution: Only 12% say NGOs have a great deal of influence on the operations of *their* org'n & **only 8% say their org'n has a “great deal of interaction with NGOs today”**

Execs & boards of corp'ns – & all types of org'ns – have a poor record of attempting to understand & work with those whose views differ from theirs. Environmental, diversity, sexual harassment, labor & many other issues have historically been met by managerial hostility. Do we have a new generation of managers who realize the futility of this arrogance?