

- **Practitioners have a big role here.** Which raises a question of professionalism: Do pr pros feel so much a part of mgmt that they share the class prejudices? If so, hire objective counsel fast!

KNOW OPPOSITION BEFORE LAUNCHING DEFENSIVE MEDIA CAMPAIGN

In the post-analysis period of the Woburn, Mass. lawsuit against W.R. Grace (pr 11/2/98), company may have undermined their negotiated status by compromising a fundamental pr guideline: Understand the opposition's strategy before launching a preemptive media campaign prior to the first suspected bullet being fired.

Before Jan. release of the movie *A Civil Action*, should Grace have held firm, chalking up any attention to the passing media parade? Instead:

- **Grace stated its case & outlined its strategy**, based on assumptions about response to movie, as noted at PRSA's National Conference
- **Launched a website** to diffuse their perceived role & the ultimate outcome
- **Sent its CEO in December** to visit the media, press kits in hand

One guideline is to get out ahead of issues, as Grace did. Perhaps a wiser strategy would have been to conduct pre- & post-focus groups as a reality check. What happened is instructive:

1. Successors to Beatrice Foods, disbanded after the Woburn case closed, sat back & waited (despite the fact its brand names were related to audiences during a scene in the film). No representatives of companies that bought these brands came forward with such vigor to protest the film; subsequently, they were barely mentioned in media coverage.
2. More importantly, how were employees -- named by Grace's com'n director and lawyer as the primary focus of the company's efforts -- handling the resurrection of the issue? It seems that Grace's focus on one-way com'n backfired. Their hands-off approach, choosing not to address, and be addressed by, Woburn residents & affected families motivated key players to re-try their case in the media, which were very willing to listen.
3. Since the release of *A Civil Action*, Woburn's mayor hired a local pr firm to initiate & engage anyone interested in dialogue. This effort is aimed at satisfying any residents' lingering fears. He has vowed to retain the firm's services until all parties are heard. Lesson learned? A lack of face-to-face contact with key stakeholders, the residents of Woburn, opened the door to mistrust.

WHO'S WHO IN PUBLIC RELATIONS

ELECTED. Richard Thornton, com'ns designate, National School Public Relations Ass'n. He becomes dir, Fort Knox (Ky) Community Schools, elected pres-elect president in July 2000.

GRASSROOTS APPROACH TO LEGAL REFORM COULD HELP PR

One of the biggest threats to any organization's reputation & bank account is lawsuits. Huge damage awards occur daily -- or org'ns settle cases in which they're innocent because the cost of defending them is so high.

Citizens Against Lawsuit Abuse (CALA), a non-profit watchdog group, contends outrageous jury awards drive up the cost of insurance, goods & services. CALA uses grassroots com'ns, the airwaves & public forums to spread its message: Everyone pays when the legal system is abused.

GRASSROOTS CAN CHANGE SYSTEM

Citizens, who shoulder these expensive verdicts, can do plenty, says Jon Opelt, exec dir of CALA's Houston's office, one of 10 in Texas. "Perception is reality. If you want to change reality, you must first change perception," Opelt told PRSA Houston. "Changing perceptions through education has been the challenge & success of CALA."

- Median jury awards in Harris County (Houston) are down 43%
- 7 lawsuit reforms were passed in the Texas legislature
- \$2.2 billion in insurance rate reductions have been imposed

CALA stresses it isn't against legitimate suits. But "frivolous" lawsuits are harming the legal system. CALA-Houston has 7600 members, annual budget of \$300,000. Activities are funded by private donations from small businesses & consumers. Policy is directed by a 9-member board.

Opelt feels the group's effectiveness is its educational purpose. "The goal is to dialogue with the public & bring people to your issue," he told prr. "We're not carrying water for anyone, we're not lobbyists."

ESTABLISHING ITSELF AS "VOICE OF REASON"

CALA's role as "the voice of reason" was established in the early '90s in the Rio Grande Valley. Several highly visible lawsuits resulting in \$multi-million awards raised awareness in this mostly rural area. Committee was formed (which later became CALA) to create understanding of the public costs of these lawsuits. Campaign was effective because:

- **The public became directly involved.** E.g., participation in a prayer vigil in the small city of Weslaco, where a large jury verdict threatened to bankrupt a hospital. The mayor & a state senator spoke. Banners in shops & businesses proclaimed, "Appeal for fairness, repeal the judgment, pray for our community." The judge in the case reduced the award.



- **TV ads explained the human cost** of large jury verdicts. The Weslaco hospital's care to indigent patients was featured prominently in one ad.
- **Concerned citizens wrote letters to the editor** about lawsuit abuse. None were ghost-written by CALA; people expressed their own opinions.
- **A speakers' bureau** sent speakers to local churches & civic groups. Forum was used to garner members for CALA. Membership income was used to develop a direct mail campaign, buy tv & radio spots. CALA billboards appeared next to ones advertising attorney's services.
- **The "lawyer vs. consumer" controversy** made CALA newsworthy. "We always won in the courtroom of public opinion because we talk in general terms & this issue had resonance with the community," Opelt says.
- **Lawsuit abuse ultimately became #1 issue** in a hotly contested state Senate race. Incumbent businessman, an opponent of lawsuit abuse, soundly defeated his plaintiff-lawyer challenger on this one issue. CALA didn't endorse any candidate -- the winning candidate embraced its issue.

DIFFERENT CHALLENGES IN LARGER MARKET

In Houston, the scenario was different. Unlike the

Rio Grande Valley, Houston doesn't have a close sense of community. Opelt notes that the common bond is human nature, i.e., when money is an issue, people take notice.

- **Again, CALA established itself among small biz owners & consumers**, avoiding support of big biz. The original board of trustees comprised small biz operators as well as 2 attorneys & a nun.
- **Faced stiff opposition from the plaintiffs' bar** as well as private investigators & other lawyers. The bar talked about CALA, so CALA focused on the issues: fighting lawsuit abuse protects victims; junk lawsuits clog the courts making it difficult for people with real grievances to be heard. Even if people are not victims of an unfair lawsuit, they pay for lawsuit abuse thru higher costs for rent, groceries, taxes & health care.
- **Organized a speakers bureau**, but ensured members could speak rationally & calmly when it came to heated Q&A. Gave 250 speeches the first year.
- **Established a web site** explaining orgn's purpose as well as publicizing current lawsuits that could be considered abusive.
- **Became trusted source for media** thru countless interviews.
- **Mailed humorous Christmas cards** parodying large class-action suits to press & supporters. Sample greeting: Wishing you the warmest of holidays and a litigation-free new year.
- **Recently devised the misfortune cookie**, sent out to media & supporters, in a box labeled "Lawsuits cost you a fortune." Contains a message about lawsuit abuse, e.g., "Money is at root of all lawsuit abuse." Cookies are a "hook" for media, gaining at least two radio talk show interviews.

(More from Opelt at 713/267-2302, www.calahouston.org)

AIRLINE CASE SHOWS NEED FOR STAKEHOLDERS TO BE REPRESENTED

Customers, employees, gov't officials & stockholders are riled about the cancellation of 6600 American Airlines flights -- stranding thousands of passengers -- over a relatively minor dispute with its pilots. It has the appearance of an ego battle in which "the customer be damned" attitude ruled.

THE TRIGGERING EVENT

American bought up Reno Air -- bad enough pr since it's another case of a low fare carrier (which airline deregulation was supposed to support) falling to the giants. AA's pilots union felt the merged pilots should get pay equity to existing AA pilots. Management said a phase-in was necessary due to cost -- estimated at \$35 million.

The union staged a sick-out, pilots showed solidarity, the airline had to cancel flights. Following the pattern of last year's GM strike, several questions arise:

1. **To "save" \$35 million, the airline lost \$150 million** (so they told a court where they're attempting to sue the union). Even if the union had to repay it all, the pr damage remains.
 - Who at the table represented the stakeholders?
 - Where were the bean counters -- since anyone can see this is a loser?
2. **Was no one close enough to its own pilots** to predict their resolve? Or did decisionmakers ignore this voice?
3. **Additional pr problem:** Does this provide another argument to supporters of reimposing regulation? There are only a handful of airlines. Low-cost startups have been driven out by predatory pricing by this cartel. Service has plummeted: had an airline "meal" lately? Prices have skyrocketed -- and the Commerce Dep't reports they went up again last month. Airlines truly compete on very few routes.
4. **Pilots are part of the company.** Those who blame them -- the union has been fined heavily for its rashness -- can show their anger only by actions against the company. There's no way to hurt the pilots or the union. Are we back to us-vs-them to the point no one in mgmt recognizes this fact?

MANAGERIAL TESTOSTERONE?

What this may signal more than anything is the rising class feeling. The managerial class (in organizations with that attitude) feels no group of employees is going to dictate to them. The worker class (among employees with that attitude) & union mgmt feel impotent except by rash action. Who is left out of the equation? Customers & external stakeholders.

- **Mgmt can't operate without employees.** So peace has to be made -- and who has figured the cost of the bad feelings generated by this? Research shows they are real in bottomline dollars.