

Rowan University

Rowan Digital Works

---

Theses and Dissertations

---

8-1-2000

## Reputation management: the effect of CEO behavior during a crisis

Ellen J. Shockley  
Rowan University

Follow this and additional works at: <https://rdw.rowan.edu/etd>



Part of the [Public Relations and Advertising Commons](#)

---

### Recommended Citation

Shockley, Ellen J., "Reputation management: the effect of CEO behavior during a crisis" (2000). *Theses and Dissertations*. 1744.

<https://rdw.rowan.edu/etd/1744>

This Thesis is brought to you for free and open access by Rowan Digital Works. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of Rowan Digital Works. For more information, please contact [graduateresearch@rowan.edu](mailto:graduateresearch@rowan.edu).

REPUTATION MANAGEMENT: THE EFFECT  
OF CEO BEHAVIOR DURING A CRISIS

by  
Ellen Shockley

A Thesis

Submitted in partial fulfillment of the requirements of the  
Master of Arts Degree  
of  
The Graduate School  
at  
Rowan University  
August 1, 2000

Approved by \_\_\_\_\_  
Professor

Date Approved August 1, 2000

## ABSTRACT

**Ellen J. Shockley**

**Reputation Management: The Effect  
of CEO Behavior During a Crisis  
2000, Advisor:  
Dr. Suzanne Sparks-FitzGerald  
Master of Arts, Public Relations**

This purpose of this thesis was to study how CEO behavior during a crisis impacts the organization's lasting reputation.

A thorough review relevant publications, as well as intercept surveys, content analyses and email surveys, was conducted to test the hypotheses.

Fifty intercept surveys were conducted over two weekends to discover opinions about the issue. Respondents appearing to be age 25 or older were randomly selected. A content analysis was conducted using articles from *Newsweek* and *The Wall Street Journal* to determine the media's tone on the CEOs of Odwalla, Jack in the Box, Dow Corning and Exxon. A total of ten articles, five from each publication, were coded for each company. An email survey was sent to Fortune 100 companies to ascertain whether or not they had crisis communication plans. Of 100, 26 companies responded.

It was concluded that: 1) the most successful American companies have crisis communication plans; 2) the CEO must receive positive media coverage during a crisis and 3) the public does not associate crises with company reputation over time.

## **MINI-ABSTRACT**

**Ellen J. Shockley**

**Reputation Management: The Effect  
of CEO Behavior During a Crisis  
2000, Advisor:  
Dr. Suzanne Sparks-FitzGerald  
Master of Arts, Public Relations**

This thesis studied CEO behavior during a crisis to determine how it impacts the organization's lasting reputation.

Intercept surveys, content analyses and email surveys discovered that the most successful American companies have crisis communication plans, the CEO must receive positive media coverage during a crisis and the public does not associate crises with company reputation over time.

## Table of Contents

<b>Chapter I</b>	
History and Importance of the Problem	1
Problem Statement	3
Hypotheses	3
Delimitations	6
Purpose	7
Procedure	7
Assumptions	8
Definition of Terms	9
<b>Chapter II</b>	
Literature Review	10
Crisis Management	10
Reputation Management During a Crisis	17
CEO Behavior During a Crisis	18
Summary	22
<b>Chapter III</b>	
Methodology	23
Research Instrument Design	23
Study Sample	25
Data Collection Method	25
Data Analysis Method	26
Summary	26
<b>Chapter IV</b>	
Findings	27
Other Findings	33
<b>Chapter V</b>	
Evaluation and Interpretation of Results	35
Conclusions	39
Further Research	40
Contributions to the Field	41
<b>Bibliography</b>	42
<b>Appendix</b>	44

## Chapter I

### **History and Importance of the Problem**

Crisis management, reputation management and image restoration are important public relations functions. Crises happen everyday, and public relations professionals – and company Chief Executive Officers (CEOs) – must know how to handle all aspects of the crisis in order to ensure that the company's reputation suffers minimal damage. In some instances, companies have handled organizational crises so well they enhanced their reputations as a result. Other companies seemed to follow a guidebook of what *not* to do during a crisis, further damaging their reputations even to the point of bankruptcy.

According to Gonzalez-Herrero, the majority of crises project early warning signs indicating that problems are imminent. Although crises are not new public relations nightmares, some companies fail to proactively look for warning signs.

Many factors determine why some companies fail and others succeed in combating crises. Perhaps the behavior of the CEO during the crisis affects the organization's lasting reputation. If so, that person's behavior could make or break a company in times of trouble, perhaps even regardless of the trouble.

The concept of the CEO's effect on an organization's lasting reputation is important to study because it is possible that CEOs do not fully realize the danger a crisis

poses to the organization. Bill Patterson, commenting on the typical CEO's attitude concerning crises, states:

Presidents and CEOs often don't want to think about potential crisis situations. For many executives, a crisis is something that happens to someone else. It is a distant thought that can quickly be relegated to the back of the mind, replaced by concern for profit and productivity. So, the phrase "crisis management" may not sell well at the top. But every executive must be concerned about the reputation of the company or organization.

Assuming that many CEOs share this attitude, it is no surprise that some do not seem to take crises seriously. They think crises don't immediately affect the bottom line, so there are more important organizational concerns and responsibilities. CEOs can read this study to find out how much crises affect the bottom line, and how much their full involvement, and correct action, are needed.

Other CEOs may suppose that ignoring the problem will help it go away. Crisis management is not in their job description – that is why they hired the PR pro. Perhaps they fall victim to unwise advice. A.J. Vogl writes in *Across the Board*, a journal for CEOs:

If you choose to attempt to make the press love you, you're not going to have much time for anything else. Whatever your problem is, it will pass, so I wouldn't go courting the media. After a lot of negative stories, editors get tired of running all the bad news and want to switch to the positives – or vice versa.

PR managers can use this study to emphasize to reluctant CEOs the importance of their behavior through the lifetime of a crisis.

This is a valid study for a number of reasons. Crises damage and destroy companies every day, and happen more now than ever (Patterson 1993). Patterson adds that while a company's reputation and image were not created in a day, they "can be

destroyed in one. Every CEO, company president and corporate public relations executive should begin each day in a very basic way: Look in the mirror and repeat the Boy Scout motto: ‘Be prepared.’”

### **Problem Statement**

This study will determine whether the behavior of the CEO during a crisis affects an organization’s lasting reputation.

### **Hypotheses**

This thesis will test the following hypotheses:

#### **Hypothesis I:**

**It is expected that the majority of Fortune 100 companies will have crisis communication plans in place.**

This researcher expects that the majority of Fortune 100 companies will have crisis management plans in place because they are the most productive companies in the country. Therefore, it is likely that they would devote resources to drafting a crisis management plan. All organizations should have a documented plan, according to Anthony Fulginiti, APR/Fellow and author of *Power-Packed PR: Ideas That Work*. It’s not enough to simply have a plan, though. Dow Corning’s plan proved “inadequate” for responding to the intensity of its silicone-gel breast implant crisis (*The Public Relations Strategist* 1997). The plan should be widely distributed, updated regularly and evaluated realistically.



## **Hypothesis II:**

**It is expected that the media's portrayal of the CEO affects the post-crisis reputation of the organization.**

On the December 10, 1990 nationally broadcast episode of "Face to Face with Connie Chung," Chung interviewed scores of women who claimed that breast implants made of silicone gel caused them to suffer a variety of diseases, most notably auto-immune disease. Lawsuits, public hearings and media diatribes followed suit. According to *The Public Relations Strategist*, "the media, in response, jumped on the story with a vengeance."

Dow Corning CEO Richard Hazleton appeared on the "Oprah Winfrey Show" to respond to accusations of producing dangerous breast implants. Hazleton, acknowledging the difficulty of being the target of a massive angry audience, said "I think the general reaction was that I lost the debate." He added that the media develops "a herd instinct that quickly forms a conventional wisdom, that builds up such momentum that it's extremely difficult and slow to recover from (*The Public Relations Strategist* 1997)."

Dow Corning is presently in bankruptcy, the target of billion-dollar lawsuits filed by thousands of women. In 1994, they agreed to a \$4.25 billion settlement, the largest in class-action history. Lawyers' fees at that time topped \$1 billion.

Former Johnson & Johnson CEO James Burke appeared on television many times during the Tylenol bottle-tampering crisis, helping to save the brand. Burke said of his many media appearances, "If you've got nothing to hide, I don't see it as risky at all

(Sherman 1989).” The public grew to trust Burke and even sympathize with him and his company as victims of a villain.

**Hypothesis III:**

**It is expected that the general public believes a CEO’s behavior during a crisis affects the post-crisis reputation of the organization.**

Louisville, Kentucky’s Institute for Crisis Management found 538 more news stories covering class-action lawsuits in 1992 than in 1991. Additionally, business crime coverage rose 328% in that same time period. “Certainly, these incidents created crisis situations, but in the long run, it was the public’s perception of reputation that mattered (Patterson 1993).”

The CEO represents a company, the same way our president represents America. CEOs stand for the face and voice of the organizations they lead. When the United States faces a threat of any kind, all the world’s eyes focus on the president to gauge his reaction, response and conduct.

The action and comportment of a CEO during a company crisis are comparable to the president’s demeanor during a threat to our nation. As Robert Lear writes in *Chief Executive*, “The fact remains – and it will always be true – that the chairman/CEO is still the key to the success of both the company and the board.” Center and Jackson acknowledge that crisis management is a tough sell to many CEOs, “but every executive must be concerned about the reputation of the company or organization.” The CEO’s behavior directly impact the company’s reputation because “greater attributes of

responsibility lead to stronger feelings of anger and a more negative view of an actor's image," according to Coombs and Holliday.

#### **Hypothesis IV:**

**It is expected that the general public does not associate a crisis with the overall reputation of the company over a period of time.**

On March 24, 1989, the Exxon crude oil tanker *Valdez* ran aground and dumped more than 260,000 barrels of oil into Prince William Sound in Alaska, the largest oil spill in American waters. The oil spill coated the coastline for weeks and killed thousands of birds and marine animals.

Eleven years later, Exxon Mobil is ranked number three on *Fortune* magazine's Fortune 500 list for 2000. In other words, it is the third-most performing company in the United States. Without support from the American public, Exxon Mobil would have no profits and would not be listed on the Fortune 500 list.

#### **Delimitations**

Initially the researcher wanted to know if the behavior of CEOs and top management during a crisis determine the lasting effect of the crisis on the company's reputation more than the actual crisis itself, but that question was deemed too difficult to arrive at a solid conclusion. Therefore, the study was adapted to ascertain how the behavior of a CEO during a crisis affects the organization's lasting reputation. This study did not solicit input from CEOs in determining whether or not their behavior affects the organization's reputation during and after a crisis because the researcher did not expect to

receive a response. Additionally, this study only deals with certain crises and cannot be generalized to all crises.

### **Purpose**

The researcher is studying this question to find out if the CEO's behavior during a crisis can cause more harm or help during a crisis. Vogl writes that "a CEO who was there during the company's decline should not be rewarded; he should resign. The directors should find a new CEO, and then they should resign, too. If shareholders could, they would insist on it." A CEO's behavior may not only damage his company's reputation, it may also cost him his livelihood and personal reputation.

The researcher expects that she will find that a CEO's behavior will impact the organization's reputation either positively or negatively during and after a crisis. The media will either rally behind or against a CEO, depending on his or her actions. Therefore, the reader will gain the means to ensure that he or she trains a CEO in proper ways of dealing with crisis situations. The company whose CEO makes himself available to the press, provides solutions and fixes whatever went wrong will likely weather the crisis and live to conduct business again. The company whose CEO fails to follow the standard rules of crisis handling will have difficulty restoring its image and public trust and will be more likely to fail financially.

### **Procedure**

The researcher will conduct a content analysis of *The Wall Street Journal* and *Newsweek* articles featuring two companies who handled a crisis well and two that

handled a crisis poorly to determine if the media view both the company's actions and the CEO's actions as positive, negative or neutral. Ten articles (five from each publication) will be coded on each company. The following companies will be used in the case studies: Jack in the Box and Odwalla as examples of successful crisis management and Dow Corning and Exxon as examples of poor crisis handling. Articles will be coded for media tone on the action of the company and the action of the CEO in one of the following three ways: positive, negative or neutral.

The researcher will conduct an intercept survey at the Rehoboth Outlets in Rehoboth Beach, Delaware. She will ask 50 people appearing to be age 25 and over the following three questions:

1. Do you think crises, such as the Tylenol bottle-tampering crisis or the Exxon Valdez oil spill, have lasting effects on the company's reputation?
2. During a crisis, is the CEO's behavior very important, important, unimportant, very unimportant, or not applicable?
3. Where do you learn about company crises?

The researcher will also conduct an email survey of Fortune 100 companies to determine whether or not these companies have crisis communication plans in place.

### **Assumptions**

**Assumption I:** It is assumed that the two organizations judged to have handled their crises well may not have handled every detail perfectly and that their actions managed or even enhanced their organizations' reputations indicates a successful handling of the crisis.

**Assumption II:** The organizations judged to have handled their crises poorly may have performed several positive actions throughout the course of the crises, but they were outweighed by numerous negative actions.

**Definition of Terms**

Crisis – any threat to a company or organization’s reputation or survival (Coombs and Holliday 1996)

Crisis management – an action plan to implement quickly when a negative situation happens (Patterson 1993)

## **Chapter II**

### **Literature Review**

The researcher discovered literature relating to the thesis issues through various sources. Online databases, ABI Inform and other internet search engines, books, newspapers, professional journals and periodicals, abstracts and surveys were used.

This chapter summarizes issues relevant to the thesis regarding crisis management, reputation management and CEO behavior.

### **Crisis Management**

Crisis management is a subset of public relations, one of many functions public relations professionals perform. Proper planning, communication and response during a crisis can make or break the organization's reputation and bottom-line.

Crises are occurring within organizations more and more often in recent years. According to "Tips and Tactics," a supplement of *pr reporter*:

Crises are signs of strain, disruption and malfunctions in managers as well as organizations. The precipitous rise in the number, variety and intensity of crises in the last two decades indicates that the pressures and demands on organizations are out-stripping their ability to cope with them. Therefore, not only has the subject of crisis management risen in importance, but its relevance to general management has become more pronounced and urgent. More and more everyday decisions now require a crisis management perspective.

Any type of organizational crisis will threaten the company's reputation as well as public and shareholder perceptions of that company, perceptions which can last for years. Sometimes, the damage a crisis can inflict on an unresponsive company can never be repaired (Heyman Associates).

Chief Executive Officer Harris Diamond of Bozell Sawyer Miller names two crisis categories: character/ideological and financial. In a character/ideological crisis, an event damages the company's integrity. In a financial crisis, an organization's market value plunges for some reason. According to Diamond, damage to a company's integrity is more devastating and poses a more difficult recovery (Heyman).

In his 1993 article "Crises Impact on Reputation Management," Bill Patterson states, "Crisis management is a plan of action to be implemented quickly once a negative situation occurs." Organizations are threatened daily by the threat of crisis, and today's companies must know how to respond. Coombs and Holliday identified four types of crises and five crisis response strategies in 1996 and stated that the response strategy selected must relate to the actual crisis situation. Response strategies should be used to either show the threat is invalid or persuade stakeholders to believe the crisis is less serious.

The four types of crises are:

- Accidents, internal and unintentional
- Transgressions, internal and intentional
- Faux pas, external and unintentional
- Terrorism, external and intentional

The five response strategies are:



- Denial. No crisis exists; therefore, blame cannot be placed on the organization.
- Distance. Yes, there is a crisis, but it's not the fault of the organization as a whole.
- Ingratiation. The organization recognizes the existence of a crisis and attempts to secure public approval.
- Mortification. The organization begs forgiveness for causing the crisis.
- Suffering. The organization is the victim of the crisis.

*Pr reporter* names seven corporate crisis types caused either externally or through management failings, not including business or economic crises. They are:

- Naturally occurring
- Technological
- Confrontational
- Malevolent
- Corrupted management values
- Purposeful deception
- Management's misconduct

Gonzalez-Herrero liken an organizational crisis to a biological life cycle “in which an organism passes sequentially through phases of birth, growth, maturity and decline (death). The crisis life cycle can be used to foresee expected outcomes for each stage of the cycle.” They add that if the crisis develops to the “death” stage, the organization did not respond successfully and “did not handle the crisis until it effectively threatened the firm's interests.”

Furthermore, early warning signals of potential problems precede most crises, but many companies fail to see them. Proactively sensing these problems is crucial in avoiding or resolving crises (Gonzalez-Herrero 1995).

According to Read, many American companies seem to cause their own crises, as the majority of today's crises result from "internal mismanagement rather than external accidents." The Institute for Crisis Management reported in 1991 after a three-year study that 5,708 crises were caused by company mismanagement and 4,565 crises occurred as a result of an accident. In 1989, "'accidental' crises outnumbered managerial crises, 6,466 to 5,384 (Read 1993)."

"The time to prepare for a crisis is before it happens (Read)." An obvious, but often overlooked, method of preparing for crises is the drafting of a crisis communication plan. The plan is the company's method of managing information truthfully and should include methods for dealing with likely situations. "It is difficult to understand how so many senior managers believe they can "wing it" if a crisis hits (Kamer 1997)."

Kamer feels that most companies neglect to include objectives and values when drafting crisis plans. "A crisis plan that seeks to protect a company's reputation will not be worth much unless it is predicated on these important foundations (Kamer1997)." He cites Odwalla as an example of a company that relied on its values when responding to crisis. In the fall of 1996, trace amounts of E. coli bacteria were found in Odwalla's unpasteurized apple juice. The company immediately dispatched 200 delivery trucks to voluntarily retrieve the juice from retailers (Evan 1999). The public found Odwalla's actions compassionate and effective. Amazingly, the company did not have a crisis communication plan before the crisis (Brewer 1997).

Regarding objectives, Kamer said companies must detail clear obtainable objectives in the written plan as a benchmark.

The plan should incorporate such concerns as legal, financial, environmental or labor issues, natural disasters or computer security into scenarios showing how they could turn into crises. The plan should include responses to each potential crisis (Kamer 1997). As part of the plan, Fulginiti advises choosing one spokesperson to get the company's message out and make key decisions quickly. Also, by conducting mock crises or drills, PR professionals can evaluate the company's behavior and ability to handle pressure (Fulginiti 1987).

Earle Palmer Brown, a public relations firm in Philadelphia, Pa., offers the following tips to help companies manage crises:

- Be ready with a written plan explaining the company position on issues and philosophies
- Anticipate crises by monitoring warning signs. Look for business trends and at what has happened to similar companies in the same industry. Analyze worst-case occurrences and their impacts.
- Designate a signal spokesperson, typically the most believable senior employee, so the company speaks with only one voice. Ensure the spokesperson is properly informed and trained to deal with the media.
- Always tell the truth but avoid admitting guilt.
- Stay calm and deal with the situation rationally and realistically.
- Always stay on guard and never go "off-the-record."
- Act quickly so the crisis can be resolved quickly

- Ensure all audiences, including employees and key communicators, are properly informed at all times.
- Let a trained crisis team manage the crisis
- Analyze the results when the crisis fades so the plan can be adjusted, the people re-trained and the responses practiced.

In 1993, Pepsi Co. faced allegations that a syringe needle was found in a can of diet Pepsi. Pepsi immediately put into effect its crisis response plan, which included informing employees every step of the way, measuring feedback and how messages are being received with survey instruments, and using the corporate mission statement as a conscience. Excerpts from Pepsi's crisis response plan follow:

- Public safety is always paramount – the public's needs come first
- Find the problem and work non-stop with all officials to investigate and correct it
- Communicate quickly and often with reporters
- Take full responsibility for solving the crisis – be accountable (Pepsi 1993)

A crisis plan alone will not save the organization; it must practice its reactions and adherence to the plan “through exercises, simulations and drills (Kamer 1997).” In fact, after the Exxon Valdez crisis, Congress passed the Oil Pollution Act of 1990, ordering all major oil shipping companies to conduct emergency response exercises twice, or more, a year. Furthermore, any drill must test the values and objectives drafted into the company's crisis plan.

Richard Hazleton, CEO of Dow Corning, acknowledged his company was unprepared to manage the crisis his company faced in the 1990s, when thousands of

women reported that Dow Corning's silicone gel breast implants caused a variety of serious diseases. "I guess it's fair to say it's the responsibility of the management to understand things well enough that you don't become overwhelmed and have a more robust crisis management program." Hazleton admits that Dow Corning's plan was inadequate in handling the crisis, particularly in responding to the media.

John Moscatelli of the Earle Palmer Brown public relations firm in Philadelphia, Pennsylvania theorizes that many companies suffer from the "it can't happen here syndrome." He adds that the four types of crisis non-management many companies suffer from are analysis paralysis, denial syndrome, bunker mentality and stonewalling.

Companies must not only prepare adequately for a crisis, they must also know how to react after the crisis has passed to ensure a complete recovery. "What matters most is what people hear, believe and remember," states Merrie Spaeth, president of Spaeth Communications in Dallas. Spaeth specifically names "the remember part" as the most crucial element in crisis recovery (*PR Tactics* 1999).

Companies like McDonalds and Johnson & Johnson have built a "reservoir of goodwill" with the public and are therefore more likely to be forgiven than others who have not spent time fostering relationships with the public. The public is more apt to believe and sympathize with companies who have built solid relationships and reputations beforehand (*PR Tactics* 1999).

To successfully handle crises, companies must follow these guidelines: prepare for crises before they happen and always have a solid, practiced plan. Crisis management also entails reputation management, the preservation of a company's good reputation,

especially in times of crisis. The next section offers a discussion of reputation management during crises.

### **Reputation Management During a Crisis**

Read states that “solid, ethical performance must be a way of life in any organization. The reputation of a product or service cannot be delegated to the public relations department.” Ethical standards must be established, observed and emulated company-wide.

According to Coombs and Holliday, a company’s main reputational concerns are trustworthiness and the ability to conform to social expectations of its stakeholders. Ignoring these key concerns could lead to financial disasters and even ruin.

Johnson & Johnson will always rate as the quintessential textbook case of proper crisis management. In 1982, seven people died after taking cyanide-laced Tylenol Extra-Strength capsules. The company responded immediately. It told the truth and cooperated fully with the media and law enforcement, devoted a full-time team to the crisis, and recalled every Tylenol bottle from the marketplace, an unprecedented action. Johnson & Johnson’s behavior, and its good name, helped it emerge successfully, though the criminal was never captured.

“The Sears debacle is a case study in how not to handle a crisis (Read 1993).” In 1993, Sears, Roebuck & Co. caused its own crisis when its automotive repair departments began pushing unneeded repairs onto unsuspecting car owners. Read said it was one of Sears’s worst crises “because it struck at the very essence of the Sears empire: trust.” Sears responded by having an attorney publicly and vehemently denounce the charges.

The public outcry escalated a few days later when Sears's chairman offered a lukewarm apology and attempted to explain Sears's policy of imposing quotas and paying commissions to its mechanics. A week later, he axed the policy.

Other crises can last for decades. "Dow Corning's precarious situation is the ultimate public relations crisis (Strategist 1997)." For more than twenty years, Dow Corning has battled complaints and accusations regarding its silicone gel breast implants, first introduced in the 1960s. In 1976, The Food and Drug Administration (FDA) started to approve the implants, with no proof of safety. Beginning in 1988, however, the FDA began to require evidence of breast implant safety. Dow Corning offered no proof, and two years later found itself the hot issue on the CBS show "Face to Face with Connie Chung." Women appearing on the show claimed Dow's breast implants caused a variety of diseases. Many lawsuits, in conjunction with the ban of most silicone gel implants (except for breast reconstruction following cancer surgery) followed, although the implants were never found to be dangerous, just that they could not be proved safe. The public panicked, and Dow Corning has never fully recovered.

The reputation of a company ensures either success or failure during a crisis situation. Many times, the actions and attitudes of the CEO also work to affect the organization's reputation and response during a crisis and long afterward. The next section offers a discussion on CEO behavior during crises.

### **CEO Behavior During a Crisis**

Chief Executive Officers already suffer a poor reputation among the general public because of their high salaries and other work-related compensation. They have

also “failed to communicate with their people...[and] to the society at large (Ettore 1996).” Finding fault with CEO behavior during a crisis seems easy to do for an uninformed public.

As Johnson & Johnson reigns superior in effective crisis handling, so will former Johnson & Johnson CEO James Burke reside “in the highest echelon of leadership and corporate ethics (Ettore 1996).” Burke claimed he was successful in handling the Tylenol bottle-tampering crisis because of Johnson & Johnson’s reputation as a trustworthy company. Burke let his ethical standards guide his actions. “Everybody trusted us. So, when I went before the public and said, “Trust us,” they did (Ettore 1996).” Burke also cooperated fully with the media, dispensing volumes of information to the public, and voluntarily recalled Tylenol products from store shelves.

Sears, like Exxon, responded slowly and only involved the CEO late in the game, when he attempted to downplay the problem. Read advises companies in crisis to tell the public the truth, apologize, and ensure it will never happen again. He also stated that the CEO or another important executive should serve as spokesperson (Read 1993).

Sherman adds that the CEO must “speak for the corporation, routinely and in times of crisis, and delegate enough authority” to make himself a credible source.

Richard A. Hazleton took over as Dow Corning CEO in June 1993. Hazleton recognized that Dow Corning’s crisis plan was virtually inadequate because he was unready for the media.

We were unprepared and surprised by how quickly and how intense the whole media storm came. In terms of getting our message out, compared with the message that was hung out by our adversaries, we were pretty much overwhelmed.



At the time, Hazleton chose not to take the product off the market for fear the action would make the company appear guilty of purposely producing a dangerous product and attempting to cover it up. Later, he admitted “it could have been a better idea” to take the implants off the market like Tylenol did (*Strategist* 1997).

CEOs must know how to deal with the media in order to be effective spokespeople for their organizations at any time, but most importantly in times of crisis.

Bill Patterson’s ten ways to successfully deal with the media are:

- Have a crisis plan in place
- Name one spokesperson
- Brainstorm about potential crises – before they happen
- No stonewalling – deal with the crisis head-on
- Make sure all facts are available
- Always respond to each media question
- Never lie
- Never babble
- Never go “off-the-record”
- Speak English -- never use jargon

In December 1995, a gas leak in Norristown, Pa. killed two people and seriously injured another after Peco Energy failed to respond quickly to reports of a leak. CEO Corbin A. McNeill apologized to the families and the public, taking full responsibility for not responding to the call in time. McNeill called the delay “unacceptable and regrettable.” In doing so, “Peco Energy threw away what is often the standard corporate playbook Tuesday when it shouldered the blame” for the tragic leak (Knox 1995).

Dean of the Philadelphia bar Edmund B. Spaeth, Jr. said companies and CEOs typically shy from admitting guilt or responsibility for fear of potential liability. However, by admitting wrongdoing, Peco's CEO received high praise from the media and marketing experts alike. Steven B. Fink, president of Los Angeles, Calif.-based public relations and crisis management firm Lexicon Communications said honesty is often the best business decision.

“Waffling and covering up create more problems and destroy customer loyalty, employee morale and investor confidence,” which is actually more damaging than lawsuits, especially when companies will most likely be sued regardless (Knox 1995).

*The Philadelphia Daily News* hailed McNeill and colleagues as “role models for those in corporate America with the disturbing tendency to try to avoid the truth and its consequences.”

Furthermore, the apology “was a remarkable way to start the investigation into what went wrong. More important, it raises hopes that proper steps will be taken to save lives in the future (*The Philadelphia Daily News* 1995).

In June 1999, hundreds of European children became ill after drinking Coca-Cola. Two weeks later, Coke's chairman finally issued an apology and explanation, and also admitted Coke had reacted slowly to the crisis that “sapped consumer confidence and Coke's stock market strength,” as many countries banned the sale of Coke (Casert 1999).

Consequently, the ban and consumer concerns “create a significant public relations challenge for the company, according to management professors and consultants (Abelson 1999),” as its international reputation is at risk.

A mandatory product ban, unlike a voluntary recall, leads the public to believe the company is not taking adequate steps to protect it from harm, and that government officials must intervene on its behalf.

### **Summary**

Since crises happen more now than ever before, companies must have solid, practiced communication plans in place. Companies must prepare proactively, as many crises exhibit obvious warning signs that go unheeded. They must have established strong company wide ethical standards, because company reputation goes a long way in fostering goodwill with the public, who is more likely to forgive a proven ethical company.

Additionally, CEOs must know how to react when a crisis threatens the reputation of their company. The CEO is in effect the face and voice of the company and is its most visible representative. The way a company manages a crisis and the actions of the CEO during that crisis both work to determine the company's lasting reputation once the crisis has passed.

The next chapter will outline the methodology of research, data collection and data analysis methods used to test the hypotheses stated in Chapter One.

## Chapter III

### **Methodology**

To test the hypotheses, the researcher evaluated the existence of crisis management plans at Fortune 100 companies, the behavior and attitude of CEOs and companies during a crisis, the media's portrayal of the CEO and the general public's association of the crisis with the company. The researcher used database sources such as ABI Inform as well as various Internet search sites. Sources, including academic journals, professional periodicals, and newspaper and magazine articles, produced a great deal of information on crisis management.

Effective crisis management techniques, as well as discussions of the role CEOs play in lessening or heightening the impact of the crisis, surfaced recurrently and led to the development of the research questions and a subsequent research instrument design.

### **Research Instrument Design**

A content analysis of magazine and newspaper articles was constructed to identify the media's perception of the manner in which the selected four organizations (Odwalla, Jack in the Box, Dow Corning and Exxon) handled their crises. Ten total articles about each organization were collected, five from *The Wall Street Journal* and five from *Newsweek*. The researcher printed the articles from microfiche and microfilm archives at

Rowan University in Glassboro, New Jersey and Delaware Technical & Community College in Georgetown, Delaware. She selected articles appearing up to six months after the crises to ensure the media's perspective on the crisis was current. The content analysis identified the media's tone in the articles as positive, negative or neutral regarding the CEO's action and the organization's action. A second researcher also coded the articles to test for inter-coder reliability.

The researcher sent an email to "Contact Us" links appearing on the websites of Fortune 100 companies to ask whether or not a crisis management plan was in place. In rare instances the researcher was able to directly contact the public relations department on the company's webpage, but in most cases, she asked the webmaster to forward her question to the public relations department. The researcher included a brief introduction of herself and the purpose of the survey with the question. Respondents were told they needed to answer only "yes" or "no."

The researcher also conducted an intercept survey at the Rehoboth Outlets in Rehoboth Beach, Delaware on the following days: March 11, 12, 18 and 19. The researcher asked the following three questions to 50 adults appearing to be age 25 or older:

1. Do you think crises, such as the Tylenol bottle-tampering or Exxon Valdez oil spill, have had lasting effects on the company's reputation?
2. During a crisis, is the CEO's behavior very important, important, unimportant, very unimportant, or not applicable?
3. Where do you learn about company crises?

### **Study Sample**

For the content analysis, the researcher selected articles appearing no more than six months after the crisis occurred from the two publications.

For the email survey, only Fortune 100 companies were selected, as they are widely recognized as the top companies in the world.

For the intercept survey, 50 shoppers appearing to be age 25 or older were randomly selected and questioned as they waited to cross the street between two shopping complexes at the Rehoboth Outlets in Rehoboth Beach, Delaware. Of the 50 sampled, 18 were men and 32 were women.

### **Data Collection Method**

The researcher went to *Fortune* magazine's website ([www.fortune.com](http://www.fortune.com)) and copied the Fortune 100 list and company website addresses. She then entered the homepage address of each company and e-mailed the question to either the "Contact Us" link or directly to the public relations department, if listed on the webpage, and wrote:

Hello. My name is Ellen Jones and I am a graduate public relations student at Rowan University in New Jersey. I am working on a thesis on crisis management and I am surveying Fortune 100 companies to determine if they have crisis communication plans in place. Would you please forward this e-mail to your public relations department so it may answer yes or no? Thank you.

Companies were contacted beginning on February 16 and ending on March 14. The researcher received her first e-mail response on February 18 and her final e-mail response on April 28.

Responses to the intercept survey were marked in a notebook immediately following the respondent's answers.

### **Data Analysis Method**

Quantitative and qualitative methods were used to compile the research findings.

Each article was analyzed with the same content analysis to ensure a consistent result and allow for comparisons among the four companies. Codings for each category were tallied and percentages were assigned.

Out of the 100 companies surveyed, 26 responded. The researcher tallied the number of Fortune 100 companies with and without crisis management plans in place to determine percentages.

For the intercept survey, the researcher tallied the responses to each question to determine percentages.

### **Summary**

The researcher conducted a content analysis of 10 articles from two publications to identify the media's tone on the selected company and CEO's actions as positive, negative or neutral. An intercept study of 50 randomly selected people was conducted to gauge the public's opinion on a company's reputation and CEO action during a crisis. An email survey was sent to Fortune 100 companies to ascertain whether or not they had crisis communication plans in place.

In the next chapter, the researcher will present findings of the research conducted.

## Chapter IV

### Findings

#### **Hypothesis I:**

**It is expected that the majority of Fortune 100 companies will have crisis management plans in place.**

The researcher addressed this issue by conducting an email survey of Fortune 100 companies. She achieved a 26% response rate, as 26 of the 100 companies surveyed responded. Of those 26, 17 companies had a crisis communication plan or plans in place. Two companies responded that they did not have crisis management plans in place. Eight companies either said they would not participate or offered a canned “non-answer” response.

The 17 companies with crisis communication plans are (ranking on Fortune 100 list for 1999 shown in parentheses): Hewlett Packard (13), TIAA-CREF (18), Enron (27), Dayton Hudson (30), Chevron (38), Lockheed Martin (41), GTE (45), Bell South (52), Pepsi Co. (54), Caterpillar (58), McKesson (59), Xerox (63), International Paper (71), Duke Energy (81), United Airlines (82), United Healthcare (84) and Supervalu (86).



Lehman Brothers Holdings (66) admitted to the researcher it did not have a crisis management plan in place. Price Costco (49) informed the researcher it does not have a public relations department, and subsequently, does not have a crisis management plan.

The following two companies issued a “canned response” as a reply, simply thanking the researcher for contacting the company through its website and offering no additional information: Texaco (24) and American Express (73)

The following companies informed the researcher they refused to participate in the survey: Motorola (34), Kroger (36) and Merck (37).

Additionally, UPS (46) and Walgreens (98) informed the researcher that only members of the press are permitted to contact the public relations department.

In rare instances, as with Enron, the researcher was able to directly contact the public relations department staff on the website, but most often she had to request a forwarding of the e-mail survey.

DuPont (16), Procter & Gamble (17), Dayton Hudson (30) and Disney (53) requested a formal letter requesting the yes/no answer on Rowan University stationery. However, only Dayton Hudson responded when the researcher complied with this request.

**Table One**

<b>Existence of Crisis Communication Plans</b>			
	<b>Yes</b>	<b>No</b>	<b>Would Not Respond</b>
<b>Fortune 100 Companies</b>	65%	8%	27%

Because the majority of Fortune 100 companies who responded to the survey have crisis communication plans in place, the hypothesis was supported.

**Hypothesis II:**

**It is expected that the media's portrayal of the CEO affects the post-crisis reputation of the organization.**

The researcher addressed the issue by conducting a content analysis of newspaper and magazine articles about four companies affected by crisis: Odwalla, Jack in the Box, Dow Corning and Exxon. Five articles from *The Wall Street Journal* and five articles from *Newsweek* were used for each company. The researcher coded the writers' tones on the company's action and the CEO's action as positive, negative or neutral. Sentences were coded when either the company or CEO name was mentioned. A neutral coding is defined when either the CEO or company name is merely stated, with no tone.

Odwalla and Jack in the Box are the two companies judged to have handled crises well. The content analysis revealed that the media's tone reflected Odwalla's CEO action as positive 60 percent of the time, negative zero percent of the time and neutral 40 percent of the time. The content analysis also found that the media's tone reflected Odwalla's action as a company positively 57 percent of the time, negatively 13 percent of the time and neutrally 29 percent of the time.

For Jack in the Box, the content analysis found that the media's tone reflected the CEO's action as positive 64 percent of the time, negative nine percent of the time and neutral 27 percent of the time. Jack in the Box's actions as a company were found to be

positive 42 percent of the time, negative 34 percent of the time and neutral 24 percent of the time.

**Table Two**

<b>Organization</b>	<b>Media's Tone</b>		
	<b>Positive</b>	<b>Negative</b>	<b>Neutral</b>
<b>Odwalla</b>			
CEO's action	60%	0%	40%
Company's action	57%	13%	29%
<b>Jack in the Box</b>			
CEO's action	64%	9%	27%
Company's action	42%	34%	24%

Dow Corning and Exxon are the two companies judged to have handled their crises poorly. The content analysis found the media's tone on the actions of Dow Corning's CEO positive zero percent of the time, negative 40 percent of the time and neutral 60 percent of the time. Additionally, the media's tone on the company's action was positive 14 percent of the time, negative 65 percent of the time and neutral 21 percent of the time.

The media's tone on the actions of Exxon's CEO were found to be positive eight percent of the time, negative 92 percent of the time and neutral zero percent of the time. The media's tone on the company's action was positive nine percent of the time, negative 65 percent of the time and neutral 27 percent of the time.

Table Three

Organization	Media's Tone		
	Positive	Negative	Neutral
<b>Dow Corning</b>			
CEO's action	0%	40%	60%
Company's action	14%	65%	21%
<b>Exxon</b>			
CEO's action	8%	92%	0%
Company's action	9%	65%	27%

Because media tone of the two CEOs whose companies were judged to have handled their crises well (Odwalla and Jack in the Box) was mostly positive and the media tone of the two CEOs whose companies were judged to have handled their crises poorly (Dow Corning and Exxon) was extremely negative, it can be reasonably assumed that the hypothesis was supported.

**Hypothesis III:**

**It is expected that the general public believes a CEO's behavior during a crisis affects the post-crisis reputation of the organization.**

The researcher addressed this issue in an intercept survey at the Rehoboth Outlets in Rehoboth Beach, Delaware. The researcher stood at an intersection between two shopping complexes on the afternoons of March 11, 12, 18 and 19 and asked respondents questions while they waited to cross the street. The researcher surveyed 50 adults appearing to be 25 years of age and older. The respondents were comprised of 32 women (64%) and 18 men (36%).

Responses to the question “Do you think the CEO’s behavior is very important, important, unimportant, very important or unknown?” are as follow

- 64% of respondents said the CEO’s behavior is very important
- 28% of respondents said the CEO’s behavior is important
- 8% of respondents said the CEO’s behavior is unimportant.
- 0 respondents said the CEO’s behavior is very unimportant
- 0 respondents said not sure/don’t know

**Table Four**

	<b>Very important</b>	<b>Important</b>	<b>Unimportant</b>	<b>Very unimportant</b>	<b>Unsure</b>
<b>How important is CEO behavior?</b>	64%	28%	8%	0%	0%

Therefore, the hypothesis was supported.

**Hypothesis IV:**

**It is expected that the general public does not associate a crisis with the overall reputation of the organization over a period of time.**

To address this issue, the researcher conducted an intercept survey. Responses to the question “Do you think crises, such as the Tylenol bottle-tampering or the Exxon Valdez oil spill, have lasting effects on the company’s reputation?” are as follows:

- 72% of respondents said yes
- 24% of respondents said no

- 4% of respondents said don't know/unsure

**Table Five**

	<b>Yes</b>	<b>No</b>	<b>Unsure</b>
<b>Do crises have long-term effects?</b>	72%	24%	4%

While the hypothesis appears to be unsupported because the majority of respondents said crises have long-term effects, Exxon and Dow Corning are still in business. In fact, Exxon currently ranks third on the Fortune 500 list.

**Other Findings**

In addition to results directly pertaining to each hypothesis, the following findings were discovered through the research.

The researcher also wanted to determine where most people learn about organizational crises. As an additional intercept survey query, she asked respondents the open-ended question “Where do you learn about company crises?” Results are as follows:

- Respondents learn about crises through multiple channels. Nearly all respondents (96%) receive news about crises through the electronic channels of TV, radio or the internet (including web sites and e-mail).
- Next, 80% of respondents learn about company crises through print media of newspapers or magazines.

- More than half of the respondents (60%) receive news about company crises through word-of-mouth from friends and relatives.

**Table Six**

	<b>TV/Radio/ Internet</b>	<b>Newspaper/ magazine</b>	<b>Word-of-mouth</b>
<b>Where do you learn about company crises?</b>	96%	80%	60%

Respondents to this question gave more than one answer, so the percentages do not add up to 100 percent. The researcher found that most respondents receive information from electronic media, followed by print media and verbal communication.

## Chapter V

### **Evaluation and interpretation of results**

*Hypothesis 1 - It is expected that the majority of Fortune 100 companies will have crisis communication plans in place.*

The researcher hypothesized that the majority of Fortune 100 companies would have crisis communication plans in place. As the top performing companies in America, the researcher believed they would have the resources and foresight to plan adequate crisis communication plans, regardless of the company's particular industry.

This hypothesis was supported by the email survey, in which 65 percent of the responding companies did have crisis management plans in place. The public relations and executive departments of these companies realized the need for proactive crisis communication plans and have implemented them as company policy. An implication of this finding would be the assumption that companies should handle crises more smoothly in the future. Companies have learned from the successes and failures of other companies in crisis and want to be prepared.

However, this email survey did not probe in-depth whether or not these crisis communication plans are revised, practiced and updated regularly.



*Hypothesis II: It is expected that the media's portrayal of the CEO affects the post-crisis reputation of the organization.*

The researcher believed the media's tone sets the agenda for what the public think about. Therefore, the media's portrayal of the CEO as either positive or negative could help or hinder the organization's post-crisis reputation.

This hypothesis was supported by a content analysis of 40 articles depicting the crises of four different companies. Odwalla and Jack in the Box were the two companies who handled their organizational crises well. The content analysis found that the media viewed Odwalla's CEO in a positive light 60 percent of the time and Jack in the Box's CEO positively 64 percent of the time.

The media's evaluation of the company's handling of the crisis "determines the tone of media coverage (prcentral 1999)." Soon after crises hit Odwalla and Jack in the Box, the media had determined that the company and CEO reacted very quickly and responsibly; therefore, the media's tone on the CEO's behavior remained positive.

Both companies have managed to survive their crises. Jack in the Box tightened not only its own food safety standards, but also the standards of the entire industry. The company has emerged as an expert in safe food handling, viewed as a resource by other fast food chains (Bertagnoli 1996). Analysts and communication experts have also predicted that Odwalla will rebound from its crisis (prcentral 1999).

Additionally, the content analysis found that the media viewed Dow Corning's CEO negatively 40 percent of the time and positively zero percent of the time and Exxon's CEO negatively 92 percent of the time.

Both Exxon and Dow Corning had been selected for inclusion in the content analysis because they handled their crises poorly. Therefore, the hypothesis was supported, as the CEO of each company was cast in a negative light in the majority of articles coded.

An implication of this finding is that the CEO's behavior during a crisis is very important to the media covering the crisis. Company CEOs must work to ensure their behavior is worthy of positive comment in the media.

*Hypothesis III: It is expected that the general public believes a CEO's behavior during a crisis affects the post-crisis reputation of the organization.*

While the general public may not know the name or even the exact actions of CEOs during a crisis, they do know that CEO behavior is important in determining the company's reputation and livelihood once the crisis has passed. In fact, one respondent stated that the CEO should be extremely careful in his actions because his reputation, and job, are on the line. The intercept survey found that 92 percent of the people interviewed said that the behavior of the CEO during a crisis was either very important (64 percent) or important (28 percent). Therefore, the hypothesis was supported.

The implication of this finding is that the behavior of a CEO is very important to the public, who can determine the success or failure of a company based on their approval or disapproval of certain actions.

*Hypothesis IV: It is expected that the general public does not associate a crisis with the overall reputation of the company over a period of time.*

In the intercept survey, several people conceded that crises do have lasting effects on the company's reputation, but the effect depends on how the company handles the crisis and on the nature of the crisis itself.

Additionally, one respondent said that crises do not have lasting effects on the company's reputation. Rather, the company suffers from a temporary negative image that fades over time. A case in point would be Exxon. The content analysis found that the media's tone on the company's actions were positive only nine percent of the time and negative 65 percent of the time. In 1989, Exxon faced a tremendous media and public outcry, from which it seemed the company could not recover. Exxon had not established an overwhelming reservoir of goodwill that would ease public forgiveness, nor had it reacted quickly when the crisis hit. Furthermore, the company's actions inadvertently killed hundreds of animals. However, Exxon currently ranks as the third top-performing company on *Fortune* magazine's Fortune 500 list. Therefore, while 72 percent of the intercept study respondents stated that crises have long-lasting effects on a company's reputation, the general public seems to be more forgiving. Therefore, while the hypothesis is not supported strictly by the intercept study, it can be supported by Exxon's placement on the Fortune 500 list.

## **Conclusions**

This researcher has found the following to be the most important conclusions of this project:

- 1) To be considered a successful company, a company must have a crisis communication plan in place.**

The majority of Fortune 100 companies have crisis communication plans in place. As the top-performing companies in America, these companies are often imitated in terms of business savvy and style by companies hoping to be named to that list. It stands to reason that companies desiring success should also emulate this business practice and implement their own crisis communication plans.

- 2) Ensure the CEO behaves appropriately so that media coverage is positive during a crisis.**

To achieve this goal, a number of details must first be outlined. First of all, the company must ensure it has a crisis communication plan in place. Secondly, the CEO must be willing to follow the plan and advice of media and communication experts. A CEO who will act quickly and on the advice of proven research will be viewed favorably by the media, unless of course the crisis is a result of the CEO's own inaction or corrupted morals.

- 3) Even if a company handles a crisis poorly, it may not necessarily be doomed.**

Exxon is the perfect example of this conclusion. Very few companies and CEOs have handled crises as poorly as Exxon. A survivor instinct can sometimes compensate

for incompetence, but companies should strive to follow a crisis communication plan for best results.

### **Further Research**

The researcher offers the following suggestions for future research:

- Investigate how and to what extent companies with crisis communication plans revise and practice plans regularly.
- Investigate the impact urban legends play on public belief and crisis management, particularly when passed via e-mails on the Internet.
- Investigate why the general public supports businesses that have handled damaging crises poorly even when it says crises do have long-lasting impacts on organizations.
- Investigate the career tracks of the CEOs and public relations staffs of the four companies studied to determine how their careers have flourished or failed as a result.
- Investigate to what degree companies create, revise, implement and practice their crisis communication plans
- Investigate human-caused disasters like Love Creek and the Centralia-Pa. underground anthracite coal burn, where human fault has caused death, illness and destruction of entire towns.

### **Contributions to the field**

This researcher feels this project offers significant contributions to the field of public relations, particularly crisis management. This project is important because it:

- Provides current information and statistics
- Provides a source for corporate public relations to use to stress appropriate behavior to CEOs in crisis

Overall, organizational crisis management and the role of the CEO during crises will continue to grow in importance. As a fairly new research topic, future researchers must continue to explore the topics discussed in this study to offer additional contributions to the field. This way, the role of the public relations professional will strengthen, as practitioners can access a continually growing source of information to offer CEOs about the implications and importance of their behavior during crises.

## Bibliography

“A Welcome Apology.” (1995, December 27). The Philadelphia Inquirer.

Abelson, Reed. (1999, June 16). In a Crisis, Coke Tries to Be Reassuring. The New York Times.

Bertagnoli, Lisa. (1996, October 15). After the Outbreak. Restaurants & Institutions. (Online). Available:  
<http://proquest.umi.com/pqdweb?TS=941214360&Did=000000010339193&Mtd=1&Fmt=3&Sid=5&Idx=2&Deli=1&RQT=309&Dtp=1>

Brewer, Geoffrey. (1997, June). When a Crisis Squeezes Sales. Sales and Marketing Management.

Casert, Raj. (1999, June 23). Europe gets apology from Coke’s chairman. The Philadelphia Inquirer.

Center, Allen H., and Patrick Jackson. (1990). Public Relations Practices Managerial Case Studies and Problems. New Jersey: Prentice Hall.

Coombs, Timothy W. and Sherry J. Holliday. (1996, November 4). Communication and Attributions in a Crisis: An Experimental Study in Crisis Communication. Journal of Public Relations Research. 279-294.

“Crisis Communicator’s Job: Put out the Fire.” (Vol. 8 No. 1). Positioning: A Communications Management Newsletter.

Ettore, Barbara. (1996, October). James Burke: The Fine Art of Leadership. Management Review. (Online). Available:  
<http://proquest.umi.com/pqdweb?TS=...&Sid=5&Idx=27&Deli=1&RQT=309&Dtp=1>

Evan, Thomas J. (1999, Summer). Odwalla. Public Relations Quarterly.

Fulginiti, Anthony J. (1987). Power-Packed PR: Ideas That Work. 10.

Gonzalez-Herrero, Alfonso, and Cornelius B. Pratt. (1995, Spring). How to Manage a Crisis Before – or Whenever – it Hits. Public Relations Quarterly. (Online). Available:  
<http://proquest.umi.com/pqdweb?TS=...Sid=12&Idx=16&Deli=1&RQT=309&Dtp=1>

Grunig, James E., and Todd Hunt. (1984). Managing Public Relations.

<<http://www.prcentral.com/rmndcrisis.htm>> (Accessed <9/20/99>)

Kamer, Larry. (December 1997/January 1998). Crisis Planning's Most Important Element: The Drill. Communication World. (Online). Available:  
<http://proquest.umi.com/pqdweb?TS=941215699&Did=000000023915030&Mtd=1&Fmt=3&Sid=8&Idx=5&Deli=1&RQT=309&Dtp=1>

Knox, Andrea. (1995, December 22). In doing the 'right' thing, did Peco also do the smart thing? The Philadelphia Inquirer.

Lear, Robert W. (1996, November). The CEO's Role in Corporate Governance. Chief Executive.

"Lessons from the Ultimate Crisis: Dow Corning in the Crucible." (1997, Spring). The Public Relations Strategist. 6-12.

Patterson, Bill. (1993, November). Crises Impact on Reputation Management. The Public Relations Journal. (Online). Available:  
<http://proquest.umi.com/pqdweb?TS=...Sid=12&Idx=35&Deli=1&RQT=309&Dtp=1>

"Peco does right thing." (December 26, 1995). The Philadelphia Daily News.

PR Tactics. (1999, September), 3.

Read, Nat B. (1993, January 11). Sears PR Debacle Shows How Not to Handle a Crisis. The Wall Street Journal.

Sherman, Stratford P. (1989, June 19). Smart Ways to Handle the Press. Fortune.

"Tips & Tactics." (1997, December 22). pr reporter.

The Pepsi Hoax: What Went Right? (1993).

Vogl, A.J. (1996, July/August). Backlash. Across the Board.



## **Appendix**

## 1999 Fortune 1000 Companies

1. General Motors
2. Ford Motor Company
3. Wal-Mart Stores
4. Exxon
5. General Electric
6. International Business Machines (IBM)
7. Citigroup
8. Philip Morris
9. Boeing
10. AT&T
11. Bank of America
12. Mobil
13. Hewlett-Packard
14. State Farm Insurance Company
15. Sears Roebuck
16. E.I. duPont de Nemours
17. Procter & Gamble
18. TIAA-CREF
19. Merrill Lynch
20. Prudential Insurance Company of America
21. Kmart
22. American International Group
23. Chase Manhattan Corp.
24. Texaco
25. Bell Atlantic
26. Fannie Mae
27. Enron
28. Compaq Computer
29. Morgan Stanley Dean Witter
30. Dayton Hudson
31. J.C. Penney
32. Home Depot
33. Lucent Technologies
34. Motorola
35. SBC Communications
36. Kroger
37. Merck
38. Chevron
39. Metropolitan Life Insurance
40. Intel
41. Lockheed Martin
42. Allstate
43. United Technologies
44. Bank One Corp.
45. GTE
46. United Parcel Service
47. USX
48. Safeway
49. Costco
50. Con Agra
51. Johnson & Johnson
52. Bell South
53. Walt Disney
54. Pepsi Co.
55. Ingram Micro
56. First Union
57. Cigna
58. Caterpillar
59. McKesson HBOC
60. Loews
61. Aetna
62. Wells Fargo
63. Xerox
64. Sara Lee
65. PG&E Corp.
66. Lehman Brothers Holdings
67. American Stores
68. New York Life Insurance
69. Columbia/HCA Healthcare
70. Raytheon
71. International Paper
72. AMR
73. American Express
74. Coca-Cola
75. Dow Chemical
76. J.P. Morgan & Co.
77. Bristol-Myers Squibb
78. Dell Computer
79. Freddie Mac
80. MCI WorldCom
81. Duke Energy
82. United Airlines
83. AutoNation
84. United HealthCare

85. Halliburton
86. Supervalu
87. Ameritech
88. Sprint
89. RJR Nabisco Holdings
90. Electronic Data Systems
91. Archer Daniels Midland
92. Albertson's
93. Cardinal Health
94. Federal Express
95. Federated Department Stores
96. Alcoa
97. Sysco
98. Walgreen
99. CVS
100. Allied Signal