PUBLIC RELATIONS SOCIETY OF AMERICA

THE IMPACT OF PUBLIC RELATIONS ROLES AND DOMINANT COALITIONS ON CRISIS COMMUNICATIONS

A CASE STUDY SUBMITTED TO
EDUCATORS ACADEMY
BETSY PLANK GRADUATE RESEARCH COMPETITION

BY
JEFFREY D. HUTSON

JULY 31, 2003

ABSTRACT

This case study examines the crisis communications experience of an automotive parts manufacturer implicated in an environmental disaster involving significant damage to the aquatic life of the White River in central Indiana. An examination of public relations roles theory, contrasted with the company's handling of the crisis, concludes that crisis damage could have been mitigated had the organization established public relations as a management function and as a part of the corporation's dominant coalition.

THE IMPACT OF PUBLIC RELATIONS ROLES AND DOMINANT COALITIONS ON CRISIS COMMUNICATIONS

INTRODUCTION

The public relations body of knowledge contains a growing segment exploring public relations roles and the importance of positioning the discipline as a management function within corporate structures. However, there appears little research in public relations and related disciplines specifically linking the position of practitioners within organizations' dominant coalitions to the effective practice of crisis communications.

This case study explores literature relating to public relations roles, specifically focused on the theory that public relations is most excellent when practiced as a management function within an organization. The study then looks at the communications crisis experienced by Guide Corporation as the result of a major environmental disaster involving the White River in central Indiana.

Comparing theoretical ideals identified in the literature with the actual practice of Guide Corporation, a hypothesis is developed that concludes the crisis could have been significantly mitigated had public relations been established as a management function and part of the dominant coalition upon the company's divestiture from General Motors in 1998.

REVIEW OF LITERATURE

Public Relations as a Management Function

Since the 1960s, public relations has made strides in finding its logical position as a management function within leading corporations, with practitioners' counseling skills valued as much, if not more, than communication skills. However, positioning public relations as a management function requires broad strategic thinking and the development of a thorough understanding of an organization's business strategy and marketing plans, internal challenges and future opportunities, customers and competitors. (Howard 1995)

To win a seat at the management table alongside disciplines such as human resources, finance and marketing, practitioners must practice public relations based on behavioral science and opinion research, leading to well-developed plans and quantitative, measurable results. (Parker 1992) Success at the management table requires the ability for a practitioner to think beyond narrowly defined public relations roles. Practitioners must not only demonstrate a mastery of tactics and the ability to provide reliable counsel, but must also master basic business management skills including budgeting, supervision, and research evaluation. (Moss and Green 2001)

Cutlip, Center and Broom emphasized the importance of the use of research as a key activity of practitioners most likely to have moved into management roles. (1994). In addition, the authors describe pioneering research into the roles played by public relations practitioners. The research indicates many do not practice the discipline in a manner consistent with attributes required of senior management roles. In research among public relations practitioners, four roles were found to be most common among public relations professionals. These roles include the communications technician with principle roles of writing and editing; the expert prescriber recognized as an authority on public relations problems and solutions; the communication facilitator skilled in listening and facilitating information sharing; and the problem-solving facilitator working in a collaborative environment to solve problems and participate in strategic planning.

Roles are closely identified with evaluation techniques. Dozier (1984) identifies three major clusters of evaluation techniques: scientific impact, seat-of-pants, and scientific dissemination. Scientific impact uses valid research techniques to measure changes in target public attitudes, perceptions or behaviors. Scientific dissemination, moves beyond a mere count of clips in a file to measuring of published inches, reach and formal content analysis. He notes a difference in roles of the communication manager and communication technicians. Managers, he found, are expected to be knowledgeable about innovations in public relations and expected to demonstrate leadership in new approaches to old problems. However, technicians would likely see little relationship between styles of evaluation and their organizational roles. Dozier notes that scientific impact evaluation serves to supplement rather than replace seat-of-pants evaluation. He attributes this to the imperative of managers to make decisions and act even when all the information useful to decision making is not available.

Grunig notes public relations practitioners can be more than journalists in residence or communication technicians. However, education in the field, especially at the graduate level, is a key to achieving management-level power. And, Grunig believes it is the power of decision-making that separates public relations managers from nonmanagers. (Grunig, 1992)

Conflicting Evidence

A growing body of research provides conflicting evidence as to whether public relations is emerging as a function of top management, lead by a public relations professional. A survey completed by the Foundation for Public Affairs (Public Relations Quarterly 2000) finds that more companies are strategically aligning their public relations activities as a tool to achieve business objectives. Almost two-thirds of respondents to the foundation's survey provide political and social forecasts to senior management, while more than half report directly to a chief executive officer. In addition, the majority of respondents report significant linkage of their activities to the company's strategic plan. Dolphin and Fan (2000) found that the communications director is playing an increasing role in the formulation of corporate strategy. They attribute this to the awareness that corporate reputation and branding are critical competitive issues. And this awareness, they believe, should give practitioners a place in the boardroom.

However, research conducted by Moss and Warnaby (1996) among retail organizations in the United Kingdom indicates considerable difference in the roles assigned to public relations professionals. Their research found strong emphasis on the use of public relations as a tactical marketing support activity to generate product publicity by retail organizations. Little evidence was found to suggest that retail organizations view public relations as contributing significantly to the achievement of their strategic goals. And, there was minimal indication that public relations professionals are often involved in the formation of either corporate or business strategies.

In later research, Moss (2000) found that many public relations practitioners, even in larger departments, were involved in more technical publicity work in support of business units or marketing objectives. The more strategic work of the departments — intelligence gathering, providing advice and counsel to senior management, and determining policies and plans — tended to be handled by a relatively small core of senior practitioners. However, Moss found that virtually all of the senior practitioners in the study reported directly to the chief executive or chairperson of their organization with access to the most senior levels of management. Access to senior management, however, does not mean the senior public relations practitioner functioned as a member of the top management team or dominant coalition of the firm.

Dominant Coalitions

Barriers to obtaining a position for public relations at the top management table may extend beyond a practitioner's education or schema of appropriate roles for his or her profession. A significant barrier to integrating public relations as a senior management function may well be within the view senior managers hold of the profession. Hogg and Doolan (1999) found that, while there is some support for a managerial role, this support is contrasted by employers' belief that public relations is one-dimensional and undeserving of a top-level management position. The implications include lower authority and status for practitioners and the likelihood that they are not part of the dominant coalition in an organization. Significantly, the researchers found evidence that public relations practitioners, while aware of the problems associated with being shut out of top management, did not exhibit a strong desire for a senior management role.

Senior management's awareness of the importance of public relations, coupled with a single-dimensional view of practitioner roles, can lead to non-practitioners — in disciplines such as finance or law — being assigned senior public relations management roles. Described by Lauzen (1992) as encroachment, this scenario can lead to PR becoming no more than a technical support function servicing other units of the organization, rather than a central management function in itself. Lauzen found evidence that the occurrence of encroachment may be lessened when the most senior public relations practitioner enacts the manager role and holds a powerful schema of the public relations function. Lauzen's findings — similar to that of Hogg and Doolan — identify a practitioner's psychological predisposition and behavioral skills as essential to enacting the manager role and, therefore, obtaining departmental power.

Departmental or personal power in an organization is derived from two kinds of capacities: first, access to resources, information, and support; and, second, the ability to get cooperation in doing what is necessary. (Kanter 1979) Resources are a key component of management power. So, when resources are scarce, powerful coalitions in the organization will strive to allocate resources in such a way as to maintain the relative positions of those within the coalition. (Cyert and March 1963) Cutlip, Center and Broom (1994) refer to the relatively few practitioners who hold policy decision-making positions in these dominant coalitions. Grunig (1992) also refers to these dominant coalitions as an explanation as to why some organizations have excellent communications departments and others do not. Grunig identifies the power-control perspective that says that organizations do what they do because the people with the most power in the organization – the dominant coalition – decide to do it that way. Therefore, a weak public relations program may be more the result of dominant coalition mandates than practitioner deficits. Public relations, therefore, has a better chance of being excellent if the senior communication manager is a member of that coalition.

Roles and Crisis Communication

In crisis communications, little work has been completed regarding the impact of dominant coalitions and resultant public relations roles. However Guth (1995) found a possible relationship between the role of the public relations function within an organization and that organization's level of experience with crisis. In addition, his research suggests a link between an organization's crisis experiential level and the managerial role of its public relations function. And, while a proactive approach to crisis communication can help avoid or mitigate crises, he states this cannot happen if the practitioner is not a key player in the decision-making process.

Crisis Management

Stocker (1997) notes the importance of the first response to a crisis, citing four principles for initial response: first, express regret without necessarily jumping to admissions of responsibility or guilt; second, state what will be done to resolve the issue; third, provide assurances of reform to prevent the incident from happening again; and, fourth, provide information regarding how the organization will provide restitution that may be separate from any legal judgments or liabilities.

Avoiding or mitigating legal liability is a significant factor considered by corporate executives involved in crisis management. While this factor is important, the failure to consider crisis impact on an organization's relationships with important publics can be just as costly. Once a company's reputation is destroyed, it may not matter if any lawsuits are filed. (Fitzpatrick 1995) However, legal and public relations counselors perceive their relationships in a crisis management team as highly cooperative with some degree of shared and equal influence on top management decision making more than 70 percent of the time. (Lee, Jares and Heath 1999)

When corporate guilt is present within a crisis situation, companies can move beyond statements of “no comment” to avoid or even mitigate legal liability through carefully worded and timed apologies. Patel and Reinsch (2003) dismissed as “folklore” the concept that legal issues prohibit or generally discourage corporate apologies. When guilty of a wrongdoing, the researchers conclude that a corporation may be able to reduce its punishment and restore damaged relationships with an appropriately worded and timed apology. Corporations may be well advised to express compassion as part of the management of an accident-related crisis response. Coombs (1999) found that compassion helps to improve organizational reputation with little if any social-oriented downside.

Planning in advance of a crisis us a significant factor in the mitigation of damage to an organization’s reputation. Once an event occurs, there is no time for a considered, thoughtful approach to the crisis. (Stocker 1997) Stocker recommends a crisis plan with six elements, including: a statement outlining the firm’s crisis management approach; ongoing reputation-building activities; identification of the individuals or functional areas to serve on the crisis team;

the location of a crisis center; a network alert system to identify crises before they happen; and advance materials such as company background information and generic or prototype media statements. An important part of crisis communications planning is the ability to learn from previous crises, wither with the organization in question or others that have experienced crisis. Through this learning process, crisis communications strategies can be developed that will reduce response time during a crisis. Crisis teams can spend less time developing and debating post-crisis message creation when they know the crisis response options and the appropriate conditions for their use. (Coombs 2000) When a crisis erupts, companies must be prepared for a rapid assessment, including evaluation of the potential intensity of a crisis; the potential for high-visibility; the extent to which a crisis could disrupt business operations; an honest assessment of whether the firm is a victim or culprit in a crisis; and the extent of possible bottom-line financial damage. (Fink 1986)

METHODOLOGY

A case study approach was selected as an ideal method to analyze Guide Corporation's handling of crisis communication related to the 1999 White River fish kill and the factors influencing the company's actions. Case studies are a common qualitative research technique comprising an ideal approach for the researcher concerned with understanding and explaining phenomenon. (Wimmer and Dominick 2002) Principles of public relations, including crisis communication, are often drawn from the experiences of practitioners, frequently in the form of case studies. (Seeger, Sellnow, and Ulmer 1998)

The following case study begins with an examination of the business circumstances leading to creation of Guide Corporation in 1998, including issues facing the senior management team of the new company as they established a public relations function. Following the historical review, the various stages of the crisis, from its earliest hours through the resolution of litigation nearly two years later, is closely examined and reported.

Research methods included a literature review of relevant crisis communication, public relations roles and dominant coalition theory noted previously; a comprehensive review and categorization of print and broadcast media coverage of Guide Corporation's business circumstances and the environmental crisis; a personal structured interview (Bahamonde 2002) with an individual closely involved in the early hours of the crisis; and the personal experience of the researcher as a member of the company's public relations team.

Every effort was made to ensure researcher objectivity, including review of the project by a university professor with an extensive background as a crisis communication practitioner and researcher. Others involved in the crisis, but no longer working in any capacity related to the company, also reviewed draft material with an eye toward objectivity and factual accuracy. While the researcher's status as an employee of the company in question provided considerable access to detailed information, the conclusions of this study must be considered with the full knowledge that the researcher is now employed by Guide Corporation and was formerly employed by the company's agency.

HISTORICAL CASE OVERVIEW

Introduction

In December 1999, barely a year into divestiture from General Motors' Delphi Automotive Systems Group, Guide Corporation ran into big environmental trouble. A chemical discharge ultimately traced to the company's Anderson, Ind. plant prompted catastrophic failures at the City of Anderson's wastewater treatment plant. The resulting toxic discharge into the White River of central Indiana killed an estimated 4.6 million (187 tons) fish along a 50-mile stretch of the river running from Anderson to the state capital of Indianapolis. (Indianapolis Star 2002) The incident occurred during the heat of a gubernatorial election campaign in which state environmental organizations had already expressed concern regarding incumbent Frank O'Bannon's management of environmental and natural resources agencies. (Associated Press 2000)

Eighteen months after the fish kill — following two changes in CEOs and one change in ownership — the company entered into a $14.2 million settlement of lawsuits filed by the State of Indiana and the U.S. Environmental Protection Agency. At the time of the fish kill incident, Guide Corporation — North America's largest manufacturer of automotive headlamps and taillamps — had no in-house corporate communications staff, though it had contracted with a Indianapolis advertising agency for marketing communications, media relations, employee communications and community relations services.

Background

In the mid 1990s General Motors was struggling with a weak return on assets and under-performing stock prices. From its years of dominance through the mid 1960s, GM's return on assets had dropped from approximately 17 percent in 1965 to near zero by the early 1990s. Stock prices during this period also had turned in a lackluster performance as compared with other Fortune 500 companies. (Taylor and Robinson 1996) In an effort to boost company performance, GM's leadership launched a scheme that would allow it to focus on its core business, designing and manufacturing automobiles. To accomplish this, GM slated for spin-off three major business units: Electronic Data Systems, an information systems integrator; Hughes Electronics, involved in satellite and defense operations; and Delphi Automotive Systems Group, a collection of parts manufacturers, including North America's largest headlamp and taillamp engineering and manufacturing operations. The Delphi spin-off would allow GM to shop for parts among other auto parts suppliers not saddled with Delphi's $44-hour average wage rate. In addition, Delphi would have the opportunity — after getting costs under control — to aggressively seek parts orders outside GM, from the companies such as Ford and DaimlerChrysler. (Taylor and Robinson 1996, Pryweller 1999)

As preparations were made for the spin off of Delphi from General Motors, it became clear that the new Delphi had no interest in being saddled with the money losing, capital starved, lighting operations that had developed a reputation for difficult labor relations and chronic quality problems. (Sedgwick 1998) These operations included a forward lighting manufacturing plant in Monroe, La. and an engineering office and signal lighting manufacturing operation in Anderson, Ind. Together, the lighting operations included approximately 4,000 employees and grossed sales of approximately $665 million in 1997. Before proceeding with the Delphi spin-off, it was decided to divest the lighting operations. In March 1998, Delphi announced plans to sell the lighting operations — renamed Guide Corporation — to Palladium Equity Partners, a New York investment group. The new owners developed a fast-paced business strategy designed to quickly prepare the company to stand on its own. (Palladium 2002) This strategy included:

- Rationalizing structural labor costs through the flow back of employees to GM
- Reducing overhead costs; generating raw material procurement savings through alternative sourcing arrangements.
- Securing new customers as a non-captive, independent supplier.
- Investing capital in technology and systems to build the infrastructure required to operate as a low-cost component supplier.

While many companies have the opportunity to evolve and develop operational infrastructure as they grow from the first dollar of sales, Guide Corporation was faced with the challenge of developing infrastructure from scratch as a company born with more than $600 million in sales and 4,000 employees. Critical support structures and systems including human resources, labor relations, information technology, finance and accounting, sales and marketing, corporate communications, and quality and environmental — previously provided either directly or with close supervision from GM/Delphi corporate offices — now had to be developed and maintained internally.

Corporate Communications in the new Guide Corporation

Guide Corporation's executives opted to outsource all corporate communications functions — including marketing communication, employee communication, community relations, and media relations — to a single advertising agency. The decision was made as Guide Corporation sought to minimize costs of "headcount." Oversight of the agency was divided among vice presidents in marketing, manufacturing and human resources, with each responsible for individual segments of the agency's work as noted below:

- Marketing Vice President: Marketing communications and trade media relations.
- Manufacturing Vice President: Community relations in plant communities.
- Human Resources Vice President: Employee communication and local media relations.

The agency assigned a full-time, onsite account executive to direct the corporate functions of employee communications and media relations from an office within Guide Corporation's corporate headquarters. Working from the agency home office, a second account executive handled marketing communications, while a third account executive coordinated the community relations function.

At the time of the fish kill, Guide Corporation's executive management was fully engaged in addressing a myriad of critical business challenges besetting a company described in one trade publication (Pryweller 1999) as "A Delphi unit few wanted." Top management was fully focused on infrastructure development, cost reduction, labor relations, quality and capital investment. Corporate communications was not on the list of problems or expected problems. It was not positioned as a vital management function within the company. A crisis communications plan was not in place and none was in development.

Breaking Crisis (December '99 – January '00)

In mid December 1999, state officials began receiving reports of dead and dying fish in the White River near Anderson, Ind.. A state conservation officer confirmed at least 20 dead fish, however, three days later, by December 19, sightings of hundreds of dead fish were reported up to 20 miles south of Anderson. On December 20, investigators from the Indiana Department of Environmental Management inspected the Anderson Wastewater Treatment Plant from where a foamy discharge was spotted days before the fish kill was reported. State investigators learned from Anderson treatment plant workers that Guide Corporation had reported a discharge of pre-treated wastewater containing the chemical Sodium Dimethyldithiocarbamate. Guide had used the chemical for more than ten years to remove metals from wastewater associated with its metal plating operations, and had a permit to discharge this "pre-treated" wastewater to the Anderson wastewater treatment plant. The metal plating operations at Anderson plant were not to be part of the new Guide Corporation, and the most recent discharge was associated with efforts to completely shut down the operation by the end of 1999.

Guide Corporation officials, unaware that the company had been mentioned to state investigators in connection with the fish kill, left for a two-week Christmas shutdown with many key company officers traveling out of the state for the extended holiday. The on-site account executive assigned by the agency to handle media relations and employee communications had left the job in early December and the replacement was not due to begin work until January 3, 2000. Covering media relations in the interim for Guide was the agency's public relations team, including a veteran television journalist who had been on the job at the agency for just one week. It was just before 5 p.m. on December 28, 1999 that the agency learned of Guide Corporation's implication in the fish kill via a phone call from a reporter with *The Indianapolis Star*. The reporter informed the agency that IDEM had just concluded a news conference in which officials had named Guide Corporation as a key suspect in the fish kill. The agency quickly resolved to call a press conference to answer the allegations. According to an agency account executive, "The damage had been done . . . and you cannot wait until the next day to get your story out. (The story) already ran at five, it was the lead at six, it was going to run at 11 without any reaction from us, and it was going to play at daybreak before we got our message out. So you're looking at four or five newscasts and the morning paper before you even had a say. I knew, even if we didn't know all the facts, we still had to have a comment." (Bahamonde 2002)

Having recommended a press conference for 8:30 p.m. that same evening, the public relations team set about attempting to find company officers who could approve the decision and to identify who should serve as company spokesperson. Corporate officers were tracked down by cell phone and two individuals were selected to speak for the company: the vice president of quality and environmental, and the company's senior environmental manager responsible for overseeing the shutdown of the metal plating operation in Anderson. The public relations team learned that IDEM's commissioner, Lori Kaplan, had stated at the late afternoon news conference that a chemical known as DMDK had been identified as the cause of the massive fish kill and that Guide Corporation was suspected of involvement. However, she stated "We're not absolutely sure that this company is the generator, but it is the Guide Corporation that we know has this chemical at its facility and we also have been advised that they did report a release of this chemical to the (Anderson, Ind.) treatment plant." (Reeve 1999)

Having received company approval for the 8:30 p.m. news conference, the public relations team set about gathering facts and preparing the two designated spokespersons, including developing statements and providing last-minute media training. The public relations team was told by the senior environmental manager that Guide Corporation had never used a chemical named DMDK and that the company's chemical supplier had verified this fact. It seemed certain to the PR team that this particular information would clear Guide Corporation of the allegations made by IDEM earlier in the afternoon. At the news conference, Guide's vice president expressed concern that the company had not been contacted by the state prior to IDEM's news conference. The senior environmental manager then provided the information regarding the chemical, stating: "We do not use a chemical called DMDK. However we do use a treatment product called sodium dimethyldithiocarbamate as a polishing agent for our wastewater treatment. Guide Corporation has used sodium dimethyldithiocarbamate for ten plus years in their treatment operation and there have been no known adverse environmental effects as a result." (Fraidin 1999)

Within minutes of the press conference, state officials noted that DMDK is a trade name for sodium dimethyldithiocarbamate and that Guide Corporation remained a suspect in the investigation. News coverage on the four major television news stations in Indianapolis uniformly reported the story as Guide's denial of involvement, while admitting to use of the chemical in question, albeit under a different trade name. No broadcast coverage, and little print and wire service mention was made of Guide's pledge to cooperate with the state's investigation. While this was Guide Corporation's last news conference for nearly three months, the company's denial of involvement in the fish kill was to remain its standard position until a $14.2 million legal settlement was announced almost two years later.

The Investigation (January '00 – March '00)

News coverage of the White River fish kill continued daily through the first week of January when Guide Corporation's holiday shutdown ended with more than 2,200 Indiana employees and Guide's top officers returning to work. In a January 5 meeting with the agency, Guide CEO Mike Hammes expressed concern regarding the company's portrayal in the press more than a week into the media crisis. He asked the agency to develop a comprehensive crisis response plan that would include the media, employees, community leaders, and government officials. While media relations and employee communications plans could be quickly developed, a greater challenge was in creating an effective method of gaining support of government and community leaders. More than a year into its existence as a company, Guide Corporation had an incomplete list of community opinion leaders and was not certain of whom its elected representatives were. In short, Guide Corporation was in no position to make quick introductions to seek the influence of community and government leaders to diffuse a crisis that was becoming increasingly political.

Media Relations

January marked the beginning of a gubernatorial election year with incumbent Frank O'Bannon, having used environmental issues to his advantage in his previous election campaign, now facing criticism from environmental groups. On January 4, a coalition of environmental groups including Hoosier Environmental Council, Improving Kids' Environment, Sierra Club, Audubon Society and Friends of the White River held a news conference on the banks of the White River in Indianapolis to criticize the timeliness and effectiveness of the state's response. Spokesmen at the news conference stated they had previously warned Governor O'Bannon that employment cuts to state environmental agencies had hampered the state's ability to respond to environmental disasters. The potential for political gain from the White River fish kill was clear to Republicans vying for their party's nomination to oppose O'Bannon, as evidenced by this Associated Press news story. (Forliti 2000)

> ANDERSON, Ind., Jan 19, 2000 (AP) -- A massive fish kill on a polluted Indiana river couldn't have happened at a better time for opponents of Democratic Gov. Frank O'Bannon.
>
> While state and federal officials conduct a criminal investigation into the kill, which already numbers in the hundreds of thousands, opponents of the governor are pointing fingers at his administration as he gears up for a likely re-election bid.
>
> More than 85 tons of dead fish have piled up along a 50-mile stretch of the White River since it was poisoned five weeks ago by what investigators suspect was an industrial polishing agent used at an auto parts plant.

> Environmentalists have complained that the state responded too slowly and failed to keep the public informed. The state said it acted on the information it had, though the Department of Environmental Management conceded the state should have responded sooner.
>
> The controversy is surfacing in Indiana's governor's race.
>
> Republicans have accused O'Bannon's administration of bungling the state's response to the fish kill.
>
> In his 1996 campaign, O'Bannon used TV commercials to attack his GOP opponent, former Indianapolis Mayor Stephen Goldsmith, over a sewage release in the city that killed 500,000 fish in the White River.
>
> This time around, John Price, an Indianapolis lawyer seeking the GOP nomination for governor, stood by dead fish on the riverbank and filmed his own commercial, saying he wants to protect Indiana's rivers. He has said he would have handled the fish kill better than O'Bannon.

Responding to increasing public criticism, state officials announced the January 9 opening of a response center in Anderson where they would conduct daily press briefings on the progress of the investigation. They also announced a series of public meetings to discuss the fish kill and respond to public questions. The meetings were to be held in various White River communities from January 10 through January 14. Media coverage the second week of January included prominent statements by Tom Bennington, the city employee responsible for directing the Anderson wastewater treatment plant. His statements focused on implicating Guide Corporation and defending the operation of the Anderson wastewater treatment plant. On January 11, Guide’s executive vice president of human resources, whose responsibilities included legal and public relations aspects of the fish kill, visited Anderson Mayor Mark Lawler. He proposed to Lawler that Guide and the city work more closely on the investigation and seek to work together to minimize negative media coverage that was impacting both organizations. He also asked that Bennington be asked to refrain from attacking Guide in the news media. The mayor declined both requests.

During this period, Guide Corporation initiated no media coverage, but did provide limited response to questions raised and statements made by state and city officials. The standard media response focused on Guide’s cooperation in the investigation while maintaining that there was no evidence linking the company to the fish kill.

In mid January, attorneys with Guide Corporation's law firm recommended and received approval to take over the handling of media relations relating to the fish kill crisis. From this point forward, Guide's agency focused on community relations and employee communications while referring media queries to the law firm.

Between January and mid-March 2000, the White River fish kill and Guide Corporation were the subject of 230 print stories, in 141 newspapers, in 34 states. Coverage ranged from the 2,198-circulation Hartford City (Ind.) *News-Times* to *USA Today* with a circulation of more than 1.65 million.

Employee Communication

From the early stages of the crisis, and continuing through March of 2000, the agency recommended that Guide officers provide weekly updates to employees regarding the crisis, Guide's position, and to provide reassurance. In addition, bulletins were provided to employees whenever breaking news occurred. These updates were posted to bulletin boards for hourly employees and via voicemail to Guide's leadership group of approximately 75 individuals. While every effort was made to provide information to employees before it appeared in the media, many of the updates were reactive, based on news conferences and media statements from state investigators. As media coverage and developments in the case began to slow, the employee bulletins on the issue were provided less often, on an as-needed basis. Guide's routine communication methods, such as newsletters and "town hall" meetings were also used to communicate fish kill news and respond to employee questions on the matter.

Community Relations

By January 7, Guide's agency had assembled plans for a "road show" that would put Guide Corporation's perspective on the fish kill in front of community leaders and elected and appointed government officials. However, the company's law firm was assigned responsibility for government relations issues, and the community "road show" was cancelled due to both legal concerns and the lack of existing corporate relationships with a sufficient number of community leaders. However, Guide Corporation leaders and employees had a number of personal relationships with community leaders and they were encouraged to use information supplied in employee bulletin boards in their contact with these leaders.

Guide employees reported to the company that their contacts in the community voiced the consistent theme that Guide Corporation's minimized media response seemed cavalier and unconcerned regarding the environmental disaster, whether or not the company was guilty of causing it. The agency, working with a solid belief in Guide Corporation's assurance of complete innocence, concluded that Guide Corporation could not wait until the conclusion of the investigation to begin image recovery efforts. The account team recommended that Guide Corporation become much more active and visible in the community and that the company position itself as a strong environmental citizen. An initial plan, developed by early February, called for Guide Corporation to provide a $50,000 gift in support of a local "White River Rescue" initiative, collaborate with local environmental groups on future projects, and foster employee involvement in local environmental clean-up projects. Guide's first step was to meet with representatives of environmental groups that had played a prominent role in focusing media attention in the early days of the environmental disaster. The groups were helpful in suggesting what Guide could do to support local environmental efforts, but most declined to publicly collaborate in projects they feared could be perceived as merely "public relations" efforts. Guide moved ahead with the project, announcing at a March 21 news conference that $50,000 would be donated to White River Rescue 2000 for fish restocking, $1,000 would be donated – along with employee assistance – to support the annual White River Watchers clean-up day in Anderson, and that Guide would support local school-based environmental awareness programs. Media coverage of the event included both positive comments and accusations that this was purely a public relations maneuver.

Litigation (April '00 – May '01)

In the weeks immediately following the fish kill, the federal Environmental Protection Agency joined the State of Indiana and the City of Anderson in their investigation into the cause, focusing on Guide Corporation. Guide's plant was searched, records subpoenaed, and employees interviewed. Throughout the investigation, the company reiterated to the public and its employees that there was no evidence linking Guide Corporation to the fish kill.

On April 28, four months after first announcing Guide Corporation as a suspect in the fish kill, state and federal officials filed lawsuits in Federal District Court, accusing Guide Corporation of multiple violations of the Federal Clean Water Act. Eight days later, the City of Anderson filed suit in federal court. Federal, state and city attorneys asked that the court approve consolidation of the lawsuits. On June 14, 26 citizens with property on the White River filed a class action lawsuit in federal court against Guide, alleging company action damaged property values and the citizens' ability to enjoy the natural resource of the river.

The allegations in the state and federal lawsuit appeared to present damning evidence, which an editorial in *The Indianapolis Star* (2000) termed "a strong case."

> The state has made a strong case that Guide Corp.'s negligence caused a chemical discharge that killed hundreds of thousands of fish in the White River.
>
> The lawsuit contends that Guide kept inaccurate logs of wastewater discharges, drastically reduced the amount of time wastewater was treated, and overused chemicals that the company knew were dangerous to the environment.
>
> Numerous shortcuts were taken, according to the lawsuit, to meet a Dec. 31 contract deadline with General Motors.
>
> In one instance, a toxic chemical was even stored in a trench at the company's Anderson plant because a treatment tank was full.
>
> Between Dec. 11 and Dec. 19, Guide made 11 wastewater discharges into city sewers, although its logs indicated that only eight discharges were made. One of the discharges, according to the state's lawsuit, included 1,500 gallons of HMP-2000, the chemical stored a day earlier in the trench.
>
> By Dec. 16, dead fish were found on the White River. Within days, 117 tons of poisoned fish were pulled from the river. It was among the worst environmental disasters in the state's history.

While Guide Corporation employees and the general public had seen news stories for weeks that lawsuits were pending, the revelations reported extensively in print and broadcast media were nothing short of stunning for employees who had been assured of the company's innocence. Guide Corporation, through its attorneys, continued to deny responsibility for the fish kill and welcomed the lawsuit in which investigators were "finally going to be required to prove their accusations against Guide in a court of law in front of a federal judge." (Forliti 2000-B)

Internal communication to employees encouraged them to get on with the company's business — including maintaining focus on positive developments in manufacturing and sales — and not to be distracted by the legal action. This was noted in a voicemail from a Guide executive to the company's leadership group: "In short, we'll let the lawyers and a few Guide staffers focus on legal issues. The rest of us cannot be distracted from our push to make Guide successful. I'm counting on you to communicate this message to your teams in both your words and by positive example." (Guide 2000)

New Leadership

A significant impact on both the handling of the crisis and company as a whole was a change in company leadership in January 2000, and a further change in both leadership and ownership in February 2001.

On January 10, 2000 Guide's owner, Palladium Equity Partners, announced that CEO Mike Hammes was leaving the company to be replaced by Dennis Pawley, a veteran Chrysler manufacturing executive. Palladium Equity Partners took pains to note that the fish kill was not a factor in Hammes' departure. Less than a year later, on December 18, 2000, Pawley resigned as Chairman and CEO, publicly criticizing General Motors, Guide's largest customer, for failure to pay adequate prices for Guide products. In nationally publicized stories, Pawley indicated the company would have trouble surviving without better prices from GM.

In January 2001, tentative plans were announced for the sale of Guide Corporation to Vehicle Lighting, Inc. With closure of the sale on Feb. 12, Dennis E. Hiller, a 25-year veteran of the automotive supplier industry, was named president and CEO. Hiller began an immediate series of expense reduction initiatives including termination of the contract with the company's advertising agency and the creation of an internal director of corporate communications position in April 2001.

Settlement (June ’01 – December ’01)

On June 18, Guide Corporation announced to its employees and the public that it had reached a $14.2 million agreement that would settle the civil environmental lawsuit filed in 2000 by state and federal agencies and the city of Anderson. The settlement included creation of a $6 million fund for restoring the river. In the settlement, Guide pleaded guilty to seven misdemeanor violations of the federal Clean Water Act. In October, a $2 million settlement was reached in the class action lawsuit filed by property owners along the White River. In a statement to employees and the news media in June, Guide emphasized the role of new management in settling the lawsuits in its first three and a half months. (Guide 2001)

Employees expressed surprise and disappointment, having been assured until the settlement was announced that Guide did not believe it was responsible for the White River fish kill. Employees also expressed concern that the huge financial settlement could result in further erosion of the financially strapped company. In a question and answer document, employees were assured that the company was prepared to weather the multi-million dollar expense as the new owners had anticipated the large financial settlement upon acquisition of Guide in February.

FINDINGS AND DISCUSSION

This is not a case study illustrating a highly effective approach to crisis communication. Rather, it is a study correlating the failure to practice public relations as a management function with a lack of crisis preparedness and encroachment of the communications function by legal counsel. The outcome: damaged public and employee perceptions of a new company.

An examination of public relations roles theory, contrasted with the company’s handling of the crisis, leads to the conclusion that crisis damage could have been mitigated had the organization established public relations as a management function and as a part of the corporation’s dominant coalition.

Public Relations as a Management Function

The fact that Guide Corporation chose to outsource all communications functions while employing no in-house communication professional did not, in itself, prevent public relations from becoming a management function capable of effectively counseling in a communications crisis. However, in the case of Guide Corporation, outside legal counsel gained the additional role of strategic crisis communication counsel with the advertising/PR agency representatives left the largely tactical role of issuing bulletins and news releases. As a service vendor, the agency was in the delicate position of making the case for managing Guide's crisis communication, while being careful not be push so hard as to put at risk a much larger business relationship with the client. It is possible, though not probable, that a persistent company-employed communications officer could have had greater success in ensuring a communication professional's presence at the management table at key junctures of the fish kill investigation and litigation. Without corporate communication's strong presence as a management function, it was not possible to obtain timely and accurate information regarding the crisis. That made it difficult to advise management on effective ways to mitigate damage to Guide Corporation's reputation.

Crisis Communication Plan

Guide Corporation's response in the first crucial hours of the crisis was hampered by its lack of any crisis communications plan. Such a plan would have identified processes, key decision-makers, and key stakeholders, allowing effective message creation and dissemination. However, a solid crisis communications plan is more than a simple list of tactical steps and flow charts indicating processes and decision-makers. It outlines a philosophy of proactive communication principles and practices whose foundation is laid each day by the corporate communications professional. This includes ongoing relationship building with stakeholders, and a corporate commitment to honesty, openness, and timeliness in all communication.

Reactive Communication

With few exceptions, Guide Corporation was primarily reactive in its communication to employees, the public, and news media. This approach appeared to be motivated by the assumption that what was done or said could be used against the corporation in pending legal action. Conversely, environmentalists and government officials were relatively proactive in communicating with the public and the news media via regular press briefings and a series of public meetings. This regular communication created an environment that made it difficult, if not impossible, for government attorneys, judges, and any future juries, to seek anything but the harshest penalties for Guide Corporation. The effect of silence and single sentence denials on public opinion, corporate reputation and, therefore, the outcome of any legal proceeding appears not to have been a primary consideration of those providing strategic crisis communications advice to Guide Corporation.

Timing and Politics

Typical of crisis, the White Rive fish kill story broke at the most inopportune of times, during the Christmas holiday with Guide's executive leadership scattered across the country. The news broke just five months before a primary election and less than a year before a general election in which Indiana's governor, a Democrat, would seek a second term with strong opposition from a determined Republican Party.

News during the holiday week was extremely slow, so the graphically powerful fish kill story dominated television and print news coverage for more than a week. Environmental groups — displeased with cuts to the Indiana Department of Environmental Management — were successful in applying political pressure on the incumbent governor through media coverage of the fish kill. Stung by environmentalist highly publicized condemnations of the state response, the governor was forced to make his reaction to the fish kill aggressive and highly visible to the news media. The election campaign ensured the issue would remain high profile in the media for nearly a year.

Discussion

This is not a case study in incompetence. Unfortunately, environmental disasters can and will happen in our industrialized society. And when they do, it is unrealistic to imagine the company involved can emerge with an untarnished reputation. Therefore, the realistic challenge to companies involved in environmental disasters is to mitigate damage to corporate reputation by honestly and proactively responding, both in what is said and what is done. As noted by Guth (1995), this is unlikely to occur in organizations where public relations is not positioned as a management function.

With the clarity provided by time and hindsight, Guide Corporation has since moved communication management in-house with the hiring of a director of corporate communications. The company has created a crisis communications plan — including philosophy, strategy and tactics — and worked aggressively to establish positive face-to-face relationships with key government officials and community stakeholders. Only another crisis will fully test the effectiveness of corporate communication changes at Guide Corporation. This is an eventuality the company is prepared for, but hopes to prevent.

WORKS CITED

Associated Press. 2000. Environmentalists Criticize State's Response to White River Fish Kill. January 2, 2000.

Bahamonde, Raquel. 2002. Interview by author. Tape recording. Indianapolis, Ind., December 10, 2002.

Coombs, W. Timothy. 1999. Information and Compassion in Crisis Responses: A Test of Their Effects. Journal of Public Relations Research. 11. 2. (1999) : 125

Coombs, W. Timothy. 2000. Designing Post-Crisis Messages: Lessons for Crisis Response Strategies. Review of Business. 21. 3 / 4. (Fall/Winter 2000) : 37

Cutlip, Scott M., Allen H. Center, and Glen M. Broom. 1994. *Effective Public Relations.* 7th ed. Upper Saddle River, NJ: Prentice-Hall, Inc. : 42-43

Ibid. : 62

Cyert, Richard M., and James G. March. 1963. *A Behavioral Theory of the Firm.* Englewood Cliffs, NJ: Prentice-Hall, Inc. : 270

Dolphin, Richard R., and Ying Fan. 2000. Is Corporate Communications a Strategic Function?. *Management Decision.* 38. 2. : 99-106

Dozier, David M. 1984. Program Evaluation And the Roles of Practitioners. Public Relations Review. 10. (Summer 1984) : 13-21

Forliti, Amy, 2000. Fish Kill Surfaces in Indiana Gubernatorial Race, Associated Press, January 19, 2000.

Forliti, Amy, 2000-B. State, Federal Authorities Sue Guide Corp. Over White River Fish Kill. Associated Press, April 28, 2000.

Fraidin, Sarah. 1999. Fish Kill. WRTV-6 News. December 28, 1999.

Fink, Steven. 1986. Crisis Forecasting. Management Review. 75. 3. (March 1986) : 54-55

Fitzpatrick, Kathy R. 1995. Ten Guidelines for Reducing Legal Risks in Crisis Management. Public Relations Quarterly. 40. 2. (Summer 1995) : 33

Guide Corporation. 2000. Leadership Voicemail. Guide Corporation voicemail script. April 28, 2000

Guide Corporation. 2001. Guide Corp. Reaches Settlement. Guide Corporation news release. June 18, 2001.

Guth, David W. 1995. Organizational Crisis Experience and Public Relations Roles, Public Relations Review. 21. 2. (Summer 1995) : 123-134

Grunig, Larissa A. 1992. Power in the Public Relations Department. in *Excellence in Public Relations and Communication Management.* James E. Grunig ed. Hillsdale, NJ: Lawrence Earlbaum Associates. : 498

Ibid. : 483

Hogg, Gillian, and Denis Doolan. 1999. Playing the Part. European Journal of Marketing. 33. : 597

Howard, Carole M. 1995. Building Cathedrals — Reflections on Three Decades in Corporate PR and a Peek at the Future. Public Relations Quarterly. 40. 2. (Summer 1995) : 5

Indianapolis Star. 2002. Library FactFiles: The White River Fish Kill. available from http://www.indystar.com/library/factfiles/environment/white_river/fish_kill.html. Internet. accessed November 11, 2002

Indianapolis Star. 2000. A Strong Case. Editorial. April 29, 2000.

Kanter, Rosabeth Moss. 1979. Power Failure in Management Circuits. Harvard Business Review. 57. 4. (July/August 1979) : 65

Lauzen, Martha M. 1992. Public Relations Roles, Intraorganizational Power, and Encroachment. Journal of Public Relations Research. 4. 2. : 61-80

Lee, Jaesub., Stella M. Jares, and Robert L. Heath. 1999. Decision-Making Encroachment and Cooperative Relationships Between Public Relations and Legal Counselors in the Management of Organizational Crisis. Journal of Public Relations Research. 11. 3. (1999) : 262-263

Moss, Danny, and Rob Green. 2001. Re-examining the Manager’s Role in Public Relations: What Management and Public Relations Research Teaches Us. Journal of Communication Management. 6. 2. (December 2001) : 118-132

Moss, Danny, and Gary Warnaby. 1996. Tactical Publicity or Strategic Relationship Management? An Exploratory Investigation. European Journal of Marketing. 30. 12. : 69

Moss, Danny. 2000. Public Relations Practitioner Role Enactment at the Senior Management Level Within UK Companies. Journal of Public Relations Research. 12. 4. (October 2000) : 277

Palladium. 2002. Portfolio Companies: Case Study Guide Corporation. Palladium Equity Partners. available from http://www.palladiumequity.com/portfolio/case_guide.htm. Internet. accessed November 29, 2002.

Parker, Erich. 1992. Public Relations is a Management Function. Public Relations Quarterly. 37. 1. (Spring 1992) : 9

Patel, Ameeta, and Lamar Reinsch. 2003. Companies Can Apologize: Corporate Apologies and Legal Liability. *Business Communication Quarterly*. 66. 1. (March 2003) : 24

Pryweller, Joseph. 1999. A Delphi Unit Few Wanted Rethinks Itself. Automotive News. December 6, 1999 : 24J

Public Relations Quarterly. 2000. Survey Shows Public Affairs Emerging as Top Management Function. Public Relations Quarterly. 45. 2. (Summer 2000) : 30

Reeve, Richard. 1999. Fish Kill. WTHR-13 News. December 28, 1999.

Sedgwick, David. 1998. Delphi Lighting's New Owners: We'll Add Technology, Cut Costs. Automotive News. March 16, 1998: 6

Seeger, Matthew W., Timothy L. Sellnow, Robert R. Ulmer. 1998. Communication, Organization, and Crisis. in *Communication Yearbook 21*. M. E. Roloff ed. Thousand Oaks, CA : Sage : 244

Stocker, Kurt P. 1997. A Strategic Approach to Crisis Management. in *The Handbook of Strategic Public Relations & Integrated Communications*. Clarke L. Caywood ed. New York, NY : McGraw-Hill : 197-200

Taylor III, Alex, and Edward A. Robinson. 1996. GM: Why They Might Break Up America's Biggest Company. Fortune. April 29, 1996 : 78

Wimmer, Roger D., and Joseph R. Dominik. 2003. Qualitative Research Methods. in *Mass Media Research: An Introduction*. 7th ed. Belmont, CA: Wadsworth/Thomson Learning: 129-130