

Military Doctrine in Crisis Management: Three Beverage Contamination Cases

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A crisis can strike any company without warning. Creating a situation marked by the stress of sudden change, it cannot be resolved by normal routine procedures. Though prevention is very important, avoidance is sometimes impossible. A crisis can slash stock values and escalate operating costs, causing both short- and long-term financial losses. A mismanaged crisis can also damage a company's reputation and diminish consumer confidence, if not crush it altogether. Moreover, a company in the middle of a crisis tends to be defensive and thus is vulnerable to attack by its competitors.

Crises are indeed hazardous to firms, but there are two sides to the coin. They may bring out the best in a corporation. Though suffering some loss is almost unavoidable, a well-managed resolution can minimize the duration of the crisis, enhance a socially responsible corporate image, and secure long-term profitability. Crises may also unite employees in the fight against adversity and boost their morale. Although crises reveal drawbacks, they can also reveal areas for improvement and even stimulate innovative ideas. For better or worse, the difference is a matter of good crisis management.

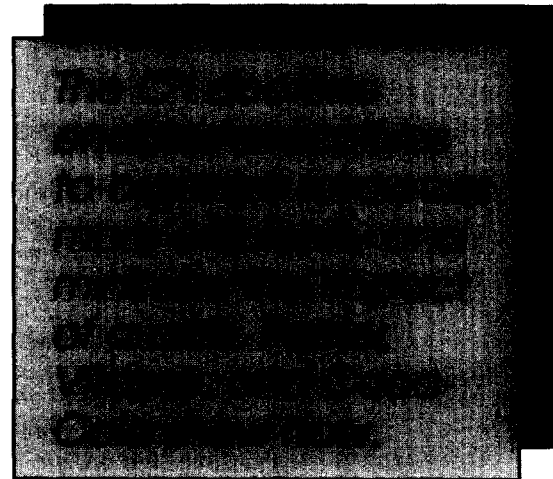
Different stakeholder groups create different problems for a firm during a crisis, and must be handled cautiously. *Employees* may be to blame for negligence or misconduct; uninvolved employees may be ordered to work overtime without their being well-informed. Rumors often spread too swiftly to contain, and staff morale is almost always under siege.

Wanting to stabilize public panic, *government* usually steps in. It has the power to interfere, launch extensive investigations, and take legal action. Few consumers can make direct contact

with the corporation, so the *mass media* remain their major source of information, even though many of the stories may be speculative. Some consumers even publicize their antagonistic criticisms in the media. And media reports, however true or false, can lead to strong emotional opposition.

Meanwhile, *consumers* may stop purchasing the company's products, which causes *competitors* to pick up the slack in sales. Aggressive competitors may enjoy unparalleled growth while the firm is struggling through the crisis. And once consumers have developed a habit of buying a competitor's products, it is hard to win them back.

Managing a crisis can be as tough as fighting a war. Although it is popular to apply military strategies in business competition, executives should pay special attention to friend-foe identification and use of intelligence when applying military theories to crisis management. Many tend to identify all opposing parties (mostly competitors) as foes. However, interacting with various stakeholder groups and the mass media is much more complicated in crisis management. Consumers, government, and the media may act in an adverse manner, but the firm still has to rely on them in resolving the crisis. So friend-foe identification tends to be more ambiguous. The firm must search for solutions that satisfy various par-



ties. Cooperative strategies are superior to competitive ones.

Most of the military strategies currently being applied in business studies have been adopted from ancient wisdom or army maneuver doctrines used during World War II. In their 1994 book *War*

and Anti-War, Toffler and Toffler point out that quantum leaps in information technology have altered the philosophy of waging war. This proposition should not be ignored in modern crisis man-

"C³I stands for 'Command, Control, Communication, and Intelligence.' Modern armies coordinate the four elements to organize effective military operations."

agement. Intelligence assists executives in interacting with the ever-changing environment, developing the most appropriate marketing strategy, and fine-tuning mid-course adjustments. Thus, obtaining accurate and timely intelligence should become the first priority in crisis management.

C³I IN CRISIS MANAGEMENT

The C³I doctrine originated in Russia, but it has now been widely adopted by various military powers around the world, including the United States. C³I stands for "Command, Control, Communication, and Intelligence." Modern armies coordinate the four elements to organize effective military operations.

The U.S. Army's *Field Manual 101-5* explains *command* as "the authoritative act of making decisions and ordering action." This means that the centralized decision-making body should have the power to make decisions, the channels to disseminate its orders to subordinates, and the authority to enforce orders among the operational staff to accomplish the mission.

Control is "the act of monitoring and influencing military action." A commander should clarify the latest developments in the war and issue appropriate orders to eliminate all unexpected variables and keep the process of the operation in hand.

Field Manual 7-98 states that to exercise effective command and control, two-way *communication* must be established and secured between the commanders and the frontline soldiers. In addition, reliable *intelligence* must be obtained continuously for updating the situation and enhancing decision making.

Applying the C³I framework to crisis management assists managers in better understanding the situation they face and helps them devise appropriate strategies that influence various stake-

holder groups, thereby minimizing the duration of and losses caused by an organizational crisis.

Command: Organizing Internal Support

Command is crucial in setting up authority and generating internal support to resolve a crisis. Fighting a war requires there be a "command headquarters" that acts as an identifiable source of command and authority. Silva and McGann (1995) suggest that a "Crisis Management Team," or CMT, must be established as the command center for crisis resolution. The responsibilities of the CMT are to coordinate all relevant intelligence, make major strategic decisions, and direct resources toward resolving the crisis. It is the "locomotive" of all crisis resolution efforts.

The CMT must have a conveniently located office, with sufficient equipment and communication facilities. The physical location acts as a symbol of the crisis resolution efforts for all to see, signifying managerial deliverance in the eyes of the staff. Senior management and experts should be included on any CMT, and they must have enough resources and logistics to allow them to generate resolution alternatives, coordinate activities, and issue orders.

Although experts from various departments can participate in the CMT in generating resolution alternatives, only one coordinator should be assigned, who must also act as the spokesperson for the CMT. The reasons are obvious. In addition to being easier to identify publicly, the coordinator can avoid making contradictory statements that might be made by two or more spokesmen. In a major crisis, the CEO (or an equivalent position) would be a good choice for such a post. First, a CEO has the authority to confirm major decisions; second, the employees and the public will believe that the corporation is serious in resolving the crisis if they know that the highest ranking official is looking after the problem.

For employees to be commanded effectively in resolving the crisis, they must be informed. Whenever a crisis breaks out, they too are curious about what has happened. Informing employees can ease their concerns and encourage them to contribute their best efforts to the crisis resolution process. Their morale must be maintained; otherwise, it is hard to motivate them to assist the company in resolving the crisis or help in blocking the flow of any negative news from the company to the media.

Control: Halting the Crisis

Once internal support has been obtained, the firm should act to minimize losses and drive the crisis into the resolution stage. "Speed" is the key word in control. Measures should be implemented

before there is media demand or before the government interferes. Otherwise, the public will believe that the firm is only reacting to outside pressure, rather than actively serving its consumers and meeting society's needs. More important, upset consumers will switch their loyalty to a competitor and the firm may suffer long-term, unrecoverable losses.

James E. Burke, chairman of the board of Johnson & Johnson during the Tylenol tragedy of 1982, took three major steps to resolve the crisis:

1. stopping the spread of the crisis;
2. finding the cause; and
3. helping the victims.

Stopping the Spread. Many managers underestimate the destructive power of a minor crisis. They involve only part of the company or they notify a small portion of the external stakeholders, or both. Schmidt (1999) suggests that even a minor crisis should be brought under control immediately. Stopping the spread should be the first step in controlling a crisis. It protects consumers from further suffering, blocks negative news from reaching the media, and strengthens the corporate image. If the crisis involves defective products, recalling may be a recommended choice; some other corporate misconduct or scandal may demand a public apology. Rumors need to be clarified by factual counter-evidence.

Finding the Cause. Although a crisis can be controlled temporarily, it cannot be resolved until the real cause is identified. Fink (1986) emphasizes that, if the real cause cannot be identified and eliminated, the crisis will lie dormant and eventually cycle back, hitting the firm again in the future. Repeated misconduct will severely damage a firm's reputation; the public will worry that they will suffer again and again.

Helping the Victims. Helping victims is not only a responsibility of a firm in crisis; it is also a good chance for enhancing the image of the firm as being socially responsible in the eyes of its consumers. Even if the crisis is not the firm's fault, helping the victims could win praise from the media and the public, who see the firm as a trustworthy partner for employees and society.

Communication: Influencing Various Stakeholders and the Mass Media

The original communication element of C³I entails an effective, two-way flow of information between commanders and their frontline soldiers. In crisis management, when reactions of different stakeholder groups and the media may ease or worsen a crisis, the objective of effective communication is to provide timely and accurate information about the crisis to stakeholder groups and the media in the hope of shaping their adverse attitudes into supportive ones.

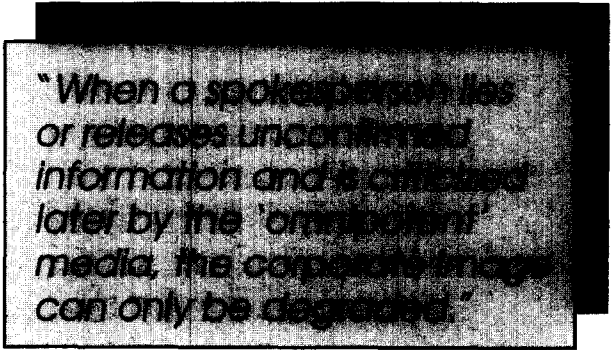
Advanced communication technology enables the fast dissemination of information. When a crisis breaks out, the public is curious about what is happening in the company. They are especially worried about whether or not they are affected by it. If consumers in Hong Kong know that a defective product has surfaced in Europe, they may be reluctant to purchase the product locally. The news media can provide timely information concerning such an incident, but their accuracy is always in question. Some reporters are laymen when it comes to knowledge of a firm in crisis; and some don't care if they provide only speculative reports.

"Say it fast" and "say it all" are the principles recommended by Silva and McGann. In other words, the company must provide information faster than anyone else—especially the media, who tend to report news negatively. By being first, a company can actively set the tone of the coverage and establish its openness and sincerity. "Saying it all" must be handled with great caution, however.

Full disclosure may help build credibility and gain forgiveness, but it can also trigger public anger and lawsuits. The firm should estimate potential public reaction and maintain a balance between disclosure and silence. If it decides to tell, it should be honest. When a spokesperson lies or releases unconfirmed information and is criticized later by the "omnipotent" media, the corporate image can only be degraded.

Successful communication must not only reach stakeholders but also clearly indicate what they should do to protect themselves and assist in resolving the crisis. Even if the crisis has not been caused by the firm, denial is not a good strategy. In a product recall, demands Berman (1999), a firm must clearly inform the wholesalers, distributors, and retailers of the recall procedure. Similarly, letting consumers know what they can do to protect themselves helps turn the public's negative attitude into productive action, thereby reducing the duration of the crisis.

The most difficult task in communicating with stakeholders is in making the interaction two-way rather than unidirectional. Traditionally, telephone hotlines could be established for inquiries. Now, with technological advances, new media have emerged as well. Despite being limited to computer users, the Internet and the Web have become insanely popular marketing com-



"When a spokesperson lies or releases unconfirmed information and is criticized later by the 'omnipotent' media, the corporate image can only be degraded."

munication media. Apart from these communication channels, a company will be in a more beneficial position if it has set up consumer panels or a consumer advisory board. Panel members are identifiable and easy to communicate with, enabling the company to develop closer communications with them, listen to their comments and those they pass on from others, and release the latest crisis developments to them.

While governmental officials are mostly concerned with reducing public panic, effective communications with the public can create a favorable atmosphere in which the company can interact with officials. In general, taking the government on as a partner is beneficial; it secures extra assistance in resolving the crisis. The only principle is to be proactive, not letting the media and the officials feel that the firm has been incapacitated by the crisis. The firm should demonstrate its ability and decisiveness in resolving the problem, indicating that the trouble is purely an "individual incident." Otherwise, criticism from the government will have a stronger negative impact and can also be easily exaggerated by the media.

Intelligence: Clarifying the Situation

Intelligence is crucial in modern warfare. It is the input that fuels sound decision making. To generate the most appropriate alternative for resolving a problem, it is more helpful to the CMT if the firm can gather as much intelligence as possible about the cause of the crisis, the attitudes of consumers, and the government's reaction.

How does one obtain intelligence? The media release tremendous amounts of information for reference, but media reporting may be too late for decision making and too unreliable to assess. Berman recommends assessing consumer records, including warranty reports, service information, and databases. But again, these are historical records that may not be of timely value in reacting to an ever-changing crisis.

Carter (1997) suggests that apart from conventional channels, firms should use their salespeople to collect frontline intelligence, thereby obtaining firsthand and timely information without media distortion. Another low-cost but effective channel is the Internet. Various newsgroups allow the public to discuss different news and social affairs on-line. These discussions can be read by every Net user, and a company can obtain a wealth of information from them. However, special attention should be paid to locating and counteracting rumor outbreaks. In late 1996, more than 1,000 people flooded the branches of a famous bakery chain in Hong Kong to redeem cake coupons. Subsequent investigations discovered that rumors about the bakery's financial state had originated from electronic newsgroups.

CASE ANALYSIS: PERRIER, VITASOY, AND COCA-COLA

In what follows, we shall analyze three beverage contamination cases by applying the C³I crisis management framework to them. By extracting examples from the Perrier, Vitasoy, and Coca-Cola contamination incidents, we can explore a number of related issues. While the data have been obtained mainly from secondary sources, Mr. Kenneth Tsui, marketing manager of Vitasoy, was interviewed in person to obtain the primary information regarding the Vitasoy crisis. Although validity is restricted by such a small number of cases, the investigation should nevertheless be useful in understanding the C³I framework. **Table 1** summarizes the three cases.

The Stories

On February 9, 1990, Perrier was informed by a North Carolina county laboratory that traces of benzene had been found in its Perrier brand bottled water. CEO Ronald Davis immediately ordered a recall of all Perrier water from the North American market. The recall area was enlarged worldwide on February 14, when bottled water containing benzene was also found in Europe. Although the recall decision had been made very quickly, Perrier was criticized for providing contradictory explanations for the causes of the contamination. But the worst action it took was halting production for five months, which left a market vacuum for its toughest competitor, Evian, to fill. Despite Perrier's massive advertising and personal selling campaigns, as well as aggressive price reductions, by the end of 1990 Evian had captured its marketing leadership in the United States. Perrier estimated a loss of \$50–75 million during the period covering the crisis.

Vitasoy is the largest paper-packaged beverage manufacturer in Hong Kong. Consumers first discovered "sour-tasting" Vitasoy milk on October 25, 1995, and reported it to the media. Although Vitasoy apologized and recalled some of its products, the explanation provided by the corporate spokesmen was not satisfactory. In addition, the distribution of Vitasoy products that might also be tainted was not halted. On January 9, 1996, executive chairman and managing director Winston Lo announced a full-scale recall of all Vitasoy products and halted their production. Any consumers could return their purchased Vitasoy products for coupons, each of which could be redeemed for two packages of the drink after distribution resumed. Throughout the four-week unavailability period, the company used advertisements to keep the friendly image of Vitasoy fresh in consumer's minds. Distribution resumed on February 5, and products were sold

with a “newly produced” sticker on the box to guarantee cleanliness. Although Vitasoy quickly recaptured its original market, its rate of market growth dropped from the previously regular two-

digit numbers to merely 3.9 percent in 1996.

On June 11, 1999, 40 students in West Belgium were hospitalized with symptoms of poisoning after drinking Coca-Cola. Although the

Table 1
Summary of the Three Crises

	<i>Perrier (1990)</i>	<i>Vitasoy (1995-96)</i>	<i>Coca-Cola (1999)</i>
<i>First Discovery</i>	February 9, 1990	October 13, 1995	June 11, 1999
<i>Place of Discovery</i>	USA, then Holland & Denmark	Hong Kong	Belgium
<i>Discovered by</i>	North Carolina county lab	Consumers	Consumers
<i>Date(s) of Recall</i>	1. February 9 (North America) 2. February 14 (worldwide)	1. October 25 2. December 15 3. December 23 4. January 5, 1996 5. January 9 (total product recall with product halted)	1. June 14; government ordered total ban in Belgium 2. June 15; Luxembourg and France ordered withdrawal 3. June 15; Coke voluntarily withdrawn from Netherlands 4. June 23; Portugal ordered product withdrawal
<i>Dates of Release</i>	1. Mid-July	1. February 5 (Lemon Tea) 2. February 26 (Most drinks)	1. June 24; ban lifted in Belgium and France
<i>Cause of Contamination</i>	1. Failed to filter benzene in drinks	1. Bacteria found in drinks 2. ShenZhen plant: Employee negligence, contam. pkg. paper 3. Hong Kong plant: Unclean packaging machines & filters	1. Bottling plant in Antwerp used “wrong” carbon dioxide 2. Factory in France produced contaminated cans for Belgian market
<i>Initial Managerial Response</i>	1. Press conferences offered contradictory explanations by different officials	1. Press conference and apology 2. Various explanations of causes made by different spokesmen 3. Hired Swedish consultants to investigate 4. Announced which products were bacteria-free and offered exchange for new products 5. Set up customer inquiry hotline	1. Denied responsibility 2. CEO apologized in press conferences and on TV (5 days later)
<i>Company's Immediate Response</i>	1. CEO wrote letters to 550 retail firms to rebuild sales 2. Boosted promotional spending (from US\$6M to \$25M) 3. Product discount 4. Add'l 52-member sales force to supplement distribution 5. Dropped “natural sparkling” label (FDA demand)	1. Relaunched series of new TV ads 2. Series of ads in magazines and newspapers 3. Stickers on newly produced products	1. Big newspaper ad on June 22 2. Ads in broadcast media 3. Coupons for free 1.5L Coke 4. Personal door-to-door selling
<i>Company's Long-Term Response</i>	1. Evian replaced Perrier as top-selling bottled water in USA by end of 1990		1. Virgin Cola doubled market share in June (to 6%) in Belgium
<i>Results</i>	1. Market share fell from 44.8% to 20.7% 2. US\$30M (product recall) 3. US\$50-75M (overall)	1. HK\$66M (about US\$8.5M) for recalling products 2. Turnover growth rate dropped from regular two-digit number to only 3.91% in FY 1996	1. US\$100M (for product recall) 2. Second quarter earnings fell 21%

corporation defended its product and stated that the sicknesses might not be caused by its drinks, the Belgian government ordered a ban on Coke products on June 14, with Luxembourg, France, and Portugal soon following. Coca-Cola's chairman and CEO, Douglas Ivester, finally apologized publicly and admitted that the drinks were probably contaminated by the company's use of the "wrong" carbon dioxide gas in its Belgium factory and by fungicide contamination in its Northern France factory. Production resumed after the ban was lifted on June 24, and an aggressive advertising campaign, a personal selling program, and a free coupon distribution program were initiated to rebuild consumer confidence. But although Coca-Cola spent tremendous effort, it lost \$100 million by recalling the product, and suffered a 21 percent drop in quarterly earnings. Worse, the crisis gave its direct competitor, Virgin Cola, the satisfaction of seeing its own market share double in June in Belgium.

C³I Evaluation

Crisis management is a war, which often involves good and bad decisions alike. The efforts by Perrier, Vitasoy, and Coca-Cola in resolving their crises contained some good moves, but also some bad ones. Still, under circumstances demanding swift reactions without sufficient information, their bad moves were understandable. **Table 2** summarizes the crisis resolution performances of the three corporations by using the C³I framework. The following after-the-fact evaluations are not intended to criticize the effectiveness of the three corporations in dealing with their crises. Instead, they are meant to help future executives enhance crisis management effectiveness.

Commanding Employees. The crisis resolution process at Perrier tended to be autocratic, with major decisions made by CEO Davis. Thus, the corporation reacted fast in recalling the suspected drinks and became renowned as socially responsible. Nevertheless, Hartley (1995) questions whether such haste and such a massive recall were well thought out. In contrast, both Vitasoy and Coca-Cola established a CMT to resolve their crises. Vitasoy used a CMT with Chairman Lo acting as the major spokesperson, supported by the rest of senior management. Coca-Cola established a "war room" and mobilized professionals from various fields to resolve the crisis. Although forming a CMT in handling a crisis should be appreciated, both Vitasoy and Coca-Cola underestimated the scale of the crisis in the beginning, leading to a slow reaction to the complaints and the late involvement of senior management only after the crises became public.

All three corporations failed to provide consistent communication messages to the public

during the early stages of the crises, which reflected poorly on their ability to unite and command their employees. Early statements were speculative; later statements about the contamination causes were contradictory and made by different spokespeople. This confused the public. At Coca-Cola, Philippe Lenant, director-general of the Belgian branch, first denied the existence of contamination. But several days later CEO Ivester accepted responsibility. Companies should appoint only one spokesperson to avoid contradictory statements caused by command failure.

Mr. Tsui, marketing manager of Vitasoy, emphasized that internal support is very important for crisis resolution. Throughout the entire incident, the production department suffered most from the problem. In cases such as this, the best strategy is to fully support employees rather than condemn them. Maintaining their morale will help retain the internal strength necessary for crisis resolution.

Controlling the Adversity. Perrier made a fast decision, recalling its products immediately after the first traces of benzene were discovered. Despite subsequent losses, this was an appropriate move in stopping the spread of the crisis. Vitasoy, having contingency plans to handle only small-scale machinery breakdowns and product defects, was incapable of dealing with a large-scale crisis. As a result, its early reactions to the complaints were somewhat inconsistent. First, it allowed the media to report the "sour" discoveries before it did. Second, different representatives announced conflicting causes of the contamination—again, confusing the public. In addition, it could not identify the real cause or resolve the contamination problem using small-scale product recalls. Although it finally declared a full-scale recall, the crisis had already become widespread public knowledge.

Coca-Cola's early reaction was even worse; it neglected its consumers' panic after several food contamination incidents in Europe, and it denied that its drinks were contaminated, which provoked European officials to ban the products. The public could only assume that Coca-Cola was incapable of identifying the cause and resolving the problem, or that it was being irresponsible. Reaction to crises must be fast; if not, government agencies may take action to ensure resolution, which may severely damage rather than enhance a firm's reputation as a corporate "good citizen."

Consumers were concerned about the causes of the contamination, but they were more concerned about their compensation. After admitting responsibility, Coca-Cola offered to pay the victims' medical bills, and distributed coupons for free Coke products. In contrast, Vitasoy promised to allow consumers to redeem two packages of

its newly produced drinks for every one package returned—a wise move. First, the strategy was readily implemented and eased consumers' panic. Second, it aided the company in forecasting demand when production resumed. Third, it forced

consumers to be the "taste testers." If they were satisfied with the newly produced drinks, they would continue to be loyal and not switch brands.

Perrier was unable to locate and fix the cause of its contamination, which led to a five-month

Table 2
Evaluation of C³I Performances

<i>C³I Element</i>	<i>Major Propositions</i>	<i>Perrier (1990)</i>	<i>Vitasoy (1995–96)</i>	<i>Coca-Cola (1999)</i>
COMMAND Organize support within the firm to fight against the crisis	1. Establish CMT 2. Inform and unite staff	✗ No formal CMT established ✗ Different spokesmen reported different stories	✓ United internal staff to resolve problems and avoid immediate condemnation ✗ CMT not set up at early stage of crisis	✓ Set up "war room" in Brussels with professionals from various fields involved
CONTROL Use organized internal resources, shorten the duration, and resolve the crisis	1. Stop the spread of the crisis 2. Locate the cause 3. Help the victims 4. Speed is the key word	✓ Took immediate steps to stop the spread of the crisis ✗ Long production halt ✗ Belated distribution to restaurants	✓ Used coupons to minimize administrative costs and kept consumers as taste testers ✗ Had contingency plans only for small-scale recall	✓ Offered to pay victims' medical bills ✗ Denied responsibility for contamination in early stage ✗ Neglected consumers' worry after several previous food contaminations ✗ Failed to ship enough Coke for consumers to redeem coupons ✗ Slow reaction provoked government ban; crisis spread to whole of Europe
COMMUNICATION 1. Provide timely and accurate information to consumers and media; develop cooperation with the government 2. Turn the opposing attitude into cooperative behavior	1. Provide information before media can speculate 2. Be honest 3. Suggest that the public take corrective measures 4. Develop two-way communications 5. Interact with government officials proactively	✗ Provided contradictory explanations ✗ Relied on media reports to convey information to the public	✓ Taught consumers to distinguish bad drinks and handled them through advertising ✓ Set up consumer hotline, encouraged direct contact ✗ Provided contradictory explanations through different spokesmen	✓ Sincere apology for late reaction ✓ Set up consumer hotline ✓ Salespeople distributed coupons face-to-face, stayed closer to customers, created "smiling human face" ✓ Set up special home page to address the incident and aid two-way communication ✗ Late public explanation by CEO (5 days after first discovery) ✗ Failed to provide trustworthy explanations to governments and consumers ✗ Stimulated public speculation
INTELLIGENCE Collect timely, accurate information for better decision making	1. Press release, consumer records as secondary intelligence sources	✗ Implemented recall before sufficient audit of the situation	✓ Used retailers as intelligence source	✓ Ascertained facts before speaking

✓ Good moves
✗ Bad moves

production halt and left a market vacuum for competitors to fill. Coca-Cola resumed production as soon as the ban was lifted, but it failed to distribute enough drinks to the market, thereby neutralizing its efforts. Vitasoy, on the other hand, announced the exact relaunch date with massive TV and newspaper advertising. With sufficient product distribution, consumers were less frustrated despite the four-week production halt.

Communication with Stakeholders. During the early stage of their crises, the three companies were delivering only one-way explanations and apologies. Because the news was ambiguous and released by different spokesmen, it left an image of unorganized and dishonest corporations in the public's eyes. Coca-Cola was the worst. Because it failed to provide a believable explanation for the incident, media reports were speculative and negative, helping to generate the public's image of a company out of control.

To deal with the public, Vitasoy launched a massive PR campaign. Its major objective was to provide the latest information itself rather than through a third party. News about the investigation process was released through continuous press conferences. Newspaper ads offered guidelines that helped consumers distinguish drinks suspected of being contaminated and gave instructions for returning them to the manufacturer. In addition, Vitasoy publicized a telephone number for inquiries and encouraged consumers to contact the company directly rather than the media or government agencies. This avoided releasing bad news through external parties and enabled Vitasoy to give direct assistance to consumers rather than have them be misled by others.

Vitasoy received complaints about its issuance of coupons rather than monetary refunds to compensate consumers. The company reacted quickly by explaining through the press the operational problems in handling cash refunds, and promised that a one-coupon-for-two-drinks policy would be implemented as compensation.

Coca-Cola took two steps forward in the later stage of its crisis. Using salespeople to distribute free coupons, it delivered a "smiling face" image through personal, one-on-one communication. Moreover, it created a Web homepage for releasing the latest information as well as answering consumers' inquiries.

Intelligence Collecting for Decision Making. In the early stages of its crisis, Vitasoy only reacted to media reporting, and its efforts in identifying the causes of the contamination were far from satisfactory. Later, it kept close contact with both the Health Department and the press to obtain the latest information for making decisions. Another source it used was the retailers who interacted directly with consumers and understood their desires. Coca-Cola also depended on

salespeople to collect consumers' demands and monitor their attitudes. Nevertheless, intelligence obtained from the front line may not pass to the CMT quickly enough for making timely decisions. So a firm should deliberately set up an efficient channel for information inflow.

Coca-Cola and Perrier showed two extreme approaches in handling intelligence, both with advantages and disadvantages. Coca-Cola wanted to collect more information for making better decisions, but it may have granted the media the initiative to speculate, leading to unfavorable news reports. In addition, its slow reaction may also have projected an irresponsible image in consumers' minds. Perrier took the other extreme, recalling all suspected drinks before clarifying the scale of the contamination. Although it projected a responsible image, consumers may have still worried about the overall quality of the products, so brand loyalty may have been lost. Moreover, the recall put a heavy burden on the company's financial status.

Perrier, Vitasoy, and Coca-Cola have taught us valuable lessons. They all made good and bad decisions in handling the crises. On the good side, Perrier demonstrated quick reactions; Vitasoy had a well-organized CMT that united its internal staff and issued coupons to help keep consumers; Coca-Cola showed its communication efficiency by integrating advertising, personal selling, and Internet interaction. On the bad side, Perrier and Vitasoy both failed to offer a satisfactory explanation during the early stages to calm the public; Perrier halted production for a long time, allowing competitors to take over; Vitasoy underestimated the impact of the suspected drinks and caused a full-scale recall; Coca-Cola denied responsibility, which led to government bans. All three cases illustrate the importance of organized efforts in managing a crisis.

Crises can be resolved only if the companies involved implement their command ability to resolve consumer complaints, identify contamination causes, and respond to the media. Despite suffering from complaints in the early stages of their crises, the three corporations discussed here were praised by both the media and local governments for their resolutions to their crises. And sales gradually recovered. Thus, all three indicate one important factor: Although the public will condemn a company for the trouble it has created, they will also appreciate a fast and responsible resolution. WYSIWYG—"What you see is what you get"—suggests that the way a company reacts during a crisis reflects its true organizational values. If it puts its consumers first during a crisis and its resolutions are consumer-oriented, it will be noticed and praised by the public.

An organizational crisis is not just a concern within that organization; it involves complicated interactions among management, the consumers, the media, the government, and competitors. The C³I framework proposed here assists managers in organizing their crisis resolution efforts, satisfying the demands of various stakeholder groups, building a good image in stakeholders' minds, and shortening the duration of a crisis to avoid assaults from competitors. Although a company may need to sacrifice short-term profitability, these recommended measures can help it develop a longer-term reputation as a socially responsible corporation.

Every crisis produces unique problems. These recommendations should be applied to different cases with sufficient flexibility for adjustment so that they can be adapted easily to any contingency. Furthermore, many factors determine crisis resolution effectiveness—stakeholder and mass media influences are only two that managers should consider. In future investigations, researchers can focus on generalizing the C³I framework by obtaining more empirical data. To achieve this goal, efforts should be put into organizing the C³I concepts into measurable constructs that can predict the effectiveness of crisis management efforts. □

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