The role of public relations in crisis communication planning and management: an analysis of the pharmaceutical industry

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THE ROLE OF PUBLIC RELATIONS IN CRISIS COMMUNICATION PLANNING AND MANAGEMENT: AN ANALYSIS OF THE PHARMACEUTICAL INDUSTRY

by

Tracey A. Myszka

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Approved by

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ABSTRACT

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The Role of Public Relations in Crisis Communication Planning and Management:
An Analysis of the Pharmaceutical Industry
2006
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This study examines crisis communication and management in the pharmaceutical industry. It analyzes three specific pharmaceutical crises and examines the respective public relations responses.

The researcher prepared a mail survey that was sent to senior public relations professionals, PR professors and crisis communication experts. The data from 20 surveys were analyzed manually to determine respondents’ perceptions about the role of PR during a crisis and the state of crisis preparedness in the pharmaceutical industry. The results were tabulated in percentages and presented in graph form.

Findings indicate general agreement about the value and role of public relations during a crisis and widespread disagreement on the state of the pharmaceutical industry’s crisis preparedness.
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Chapter I
Introduction

The pharmaceutical industry represents one of the most highly scrutinized, mistrusted industries in big business. Recent controversies over drugs like Vioxx, OxyContin, Fen-Phen and Celebrex demonstrate the imperfect science of prescription drugs and provide evidence that some pharmaceutical companies may be rushing their drugs to market prematurely. They may also be focusing money and resources on aggressively marketing the drug rather than conducting adequate clinical trials. Koster and Politis-Norton (2004) state,

Pharmaceutical companies and their products are under more scrutiny than many other industries. The reason for this is that pharmaceutical products have a high potential impact on core values such as the health of yourself and your loved ones (p. 608).

Whatever the reason, and it varies by case, drug companies repeatedly have to defend themselves in the court of public opinion as well as in the court of law. As the public relations machine whirs into motion, these pharmaceutical companies’ often take a defensive stance where PR seems to play a reactive rather than proactive role. Abboud (2005) agrees, “The industry’s efforts to change have mostly seemed reactions to bad publicity, rather than proactive efforts in meeting consumers’ needs” (p. B1).

Pharmaceutical companies rank among the public’s least trusted industries. A January 2005 Wall Street Journal/NBC News poll revealed that only 3 percent of people polled believed that drug companies were working for the public good; 76 percent thought profits were the main focus (Abboud, 2005). As a result, “More than three
quarters of pharma companies are increasing their use of PR, according to a 
survey” (Hall, 2005, p. 11).

Background

Three specific drug controversies present interesting support to the widely 
opposing views of pharmaceutical companies concerning the role of public relations in a 
crisis:

Johnson & Johnson (Tylenol)

In 1982, seven people on Chicago’s West Side died after ingesting an Extra-
Strength Tylenol capsule laced with cyanide. The news traveled quickly and created a 
massive, nationwide panic. Evidence suggested that the pills were taken from different 
stores over a period of weeks or months, were tampered with and then placed back on the 
shelves at five different Chicago stores. Johnson & Johnson, Tylenol’s parent company, 
lounced an immediate public relations campaign to save the integrity of both its most-
profitable product and its image as a whole. Many advertising and media experts felt that 
Tylenol would never sell again.

However, Tylenol remains one of the top selling over-the-counter drugs largely 
because it made a miraculously swift return to the market following the crisis. Johnson & 
Johnson launched its PR campaign in two phases: the actual handling of the crisis 
followed by the comeback of the company and Tylenol. As the plan was constructed, 
Johnson & Johnson’s top management put customer safety before financial concerns. It 
alerted customers across the nation, via the media, not to consume any type of Tylenol 
product until it could determine the extent of the tampering. It recalled all capsules from 
the market at a cost of $100 million. It then established relations with the Chicago Police,
the FBI and the FDA. As a result, Johnson & Johnson was seen as candid, contrite and compassionate. It offered a reward of $100,000 for the killer and unleashed an extensive marketing and promotional program to relaunch Tylenol with tamper-resistant packaging. It provided coupons toward the purchase of Tylenol products, offered discounts as high as 25 percent and implemented a new advertising campaign. Finally, over 2,250 salespeople from Johnson & Johnson made presentations to people in the medical community.

The Tylenol comeback was a great success, and many executives attributed the success to the quick actions of Johnson & Johnson at the onset of the crisis. Johnson & Johnson was able to recover quickly and painlessly by creating a PR program that protected the public interest and received full media support.

Purdue Pharma (OxyContin)

Purdue Pharma introduced OxyContin in 1996. Unlike other opiate-based painkillers, OxyContin proved unique in that it was available in slow-release 12 hour high-dose formulations, which gave physicians the ability to indefinitely increase patient dosage and maintain continued pain relief. Purdue Pharma touted it as a groundbreaking miracle drug for those suffering from chronic pain, and sales rose to more than $1 billion in less than five years. It became one of the fastest growing and highest grossing pharmaceuticals in recent times. It also became one of the most widely abused drugs in the past 20 years, as drug abusers quickly discovered they could circumvent the time release by crushing the pills and receiving the entire day’s dosage at once. Purdue Pharma quickly felt the backlash as unrelenting media coverage documented stories of
crime, abuse and death associated with the once-celebrated drug. Purdue Pharma had a major crisis on its hands.

It appeared that partial responsibility for the problem lay with Purdue’s aggressive marketing of the drug. Sales grew in part because of Purdue’s targeting of physicians who were already liberal prescribers of the drug. Some began to suspect that Purdue had downplayed the risks of the drug. It also may have been marketed for a wider range of conditions than was appropriate. In 2001, Purdue withdrew the highest dose formulation and began conducting anti-prescription drug abuse advertising campaigns.

Purdue remained defiant in the face of rising criticism of its practices and calls to withdraw the drug. It claimed innocence and placed the blame fully on those who chose to manipulate doctors and abuse the drug. It publicly proclaimed support for prescription monitoring programs and gave the state of Florida $2.1 million to establish its own monitoring program in exchange for halting an investigation (Professor T, 2005). Purdue quietly opposed other attempts to create or strengthen monitoring programs, and it became preoccupied with a rising tide of legal cases as patients filed suit against the company for inappropriate labeling and misleading marketing.

Pharmacia/Upjohn (Halcion)

Upjohn’s popular sleeping pill, Halcion, was first marketed in Belgium in 1977. The pill quickly became the most widely prescribed sleeping pill in the world, but users began to report peculiar psychiatric changes. Doctors reported seeing patients who were depressed and anxious or who were suffering from amnesia, hallucinations, paranoia and verbal and physical aggression. Reports came to light in Belgium and Holland, while the drug was winding through the government approval process in the United States.
In 1983, the drug hit the American market at half the strength of its Dutch counterpart. And again, users of the drug reported personality changes and unusual aggression. Alarmed by similar reporting, French and Italian regulators forced the tablet from their markets in the spring of 1987. Upjohn then voluntarily lowered the recommended starting dosage in the United States. It produced a revised package insert warning of bizarre or abnormal behavior, agitation and hallucinations. At least one high-profile murder trial—in which the accused blamed Halcion—spawned copycats and questionable claims of Halcion-induced murders.

The number of Halcion users reporting severe nervous-system side effects continued to increase, despite the lower recommended starting dose. Halcion’s side effects were extreme compared to other prescription sleeping pills (e.g., Restoril, Dalmane), and Upjohn never convincingly explained the reason for the disparity. Upjohn resisted labeling changes and attacked unfavorable research rather than face its implications. It also worked arduously to prevent public disclosure of the data on Halcion side effects.

An Industry Under Attack

The public has become increasingly savvy to advertising tactics and half-truths. It is more skeptical of miracle drugs than ever before. And when drug controversies occur, it is the public relations professionals that often bear the brunt of public criticism. As Shalo and Breitstein (2002) explain, “From flacks and hacks to spin doctors and drug pushers, the clichés used to describe healthcare public relations professionals have fostered an image that is, if not downright sleazy, at least suspect” (p. 3). Berton agrees, “The industry should shed its cold and clinical demeanor. That could prove invaluable to
companies when they face their next crises, the specialists say, which for many, looks inevitable” (p. 1).

Public relations represents a strategic tool that can be used to enhance brand identity, drive consumer demand and facilitate appropriate product use. However, the onslaught of lawsuits and charges of illegal marketing and inferior research over the past decade require that pharmaceutical PR professionals shift themselves into a more aggressively proactive role. Holmes, as referenced in Shalo and Breitstein (2002), acknowledges this flux, saying, “The industry, which had always thought of itself as a force for good—its products, after all, save lives—quickly realized that it needed to be more proactive than ever in communicating its positive stories” (p. 5). Burnett (1998) sums it up by saying, “There is now sufficient evidence that suggests organizations are not effectively integrating crisis management into corporate strategy” (p. 476). The ill-defined role of public relations before, during and after a crisis further complicates the indistinct role of crisis management in strategic planning.

Statement of the Problem

Recent prescription drug controversies demonstrate that pharmaceutical companies’ may be ignoring the value of their PR departments during a crisis and, more importantly, before a crisis. The role of the public relations professional is intrinsic to crisis management planning. During a crisis, the public generally takes its cue from the media, which can effectively color its views. The PR professional can research, anticipate and plan for such crises before they occur, thus diffusing negative media coverage before it can take hold. This process, however, requires that pharmaceutical executives recognize the value of PR and use it to this end.
This study will attempt to determine what role public relations plays in current pharmaceutical crisis planning and management. It will examine the three aforementioned cases and critique the respective pharmaceutical companies' public relations responses. The research will determine how crisis experts and pharmaceutical professionals perceive crisis public relations in the pharmaceutical industry. The researcher will study their opinions about whether U.S. pharmaceutical companies plan adequately for crises, the effects of corporate communication cultures on effective public relations and the current state of crisis management in the pharmaceutical industry. It will also seek to ascertain their opinions about crisis spokespeople, traits of effective crisis leaders, common missteps in pharmaceutical crisis management and the biggest obstacles facing crisis leaders in the pharmaceutical industry.

Purpose

This study grew from this researcher’s prior investigative report on prescription drug abuse and the pharmaceutical industry’s media response. That study rose questions about the role of public relations during pharmaceutical crises and whether drug companies adequately plan for and execute crisis communication via their PR professionals. The research will reveal the role of PR during three specific pharmaceutical crises and examine the respective crisis responses. This study will attempt to prove the hypothesis that the majority of PR professionals believe that pharmaceutical crisis management is ineffective.

Assumptions

The researcher made the following assumptions in conducting this research:

1. Survey respondents answered questions honestly and without bias.
2. The public relations professionals surveyed hold positions within their respective organizations that allowed them to answer the questions knowledgeably and accurately.

Delimitations

This study will focus on the role PR plays when planning for and handling a crisis in the pharmaceutical industry. It will not address or study crisis management in other business sectors. Time and money prevent this research from being comprehensive; the study will examine only a sample of pharmaceutical PR professionals. The study will not examine the other roles of PR in the pharmaceutical industry but rather focus solely on crisis planning and management. It will not discuss crises related to corporate maleficence or financial problems. Data will be collected through surveys and personal interviews only.

Definition of Terms

**Pharmaceutical company/drug company**- any company licensed to discover, develop, market and distribute medication.

**Crisis (public relations)** - negative publicity that could adversely affect the success of the company.

**Diversion**- the use of prescription drugs for recreational purposes; the term comes from the "diverting" of the drugs from their original purposes.

**Opioids**- opium-based analgesics (painkillers) such as hydrocodone and Oxycontin

**Sedative**- a drug that depresses the central nervous system and causes calmness, relaxation, reduction of anxiety, sleepiness, slowed breathing, slurred speech, staggering gait, poor judgment and slow reflexes.
Hypnotics- a class of drugs that induce sleep and are used in the treatment of severe insomnia.

Significance of the Study

The knowledge obtained from this study will help identify any shortcomings of crisis management in the pharmaceutical industry. It will reveal obstacles facing public relations professionals as they attempt to efficiently handle drug crises. This research may indicate whether management hierarchy is stymieing the quick and efficient planning and management of crises via their respective public relations departments. Survey results will disclose public relations professionals’ opinions about pharmaceutical PR professionals and the extent of their involvement before, during and after crises.

This research could benefit pharmaceutical public relations professionals who plan for and implement crisis plans. The data could drive their decision-making process and help them streamline the crisis management process. Most importantly, management hierarchy will better understand the crucial role of public relations in the strategic process of crisis planning and management.
Chapter II

Review of the Literature

The literature on the pharmaceutical industry highlights the widespread disparity in the perceived role of public relations during crisis planning and management. Many drug companies recognize the power and necessity of public relations in a crisis and prepare in advance for the unpredictable. Others neither adequately anticipate nor prepare for crises and the resulting damage to their reputations. Purdie-Smith, a crisis manager, states, "Many companies do not consider crisis containment as part of their planning, and fail to understand the impact that losing control of the story will have on the corporate reputation" (Moodie, 2005, p. 39). Therefore, their public relations people remain idle or underused. Moodie (2005) believes, "Corporate leaders who rely too heavily on public relations professionals to manage a crisis risk making the problem worse" (p. 38).

Some companies neglect public relations altogether. Dennis Bailey, a journalist and politician, says of Purdue Pharma’s OxyContin crisis, "They didn’t see it coming. They didn’t even have a PR office" (Diamon, 2002, p. 7). Indeed, Purdue waited until the summer of 2000 – when the media was circling in a frenzied attack – to form a response team of medical personnel, public relations specialists and top executives (Professor T, 2005). Purdue’s eleventh hour crisis reaction no longer presents a feasible option for any pharmaceutical company.

Ostrowski (1993) states of pharmaceutical companies, "Although the industry’s cost-cutting has included public relations staffs and budgets, practitioners say there is a
Koster and Politis-Norton (2004) emphasize that an adequate crisis plan is expected during regulatory inspections. They state, “Only a handful of pharmaceutical companies have learned from the past...unfortunately their true character comes to light during a crisis” (p. 604). They cite “crisis negation” as a common cause and explain that upper management tends to ignore crisis possibilities. Marra (1998) states, “Excellent crisis public relations skills...cannot save bad management, poor politics, and weak strategy” (p. 472).

Key Factors in Crisis Management

PR professionals agree that a crisis plan is useless without the support and buy-in of upper management. Marra (1998) believes that the overall communication culture of an organization represents a crucial determinant in effective crisis public relations. He states, “If an organization does not have a communication philosophy that supports the attributes necessary for excellent crisis public relations, a crisis plan, no matter how effective, will not likely work” (p. 465). Koster and Politis-Norton (2004) agree that proper crisis preparation is dependent on fundamental conditions (e.g., a positive internal climate).

Communication autonomy represents another key variable in determining the success of crisis communication activities. Marra (1998) states, “Without an adequate power base, public relations practitioners can be prevented from using communication techniques that could reduce the effects of an organizational crisis” (p. 469). Koster and Politis-Norton (2004) stress the critical issue of responsibility and clear delegation of
authority during all stages of a crisis. They state, "...the lack of someone being able to make decisions is one of the worst things to an organization. Decision-making is therefore the very essence of crisis management" (605). Schoenberg (2005) states, "Despite the heavy emphasis on crisis planning, the profession of public relations should begin studying a new phase of crisis management by analyzing the leadership traits and qualities of individuals within the context of organizational crisis planning" (p. 2). He cites growing evidence that leadership and effective crisis management remain intimately related.

Most experts agree that an effective spokesperson represents a crucial piece of successful crisis management. Wailes (2003) states, "...designate a spokesperson – one who is not only a senior level official, but who is articulate, can speak with a convincing level of empathy, and will be available for regular media training" (p. 14). Rob Shimmin, an independent consultant formerly with Ogilvy PR, believes a quality spokesperson is what makes the difference between a well-managed crisis and a media disaster (Marketing Week, 2005). Koster and Politis-Norton (2004) agree, "It is crucial that the spokesperson creates empathy and reassurance" (p. 606). They caution, however, that high-ranking leaders do not necessarily possess these traits and add that non-executive spokespersons allow for possible miscommunications to be corrected.

Charles Lankester, managing director of Limehouse, a London-based consulting firm specializing in crisis leadership, says, "There is debate on whether one should feed the chief executive to the media, but after all he or she is the ultimate ambassador for the company" (Berton, 2005, p. 1). Parsons (2002) adds, "When the media are dealing with healthcare issues, they are reluctant and often unsympathetic when they have to speak
with a public relations person. Most likely they will want to hear from the CEO” (p. 56).

Kaufmann, Kesner and Hazen (1994) acknowledge that a chief executive will often receive contradictory messages during a crisis. While advisors may encourage extreme caution in a public speaking situation, many lawyers will advise their clients to avoid unnecessary public statements altogether. Many academics and public relations consultants, however, will suggest full and immediate disclosures.

Schoenberg (2005) feels that different situations call for different leaders. He states, “A crisis leader in one situation may be a follower in a different situation” (p. 3). A crisis leader during a natural disaster will need to demonstrate a different skill set than a crisis leader during a product recall. Schoenberg (2005) states, “Changing situations…will call for the need for leaders to use their adaptive capacity in order to modify communication styles, organizational goals, and the approach in handling new information” (p. 2).

PR practitioners generally agree on the importance of the first 24 hours during a crisis and the crucial element of acting quickly. Mike Sitrick, head of Sitrick and Company (i.e., a PR firm specializing in crisis management) says, “I’m a big believer in pre-emptive actions or acting as quickly as possible to mitigate the damage. Now is better than later or never” (Benesh, 2005, p. A2). Crisis manager Mark Fabiani, however, warns against speaking too fast. He says, “If you go out too soon and try to minimize the damage by saying what you think is true and not entirely accurate, you may end up doing more damage” (Phan, 2002, p. 6).

Some plans, however, fail to anticipate internal strife that may prevent the quick, effective dissemination of information. Marra (1998) states, “While many crisis
communication plans stress the importance of providing information to relevant publics as quickly as possible, most crisis plans ignore the political realities of power-based relationships within their organization” (p. 470). He explains that NASA’s comprehensive crisis plan mandated a response within 20 minutes of a crisis. However, it took more than six hours to release a statement following the Challenger explosion because the communication culture within NASA was in opposition to the requirements of its crisis plan. The communication culture with the organization was closed and defensive, thus neutralizing the benefit of a crisis communication plan.

The University of Maryland fell prey to the same low-key communication culture following the cocaine-induced death of star basketball player, Len Bias. Like NASA, the crisis plan in place called for information to be released immediately. Senior administrators, however, remained quiet for more than a month while politicians, lawyers and others painted the campus as a drug den that unfairly exploited student-athletes (Marra, 1998).

PR professionals also stress the importance of handling the media carefully. Top-notch media relations skills are a necessity, and PR practitioners recognize that they may be facing a hostile or aggressive media that are hungry for information. Wailes (2003) says, “Journalists are by nature, and by training, suspicious. Don’t take it personally and don’t fight with someone who ‘buys inks by the barrel.’ It’s a no-win proposition” (p. 14). He adds that the manner in which the spokesperson handles the media will determine his or her ability to end the crisis quickly, limit damage and restore credibility. Levick (2004) stresses the importance of knowing about specific reporters. In a crisis situation, a thorough background check will likely be impossible, but he feels the spokesperson
should obtain any available information. He states, “If the reporter is a pit bull, you will have to face the grilling—but, the more you know, the more you will be able to gear your comments to the reporter’s level of sophistication” (p. 42).

Communication experts believe that companies that successfully address rectification over blame are the ones that emerge from a crisis the best. HBL Media’s Steve Levison believes effective crisis management can even improve a company’s image in certain situations. Crisis expert Eric Dezenhall agrees, stating “‘They can even come out of a crisis stronger and more credible by admitting that something has gone wrong, expressing concern for the effects on their customers, and acting swiftly to rectify the problem’” (Berton, 2005, p. 1).

**Johnson & Johnson and the Crisis Gold Standard**

No single case exemplifies proper crisis management more than the 1982 Tylenol tampering crisis. Denzenhall (2004) states, “Corporate-crisis-management articles seem to require references to the case” (p. 1). Johnson & Johnson relied heavily on its corporate ideology and well-known credo to see it through the crisis. Marra (1998) states, “This organizational statement of beliefs was an important reason Johnson & Johnson handled the crises as well as it did—especially since the company did not have a crisis plan to rely on” (p. 467). The credo, though altered slightly over the years, states that the company has responsibilities to the consumers, its employees, the communities it serves and the stockholders (in that order). The Tylenol crisis helped create the public relations offshoot known as crisis management, which Time magazine dubbed “the new corporate discipline” in 1986 (Surowiecki, 2005). Levick (2004) states, “Everything that Johnson &
Johnson stood for was affirmed that day, and the message still resonates two decades later” (p. 42).

The landmark crisis began in the fall of 1982 when 12-year-old Mary Kellerman from Elk Grove Village, Ill. awoke at dawn with cold symptoms. Her parents gave her one Extra-Strength Tylenol and sent her back to bed. Later that morning, they woke to find her dying on the bathroom floor. That same morning in the nearby city of Arlington Heights, 27-year-old Adam Janus suffered a cardiopulmonary collapse and died after taking one Extra-Strength Tylenol for minor chest pain. That evening, relatives gathered at Janus’ home. Adam’s brother Stanley, 25, and his wife Theresa, 19, took Tylenol from the same bottle. They both died within 48 hours. The next day, Mary Reiner, 27, from the neighboring suburb of Winfield, died after taking two Extra-Strength Tylenol capsules. United Airlines stewardess, Paula Prince, 35, was found dead in her Chicago apartment with an open bottle of Extra-Strength Tylenol nearby. Mary McFarland, 31, of Elmhurst, Ill., was the seventh fatality linked to Tylenol (Kaplan, 1994).

Police discovered the Tylenol connection within days and determined that the pills had been laced with cyanide. Officials at McNeil Consumer Products, a Johnson & Johnson subsidiary, assured the public of the company’s strict quality control and guaranteed the public that the tampering did not occur on its premises. The fatal capsules originated from four different manufacturing lots, and evidence suggested that the pills were taken from different Chicago-area stores over a period of weeks or months. The killer then laced the pills and redistributed them to five different Chicago stores.

Johnson & Johnson’s decision to recall its most profitable product set a new standard for crises involving product tampering. It recalled approximately 31 million
bottles at a cost of $100 million. The public commended J&J for its quick response. President Reagan even applauded the company for its social responsibility and grace under pressure (Gaul, 1986). However, not all PR professionals believe J&J acted speedily or professionally. J&J initially focused its attention on pharmaceutical lots that were distributed in Chicago. It took seven days before J&J ordered a nationwide removal of the Tylenol capsules (O'Dwyer, 2002).

O'Dwyer believes that the Tylenol story and the fabled “immediate withdrawal” entered the public lore through a massive advertising and PR campaign conducted by the company. He says, “J&J was another case of normal corporate foot-dragging during a crisis” (p. 2). J&J executives later revealed that there were arguments over whether or not to order a recall (as well as disputes about which products to recall). They also feared that a massive recall might amuse the killer and spur him to continue. Therefore, they held back on the national recall for a full week (Kaplan, 1994).

Marra (1998) believes part of J&J’s storied success was owed to affable CEO James Burke. Burke positioned himself as the key communicator during the crisis. Donald C. Deaton, senior vice president of Hill & Knowlton at the time of the incident, praised the company for putting its chief guy on the line (Gaul, 1986). Those who study the case recall the ever-present Burke in television ads and at news conferences. However, O’Dwyer (2002) writes of J&J, “It never held a press conference but chose to handle some 1,500 press calls on an individual basis. Probably nearly all of these were phone calls. Who knows what J&J told or didn’t tell these individual reports?” (p. 2). He feels that J&J lacked information and thus deliberately avoided the awkwardness and risk of a press conference.
Public relations practitioners disagree on J&J's PR response and its actions in the hours and days following the crisis. Some experts believe the J&J–Tylenol crisis archetype represents a longstanding PR myth. Dezenhall (2004) states, “The Tylenol crisis taught us what excellent companies do when confronted by saboteurs. It did not teach us how troubled companies deftly can sidestep disasters” (p. 1). O'Dwyer (2002) says, “The J&J campaign shows how a large company, aided by its many friends in trade associations plus a complacent media, can establish a certain viewpoint in the minds of the public that does not square with all the facts” (p. 3). The Tylenol crisis represented a rare confluence of events in political climate much different than today. The public viewed the company as the victim of a murderous saboteur, which set the foundation for its recovery. Dezenhall (1998) states, “A company attacked by a criminal will be forgiven more quickly than one accused of being the criminal” (p. 1). Lawrence G. Foster, director of corporate relations at Johnson & Johnson, remarked, “People saw that we were the victim of a madman...and that our product wasn’t at fault” (p. C01).

Dezenhall (1998) concludes

Many parties have a vested interest in perpetuating the Tylenol legend. The media love the story because it validates the canard that "fessing up" is the best form of crisis management. Business schools worship the model because it's teachable and it had a happy ending for the manufacturer. Public relations firms use it to sell spin as the answer to industrial woes (p. 1)

Clearly, the corporate scandals that dominate today's news are of a different ilk. Unlike many modern-day crises, the fact that Tylenol's crisis did not originate within the company set the foundation for its recovery.
Purdue Pharma and the OxyContin Crisis

The OxyContin story first garnered media attention in March 2000, four years after Purdue Pharma released its self-proclaimed wonder drug. The Columbia Dispatch ran a story about a doctor who had been arrested for illegally prescribing prescription drugs, including OxyContin. In April 2000, The Bangor Daily News reported that OxyContin was fueling an increasing number of opiate addicts throughout Maine and was leading abusers to crime and violence (Reidy & Rich, 2001). One year later, stories appeared in Newsweek, The New York Times (front page) and on CBS Evening News with Dan Rather following abuse outbreaks in several predominantly rural areas. Company officials were publicly derided as drug pushers and profiteers. The LexisNexis search engine shows that, between March 11, 2000 and March 31, 2003, major U.S. papers mentioned OxyContin in the title or lead paragraph of 573 stories (Professor T, 2005, p. 14).

Family-owned Purdue Pharma was, by most accounts, publicity shy and ill-prepared for the media onslaught. Jeffrey R. Caponigro, president of a Detroit-based crisis-management firm, remarked, “It may well have been the case that they weren’t prepared. That doesn’t mean they shouldn’t have been” (Reidy & Rich, 2001, p. A8). The company immediately assembled a public relations team that included Dr. J. David Haddox, senior medical director; Michael Friedman, chief operating officer; Howard Udell, executive vice president and general counsel; and spokesmen Jim Heins and Robin Hogen—the most prominent voice during the crisis. The company’s two elderly surviving founders, Drs. Raymond and Mortimer Sacker, would remain behind the scenes
during the crisis and allow Purdue executives to serve as the public face of their company.

Purdue Pharma also hired a contingent of corporate crisis management experts and media consultants to supplement its own modest internal PR staff. Company executives looked to heavy hitters such as the Washington, D.C.-based McGinn Group, which has previously represented embattled breast implant manufacturers and the lead pain industry. Purdue’s defense championed the idea that legitimate pain sufferers benefited from OxyContin use. Hired consultants methodically coached company executives who lectured reporters and government regulators that it was irresponsible to let drug abusers jeopardize access to medication that legitimate patients required.

Purdue theorized that depressed economic conditions contribute to drug abuse. Based on that theory, the company donated $100,000 to train teachers in rural communities to teach business skills to poor children. Emmitt Yeary, a Virginia lawyer heading a class-action lawsuit against Purdue, called the sum insulting. He noted Purdue’s daily $3 million OxyContin profit and suggested that the money would be better spent teaching morality, ethics, and compassion to company executives. He stated, “I think that’s insulting. It’s dirty drug money and it’s another example of the hypocrisy of this company” (Reidy & Rich, 2001, p. A8).

In June 2001, a year after introduction, Purdue withdrew its 160 mg OxyContin tablet from the market. Sales of the 160 mg formulation, the most powerful available, accounted for 1 percent of OxyContin sales. The move, therefore, had a negligible effect on Purdue’s bottom line but allowed the company to demonstrate its concerns about
abuse and diversion. Purdue proudly stressed that its decision was voluntary and not the result of DEA pressure (Professor T, 2005).

In July 2001, Purdue added a black box warning to its OxyContin insert. The warning, the strongest the FDA uses, cautioned that OxyContin had an abuse potential comparable to morphine (Professor T, 2005, p. 64). Purdue also sent a letter to healthcare professionals informing them of the changes. At a February 12, 2002 Senate hearing, Congressman Greenwood suggested that Purdue should send representatives to speak with physicians personally rather than just mail a letter. Purdue declined the advice and claimed that it had developed a mathematical model that could identify areas of potential abuse. Company officials said Purdue had created a program whereby its sales representatives received training in stopping OxyContin abuse and diversion. They explained that they were working in conjunction with the DEA to provide physicians with tools for properly assessing pain. One critic remarked, “The prudence of allowing Purdue to conduct these physician training sessions is questionable considering Purdue’s track record of providing literature which advocates the use of opioids and underplays their risks” (Professor T, 2005, p. 64).

Purdue’s next step in its public relations response was the announcement of its 10-point plan to address the problem. The plan included efforts to battle prescription fraud and raise awareness.

In July 2001, Purdue announced a $100,000 grant for mini-MBA programs in high schools situated in highly affected counties. The company promised to send teachers for training on how to teach their students about formulating business plans and investing in the stock market. The program was dismissed by many as a feeble attempt at public
relations and image repair. One school administrator was quoted asking why Purdue would spend money on entrepreneurial training rather than the much-needed treatment of addicts (Tough, 2001).

Purdue also began a prescription drug abuse prevention campaign through radio, print, and the Web. It created a Web site called Painfully Obvious that was intended to educate parents and young teenagers about the dangers of prescription drug abuse. Purdue made no specific mention of OxyContin on its Web site or in its advertisements. Rhonda Ramsey Molina, president of the Coalition for a Drug-Free Greater Cincinnati and an outspoken critic of the company’s education initiatives, believes Purdue’s efforts were misguided and ineffective. She says, “Purdue’s message is preachy, not educational” (Sataline, 2003, p. 1). She urged communities not to use Purdue’s materials and stated her belief that the ad campaign “is in no way based on the principles of effective prevention” (Sataline, 2003, p. 1).

Substance abuse centers in Oregon and Kentucky also recommended that communities reject the material. Camp (2003) adds, “… Purdue officials regularly attend drug-abuse conferences to defend OxyContin, while its public relations department cranks out press releases touting the company’s courtroom victories over critics” (p. A17). In response to critics who say Purdue Pharma markets its drug irresponsibly, spokesman Robin Hogen says, “We would contest that up, down and sideways. The company is a conservative marketer by any measure and responsible by all measures” (Sturgeon & Hammack, 2001, p. 2). Purdue executive Haddox remarked, “I think we’re setting a new standard in corporate responsibility” (Reidy & Rich, 2001, p. A8). Sidney Wolfe, a doctor and the director for the Public Citizen’s Health Research Group,
countered, "'They are trying to appear to be good citizens in a p.r. campaign that is
designed to neutralize the very dangers they designed'" (Ives, 2003, p. 1).

In February 2001, Purdue Pharma announced that it was filing a patent
application for an abuse-resistant version of OxyContin. A critic analyzing the case
remarked

This was somewhat misleading, in that Purdue knew both that the research needed to produce a
marketable product based on this technology was not yet available, and that even after its
development it would not prevent the oral abuse of the medication which the Pulse Report was
reporting was most common, despite Purdue's characterization of abusers injecting and snorting
the drug (Professor T, 2005, p. 66).

In July 2002, Purdue officials stated that it would take four to five years to
develop an abuse-resistant formulation of its drug. One analyst remarked, "No one drew
attention to the fact that this outcome had already been predicted and that Purdue was
clearly doing this as a public relations ploy" (Professor T, 2005, p. 67). A press release
application may portend a long term solution, and may be good public relations, but it has
no immediate practical effect" (p. 1). The attorney general called on Purdue to take
immediate measures, adding, "Purdue Pharma has a moral, if not legal, obligation to take
effective steps now that address addiction and abuse even as it works to reformulate the
drug" (p. 1).

Hundreds of lawsuits continue to be brought against Purdue Pharma for
inaccurate and misleading marketing that caused even legitimate patients to
underestimate the strength of a medication that many believe is dangerously addictive.
The company continues to defend itself vigorously, litigating every lawsuit. It has gained a reputation as an aggressive and formidable legal opponent. One opposing attorney stated, "'They just clobbered our clients'" (Bloodworth, 2003, p. A1). As of October 2003, Purdue had proven successful in every lawsuit (Frank, 2003).

Tough (2001) states, "'It's fair to say that in public relations terms, Purdue's reaction to the OxyContin problem has been less than successful...Purdue's P.R. problems seem rooted in the company's deep-seated belief in the inherent safety of and public need for its product'" (p. 15). One DEA official told the New York Times, "'It may take years to repair the damage that this drug has done'" (Meier, 2003, p. 144).

Purdue spokesman Robin Hogen recalls, "'It was like being a prizefighter and you were getting punched in the stomach, and then in the cheek, and then in the stomach again, and you're sort of reeling'" (Meier, 2003, p. 131).

Tough (2001) states,

Purdue's executives see the company as an unwitting victim of criminal activity -- not unlike Johnson & Johnson in 1982... The company's critics prefer to compare Purdue to tobacco companies and handgun manufacturers, who are increasingly likely to be found liable for deaths caused by their products. Clearly, the company failed to anticipate the growing chorus of public sentiment against it (p. 32).

Upjohn's Crash Course in Crisis PR: The Halcion Story

The story of Upjohn's Halcion scandal presents, arguably, one of the most massive crisis management failures in pharmaceutical history. Halcion, once the most popular and profitable sedative hypnotic in the world, came under intense scrutiny when an increasing
number of users reported severe psychiatric side effects that included hallucinations, rage, violent behavior, anxiety, depression and confusion.

In August 1991, Newsweek’s cover story centered on the case of Ilo Grundberg, a woman acquitted of murder on the defense that she had been incapable of voluntary action while under the influence of Halcion (Cowley, Springen, Iaravici, & Hager, 1991). She subsequently filed a $21 million lawsuit against Upjohn. The company denied negligence and denied any link between the murder and Halcion. However, unlike Purdue Pharma, which aggressively litigated—and won—repeated lawsuits against it, Upjohn settled the civil suit out-of-court. It avoided a lengthy public airing of its disputed safety record but continued to deny culpability. Cowley, Springen, Iaravici, and Hager (1991) remarked, “The settlement spares the company what could have been a bruising battle with an unhappy customer” (p. 2). It would be the first in a series of murder cases and assaults in which defendants would use the Halcion defense.

After the Grundberg settlement, Upjohn obtained an agreement binding Grundberg, her lawyers and expert witnesses from discussing the case. The settlement kept a dismal record intact. An internal memo from Upjohn’s public relations department included the entry, “Aug. 9. News release announcing resolution of Grundberg suit. Minimal press response” (Reed, 1994a, p. 1).

Dr. Anthony Kales, head of psychiatry at the Penn State University medical school, stated,

This is a very dangerous drug. No other benzodiazepine has such a narrow margin of safety. The only justification for keeping it on the market is to ensure the company’s profitability. From a public-health standpoint, there is no reason at all (Cowley, Springen, Iaravici, & Hager, 1991, p. 2).
The debate over Halcion centered on the question of whether it was more dangerous than other drugs in the benzodiazepine family (e.g., Valium, Xanax, Dalmane, Restoril). The first benzodiazepines reached the market in the early 1970s and revolutionized the treatment of sleep disorders. However, people taking these drugs at night reported feeling groggy and sluggish the following morning. The 1983 introduction of Halcion in the United States seemed to solve this problem, as clinical trials showed that it left the body quickly and spared users the subsequent hangover. Halcion would later become the most widely prescribed sleeping pill in the world. Unfortunately, it appeared to cause exponentially more adverse-reaction reports than any other sedative.

In a 1987 report, two FDA staffers noted that “during its first three years on the US market, Halcion had racked up 8 to 30 times as many adverse-reaction points as Dalmane and Restoril combined, even though it was still less widely used than either of them” (Cowley, Springen, Iaravici, & Hager, 1991, p. 4). Ricketts (1991) states, “Most people mistakenly think that a drug approved by the US Food and Drug Administration (FDA) must have been subjected to rigorous, objective, long-term testing. Unhappily, such is not the case” (p. 1).

French and Italian regulators forced the half-milligram tablet from their markets in 1987. Upjohn responded by voluntarily lowering the recommended U.S. dosage from a half milligram to a quarter milligram. In 1988, Germany also blocked the sale of the half-milligram tablet, and Upjohn decided to stop producing that dosage entirely. Some countries further reduced the dosage to one-eighth of a milligram. Despite Upjohn’s response, which included a revised package insert warning of possible bizarre behavior, reports of severe nervous-system side effects continued to rise.
In 1989, the FDA’s Psychopharmacological Drugs Advisory Committee met to review one FDA team’s extensive six-year research. The research showed that Halcion generated 8 to 45 times as many reports as Restoril. Like FDA staffers before them, the research team members attempted, in vain, to determine factors that may have skewed the results. Cowley, Springen, Iaravici, and Hager (1991) explain, “There was nothing about the patients, nothing about the circumstances in which the drugs were prescribed, nothing about the reporting practices of the manufacturers that could account for Halcion’s higher rates” (p. 5).

The FDA committee felt that Halcion should carry a stronger warning, but Upjohn representatives dismissed the value of spontaneous reports—the method by which patients reported adverse effects. They denied knowledge of corroborating clinical evidence, and the FDA committee voted not to require any other special measures, citing informational limitations.

In 1991, Upjohn found itself on the defense after a scathing British Broadcasting Corporation report alleged that Halcion’s psychiatric side effects were apparent for almost 20 years. Philip Sheldon, Upjohn’s public relations director, dismissed the report as nothing new. He said, “The show ‘did a pretty good hatchet job on Halcion. There’s no new data that changes the safety of the product’” (Reuters, 1991, p. 1). The company later sued the BBC and won $90,500 in libel damages.

Upjohn used a three-tiered approach to advance its interests prior to U.S. approval. First, it organized a symposium of experts who produced a favorable analysis of evidence “derived from confidential data of clinical trials and postmarketing surveillance provided by the company” (Gabe, 2001, p. 1240). The chair of the
symposium later acknowledged that the experts had been misled by Upjohn’s data. Subsequent symposia and workshops in the late 1980s were much less successful in reviving Halcion’s image.

Second, Upjohn attempted to influence the climate of opinion through academic research. It used a staff member from its CNS Clinical Development Section to write an academic paper questioning the drug critics’ credibility. Third, Upjohn turned to litigation against experts who it believed were exercising vendettas against Halcion. In 1992, Upjohn sued a professor for claiming that it had concealed data. The company called his accusations “smear tactics” and claimed that he had frightened and misled employees and patients with his junk science. The professor filed a countersuit against Upjohn, but a court found in favor of Upjohn. The judge, however, castigated the pharmaceutical company for admitted errors in the transcription of its data.

Gabe (2001) remarks, “Whatever the merits of this case it does reveal how Upjohn, like other pharmaceutical companies before it, tried to influence the debate over Halcion in line with its own interests as a profit-maximizing concern (p. 1241).

Cowley, Springen, Jaravici, and Hager (1991) state, “...the company has never convincingly explained Halcion’s remarkable ability to generate weird stories (p. 7). They go to say that Upjohn “resisted labeling changes and has attacked unflattering research rather than face its possible implications. It has also worked assiduously to prevent full public disclosure of the data on reported side effects” (p. 9). In an attempt to thwart disclosure of public information, Upjohn unsuccessfully attempted to copyright and seal documents that it admitted contained no trade secrets.
A court order forced Upjohn to release no less than 90,000 pages of documentation on the protocols covering Halcion. Medical advisers involved in a lawsuit, however, quickly noticed that crucial evidence was missing from the material. The missing data contained the results of a 1972 drug trial conducted on prisoners in Jackson State Penitentiary. Reed (1994b) explains, “The company had omitted roughly 30 percent of the bad reactions suffered by the healthy Michigan prison inmates who served as test subjects in the 1972-73 clinical study known as Protocol 321” (p. 1). Officials in the UK told Upjohn that, had the adverse effect in this trial been correctly reported, they probably would not have approved the drug (Gabe, 2001).

By 1994, Halcion was banned in Great Britain, Norway, Argentina and Brazil. In a memo written prior to the Britain suspension, Upjohn’s marketing experts recommended a containment strategy to protect sales. Reed (1994a) says,

It was suggested that the controversy be attributed to an outside force such as the Church of Scientology, an easy choice as a scapegoat because of its campaigns against certain prescription drugs and medical practices. That element of the strategy was never carried out, however (p. 21).

Reed (1994a) adds that Upjohn memos, court transcripts and government records all paint an unnerving picture of the company’s deceptive tactics. To keep Halcion on the market, he believes, “Upjohn discredited critics, omitted and misrepresented unfavorable results from clinical studies and orchestrated a campaign to influence regulatory agencies…” (p. 21).

Upjohn spokeswoman Kaye Bennett remarked, “It is very difficult to undo the story that gets implanted in people’s minds when there’s a whole string of negative media about the product” (Prodis, 1994, p.1). Sharon Dorsey Wagoner of Argus Research
added, "'I don't think the damage is irreparable. If the company can show efficacy or improve
the image and offset the damage...then there's a chance for almost any product to regain
lost market share'" (Prodis, 1994, p. 1). Cowley (1994) concluded "Upjohn has yet to
voice any public regret over the Halcion affair. Instead, it continues to paint itself as the
victim of a few misguided critics and a scandal-hungry press" (p. 53).
Chapter III

Research Design

The population for this research consisted of senior public relations professionals\(^1\), crisis experts\(^2\) and public relations professors. These segments comprise the level of knowledge and experience necessary to respond to questions about crisis management as it relates to the pharmaceutical industry. In selecting crisis experts, care was taken to identify individuals who possess knowledge and/or experience in pharmaceutical crises. The survey recipients were gathered via a nonprobable purposive sample designed to target high-ranking PR professionals or those with crisis experience specific to the study.

Quantitative Research

A quantitative survey was designed to elicit data from public relations professionals as it relates to PR’s role in crisis planning and management. Wimmer and Dominick (2003) describe the advantages of survey research as follows: it can be used to investigate problems in realistic settings, it offers a reasonable method of obtaining data, it allows a large amount of data to be collected with relative ease, it is not constrained by geographic boundaries and it is helpful to already existing survey research.

The major issues in the study were as follows:

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\(^1\) Defined as senior account executives, account supervisors, account managers, presidents and CEOs—all employed at public relations agencies.

\(^2\) Culled from The Holmes Report list of top crisis communication agencies (http://www.holmesreport.com/agencies/rankings.cfm).
1. Identification of public relations' role in crisis planning and management in the pharmaceutical industry.

2. Determination of public relations activities specifically related to crisis management.

3. Identification of perceived attitudes of upper management toward public relations in crisis planning and management.

4. Identification of obstacles to effective crisis management.

   The researcher used a 20-question pen and paper survey. The first six questions were designed to elicit agreement or disagreement with statements relating to the following: the role of public relations in strategic management, the effectiveness of crisis planning at U.S. pharmaceutical companies, the overall communication culture of an organization as it relates to effective crisis PR, the level of honesty pharmaceutical companies exhibit, the time these companies spend on clinical trials and whether most corporations are adequately equipped to handle a major crisis. These questions all used a 5-point Likert response set.

   The next six questions were designed to elicit responses relating to the following: the CEO's role as spokesperson during a crisis, the current state of crisis management at U.S. pharmaceutical companies, the progress of pharmaceutical PR in the last decade, the extent that corporate leaders rely on PR professionals during a crisis, the role of the legal department in a pharmaceutical crisis and the level of autonomy that pharmaceutical PR professionals enjoy. The researcher used a combination open- and close-ended questions for these items.

   The final eight questions were largely open ended and included two rank-and-order questions. These questions were designed to discover attitudes about the following:
obstacles to effective crisis communication in the pharmaceutical industry, traits of an effective crisis leader, factors contributing to pharmaceutical crises, perceptions about the pharmaceutical industry compared to other highly criticized industries, common missteps in crisis management and effective and ineffective examples of crisis management in the drug industry. The final question sought information about whether the respondent had ever personally handled a drug crisis and, if affirmative, in what capacity.

Time and money constraints affected the reliability of this study. The survey presented an ideal tool for eliciting opinions and beliefs from a sampling of the pharmaceutical public relations industry.

Procedure

The researcher mailed 42 surveys at the end of February 2006. A letter accompanied the survey and identified the researcher and the purpose of her study. The survey included a self-addressed stamped return envelope, and a deadline of March 31, 2006 was clearly stated.

The researcher received a steady return rate, and no follow-up calls were placed. Of 42 surveys, 20 were returned for a return rate of 47.6 percent.
Chapter IV

Results

The following are the results from the pen and paper survey. Of 42 surveys, 20 were returned for a return rate of 47.6 percent.

Question 1: Public relations should be part of a company's strategic management plan.

strongly disagree (1) (2) (3) (4) (5) strongly agree

Figure 1 shows that 95 percent of survey participants value the role of public relations in strategic management planning. The low percentage disagreeing with the statement (5 percent/1 respondent) may indicate a checking error on the part of the survey respondent.

Figure 1
The Role of Public Relations in Strategic Management Planning

![Pie chart showing 95% strongly agree and 5% strongly disagree]
**Question 2:** Most U.S. pharmaceutical companies plan adequately for crises.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

Figure 2 indicates a clear lack of consensus on the statement indicating adequate crisis preparation by U.S. pharmaceutical companies. Half of the respondents responded neutrally, with the other half divided equally between agree and disagree/strongly disagree.

![Figure 2](image)

**Figure 2**
*Adequate Crisis Preparation by U.S. Pharmaceutical Companies*

**Question 3:** The overall communication culture of an organization represents a crucial determinant in effective crisis public relations.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>Strongly agree</th>
</tr>
</thead>
</table>

Figure 3 shows all respondents either agreed or strongly agreed that an organization’s communication culture affects its success in crisis public relations.
Question 4: The majority of pharmaceutical companies make the public sufficiently aware of the risks associated with their drugs.

strongly disagree (1) (2) (3) (4) (5) strongly agree

Figure 4 shows disagreement among respondents on whether pharmaceutical companies make the public adequately aware of drug risks. An equal percentage of respondents remained neutral (35 percent) as responded in the affirmative (35 percent). Thirty percent disagreed or strongly disagreed.

Figure 4
Public Awareness of Drug Risks
Question 5: The majority of drug companies spend sufficient time on clinical trials.

strongly disagree ______ (1) (2) (3) (4) (5) strongly agree

Figure 5 shows disagreement on whether pharmaceutical companies spend adequate time on clinical trials. Half of the respondents remained neutral, with 15 percent disagreeing and 35 percent agreeing or strongly agreeing.

![Figure 5](image)

Question 6: Most corporate entities are well-equipped to handle a major crisis.

strongly disagree ______ (1) (2) (3) (4) (5) strongly agree

Figure 6 illustrates disagreement by respondents on whether most corporations are well-equipped to handle a major crisis. Forty percent remained neutral, and 45 percent disagreed or strongly disagreed. A minority of respondents (15 percent) agreed that corporations are prepared for major crises.
Question 7: The CEO should be the spokesperson during a crisis.
   a. always
   b. sometimes
   c. never
   d. no opinion

Why do you feel this is the case?

Figure 7 shows that the majority of respondents agree that the CEO should be the spokesperson some of the time. Twenty percent believe that the CEO should always be the spokesperson in a crisis situation, and one respondent (5 percent) answered that the CEO should never be a crisis spokesperson.
Of the respondents that answered “sometimes,” 60 percent responded that the crisis severity often determines the need for the CEO. Twenty percent responded that the CEO might not always be articulate enough to be the spokesperson. The remaining 20 percent responded that the presence of the CEO might make a crisis seem more serious than is the case.

Of the respondents that answered “always,” 75 percent responded that the CEO is the trusted voice of the organization, and 25 percent responded that the company needs a central point of contact.

Of the one respondent that answered “never,” he or she wrote that the person trained to be the spokesperson is usually not the CEO.

**Question 8:** What is your opinion of the current state of crisis management in the pharmaceutical industry?

Figure 8 illustrates varied opinions on the current state of pharmaceutical crisis management. Twenty five percent of respondents indicated “2,” showing that one quarter of respondents feel that pharmaceutical crisis management, though not completely effective, is at least close to being so. Thirty five percent remained neutral, and the remaining respondents (40 percent) indicated a negative assessment of pharmaceutical crisis management.
Question 9: What is your opinion of pharmaceutical PR progress in the last decade?

Figure 9 illustrates that all respondents remained neutral or answered positively regarding the progress of pharmaceutical public relations. Half remained neutral, and half responded that pharmaceutical public relations seems to be improving.

Question 10: Do you think corporate leaders rely too heavily on PR professionals to manage a crisis?
   a. yes
   b. no
   c. no opinion
Figure 10 shows that the majority of respondents (70 percent) feel that corporate leaders do not rely too heavily on PR professionals during a crisis. Twenty percent feel that corporations do depend heavily on PR to manage a crisis, and 10 percent had no opinion.

![Figure 10](image)

**Figure 10**
**Relying Heavily on PR During a Crisis**

<table>
<thead>
<tr>
<th>No Opinion</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>

No 70%

**Question 11**: Which of the following best describes your views of the legal department in a pharmaceutical crisis?

a. ally  
b. partner  
c. adversary  
d. none of the above

Figure 11 shows that the great majority of respondents (72 percent) view the legal department as either an ally or partner during a crisis. Twenty two percent perceive the legal department as an adversary, and six percent responded “none of the above.” Two responses to Question 11 were unusable; the percentages are based on 18 usable responses.
Question 12: Do you feel that most in-house pharmaceutical PR professionals have the authority to act decisively during a crisis?
   a. yes
   b. no
   c. no opinion

Why do you feel this is the case?

The majority of respondents (65 percent) feel that PR professionals do not have the authority to act decisively during a crisis (Figure 12). Ten percent feel that PR professionals do possess this authority, and twenty five percent indicated "no opinion."
Of the respondents that answered “no,” 69 percent indicated that public relations is not valued by management. The remaining respondents indicated that “not enough have faced a crisis,” “there is a pass the buck mentality,” PR professionals are “not as commercially oriented as they should be” and “legal takes over.”

Of the two respondents that answered “yes,” they indicated that PR people “are empowered” and “it’s their job.”

Of the respondents indicating “no opinion,” 60 percent indicated that the ability of public relations professionals to act decisively varies by company and by crisis. The remaining 40 percent indicated that they did not have enough information.

**Question 13:** What are the three greatest obstacles to effective crisis communication in the pharmaceutical industry?

Figure 13 illustrates the four most common answers the question of crisis communication obstacles in the pharmaceutical industry: media, lost profits/Wall Street, litigation/poor legal advice and arrogance or ego.

The following are other common obstacles, each appearing in 15 percent of responses: preparation, fear, public feedback/public perception and understanding the audience.
Question 14: What are the top five traits that an effective crisis leader must possess in the pharmaceutical industry?

Figure 14 shows the most common responses to the question of which traits an effective crisis leader should possess: tenacity, composure, honesty and knowledge.

![Figure 14: Top Traits of an Effective Crisis Communicator](image)

Thirty percent of respondents indicated compassion/empathy. Other popular responses included verbal skills (25 percent), decisiveness (25 percent), courage/strength (20 percent) and credibility (20 percent).

Question 15: [The following is a list of factors that might contribute to pharmaceutical company crises. Please rank them in terms of likelihood. Place a “1” next to the circumstance that you think *most often* contributes to drug crises, a “2” next to your second choice, and so on.]

- Failure to anticipate possible crises
- Inadequate clinical trials
- Overly aggressive drug marketing
- Poor managerial structure
- Voracious media coverage

According to ranked averages, respondents felt that failure to anticipate possible crises (1.85) is the top factor contributing to pharmaceutical crises. This was followed by poor managerial structure (2.90), overly aggressive drug marketing (3.05) and a tie between inadequate clinical trials and voracious media coverage (3.60).
Question 16: [The following is a list of industries. Please rank them in terms of ethical behavior. Place a “1” next to the industry that you think is typically most ethical, a “2” next to your second choice, and so on.]

- Legal industry
- Mass media
- Medical industry
- Pharmaceutical industry
- Tobacco industry
- Oil industry

According to ranked averages, respondents feel the medical industry (1.63) ranks as most ethical followed by legal (3.10), mass media (3.15), pharmaceutical (3.47), oil (4.26) and tobacco (5.37).

Question 17: What do you feel are the three most common missteps of pharmaceutical companies in handling crises?

Figure 15 illustrates the respondents’ top answers to the question of greatest pharmaceutical crisis missteps: lack of empathy, defensiveness, dishonesty and slow response.

![Figure 15: Top Crisis Missteps](image_url)

Other popular responses were poor communication (20 percent), misinformation (20 percent) and lack of preparation (15 percent).

Question 18: Name one pharmaceutical crisis that you feel represents an example of effective crisis management.
Eighty five percent of respondents listed Tylenol as an example of effective crisis management. Other responses, each with one mention, were Baycol, Prempro and Erbitux.

Question 19: Name one pharmaceutical crisis that you feel represents an example of ineffective crisis management.

Sixty-five percent of respondents indicated Vioxx as an example of ineffective crisis management. Other responses were Baycol (10 percent) and Celebrex (10 percent), with Tsbari, Ambien, and Dow’s breast implant controversy each receiving one mention.

Question 20: Have you ever personally handled a crisis for a U.S. pharmaceutical company?
   a. yes
   b. no
   c. no opinion

If yes, what was the general crisis situation?
If yes, what did you find most problematic in the efficient handling of the crisis?

Figure 16
Respondents with Pharmaceutical Crisis Experience

The respondents with pharmaceutical crisis experience indicated being involved in the following crisis situations: drug recalls (40 percent), tainted over-the-counter brand (20 percent), product hazard allegations (20 percent) and FDA problems with test results (20 percent).
These respondents indicated the following as most problematic in handling the crisis efficiently: “internal decision making”; “senior management politics”; “the belief that a crisis is within the control of a company. It’s not”; “internal coordination” and “management refusal to accept responsibility—head in the sand approach.”

Results Summary

The survey results indicate general agreement about the value and role of public relations during a crisis and widespread disagreement on the state of the pharmaceutical industry’s crisis preparedness.

Survey respondents agreed strongly on the role of public relations in strategic management planning (95 percent) and the importance of a company’s communication culture in determining its crisis PR success (100 percent). The majority of respondents (75 percent) also agreed that the CEO should be the spokesperson in certain situations. Every respondent remained neutral or answered positively to the question of pharmaceutical PR progress, and 70 percent felt that corporate leaders do not rely too heavily on PR during a crisis. In addition, most respondents (72 percent) defined the legal department as either an ally or partner in a crisis and agreed (65 percent) that PR professionals do not have the authority to act decisively in a crisis. Most respondents (85 percent) recall Tylenol as an example of effective crisis management and think of the more recent scandal with Merck’s Vioxx as an example of ineffective crisis management (65 percent).

Respondents indicated division on the issue of whether pharmaceutical companies plan adequately for crises and spend sufficient time on clinical trials. Survey results also indicated a lack on consensus on whether pharmaceutical companies make the public
sufficiently aware of risks associated with their drugs. Respondents were also divided on the question of whether most corporations are well equipped to handle a major crisis.

Lastly, survey results indicate widespread disagreement on the current state of pharmaceutical crisis management.
Chapter V

Interpretation and Suggestions

The quantitative study results provided data that substantiated the surmised hypothesis that public relations professionals believe that pharmaceutical crisis management is ineffective.

Though 95 percent of survey respondents agree that PR should be part of a company’s strategic management plan (Q1), opinions are split clearly down the middle regarding whether U.S. pharmaceutical companies plan adequately for crises. Half of respondents have no opinion, and the other half are split 50/50. The secondary research revealed that many public relations professionals believe that a positive internal climate represents a crucial determinant in effective public relations. The survey research (Q3) followed this assertion with 85 percent of respondents agreeing with the importance of a company’s overall communication culture during a crisis.

The secondary research presented numerous opinions debating whether the CEO should be the spokesperson during a crisis; survey respondents are in closer agreement (Q7). Seventy five percent feel that the CEO should be the spokesperson “sometimes” and offered reasons ranging from crisis severity to the CEO’s speaking skills. Like several of the researchers cited in Chapter 2, twenty percent of respondents feel the CEO should always be the spokesperson, and 5 percent feel never.

Earlier research also debated the issue of whether corporate leaders rely too heavily on PR professionals to manage a crisis. One researcher feels that this dependence
can make a crisis sizably worse. Seventy percent of respondents (Q10), however, believe that management does not rely too heavily on PR professionals during a crisis.

The research from Chapter 2 also discussed communication autonomy during a crisis. The majority of researchers agree that the authority to act decisively during a crisis represents another key factor in whether crisis management succeeds or fails. Sixty five percent of respondents (Q12), however, feel that in-house pharmaceutical professionals lack this authority. Only 10 percent feel PR professionals possess decisive control.

Much of the research discussing pharmaceutical public relations makes mention of the industry’s image problem. A poll cited in Chapter 1 reveals that only 3 percent of people believe drug companies are working for the public good. Not surprisingly, when asked for the greatest obstacles in effective pharmaceutical crisis communication (Q13), survey respondents gave “arrogance/ego” as the most frequent response (35 percent). Respondents were asked to rank six controversial industries in terms of ethics (Q16), and the pharmaceutical industry ranked 4th behind the medical, legal and mass media industries; it was trailed only by the oil and tobacco industries. Though the medical and pharmaceutical industries both purportedly work for the good of man, the view of the medical industry—wrought with its own malpractice and legal issues—is not dogged by the abhorrent stigma of the pharmaceutical industry.

Finally, the secondary research indicated varying opinions on whether Johnson & Johnson is deserving of the accolades it has long received for its handling of the Tylenol tampering crisis. Eighty five percent of survey respondents listed Tylenol (Q18) as an
example of effective crisis management. More than two decades later, Tylenol is still
viewed—at least in the eyes of respondents—as a gold standard in crisis management.

Study’s Strengths and Weaknesses

The researcher took great care in assembling the purposive sample for her
quantitative research. Research into the top crisis public relations firms in the country
revealed the names of industry experts and their associates. Twenty five percent of survey
respondents had experience personally handling a pharmaceutical crisis. The researcher
also identified public relations professors and high-ranking public relations professionals.
The information obtained from the completed surveys suggests that respondents were
highly knowledgeable about the subject matter.

The greatest weakness of this study was the small survey population and the
purposive sample. Though some insightful data was gathered, the lack of supplementary
qualitative research makes it difficult to get a reliable snapshot of the issue under study.
Study replicators should combine mixed methodologies of both quantitative and
qualitative types and employ a random probability sample to gain stronger study
reliability.

Conclusion

The data gathered in this study provides a small glimpse into perceptions of crisis
management and the pharmaceutical industry. The public relations professionals
surveyed indicated a lack of consensus about the state of the pharmaceutical industry and
its level of crisis preparation. However, the data also indicates a high level of agreement
on issues of public relations and its role in this crisis preparation and management process. Further research should explore these opposing views further.

This study provides valuable data to both the public relations and pharmaceutical industries. Clearly, the pharmaceutical industry is still plagued by image problems. Several recent pharmaceutical crises surrounding the safety of popular drugs have further enforced the industry’s greedy, profit-driven reputation. Public relations professionals may agree on the value of PR in handling these crises, but they do not agree on the methods employed by big drug companies. This study provides insightful information about how these companies are viewed by those hired to handle their mistakes. The public relations field might further explore the level of pharmaceutical crisis preparedness and how public relations can help ease or prevent the fallout from these crises.
References


