

Corporate Crises: The Emergence of a New Management Priority

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Abstract

Corporations often find themselves at the apex of a community crisis. For instance, plans to expand a manufacturing plant often meet with neighborhood opposition over traffic concerns, and environmental accidents can trigger a series of embarrassing regulatory investigations. In these and many other situations, organizations are increasingly looking inward to their employees as a source of information about community perceptions as well to create a local nucleus for support of corporate goals.

Introduction

The past decade witnessed a considerable increase in the recognition by management that the success of organizations is intimately tied to the well-being of its surrounding community. Cities and towns serve as employment bases where employees live and raise their families, but they are also where they vote, spend incomes, join churches and activist groups. As a result, a considerable wellspring for the support of corporate programs is often untapped and unstudied.

In recent years, the term community relations has received new credibility within the ranks of management science. The Boston College Center for Corporate Community Relations reports a ten-fold increase in calls from corporations desiring more information about cultivating goodwill in their host communities since 1985 (1). Further, a burgeoning consulting industry is emerging to help companies in their community relations, including a proliferation of newsletters, books and seminars on the subject. (2)

Survey Reflects Increasing Corporate Sensitivity

The majority of some 63 members of the Fortune 500 companies surveyed by the author, (such as Polaroid, Honeywell, General Motors and Johnson and Johnson) reported that in recent years they had appointed a senior manager within their ranks to supervise one or more facets of community relations programming in an attempt to strengthen these companies' relationships with local and county officials, civic organizations, and activist groups. Because of the size of these organizations, the inclusion of community relations as a manage-

ment priority may not be surprising. What is surprising is the admission by those managers interviewed that the rationale for launching a community relations program includes concern over potential future lawsuits, let alone existing controversies with local interests. (3)

Some 63 members of the Fortune 500 were interviewed by mail and by telephone regarding the extent of their corporate community relations programming in April and May, 1990. The responses in table one provide insight as to how corporate America perceives its relationship with its host communities.

During detailed telephone interviews with 20 of the 63 organizations surveyed, managers responded that the reasons for launching a community relations initiative also included 1. the need to monitor the changing regulatory environment; 2. the need for greater understanding of the "local pulse"; 3. generating new avenues of public relations to key audiences. Amplification on each of these issues follows:

1. Regulatory Issues. As zoning regulations have become more stringent in communities nationwide, the role of public hearings in the evaluation of corporate proposals - for new manufacturing plants, parking garages, or research laboratories, has taken on new preeminence. As a result, companies often invite employee-residents to speak at such hearings in front of their elected officials to overcome the perception of the corporation as an "outsider".

A good example is Arthur D. Little, Inc., an interna-

TABLE 1

A. Why did your company initiate a corporate community relations program?

Senior management felt concept prudent	28%
Request from neighbors, civic officials	23%
Other area plants/companies had done so	17%
Existing or anticipated litigation locally	16%
A proposal had received criticism locally	11%
Other issues	5%

B. What kinds of resources does your organization currently devote to community relations?

Part time duties of a senior manager	48%
Part time duties of a line supervisor	29%
Full time duties of a senior manager	11%
Outside consulting/public relations firm	8%
Other or variations of above	4%

C. What is the most important issue facing your community relations manager at this time?

Promoting a plan to expand company facilities	21%
Philanthropic outreach in the community	14%
Working with neighbors to reduce tensions	11%
Communications locally- newspapers, cable, etc.	9%
Activating employees to volunteer locally	9%
Working with counsel re: ongoing lawsuits	7%
Traffic, noise, pollution mitigation plans	6%
Other various duties	23%

tional consulting organization which in 1988 invited its employee-residents of Concord, Massachusetts to testify on behalf of a proposal from its pension fund, Memorial Drive Trust, to develop a major track of undeveloped land into a mixed-used residential subdivision. Letters were sent to ADL employees asking them to call local officials, to attend and participate in public hearings, and to write letters to the editor of the local newspaper on behalf of the proposal.(4)

2. Access to Local Information. When employees join neighborhood associations, corporate managers enjoy quicker access to local information, including newsletters, notices and bulletins which may mention or criticize the company's products or services. Seventeen of the 65 Fortune 500 managers interviewed for this survey noted that despite this sophisticated era of communications, their companies are often the last to know when they are being criticized by local interests.

In addition to asking employees about what is being written about the organization locally, many organizations use newsletters to reach out and promote a sense of community-mindedness.

In 1985, for instance, Boston College, a Jesuit university, found itself in the midst a controversial \$50 million campus building program that was being challenged in the courts by some of its neighbors. The institution launched a newsletter sent to nearly 2,000 employees that promoted volunteerism opportunities at area social service agencies; it then sent a second newsletter to neighborhood homes and also distributed copies in major shopping centers. This publication informed the community of its long-term building goals and detailed how the community would benefit from completion of the plans. (5)

By acting as a clearinghouse for community information, the Boston College office had an opportunity to gauge the needs of the community. To build rapport with agency contacts, the newsletter also was mailed to any service agencies mentioned.

Such initiatives cost less than traditional modes of public relations - staff time and printing costs for the newsletter are the bulk of such expenses -yet the results can be beneficial and long lasting. In addition, a number of company newsletters often highlight employees active in community activities, serving as both a morale booster and formal record of local contributions.

3. New Avenues of Public Relations. The Honeywell Corporation frequently recognizes the community efforts of its employees by presenting them with plaques and other awards to men and women who make substantive contributions to local charities such as Boys and Girls Clubs, veterans groups or mental health associations. Other companies offer cash awards and major donations on behalf of an employee-resident to the charity of the individual's choice, while others agree to underwrite the costs of a charity's annual banquet within a predetermined limit.

Emerging corporations are also experimenting with a variety of formats to increase credibility with their host communities. In the rural setting of Plaistow, New Hampshire, for instance, MacConnection, one of the nation's leading suppliers of Macintosh computers and software, has a publicly stated corporate goal of not only prospering in the farm community, but also of promoting the positive aspects of life in the town as a means of expanding interest for potential new residents and industry. The first six pages of its Spring, 1990 catalog, for instance, are dedicated to colorful pictures and extensive stories on life in Plaistow- of firefighters, church organizers, shopkeepers and schoolchildren. (6)

Similarly, the use annual reports as a mechanism for bridging relationships with host communities is growing. Circus-Circus, one of the nation's largest casinos, used its 1990 annual report to highlight the opening of its new hotel-casino which will employ some 7,000 community residents, the Excalibur. Yet Circus- Circus also graphically demonstrated how its organizational future is inexorably tied to the future well-being of the Las Vegas Valley. As a result, an atypical approach was used, including rare photographs of competing hotels and casinos in the report as part of an argument that the company does not exist in a vacuum- that a sense of community inevitably leads to a stronger bottom line for the organization. (7).

Strategic Recommendations for Building a Program

Interviews with corporate community relations officers led to several specific recommendations for organizations interested in expanding their relationships

locally as a buffer to future, potential crises. The most important of these was the need for management to identify resources in-house who will keep management informed of community sentiment, of local controversies, of unmet social service needs, and of emerging political and neighborhood leaders. Some companies also report that they utilize high traffic areas in their physical facilities, such as cafeterias or bulletin boards, to prominently display articles from local newspapers about their employees active in local volunteer or political efforts, or for profiles of worthy organizations in need of volunteers. Several corporations interviewed sponsor annual events, such as community picnics, where local citizens can enjoy food, music and games, compliments of the organization. Others underwrite the costs of major community celebrations, such as a "Town Day" or a city anniversary, or sponsor a visible component of such days such as fireworks displays.

Those interviewed noted that identifying individuals to launch a corporate community relations program will not be an easy task, as the manager that is groomed for this duty must be politically savvy, capable of being trusted with sensitive corporate planning data, and able to credibly capture the eyes and ears of a diverse host community. One suggestion offered by several managers surveyed was to have an organization's human resources division prepare a listing of all employees who live within zip codes contiguous to a company facility as a launching pad for an initial internal search.

This list may lead to a pool of existing employees for consideration who are knowledgeable about company operations, products and services. Only 8 percent of companies studied in 1987 survey have a full-time officer devoted to community relations, but some 47 percent have a manager devote "part-time" to these duties.(8) The initial coordination functions of this community relations manager could include:

1. asking the local newspaper to devote space on a monthly basis to a column she/he would prepare on community-company topics
2. writing a letter to every local employee of the organization announcing that management seeks input from employees on how the company can improve its image locally, work with charitable and social organizations, and promote volunteerism in constructive ways. Many organizations, such as Levi Strauss and Company, present Community Service Awards to employees who live in the host community and who make substantive contributions to area organizations. Soliciting nominations from co-workers is an excellent vehicle to increase awareness of the solidarity of company and community.

3. sending each employee in the organization, at least twice a year, a comprehensive listing of volunteer opportunities available at local hospitals, schools, charitable groups, AIDS hospice centers, veterans agencies, etc. Copies of such listings are also often sent to the respective non-profit organizations so that the message soon spreads through the community that this employer is sincerely interested in generating support for their programs by encouraging employees to give of their time and talent locally.

Once hired, the role of the corporate community relations manager needs to be systemic and dynamic- in other words, providing an office and sign for the individual is not enough. Indeed, the corporation needs to not only endow the community relations manager with a budget and mission, but it also needs to listen to the feedback the individual receives in the process of outreach. A leading Canadian engineer who has managed over 175 public participation projects as part of his firm's construction efforts throughout North America has written:

At the outset, it is vital to identify these groups, establish what they know and believe about the project, assess whether their views are appropriate and ensure that each gets the information it needs. A project manager who lacks the informed goodwill of his various publics will find his critical path endangered. (9)

The cumulative benefits from these activities can be considerable. When the community relations officer works with employees to establish community outreach programs, logical results occur. The community relations officer becomes a sounding board for concern within the organization, someone who is a resource and not merely a public relations "strategist." This individual should also possess an increasingly sophisticated appreciation of the pulse of the community that can help shape organizational decisions about the timing, scope, size and potential success of future expansion or product plans.

In any organization, crises are inevitable. Increasingly, management is seeking out new devices and systems that can help them cope not only with the immediate problem at hand, but also new tools and programs that provide a foundation for countering the negative local publicity surrounding a disaster that can last for many years.

REFERENCES

1. Interview, 2/26/90. The Boston College Center is

one of the leading, comprehensive planning groups in the field. Information on the center may be obtained by writing to Public Information, Center for Corporate Community Relations, Boston College, Chestnut Hill, MA 02167.

2. Many leading public relations firms profess to have a working knowledge of community relations, but several of those interviewed by the author agreed that they prefer not to engage "typical PR types" and to hire either former elected officials in a community to launch corporate- community campaigns. A leading organization that continually surveys the field and publishes a useful monthly newsletter entitled *Community Relations Report* is Joe Williams Communications, Bartlesville, Oklahoma, 74003.

3. A number of those interviewed for the survey would not admit with attribution that the fear of lawsuits was a primary motivation behind the launching of a community relations program, although privately they acknowledged that this was the case. A member of the National Association of Corporate Real Estate Executives (NAC-ORE), Attorney Lawrence R. Kaplan, has written several case studies on this subject. Copies are available from him c/o Goodwin, Proctor and Hoar, 60 State Street, Boston, Massachusetts 02109.

4. Interestingly enough, the proposal by Arthur D. Little failed to generate the necessary two- thirds support necessary from the local Town Meeting.

5. In addition to the Boston College newsletter, other area institutions followed with their own publications, including St. Elizabeth's Hospital of Boston (02134), Boston University (02215), Tufts University (02155) and Harvard College (02134).

6. Copies are available by writing to MacConnection, Plaistow, N.H., 03865.

7. *1990 Annual Report*, Circus-Circus. Copies are available by writing to Glenn Shaffer, Vice President, Circus-Circus, Las Vegas, Nevada 89172.

8. An excellent article on the subject with a summary of the 1987 survey appears in *Public Relations Journal*, October 1989.

9. See "Breaking the Not in My Backyard Syndrome" by Desmond M. Connor in *Civil Engineering*, December 1988.