THE WRECK OF THE EXXON VALDEZ: A CASE OF CRISIS MISMANAGEMENT

by

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THE WRECK OF THE EXXON VALDEZ: A CASE OF CRISIS MISMANAGEMENT

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"We predicted that there would be a great oil spill at Valdez. We were told again and again that the oil companies could handle it."

(Sierra Club Chairman Michael McCloskey)

"It can't happen to me."

(Caption under the graduation photograph—Joseph Hazelwood's Maritime College yearbook)

CHAPTER I: INTRODUCTION—WHO, WHAT, WHERE, WHEN

In the early morning hours of March 24, 1989, Michael McCloskey's prediction of environmental crisis became a reality. The tanker Exxon Valdez, impaled on a reef, spewed millions of gallons of oil into the waters off the coast of Alaska.

"The story, a tale of unrelieved gloom with no heroes, resembled a Greek tragedy updated by Murphy's Law." Everything that could go wrong did; everyone involved, including the Alaska state government and the U.S. Coast Guard, made damaging errors; complacency took a heavy toll; and "events marched relentlessly from bad to worse toward the worst possible. In this case, the worst possible is an unprecedented ecological disaster." (Time, April 10, 1989: 38-39)

"Marching relentlessly from bad to worse," the events surrounding the Valdez fiasco quickly escalated into a crisis of world-wide proportions. Although no heroes came forward to save the day, a whole roster of villains was created, with Exxon at the top of the list.

This study includes an analysis of Exxon's lack of foresight preceding the disaster, evidence of the corporation's half-hearted interest when the crisis occurred, its adoption of
denial as a corporate defense mechanism and its attempted sacrifice of Captain Joseph
Hazelwood.

On that Good Friday, shortly after midnight, "Alyeska's (the consortium of oil
companies running crude out of Alaska) top Valdez executive, Chuck O'Donnell, was
awakened by a call from the terminal and informed that a tanker was possibly aground on
Bligh Reef. O'Donnell ordered a subordinate to go to the terminal, then rolled over and
went back to sleep," recalls John Keeble, author of Out of the Channel: The Exxon Valdez
Oil Spill in Prince William Sound (44), one of the primary research sources reviewed in
Appendix A – Review of Literature, pages 70-79.

This seemingly insignificant incident was a telling indicator of the nonchalant
attitudes held by oil industry executives such as O'Donnell toward their watch. From the time
the companies began running single-hulled tankers through Prince William Sound,
understaffed by tired crews, with no operable plans for dealing with oil spills, top managers
turned their backs to the world, denied their responsibilities, and went to sleep for decades.

But while the executives were snoozing, the world was awakened to a crisis of
mythical proportions. According to Alaska's Lieutenant Governor, "For more than 35 hours
after the oil hit the water, there was no attempt made to contain the oil. ...We've been
betrayed." (Subcommittee on Coast Guard and Navigation, April 6, 1989: 46-47) "Now we
can criticize, and I do criticize Exxon for being very late in their response." (Admiral Yost,
U.S. Coast Guard, House Subcommittee on Coast Guard and Navigation, April 6, 1989: 29)

What caused a bad situation to snowball out of control was the petroleum company's
lack of preparation for a potential crisis. According to information provided in interviews
and government documents, much of the 10 million gallons of oil could have been confined
and recovered if Exxon would have acted quickly and effectively.

This lack of preparation on Exxon's part is symptomatic of a corporate strategy that is
immature at best and lethal at worst. Corporations which operate in a mature and
responsible manner, realize that crises are inevitable, plan accordingly, and when incidents do
occur, don’t try to place blame everywhere but on the company itself. An almost childlike lack of foresight and inadequate responses such as those exhibited by Exxon during the Valdez crisis are indicative of a process called corporate denial.

"Denial," described by Sigmund Freud in 1938 as a "disavowal of distressing external reality," is one of the primary causes of organizational blindness and inability to deal with crises. Since organizations are congregates of human beings, psychological defense mechanisms used by individuals often become part of their group culture. Nowhere is this more evident than in the area of crisis management.

Outrage animated the oil and transformed it into myth. As myth, the actual multifariousness of oil was reduced to a single, all-encompassing thing, an overwhelming pestilence, a horde. Perhaps the human inclination to use symbolic thought as a way of giving pattern to the inexplicable was necessary. The shapelessness and devastation of the horde as it is represented in film and literature is a barely defined version of the true, meaningless, shapeless thing we carry in our subconscious, death. Our feeling for this thing is confirmed at time by events. (Keeble: 195, 196)

The denial on Exxon’s part began long before its ship ran aground on Bligh Reef. Each month 80 oil vessels had passed in and out of the Port of Valdez and "on average, the age of the ships in the Alaska fleet is 15 years greater than that of the U.S. fleet otherwise. The Gulf of Alaska is also the roughest water any U.S. tanker will have to travel." (Keeble: 22)

Another indication of the oil company's denial of its culpability involved cleanup efforts after the spill. Exxon would arrange for massive cleanup crews to appear busy on certain beaches when dignitaries such as Vice President Quayle ("a noted environmentalist") visited. The next day the cleanup crews would be gone. Also, Exxon’s reliance on hot water washing and dispersants as being the best and only ways to save the beaches absolved them of finding more efficient cleanup methods.
"What is so shocking is that this ecological disaster was imminently preventable, and yet it was allowed to occur. Once it occurred, the parties responsible, primarily Exxon and Alyeska, were not prepared and apparently were not even concerned about the severe ecological and economic consequences of the ruptured tanker." (Rep. Manton, New York, House Subcommittee Hearing, April 6, 1989: 16)

And to further solidify Exxon's reputation as irresponsible and uncaring, the company's public relations strategies (if they could be called strategies) violated every crisis management rule in the book.

According to David Dengel, an alumnus of the University of Wisconsin-Stevens Point and director of Community Development for the City of Valdez since February 1990, "At the time of the grounding, Exxon, as I understand it, did a very poor job in handling the situation. They did not talk with the municipality and discuss the impacts of the accident. It was hard to determine who was in charge at the time." (Dengel Letter, August 28, 1992: 3)

...all of Exxon's public relations efforts were devised, first, to keep the story thin and to keep the public in it until the story faded from audibility like a top forty tune on the radio, and second, to prevent the public from conceiving of what had actually happened. ...The distinct impression was left that Exxon still hoped the oil would disappear, or that ignoring it would somehow magically reduce its impact." (Keeble: 169, 171)

The company's public relations attempts, described by Associated Press writer Paul Jenkins as "Exxon's daily dog and pony show," (Davidson: 199) obviously were not planned in advance. "Every move had to be processed through a firm of faceless liability-conscious attorneys thousands of miles away," (Davidson: 200), and involved spending oodles of money on planned media events. The efforts led nowhere except to the "further perception that Exxon was a monumental despoiler of the environment. Exxon kept repeating in its ads and press releases that it 'accepted responsibility' for the spill, but it sounded more and more as
though the purpose of the apology was to absolve the apologist of responsibility, like President Reagan with the Iran-Contra affair." (Keeble: 97)

This is a valid comparison of Exxon with Reagan and Iran-Contra. The two situations have several similarities which support a denial thesis. 1. The top leadership did not accept responsibility for the situation. 2. They blamed it on someone else further down the organizational ladder. 3. If they denied it enough, the public would believe them. 4. If they denied it enough, they would believe it themselves.

"The basic problem, Seldovia's fire chief said, 'started with Exxon's inability to see the world. They're concerned with PR, not cleanup.'" (Keeble: 184)

One individual who has helped us find a clearer view of the world through communication theory is Kenneth Burke. A revolutionary and respected interactionist, he has hypothesized a symbolic form called scapegoating or victimage, a theme "constantly enacted in the living rooms, streets, playgrounds, and offices of our daily lives." (Brummett: 64)

Because humans are so seriously flawed through their inherent guilt and often violate the principles of the hierarchy, it sometimes becomes necessary, for the well-being of the whole, to create a symbolic sacrificial lamb, or scapegoat, to atone for the guilt of the many. The crucifixion of Jesus and the consubstantiality or identification achieved by all Christians through Christ's death is the ultimate illustration of this type of sacrifice.

According to Burke, offenses against the social order create feelings of guilt. This guilt needs to be purged—the scapegoat becomes the means to redemption—punish the symbol of guilt and humankind is cleansed.

"So we get to the 'scapegoat,' the 'representative' or 'vessel' of certain unwanted evils, the sacrificial animal upon whose back the burden of these evils is ritualistically loaded. This vessel, delegated to the role of sacrifice, must obviously be 'worthy' of sacrifice." (Burke 1973: 39)
Captain Joseph Hazelwood, the captain of the Exxon Valdez became the designated scapegoat for Exxon, the corporation that denied the blame, tried to pass the buck to a troubled man, and threw money around in futile efforts to stem the tide of public disapproval.

This is a study of how the Exxon Valdez crisis epitomized the symbiotic relationship of the psychological theory of denial and Burke's concept of victimage. It is intended to critically analyze Exxon's dismally mishandled crisis management efforts, indicate how sound practices can be utilized by mature companies and make recommendations for future growth in the field.

Questions raised by this study include, first of all, how did Exxon's handling of the situation indicate denial of its responsibilities for the accident, for the badly botched cleanup efforts, and for the despoiling of the land and its waters?. Rather than owning up to its shortcomings, did Exxon try to buy its way out of the situation by pouring millions of dollars into the state and by placing the blame for the oil spill and its aftermath on a scapegoat, Captain Joseph Hazelwood? And, finally, how does the exploration of this incident impact upon the future of crisis management?

First, let us begin with an in-depth look at Burke's theory of victimage and Freud's definition of denial.
"Symbolic interactionism contains a core of common premises about communication and society." (Littlejohn: 53)

If denial and scapegoating were primary motivations for Exxon before, during and following the Valdez debacle, it would be wise, first of all, to take a look at the operative foundations—symbolic interactionism, Burkan theory, hierarchy, Freudian denial and the ultimate denial, of death.

Manis and Meltzer have isolated seven basic theoretical and methodological propositions, each identifying a central concept of symbolic interactionism:

1. The meaning component in human conduct: Distinctly human behavior and interaction are carried on through the medium of symbols and their meanings.

2. The social sources of humanness: The individual becomes humanized through interaction with other persons.

3. Society as process: Human society is most usefully conceived as consisting of people in interaction.

4. The voluntaristic component in human conduct: Human beings are active in shaping their own behavior.

5. A dialectical conception of mind: Consciousness, or thinking, involves interaction within oneself.

6. The constructive, emergent nature of human conduct: human beings construct their behavior in the course of its execution.

7. The necessity of sympathetic introspection: An understanding of human conduct requires study of the actors’ covert behavior. (Littlejohn: 53)
A symbolic interactionist, Kenneth Burke "has written profusely over a period of fifty years, and his theory is the most comprehensive of all the interactionists." (Littlejohn: 56) Burke, who is said to have been greatly influenced by the writings of Sigmund Freud, describes human interaction through symbol-using behavior, the ability to act. "People are symbol-creating, symbol-using, and symbol-misusing animals. They create symbols to name things and situations; they use symbols for communication; and they often abuse symbols—misuse them to their disadvantage." (Littlejohn: 56)

Barry Brummet, an assistant professor of communication at Purdue University, says, "Humanity's social life is a fabric of interaction woven from many skeins. These skeins are symbolic forms, patterns embedded in psyche and culture, which invite us to experience part of life in a particular way." (Brummet: 64) Burke believes that symbolic forms and rhetoric have a shared relationship because symbols have the rhetorical ability to influence the public.

One of the symbolic forms explored by Burke is scapegoating or victimage. According to Burkean theory, the purpose of social order is to overcome the terrors of social mystery. Because of differences in race, sex, economic status, ethnic backgrounds, people are social mysteries to each other—puzzles which they find unsolvable. "So if people cannot avoid these mysteries by obeying laws and social norms they seek to encompass them through hierarchy." (Brummet: 65)

Burke believed that mystery is inherent in the generic biological divisiveness of human beings. Still through our human symbol system (communication) we may become consubstantial. (Simons & Melia: 139) One of the human mysteries with which Burke concerns himself is "hierarchy," the "ladder" of the human condition.

Brummett describes hierarchy as "a system of social order in which participants assume roles, rights, and responsibilities toward other participants. A hierarchy overcomes the natural mystery to which people are heirs by providing grounds for union, for consubstantiality." (Brummet: 65)
Any hierarchy generates for those who participate in it what Burke calls the hierarchic motive: on the one hand people are goaded by the desire to mount the hierarchy, whether through action or possession; and on the other hand, people are goaded by the threat of descending the hierarchy, again either by action or possession, but also by failure to act or inability to possess certain things. From hierarchy and the hierarchic motive inherent in it, comes what Burke calls the hierarchic psychosis—it is incurable; it can be relieved, but not cured; it is inevitable ubiquitous and eternal. (Rueckert: 132)

Within humankind are abstract and hierarchic modes of thought and action which Burke derives directly from "...man’s ‘language-ridden view’ of the world and human relations. ...due to this ‘tendency to abstraction’ man separates himself from his ‘natural condition.’" (Rueckert: 135)

By natural condition Burke means nature. ...This movement of abstraction separates man from his natural condition...the result is not only a perversion of the natural but an almost psychopathic denial and distrust of natural impulses. An extreme manifestation of the process is the systematic destruction and desecration of nature and the natural by the engines of industry in the exalted name of progress, with the very idea of progress as well as the engines of industry being products of reason. (Rueckert: 136)

Burke describes humankind as the "symbol-misusing animal, inventor of the negative (or moralized by the negative), separated from his natural condition by instruments of his own making, goaded by the spirit of hierarchy (or moved by the sense of order)..." (Simons & Melia: 31) often experiencing anxiety brought about by interaction with his own kind. And when humans interact, defense mechanisms may become part of the interaction.

Human interaction is the primary source of human anxiety. Together we create pain and pleasure, the best moments of living and the worst. As we strive to fulfill our hopes of nurturing relationships, we inevitably suffer anxiety in the face of potential failure. To protect ourselves, we may resort to mechanisms of defense... Originally conceptualized by Sigmund Freud and later expanded by Anna Freud and other psychoanalytic writers, defense mechanisms are used by everyone to reduce anxiety when identity is threatened and their use is mainly unconscious. ...denial is located at the bottom of a steep hierarchy. (Metzger: 63)
George Vaillant, in his report on the development of 98 healthy college men followed in a study for 35 years, focuses on their use of defenses as they matured. Vaillant created the following hierarchy, as reported in "Adaptation to Life" (1977, p. 80):

Level I: Psychotic Mechanisms (common in psychosis, dreams, and normal childhood): Denial (of external reality), distortion and delusional projection;

Level II: Immature Mechanisms (common in severe depression, personality disorders, and adolescence);

Level III: Neurotic Mechanisms (common in everyone);

Level IV: Mature Mechanisms (common in ‘healthy’ adults) such as sublimation, altruism, suppression, anticipation and humor. (Metzger: 64)

According to the literature, the downward path of addiction is associated with a descent on the hierarchy of defenses. Members of AA recognize this when they refer to someone who is on a ‘dry drunk’ or is engaging in ‘stinking thinking,’ both of which refer to a continuing use of faulty reasoning that employs mechanisms of denial, rationalization, and projection, even though the drinking has stopped. (Metzger: 65) Mechanisms of defense are mainly unconscious and are related to the person’s level of development.

When we perceive threat from a person or event, we may resort to a mechanism of defense, or we may confront the stressor head on, experience our fear, and, by dealing with it realistically, overcome it. Thus, the alternative to escaping through defense is coping directly with reality. As Vaillant and other researchers assure us, the continued resort to hiding behind immature mechanisms of defense leads to rigidification of personal problems and failure to change and grow, while coping promotes maturity. (Metzger: 66)

So it was, and probably still is, with the congregation of human interactions and motivations called "Exxon." The company’s culture seems to be arrested at an early stage in the hierarchy of behaviors.
The structure of hierarchy developed by Kenneth Burke represents a climbing from body to soul, from senses through reasoning to understanding from worldly to the angelic to God. Rhetorically, hierarchic structure leads to Burke's ultimate level, 'pure persuasion,' a point where his rhetoric almost abolishes itself and becomes sheerly mystical." (Knox: 19)

Within the Burkean hierarchy, consubstantiality, or sharing of common substance, is similar to identification with other symbol-using animals. Through communication, we are able to share meaning and identify with each other. Each person adopts certain strategies of identification, and one of Burke's methods for analyzing communicative acts is to assess the strategies the communicators use to increase their identification. (Littlejohn: 58)

The term "guilt" is Burke's terminology for feelings of tension such as anxiety, embarrassment, self-hatred and disgust. He believes that guilt is the primary motivator behind all actions and communications. In other words, we communicate to purge our guilt; in order to rid ourselves of guilt we must undergo an act of purification. And in order to carry out an act of purification, a "significant symbol" must be sacrificed.

A few basic strategies for making him so may be listed:

(1) He may be made worthy legally (i.e., by making him an offender of against legal or moral justice, so that he 'deserves' what he gets).

(2) We may make him worthy by leading toward sacrifice fatalistically (a marked man)—tragedy's fatal flaw.

(3) We may make him worthy by a subtle kind of poetic justice, in making the sacrificial vessel 'too good for this world,' hence of the highest value, hence the most perfect sacrifice. (Burke: 40)

Burke says the primary human motivator in these situations is guilt. He refers to his concept of hierarchy, "any uneasiness stemming from the social order," as a psychosis because "it is incurable; it can be relieved, but not cured; it is inevitable, ubiquitous, and eternal. It is part of man's natural condition and constitutes what Burke calls 'categorical guilt'—his version of 'original sin.'" (Rueckert: 132) One of this writer's purposes in exploring the plight of
Exxon and Captain Joseph Hazelwood is to add another dimension to the drama of human interaction and communication, the psychological concept of denial. Denial is one of the basic defense mechanisms located at the bottom of the Freudian "ladder."

According to the Freuds, the defense mechanism of denial begins in childhood with denial of envy, of the penis (Sayers: 41) and of the mother's breast (Sayers: 252). Anna Freud calls denial an "avoidance of unpleasure from external sources...upon which is based the fantasy of the reversal of the real facts into their opposite...employed in situations in which it is impossible to escape some painful external impression." (Anna Freud: 93)

By itself, denial is at best an ineffective defense...attributed to the fact that the mechanism does indeed endanger the organism's relations with reality. ...in a successful denial, a percept may remain outside of awareness—at least temporarily. However, a painful percept which persists or recurs always threatens to reach awareness—and sometimes succeeds. This does not lead necessarily to an abandonment of the attempts to deny, but may give rise to a number of vicissitudes of the mechanism. To sustain a central latent denial, a host of manifest secondary denials may be developed. Denial may be bolstered by repression, isolation, or projection...In these situations a percept or idea is registered in consciousness...it is experienced as existing not as part of the self but as part of the external world. In the face of threatened failure of denial, Rubinfine suggested that doubting, questioning, screen memories, and certain forms of lying may represent modifications of the persisting attempt at denial. (Moore and Rubinfine: 43, 53)

Alcohol counselor Metzger cites denial as the most difficult problem encountered when working with chronic abusers. He believes individual denial is embedded in cultural denial, "an outcome of our twisted history about alcohol use." (Metzger: 61)

We use denial to shut out our awareness of things that would be too disturbing to know. When we use it, we short-circuit. We go numb. The person using denial may be lying, stubbornly refusing to admit the truth of a thing, performing mental gymnastics to make what is illogical appear logical, and defending it to you with the energy and vigor of an inflamed warrior protecting tribal territory. ...A person who denies reality is not admitting to, nor solving, the problem. Denial eliminates the possibility of change while it is being used. (Beattie: 4-5)
Coleman defines denial as follows:

One defense mechanism that many people learn to use for protecting the self from unpleasant or devaluing situations is refusal to face the situation. In much the same way that we turn away from an unpleasant sight, so we may turn away from facing our failures and faults... Denial consists of falsifying reality either by convincing ourselves it does not exist or by perceiving it in a distorted way. (Coleman: 200)

Psychoanalysts believe that defense mechanisms, such as denial, are used by people to reduce anxiety when identity is threatened (a type of tension similar to Burke's guilt). (Metzger: 63)

"...Beyond the use of denial as a defense to distort personal reality is the larger existential denial that is a universal experience, and that is of death." (Metzger: 66)

In her book, On Death and Dying, Elisabeth Kubler-Ross discusses her work with terminally ill patients. She says, "Among the over two hundred dying patients we have interviewed, most reacted to the awareness of a terminal illness at first with the statement, 'No, not me, it cannot be true.' Denial, at least partial denial, is used by almost all patients, not only during the first stages of illness or following confrontation, but also later on from time to time." (Ross: 38-39)

Kubler-Ross's studies of dying people began in 1965 when four theology students approached her for assistance with a research project. Their class was to write a paper on 'crisis in human life,' and the four students considered death as the biggest crisis people had to face.

Like a dying person, Exxon Corporation was catapulted three years ago into the biggest crisis it had ever faced. The company was experiencing a serious illness, the Alaskan environment was in its death throes, and major figures in the drama, as well as the company itself, seemed to be fatally flawed.
In dealing with a serious crisis, as in confronting one’s mortality, being prepared and knowledgeable ahead of time, combined with a sound ethic, can make the difference between success and catastrophe. The practice of crisis management is an attempt by public relations practitioners to foresee what might happen and to effectively control situations when they do occur. The field is in its youth, but its history is long enough to have engendered several cases illustrating what to do and what not to do.

In the next chapter, we will explore the state of the art, including well-handled and poorly handled situations, what organizational surveys have shown, and how to effectively plan for crises.
CHAPTER III: CRISIS MANAGEMENT—STATE OF THE ART

Following the grounding of Exxon’s tanker on Bligh Reef, the first emergency crews did not arrive at the spill site until several hours after the wreck, and the crippled ship that was oozing oil was not surrounded by floating containment booms for another 21 hours. By that time, it was too late.

The company compounded the damage to its image by initially misleading the press and local residents with assurances that its beach cleanups and booming operations were well under way. But on Wednesday (six days after the accident) Exxon spokesman Donald Cornett admitted that beach cleanup had not started and that one boat had just sailed around gauging the extent of the spill. Later that night he was greeted in nearby Cordova by citizens displaying signs that read, ‘Don’t believe everything you hear. Especially at Alyeska and Exxon press conferences.’ (Time, April 10, 1989, p. 41)

What happened to Exxon? How did this major corporation with its vast pool of financial and human resources get itself into such a shortsighted bind?

According to Richard E. Hayes, director for management and policy science for Defense Systems Inc. of McLean, Va., "A corporate crisis occurs when there is a large important difference between the expectations that management has about the way its plans will interact with the environment and what actually happens." Steven Fink, author of a book dedicated to the subject of crisis management, defines a crisis as "a turning point, an unstable time or state of affairs in which a decisive change is impending. ...Crisis management is the art of removing much of the risk and uncertainty to allow you to achieve more control over your own destiny." (Fink: 15) In other words, a mature and responsible corporate plan.

"The sad truth is, all types of corporations are vulnerable to crises," says Harold Burson, chairman of Burston-Marsteller, a public relations firm. "If you think this is hyperbole, talk to the executives at..." and he mentions several corporations, such as Nestle.
and Union Carbide, that have experienced major upheavals. (Burson 1985: 42) Now we can add Exxon to his list.

Based on his firm's track record, Burson contends:

Over the years, and especially in the 1980s, our firm has gained considerable experience helping clients manage crisis situations. From that experience we've learned three key things:

1. Crises can happen to any corporation;
2. A crisis, no matter how severe, can be managed effectively;
3. Companies can take steps to prepare for a crisis. (Burson: 42)

Burson's premise—crises happen, but organizations can be prepared to deal with them—is dependent upon a company's ability or inability to recognize its vulnerabilities and its preparation for dealing with crisis situations. Even though many executives give lip service to crisis management, they often act like nothing will ever happen to their business, so they are totally unprepared when it does.

"Reality may be sobering, but it still has not convinced some managers to think disaster and failure, not just of success. ...Positive mindsets almost precondition a manager to fail because he does not know—much less imagine—what he will face. ...Crisis planning is an obvious need, but surprisingly difficult to inculcate in a bureaucracy." (Pinsdorf: 37-38)

Earlier this year, when Dow Corning faced hundreds of lawsuits and an FDA ban on its silicone breast implants because of evidence the devices caused auto-immune diseases, "it was a textbook case of crisis mismanagement." (Time, February 24, 1992: 65) The company dismissed as "very minor" a 1974 study that found a relationship between silicone materials and immune-system reactions, and declared recent studies showed "absolutely no effect on the immune system whatsoever. But critics said it's another in a series of company efforts to suppress evidence that its silicone gel implants can cause immune-system disorders." (Stevens Point Journal, January 18, 1992: 8)
"Dow Corning spent much of the past year hunkered down in a defensive crouch—stalling investigators, sitting on evidence and minimizing the complaints of women. ...Dow Corning’s health and safety problem mushroomed into a public relations disaster."

(Time, February 24, 1992: 65)

Crisis management specialists agree that being ready ahead of time and relying on a corporate ethic that exceeds the profit motive makes the difference between situations handled effectively and those that escalate out of control. Burson likens corporate preparedness to a well-rehearsed fire drill which readies executives to take their stations and thus minimize the consequences of a real crisis.

Such a “fire drill” was simulated on national television on Dec. 7, 1989, when Ted Koppel’s Nightline hosted a "crisis game," featuring American and Soviet foreign policy and military officials. Conceived, produced and anchored by Koppel, the program depicted what might happen in a superpower confrontation. It was taped simultaneously in Washington and Moscow. "The show illustrates the way leaders must expect the unexpected and not always believe what they hear," says Bruce Van Voorst of Time magazine. (Time, December 11, 1989, p. 88)

Even in cases of child abuse, the difference between convicting molesters or having them go free has been attributed to having a crisis plan. In a recent North Carolina case involving the owners of a day care center, the successful prosecutor credited use of an available crisis plan with helping to put the perpetrators in jail. "If you have to regroup once the case is reported, and then develop your plan for tackling it, you’re going to lose valuable time—and valuable evidence," she contends. (Stevens Point Journal, April 24, 1992, p. 16)

Despite overwhelming evidence to the contrary, why do so many leaders hide their heads in the sand, declaring "Crisis will never happen to us"?

In the case of Exxon, Time Magazine calls it "hubris," a type of arrogance that denies vulnerability. Business professors Ian Mitroff and Ralph Kilman say organizations are unable to cope with reality because of "corporate taboos." A supervisor from Alyeska Pipeline Service
Co., the consortium of oil companies (including Exxon) that manages the pipeline, categorized the problem as "complacency," brought about by almost 12 years of oil shipping through Valdez without a major accident. (Time, April 10, 1989, p. 40)

Even talking to managers about the topic of corporate tragedies is extremely threatening and anxiety provoking. The subject brings out reactions that reveal a desire to avoid acknowledging the basic existence of such a phenomenon and an unwillingness to develop strategies to cope with it. It appears that corporate tragedies are to an organization what child abuse is to a family: that is, it is culturally taboo even to talk about them. Families and organizations alike would prefer these scandals to go away rather than face up to them squarely and deal with them. (Killman & Associates 1985: 186)

Crisis management, or crisis communication, is one of the newest disciplines in public relations. Even though some companies have been practicing sound crisis preparation for decades, there were few case histories documented until 1974 when Pacific Gas & Electric Company turned a fire in a gas well into an opportunity to demonstrate its organizational planning and efficiency. Its cohesive action earned the American Gas Association's highest award for public relations achievement.

In 1979 when the Three Mile Island nuclear reactor failed to cool properly, panic and controversy followed. It became a landmark incident because of the shortcomings it demonstrated in the area of effective public communications. (Dilenschneider and Forrestal 1987: 344)

Another important case in the short history of crisis communication was the 1982 Tylenol incident which has repeatedly been heralded as the biggest success story of the decade. It also engendered the widest press coverage given to any story since John F. Kennedy's assassination. (Pinsdorf: 49)

A more recent occurrence, its management compared by public relations specialists to the Tylenol tragedy, was the case of five-year-old Matthew Brown and Wisconsin Electric. The boy was critically injured when he stuck his hands inside an unlocked electric transformer box.
while playing outside an apartment in Oak Creek. He suffered burns from a 4,800-volt electric shock, lost his left arm and right hand, and had to undergo surgery to repair his abdomen. Shortly after the accident, the Milwaukee Journal reported:

‘In the end, it kept coming down to the same thing,’ said Richard Abdoo, the chairman and chief executive officer of Wisconsin Electric Power Co. No matter how he cut it, no matter what excuses sprang to his mind, he always ended up with this bottom line: It was our equipment. We had to keep it safe. It wasn’t safe. Therefore, It’s our responsibility. (Sharma-Jensen: 1)

Two days after it happened, Abdoo went on television to apologize to Matthew and his family and to accept responsibility publicly. While the Brown’s attorney said they weren’t impressed, other top business executives compared Wisconsin Electric to Johnson & Johnson.

"To see a leader stand up and say, ‘I’m going to be honest. I’m going to be truthful’—it made me feel proud of being a chief executive officer," said Dan Steininger, head of Catholic Knights Insurance Society. (Sharma-Jensen: 10)

"We tell our clients there are three rules to follow in a crisis: Tell the truth. Tell it quickly. Tell it all. All three were violated in the Exxon Valdez crisis. All three were followed in the Wisconsin Electric case," said Evan N. Zeppos, partner in a Milwaukee public relations firm. (Sharma-Jensen: 10)

"Your first reaction is somewhat of a denial," Abdoo said. "Well it mustn’t be our fault. We don’t make mistakes like that. But every time I went through it...I came back to the same basic conclusion." (Sharma-Jensen: 10) The day after the accident, Abdoo sent his vice president of consumer relations to Children’s Hospital of Wisconsin to apologize to the parents and to offer to pay for the best medical care for Matthew.

After running a computer check to find out a contractor had reported two months before that the padlock on the transformer box was missing, but the company had taken no action, Abdoo called a press conference. Then he, not a designated spokesperson, went before the media.
Since that time, the company has provided counseling for distraught employees and has taken several steps to make their equipment safer. They have installed special bolts on transformers, put "Mr. Ouch" stickers on field equipment, and retrained workers and reviewed all procedures used to locate hazardous conditions. Meanwhile, Abdoo kept lines open for communication with Matthew's parents. (Sharma-Jensen: 10)

Specialists in the field have contended that business has learned important lessons from these landmark cases and has made crisis management an integral part of corporate planning. Dilenschneider and Forrestal cite a survey conducted after the 1985 Bhopal chemical disaster which found that a majority of America's largest corporations were taking measures to deal with crises that might affect them.

However, a survey of 40 top CEOs, published in 1990 by Golin Harris Communications, found the opposite to be the case (See Appendix A). Two thirds of the executives said their companies have experienced a crisis in the last five years, but only one-third said their companies have a formal crisis plan or a task force that meets regularly. (Modzelewski: 13)

When a major incident occurs, some companies do decide it's time to start preparing in advance for worst-case scenarios. They may even develop a formal crisis plan. But once that is accomplished, crisis management often is relegated to the closet, strategic, proactive planning does not take place, and regular "fire drills" are not implemented.

In a discussion of corporate taboos, Mitroff and Kilmann refer to "the tragedy of current corporate cultures in which individuals generally are not prepared either intellectually or emotionally to confront the unthinkable and their organizations also do not possess the appropriate culture to confront it." (Mitroff and Kilmann, p. 195) I agree with them—a process of denial appears to be alive and well in corporate America, and the Exxon fiasco lends credence to this idea.

In the fall of 1991, two and one half years after the spill, Exxon Corp. reached a more than $1 billion settlement of all state and federal litigation. But unpublished government
studies say environmental damage from the spill could amount to $15 billion (Stevens Point Journal, Oct. 8 1991, p. 16), scores of other class-action suits have been filed on behalf of Alaskan fishermen and businesses, and a second mate who served under Captain Joseph Hazelwood, has filed a $2 million abuse and harassment suit. Since Exxon’s revenues amount to more than $88 billion each year, the company probably won’t have to file for bankruptcy, but a bigger problem is the damage done to its reputation.

"After suffering three major accidents in just the past ten months, the largest U.S. oil company is earning a reputation as a careless and callous despoiler of the environment. (Time, Jan. 22 1990, p. 51)

On another front, higher education, the former "darling of the political process," (McMillen: A23) also has begun to acknowledge it has some image problems, but, unfortunately, blame is being placed on society in general, superficial dissatisfactions, problems with overhead costs and a myriad of other excuses.

At a recent meeting of the Council for Advancement and Support of Education in Montreal, many of the speakers suggested, "higher education faces some of its toughest times ever. As a result, colleges and universities have a 'major public-relations and image task ahead.'" (McMillen: A23)

‘Overnight we find ourselves getting bashed,’ said George W. Johnson, president of George Mason University. ...Asked why presidents were not challenging the negative publicity, Mr. Johnson replied: 'I'm kind of overwhelmed. I've never been so attacked from so many different points of the compass. I feel a little ineffectual and futile. ...We're in a storm-cellar mentality, and it's terribly hard to deal with these questions when you're getting bashed like this.' (McMillen: A23)

"Futility" and "ineffectuality" are not descriptions of effective crisis preparedness; nor is placing responsibility everywhere but where it belongs.
When Stanford University came under attack last year for misuse of federal research funds, a professor commented, "'The worst mistake in judgment was (President) Kennedy not responding to the charges quickly enough and then insisting the university had done nothing wrong.'" (Grassmuck)

In her Chronicle of Higher Education article about the Stanford case, Karen Grassmuck calls it "the story of a university president who failed to detect clear signals of trouble ahead."

From dozens of interviews with faculty members, administrators and other academic observers, a consensus emerged that Mr. Kennedy had made several crucial strategic errors in his handling of the controversy. By failing to appoint an outside committee to examine the university's accounting system until late January—a full four months after the news broke—Mr. Kennedy gave the appearance that he and the university didn't take the government's accusations seriously. Further, Mr. Kennedy badly misread public sentiment, which has grown increasingly intolerant of the failings of all institutions, including colleges and universities, observers say. Those mistakes cost Mr. Kennedy and Stanford credibility. (Grassmuck)

The controversy engendered fiery reactions from the faculty including accusations that Kennedy antagonized his attackers and missed key opportunities to defuse the controversy by stubbornly denying any wrongdoing on the part of the university and by trying to explain a very complex process to the public "when the system essentially defies quick and easy explanation." (Grassmuck) When a crisis hits, here are the four rules: Tend to the needs of the people involved. Be open and responsive. Correct what's wrong as quickly as possible. Do the right thing," says Donald Schuenke, chairman and CEO of Northwestern Mutual Life Insurance Co. (Sharma-Jensen: 10)

"Almost every crisis-experienced public relations practitioner has one cardinal rule, particularly when public safety is involved: Tell it all and tell it fast." (Pinsdorf: 45) When coping with crisis, Ressler advises companies to make themselves available to the press immediately and to announce their findings on the situation as soon as possible.
Steven Fink believes, "Every business, large or small, public or private, should have a crisis management plan." (Fink: 54) He says the first step in creating a plan is to assemble the team, name replacements, choose the spokespersons, and stage war games. However, he also warns, "do not allow yourself or your company to be lulled into a false sense of security simply because you have a crisis management plan. ...The plan is nothing more than a tool to enable you to solve the crisis." (Fink: 66)

In his book, Fink describes what a control center should look like:

It should be entirely dedicated to crisis management, sealed off from the day-to-day activities of the organization. Special telephones, computer terminals and televisions should be installed as needed. Blackboards, diagrams of installations, pictures of key people, organization charts, and information on products and processes should be readily available. Permanently on file at the crisis center should be all contingency plans, scenarios, and emergency procedure instructions that have been developed in advance. The addresses and telephone numbers of major players should be on hand as should information on outside resources. (Fink: 226)

"Not all news can be good news," says Public Relations News. "No one is immune from emergencies and disasters. Yes, it can happen to you." In view of their belief in the inevitability of crises, the publication has developed its "Laws of Crisis PR Behavior." The editors advise, "Observe them carefully before and during emergencies." The rules are:

1. Thou shalt not be caught napping by bad news. Have on hand always a well-thought-out, written Crisis PR plan for thine organization.

2. Thou shalt not panic and shalt not listen to fruitless self-doubt.

3. Thou shalt not shirk from speaking up if thine organization be unfairly attacked.

4. Thy responsibility must be to keep media, employees and other appropriate publics properly and accurately informed.

5. Thou shalt not hide or disguise the facts or say "no comment."
6. Thou shalt build trust and confidence, for when crises doth strike, thou shalt need all the friends thou canst get.

7. Make certain that thy CEO's role is fully spelled out and agreed upon in thy Crisis PR plan.

8. Have it well known by employees and the media that thou art your organization's authoritative Crisis PR information source.

9. Inform thyself well, through case studies, about how other organizations have coped with similar crises.

10. Have thy Crisis PR plan readily available for thy CEO and PR staffers at their offices and homes.

In the event of crisis, each day's delay allows public suspicions to increase. As the investigation continues, the company should issue progress reports. After the crisis is under control, the company should announce the measures it will take to prevent similar occurrences. (Heath and Nelson: 185)

And once these "clean-up" plans are set, it is imperative for the company to proceed with the plans and to stick to them over the long run. Heath and Nelson describe a crisis as a "test by fire," and an opportunity to build a stronger bond between the corporation and its publics. (Heath and Nelson: 72) However, there can be no bond if the company reneges on its promises.

In regard to difficult situations, the authors also maintain that if a climate of trust has existed over the long term between the public and a company, a crisis is easier to handle. (Heath and Nelson: 184)

This was the case with Johnson and Johnson during the Tylenol episodes. The handling of the company's poisoning crises has been discussed over and over, ad nauseum, but one point that can be made again is J & J's foresight in making a longterm commitment to a strong "Credo" of ethical corporate behavior.
Never-the-less, nine years later in 1991, McNeil Consumer Products Inc., J & J's subsidiary which manufactures Tylenol, was taken to court in Chicago by the families of seven people who died after taking the cyanide-laced capsules. The relatives contended the company should have known the capsules were vulnerable and should have acted to protect consumers. The company argued the cyanide deaths were an unavoidable tragedy, but if McNeil executives hadn't reacted swiftly and surely to the tragedy as soon as people began dying, the company could have ended up in court for decades trying to justify their inaction. "Despite the enormity and visibility of the tragedy, Johnson & Johnson's image as a socially conscious business remains undiminished. Nor was a single negative letter received from a shareholder, despite the fact that J&J's actions cost $100 million." (Pinsdorf: 51)

The field of crisis management has not engendered an overwhelming amount of research. Most public relations handbooks and textbooks have short discussions about planning for and dealing with crises accompanied by illustrative case studies, but empirical studies are almost nonexistent. A few can be found in communication, public relations or business journals.

In order to understand crisis management, one must study issues management, its Siamese twin. Issues management is a term first coined by W. Howard Chase in the mid-1970s. He described issues management as "a specialized and increasingly important corporate function." (Heath and Nelson 1986: 12) Pat Jackson, president of PR Reporter, calls a crisis "nothing more than an issue that got out of hand." (Dobisky: 1)

In the early days of public relations, communication was considered a one-way process. The corporation released whatever information it deemed appropriate, expected the public to believe it, and didn't listen to what its external constituencies had to say in return. Heath and Nelson (41) call it "the old hypodermic injection" of information into a receiver. The source is active, the receiver, passive.
Since that time, communication theorists have posited an interactional view which states that a dynamic, two-way relationship exists between sender and receiver. They view communication as an interactive or interdependent relationship.

"Most issues managers have come to believe that the more people understand the operating conditions of corporations and the more corporations understand the expectations people have of acceptable corporate behavior, the stronger the bond between all parties will be." (Heath and Nelson: 72)

John Higgins has said that the public relations professional is like an old-fashioned matchmaker discerning the interests of both business and its publics and discovering ways of bringing those interests together. This facilitation of two-way communication may lead to more accurate perceptions, an increased understanding between the individuals, and achieving a balanced relationship. (Higgins 1983: 25)

One of the major roles of the issues manager in this interactive process is to keep his/her ear to the ground for information coming from outside the organization.

In its bimonthly publication, the Council for the Advancement and Support of Education, suggests three ways to anticipate potential problems:

1. Set up a system for monitoring what's happening on campus—cultivate all kinds of sources, get on mailing lists;

2. Anticipate trouble—watch for comments on bulletin boards, computer bulletin boards, pay attention to the calendar, stay in touch with students, assume that problems plaguing peer institutions will spread to your campus;

3. Make sure a senior PR official has access to top decision makers—make top administrators aware of public consequences of their actions, put your advice in writing. (Carter: 20)

Carole M. Howard, the author of "Managing Media Relations for Environmental Issues," also addresses the need for planning ahead for environmental crises. She emphasizes
the positive input provided by public relations people when organizations make decisions about and deal with sensitive issues.

Thomas W. Campbell, vice president for public affairs, Cooper Industries, calls issues "unstable snowdrifts on the mountainside." If you don't keep track of the drifts, a sudden avalanche of crisis may catch an organization unaware and bury it.

One of his suggestions for tracking issues involves systematically determining what the media say, or fail to say, about an issue over a period of time (content analysis). He says it's especially important to monitor local news because social and political changes usually begin at the grass roots level.

Content analysis was first used during World War II by Paul Lazarsfeld and Harold Lasswell, who later became well-known communication theorists. They studied the contents of German and Japanese newspapers to find out what was actually occurring in those countries during wartime.

Heath and Nelson suggest that a company begin issues management by getting its own house in order. They say that effective issues management coincides with broad corporate recognition that public policy considerations are inseparable from ethics. (Heath and Nelson: 254)

I found it incongruous, though, that Heath and Nelson applauded Nestle, a company which continues to market infant formula in third world countries where up to a million infants die each year of dehydration and malnutrition resulting from improper bottle feeding. The authors commend the Swiss food products corporation for "contributing substantially to our understanding of how to manage issues. ...Today the company stands as a model of corporate responsibility, setting an example for an industry that moved vigorously to put its house in order." (Heath and Nelson: 158)

Nestle apparently made all the right moves, even fooling the consumer activists. Four years ago, while calling off the seven-year boycott of the company, Douglas Johnson, head of
Action for Corporate Accountability, said that Nestle had "moved forward to become a model for the whole industry." (Christensen: 14)

But recent newspaper reports indicate that Nestle has been up to its old tricks—"methodically dumping" free baby food into third world hospitals and maternity wards, and that the boycott is on again. I doubt that Nestle would be the corporation of choice for Heath and Nelson if they were writing their book today.

Many companies, such as Nestle, seem to operate in an ethical vacuum until the "avalanche of crisis" buries them. Many executives fail to acknowledge the impact of public reaction until they are involved in a crisis situation.

Heath and Nelson (p. 184) say issues managers should have two major "game plans," one for long-range objectives and one for crises. "Crisis response strategies must be designed to provide accurate information as quickly as possible. The image of the company and its industry is crucial to how a crisis is handled."

Public relations specialists in academia often face crises as devastating as those that occur in the corporate world. Two veterans of the Georgia University System have recently shared their ideas with others in the field.

"Our crisis plan per se, didn't exist in the form of voluminous white pages in black spiral notebooks. But it existed nonetheless—a coherent strategy borne out of years of discussions, meetings, and a general spirit of cooperation among the PR staff and higher-ups in the central office." (Miller and Baxter: 24)

Their comments illustrate a crucial point. In order for a crisis situation to be managed as well as possible, the public relations people and the "higher-ups" have to have access to each other and a history of good working relationships. If this is not the case, both groups are operating in a vacuum and the outcome will most likely be disastrous.

After conferring with their counterparts at other institutions, Miller and Baxter formulated 10 important points to remember in case of crisis:
1. Make sure the staff speaks one language. You or someone else in authority must see to it that the chief players get briefed on the facts as you have them—If possible, designate a single representative to handle questions.

2. Review with officials what can and cannot be said. The middle of a storm is no place to set policy. If you haven't already, determine now what sorts of information you can legally give out in specific situations such as arrests, accidents, or lawsuits.

3. Help reporters out—establish rapport with members of the media.

4. Treat reporters fairly—don't play favorites.

5. Be accessible. Since a crisis knows no hours, you need to be on call day and night.

6. Avoid the words "no comment." It sounds as if you're hiding something.

7. Pounce on misinformation immediately.

8. Never lie.

9. Beware of the "other media." Not all journalists work on the up-and-up.

10. Don't forget the public. Deal with people courteously. (Miller and Baxter: 24-25)

Public relations experts try to look at the bright side of crisis situations. They say these types of emergencies offer special opportunities to communicate with the public and demonstrate the organization's commitment to responsible behavior.

Gerald C. Meyers, former CEO of American Motors, lists seven gains that may accompany or result from a business crisis: "1. Heroes are born. 2. Change is accelerated. 3. Latent problems are faced. 4. People can be changed. 5. New strategies evolve. 6. Early warning systems develop. 7. New competitive edges appear." (Meyers: 28)

Meyers believes, "The company that survives a crisis is usually smarter and tougher for the experience." (Meyers: 38) He mentions Coca Cola which has come back stronger than ever from its ill-informed and disastrous attempt to predict the tastes of the American cola-drinking public.
According to Michael Tabriz, veteran of Love Canal, Sixty Minutes, and chemical industry public affairs, postcrisis analysis can produce the following advantages for the communications department: Elevating the public relations function; focusing public attention on matters of critical concern and reaching audiences otherwise unavailable; building credibility; and forcing an organization to review all policies relating to social responsibility. (Pinsdorf: 53)

All of the information contained in journals, books, magazines and newspapers, supported a previous supposition. Many corporations pay lip service to crisis management, but when the volcano erupts, managers often are caught unawares. They have not planned ahead for the worst possible cases.

Webster defines a corporation as, "a body formed and authorized by law to act as a single person although constituted by one or more persons and legally endowed with various rights and duties." A body "formed and authorized to act as a single person" may have the same types of psychological problems as a human individual. Denial could be one of them.

For an organization, reality consists of things such as environmental pollution, equipment malfunctions, product tampering, and a myriad of other political, economic and social problems which impact upon the organization.

Burson says effective crisis planning involves four steps:

1. Conducting an inventory of a company's strengths and vulnerabilities;
2. Creating a response manual, a 'red book' for crisis management that lays out comprehensive contingency plans;
3. Exposing a company's designated crisis team to simulated crisis situations based on problems identified in the inventory;
4. Developing preemptive programs to rectify problems. (Burson: 45)

If an executive strongly supports pre-planning for potential crises, but does not have an effective program on board, something is wrong.
There are several independent variables which may affect a company's preparedness for dealing with crises. They include: perception of external publics and their importance to the organization; issues management practices; prior involvement in a crisis situation; type of business; and the size of the company.

"The art of crisis management is in its infancy," says Steven Fink. "We are a long way from having a general theory or an established practice for dealing with rapid change in business situations. However, an awakening is at hand." (Fink: 258)

Through this analysis of the Exxon Valdez crisis and asserting that denial was practiced by its perpetrators, a small addition will be made to the body of knowledge regarding crisis management. Unfortunately, as evidenced by the Exxon incident, many corporations remain immature and unprepared to effectively deal with these situations. Whatever public relations practitioners can do to assist in understanding, preventing and managing the avalanche of crisis will ultimately be of benefit to the fields of public relations, organizational communication, and the world at large.

Before we take a further look at the hows and whys of the Exxon situation, let us take a moment to revisit exactly what happened in Prince William Sound on that fateful night.
CHAPTER IV: THE NIGHT OF THE WRECK

Here in the northernmost reach of the Pacific Ocean, spring stirs in the sea before it is felt on land. In late March of 1989, snow lay deep among the spruce stands and along the beaches, but migrations were underway out in the sound. Salmon drawn landward from the open sea had begun their restless search for spawning streams. Gray whales from Mexican waters would soon breach in the swells of the sound. Seabirds were coming in from across the Pacific. Swans, geese, cranes, and flocks of shorebirds were flying the coastal winds. Tiny rufous hummingbirds were on their way from central America; terns were coming from Antarctica. Humans share Prince William Sound as well. Fishing families and native villagers make their homes among its quiet bays and thickly wooded islands. ...Valdez was once a small, closely knit village ringed with mountains and therefore known as "the little Switzerland of Alaska." A gateway to interior Alaska, Valdez became wedded to oil when Alyeska chose it as the base port for shipping North Slope oil. (Davidson: 3-4)

Art Davidson calls the wreck of the Exxon Valdez. "a story of addictions: not just a tanker captain's addiction to alcohol but widespread addictions to power, money, and energy consumption." (Davidson: xi)

When asked about the positive and negative influences of the oil industry on the state of Alaska, David Dengel, director of community development for the city of Valdez, said:

The oil industry in Alaska has in general had a positive influence on Alaska. ...has brought millions of dollars into the state through taxes and royalties and indirectly by employment. Some of this money has been placed in the permanent fund and some of the money has been used to operate state government with a lot of the money being transferred to local municipalities for the construction of infrastructures. ...The city of Valdez has benefited greatly from the pipeline in that the marine terminal is located within the city limits and the city's assessed valuation since startup has been over one billion dollars. (Dengel Letter, Aug. 28, 1992: 2)
However, there has proved to be a downside to all this easy money flowing through the state--the oil supply is finite and so is the bonanza. Dengel says he has to admit that the state has become too dependent on the oil industry. "As the reserves on the north slope begin to dwindle, the state as well as local municipalities begin to see a reduction in taxes and royalties. Further, the oil companies are reducing their staffs in Alaska thereby reducing employment." (Dengel Letter, Aug. 28, 1992: 2)

In the beginning, the state's residents weren't particularly concerned about endangering their pristine environment, either, because "industry and government alike had assured Alaska's citizens that, if there ever was a large spill, the oil would be quickly cleaned up." (Davidson: xv) One of the conditions for the approval Congress granted to build the pipeline was maintaining a state-of-the-art oil spill contingency plan." (Keeble: 17)

Testifying on behalf of the oil companies for the approval of the pipeline in 1971, a senior petroleum specialist stated at a Department of Interior hearing:

Alyeska's contingency plan will detail methods for dealing promptly and effectively with any oil spill which may occur, so that its effects on the environment will be minimal. ...The best equipment, materials and expertise, which will be made available as part of the oil spill contingency plan, will make operations in the Port of Valdez and Prince William Sound the safest in the world. ...Alyeska also had promised that there would be a fleet of double-hulled tankers coming into the Port of Valdez, but virtually all the ships in use, including the Exxon Valdez, were single-hulled. Prior to the Valdez grounding, there had been other smaller incidents, including the Thompson Pass spill involving a tanker owned by British Petroleum (one of the Seven Sisters) berthed at the Alyeska terminal. It took the companies 15 days to lift 1,700 barrels of oil from the water to the dock. (Keeble 18-19)

"And Alyeska called it a 'textbook' response." (Davidson: 5) "Two weeks later, another tanker, the Cove Leader, spilled an additional 2,500 gallons into Port Valdez. (Keeble: 23)
Following these accidents, a citizens' investigating committee had found that ships making the Valdez run constituted 13 percent of the nation's total tanker traffic but accounted for 52 percent of its accidents. (Davidson: 7)

On Thursday, March 23, 1989, at the port of Valdez under gray evening skies, the crew of the Exxon Valdez readied the ship for the five-day run to Long Beach, California. The three-year-old, 987-foot tanker was the newest, best-equipped ship in Exxon's fleet. Its captain, forty-two-year-old Joseph Hazelwood, had sailed for Exxon Shipping for nineteen years and had made the Valdez-Long Beach run many times. By 6 p.m. that Thursday, the Exxon Valdez was loaded with 1,264,164 barrels of North Slope crude, and Captain Hazelwood was anticipating a routine passage through Prince William Sound and down along the West Coast. (Davidson: 5)

Shortly after 9 p.m., the Exxon Valdez steamed through the Narrows, a 1,700-yard-wide channel that forms the entrance to Valdez Bay, without mishap. Once safely through the Narrows and after disembarking the harbor pilot (who later said he smelled alcohol on Hazelwood's breath) the captain decided to divert the ship from its regular course in order to avoid an extensive ice floe, harboring several "growlers," huge chunks the size of a house and larger. The captain chose to enter a gap, only nine-tenths of a mile wide, between the ice and Bligh Reef. "A well-timed right turn would be necessary to avoid Bligh Reef, which lay six miles ahead in the darkness." (Davidson: 16)

Despite the precariousness of the tanker's situation, Hazelwood went to his cabin below deck and turned the helm over to Third Mate Gregory Cousins, who had "made only a few voyages with Hazelwood, and had never maneuvered the Exxon Valdez in tight quarters. Nevertheless, the mate replied, 'Yes, I feel I can manage the situation.'" Before he left the bridge, "Hazelwood gave two last orders: to accelerate to sea speed and to put the ship on automatic pilot. Both commands were highly unusual." (Davidson: 16)

At 11:55 p.m., Cousins called Hazelwood on the ship's intercom saying, "I think there's a chance that we may get into the edge of this ice." (Davidson: 17) But he once again
assured the captain that he could handle things. About midnight one of the other crew members noticed that the red light on Bligh Reef was on the wrong side of the ship, and Cousins, ordering a speedy 20-degree right turn, was unable to get the ship to respond quickly enough. He called Hazelwood, saying, "I think we are in serious trouble." (Davidson: 18)

"At 12:04 a.m., The Exxon Valdez shuddered. Hazelwood raced to the bridge. After first impact, the tanker advanced 600 feet before it ground to a halt on Bligh Reef."

(Davidson: 19)

Following the collision, Hazelwood did not try to back the ship off the reef. He ordered the engines shut down at 12:20 a.m., and "called Valdez to report the grounding, adding, rather dryly, 'Evidently, we're leaking some oil.'" (Keeble: 43-44)

Captain Hazelwood's actions during a 40-minute period beginning at 12:40 a.m. added fuel to the controversy regarding his behavior. A series of commands that seemed to be driving the tanker farther up on the reef, were intended, according to the captain, to stabilize the ship and correct a list that it had developed. "The question of what maneuver Hazelwood was attempting was critical both to his reputation for drunken wildness in the days following the grounding and in the course of his trial." (Keeble: 45) "Had Hazelwood dislodged the Exxon Valdez from the reef, the tanker almost certainly would have rolled and sunk."

(Davidson: 38)

About 3 a.m., the ship was approached by the Coast Guard. According to one of the officers, "Oil was boiling along the entire starboard side of the vessel. He said it was spreading all around. The oil was coming out of the vessel at a very intense rate...bubbling up into the air sometimes up to sixteen, eighteen, twenty inches high. Against the hull, it was a foot, a foot and a half deep." (Keeble: 45) Dan Lawn of Alaska's Department of Environmental Conservation described what he saw as 'a boiling cauldron. The oil was rolling up, boiling up, like it was cooking.' (Davidson: 22)

The Coast Guard party boarded the ship and found the captain on the bridge, standing near a window and looking out. He was drinking coffee, and had been smoking. He
had his hand over his mouth. ... When Delozier (one of the officers) came near Hazelwood, he smelled alcohol on the captain's breath. When he asked what had caused the accident, Hazelwood said, 'You are looking at it.' (Keeble: 45)

A blood test taken nine hours after the ship ran aground, found Hazelwood to have a blood-alcohol level of .06—the Coast Guard considers .04 acceptable for ship captains. "Assuming he drank nothing after the accident and his body metabolized the alcohol at a normal rate, Hazelwood's level at the time of the accident was about .19, almost double the amount for a drunk-driving conviction. On Friday, March 24, the state filed criminal charges against Hazelwood for operating a ship under the influence of alcohol and issued a warrant for his arrest." (Time, April 10, 1989: 40)

Before the Valdez crisis, Alyeska had boasted that it would have equipment on the scene of any major spill within five hours. The reality was somewhat different: the first crews and equipment did not get to the spill until ten hours after the accident. And then they could do little because booms to contain the oil and mechanical skimmers to scoop it up were pitifully insufficient. Moreover, the barge capable of receiving the skimmed oil had been damaged and could not be deployed. (Time, April 10 1989: 40)

"This spill was 140 times larger than the Thompson Pass spill, 300 times larger than the Exxon Houston spill in Hawaii (which had occurred two weeks before), and 1,000 times larger than most of the terminal-related spills the industry was used to dealing with."

(Davidson: 37)

Many Alaskans felt that a part of the world they loved had indeed come to an end. ... As the oil spread outward from Prince William Sound, managers of national parks and wildlife refuges and residents of more than twenty communities began to feel the impact of the advancing oil, the cleanup effort, and Exxon's public relations campaign. These phenomena ran out of control through the summer of 1989. (Davidson: 217-218)

With the oil oozing throughout Prince William Sound, let us now return to Exxon's denial of the crisis and the blaming of Captain Joseph Hazelwood for its travails. We will
look at the controversy over single and double-hulled tankers, Hazelwood's life story, more
theories and instances of corporate denial, examples of Exxon's behavior, and how beautifully
Hazelwood fulfilled the scapegoat role.
CHAPTER V: THE DENIAL OF EXXON AND THE CREATION OF A SCAPEGOAT

Though the Exxon Valdez was a youngster compared to some of its peers, it was not designed to withstand the vagaries of nature or the consequences of human error. Exxon, through Alyeska, had promised almost 20 years before to launch a fleet of double-hulled tankers, but even its newest vessels had only a single sheet of steel between themselves and disaster (Alaskan fishermen dubbed it, "playing Russian Roulette"). (Keeble: 25)

Nevertheless, oil industry officials continued to argue that, in some situations, single-hull tankers are safer. Cost was an underlying motive. Construction of a double bottom can add up to 5 percent to the cost of a new tanker--about an additional $6 million for the Exxon Valdez--and a complete double hull runs 1 or 2 percent more. Inefficiency is the highest cost of double-bottom and double-hull tankers. Ships with double hulls can carry only about 60 percent as much oil as the same size tanker with a single hull. ...After the Exxon Valdez grounded on Bligh reef, the Coast Guard estimated that 25 to 60 percent of the spilled oil--3.1 to 6.8 million gallons--could have been contained if the vessel had a double hull. (Davidson: 95)

At a Senate hearing following the incident, Senator Slade Gorton of Washington called for the resignation of Exxon Chairman L.G. Rawl, saying, "I suggest that the disaster your company caused calls for that sort of response." (Time April 17, 1989: 57) Rawl declined.

Through an ironic happenstance which adds a colorful anecdote to the story, this author was given the opportunity to interview (June 12, 1992) Captain "Cappy" Capella, a licensed sea captain based in San Diego. The 62-year-old sailor currently runs a cruise ship which departs California, sails to Mexico and back on pleasure trips up to a week in length. He said, during his 32-year career, he had captained ships of all kinds (even the boat used on "McHale’s Navy" and Liz Taylor and Richard Burton’s honeymoon yacht--twice), including huge oil tankers like the Exxon Valdez. In fact, he had taken the Valdez out on its checkout run after it underwent repairs and was sent to new duty abroad as the Exxon Mediterranean.
"In July 1990, the Valdez, repaired at a cost of $30 million, was renamed the Exxon Mediterranean and reassigned to the Persian Gulf. ...Considering Exxon's approach to language, however, it's likely that the company hoped the new name and assignment would wipe out the ship's former identity." (Keeble: 260)

Before departing the harbor, Cappy recalled, six representatives of Greenpeace chained themselves to the ship's propellors, and the crew had to wait until the Coast Guard patrol came to unchain and arrest the demonstrators.

The captain was complementary about the conditions aboard an oil tanker—good food, recreational and exercise facilities, satellite television and radio, and comfortable accomodations with two crew members to each room. All of the ship's operations are run by computers. He said it is essential for the top officers to have pilot's training for going in and out of the Port of Valdez because of the 300 miles of treacherous conditions in Prince William Sound. According to the captain, Alaskan waters are the most dangerous for the ships and their crews. In stormy seas, he said waves as big as mountains continuously hit the ship about every 13 seconds. Whenever his ship gets caught in an Alaskan storm, he asks himself why he is involved in such a life-threatening and stressful career, but being the captain, he has to take charge and pretend he's not afraid. He said he is fortunate to be able to forget his terror as soon as the storm is over and go back to enjoying his job (actually he said when he got to shore, a good bottle of wine, a fine meal and a pretty woman helped put all the danger out of his mind).

Capella said most people have no idea how huge an oil tanker is until you look down the 1,000-foot-length of its deck. He said the bridge rises 17 stories above the water, and the cargo of oil it carries weighs over one billion pounds.

He said Hazelwood, as the captain, was responsible for the ship, but a captain also has to be able to trust the competency of his crew. He seemed to dismiss Hazelwood's alleged drinking as unimportant—"He was acquitted, you know." He concurred that every oil tanker should be equipped with a double hull, (referred to by Exxon's CEO as "a mixed bag") even
though it adds millions to the ship's cost, because accidents like the Valdez grounding would not lead to uncontrollable spills. He said every oil tanker being built will soon (actually, by 2015) be required by law to have a double hull and all crew members are now randomly tested for alcohol abuse because of the Exxon incident.

Some federal, state, and private investigators who pored over evidence after the Valdez grounding came to the conclusion that the event was not unforeseen.

In testifying before a House Subcommittee, Coast Guard Admiral Paul Yost was asked, "In your judgment, who should be held liable for the damages incurred as a result of this spill? He answered: We have held Exxon liable for it." (Subcommittee on Coast Guard and Navigation, April 6, 1989: 42)

...it is certain that a conspiracy of sorts was at work--an unconscious conspiracy of denial. A tanker captain denied his drinking problem. ...Company officials denied the potential consequences of crew fatigue and of placing an alcoholic captain in command of an oil tanker. ...In retrospect, the wreck of the Exxon Valdez appeared to be less an accident than a widespread denial that such an accident could happen at all. It seemed as if everyone involved had adopted Joe Hazelwood's yearbook motto: "It can't happen to me." (Davidson: 75)

In Philosophy of Literary Form, Kenneth Burke describes Sigmund Freud's "search for universal patterns of biography." (Burke: 285) Burke says, "Freud's terminology is a dictionary, a lexicon for charting a vastly complex and hitherto largely uncharted field. You can't refute a dictionary." (Burke: 272)

Using Freud's dictionary to describe denial as a primary motivator in the Exxon Valdez fiasco, we define it as a psychological phenomena. Sigmund Freud first identified denial of penis envy as the root of masculinity, even of feminism, in women.

Indeed he suggested that denial of penis envy was allied to feminism in the case of a lesbian patient whom he described as: "A spirited girl ... not at all prepared to be second to her slightly older brother; after inspecting his genital organs she had developed a pronounced
envy for the penis ... She was in fact a feminist ... and rebelled against the lot of women in
general. (Sayers: 7)

Not to be outdone by Freud's male-dominated theories, Melanie Klein, a child analyst
who founded the British School of Psychoanalysis, attributed another motivator for denial
when she spoke of "envy of the seeming plenitude of the feeding mother--her breast--albeit
such envy is often split off and denied." (Sayers: 252)

Anna Freud further expanded upon the definition of denial declaring it to be one of
humankind's primary defense mechanisms.

In this struggle to preserve its own existence unchanged, the ego is
motivated equally by objective anxiety and anxiety of conscience and employs
indiscriminately all the methods of defense to which it has ever had
recourse...the defensive measure to which the ego has recourse is aimed not
against the instinctual life but directly at the external world which inflicts the
frustration. ...The infantile ego resorts to denial in order not to become aware
of some painful impression from without. (Anna Freud: 89)

She further explained denial as being associated with fear of castration and with the
loss of love objects.

The ego is victorious when its defensive measures effect their purpose,
i.e., when they enable it to restrict the development of anxiety and unpleasure
and so to transform the instincts that, even in difficult circumstances, some
measure of gratification is secured, thereby establishing the most harmonious
relations possible between the id, the superego, and the forces of the outside
world. (Anna Freud: 176)

Citing his extensive work with alcoholics, Lawrence Metzger says that individual denial
is embedded in cultural denial. (Metzger: 61) This defense is prevalent in every fiber of our
culture, from politics ("I am not a crook"), to religion ("I've never consorted with prostitutes"),
to individuals appointed to the highest court in the country ("I have no interest in
pornography").
Taking the concept to its utmost, beyond the individual and beyond the culture in which he/she exists, looms the larger universal experience, denial of death.

Writers on existential matters such as Becker, Tillich and Yalom, correlate the issue of anxiety and denial of it with the issue of being versus nonbeing: when a person experiences threat, whether from a danger perceived in the environment or from anxiety generated within, the fear is of loss of self as one knows it, a disappearance tantamount to death. ...The function of denial is to defend a threatened ego structure. Denial can be considered on a continuum from normal to pathological. ...Pathological denial is evident when someone maintains a belief that others do not hold. An extreme example occurs when a loved one dies unexpectedly and the mind of the survivor cannot accept that fact. (Metzger: 66-67)

Elisabeth Kubler-Ross has made an extensive study of the emotional turmoils of dying people. In her landmark work, On Death and Dying, she identifies several stages that most people experience leading to acceptance of their own mortality. "...It requires a long working-through process in our death denying society." (Kubler-Ross 1969: 21) She theorizes that denial is usually the first response when a person has a face-to-face encounter with his/her impending demise.

Progressing from individual denial, to cultural denial to existential denial, how might organizational denial fit into the pattern? Especially when crisis strikes, there are indications that organizations also are capable of ignoring reality and creating a false world view.

There are myriads of cases which could be cited to indicate organizational denial: corporations which exploit their workers, executives who demand large bonuses while their companies file Chapter 11, industries which destroy the environment but claim to be upstanding world citizens, so-called non-profit organizations which raise huge amounts of money but use it unwisely. The list is endless. Then when managers are caught with their hands in the cookie jar, they almost invariably refuse to own up.

There are a combination of motivators behind each and every organizational crisis, but the first reaction often seems to be, "We didn't cause this incident, it's not as bad as you have
been led to believe, and, after all, it was caused by forces beyond our control." An industry is caught improperly disposing of hazardous wastes, but says there was no other way to get rid of it and, anyway, the substances have not been proved detrimental to the environment or to human health. A leader is caught misusing funds which he claims were spent to benefit the organization and the board of directors supports his behavior as sound. These cases are examples of denial, "avoidance of unpleasure and reversal of the real facts into their opposite," as Freud has defined it.

A survey of 40 top CEOs, published in 1990 by Golin Harris Communications (Appendix B), further supports the denial theory. Two thirds of the executives said their companies have experienced a crisis in the last five years, but only one-third said their companies have a formal crisis plan or a task force that meets regularly. (Modzelewski: 13) Fink's confidential survey (1988) of the national's top chief executive officers of the Fortune 500 showed 89 percent agreeing that "a crisis in business today is as inevitable as death and taxes," but 50 percent admitting they do not have a prepared crisis management plan. (Fink: 67)

On an international basis, a crisis preparedness survey was conducted in 1988 by Alex Gottshall Communicators of the top 250 companies in Australia (See Appendix C). The responses indicated only about 50 percent of the companies had formal guidelines and communication plans in place. Apparently this is not only an American phenomena; half of the Australian organizations queried also seemed to routinely deny the inevitable.

Further research might involve a survey of universities, or non-profit organizations or smaller companies to see if their responses about crisis preparedness or already-survived crises are similar.

Shockingly, in many of the already-conducted surveys, whether a company had ever suffered a crisis in the past was no barometer to whether or not the company had a plan. The Golin Harris Study revealed that of those companies which had a crisis in the past, 42 percent still did not have any sort of crisis management plan in the event another crisis would hit.
These are classic examples of denial—"I don’t have a problem, I will never have a problem, so why should I deal with it."

From the first moment Exxon promised Congress a "state-of-the-art oil spill contingency plan (which was never put into place) and a fleet of double-hulled tankers coming into the port of Valdez," (Keeble: 17-18) the company turned its back on the real world and began its journey into fantasy, as partially indicated by O’Donnell’s "ho-hum" attitude on the night of the big spill.

However, O’Donnell wasn’t the only one whose sleep was interrupted on that fateful night. In his book, Out of the Channel, journalist John Keeble says:

If the congressionally mandated requirement that officers have six hours off-duty time within the 12-hour period prior to departure had been adhered to, the Exxon Valdez would never have cast off that night. As a matter of practice, general crew fatigue was common on tankers following loading and unloading. In a cost-cutting measure that had little regard for safety, Exxon had used the increasing automation of ships as a justification for reducing the size of its crews. At the same time, the company pressed for as speedy a delivery of the product as possible. The result was that it was impossible for crews to both do the work and adhere to manning regulations. Remarkably, prior to the spill, Exxon Shipping had an additional objective of reducing crew levels even further by 1990— from 20 to 16. (Keeble: 32-33)

In April 1989, Rep. Tauzin of Louisiana asked Exxon’s CEO, "It has been said that a larger crew might have prevented the spill. Was this ship properly crewed?" Rawl answered, "Yes sir. It was properly crewed. I have heard that, but that is absolutely not correct." (House Hearing, April 6, 1989: 69)

When Tauzin went on to tell Rawl that the people of Alaska felt betrayed by Exxon, the CEO responded, "They are, I am sure, very angry. Certainly ‘betrayal’ would not be a word we would use. It was a tragic accident."

Curiously, at about the same time Rawl was testifying, Alaska’s oil spill coordinator was uncovering attempts by Exxon to obscure the number of overtime hours crew members
worked. Exxon Shipping had instructed its masters to minimize overtime hours in its records. (Davidson: 71)

Captain Capella didn't seem to think that crew fatigue should be a factor in these incidents. He described the typical rotation of about 30 crew members (the Valdez had 20) as four hours on duty, followed by eight hours off. He said the captain usually puts in longer hours, but he also should have several well-trained officers for backup. He seemed to think that the second officer on the Valdez may have been negligent because he turned the helm over to a third officer who was not a licensed ship's pilot.

But this negates Exxon's obligation for reducing the number of crew members time and again, altering records and hiring unlicensed officers in order to cut costs.

"'After the wreck,' said Valdez mayor John Devens, 'a couple of tanker captains who were feeling bad about Hazelwood called me. They told me, sure, Hazelwood did something wrong, but he's not the biggest culprit in this whole affair. When we get into port we often have to work for 24 hours straight. We're dead tired. There's pressure to turn the ship around. Time is money. The deed is done, but don't make Hazelwood the scapegoat.'" (Davidson: 69)

What about the oil company's decision to cancel response team drills, neglect cleanup equipment and assign emergency-trained personnel to other duties?

At a Congressional Hearing in Cordova, Alaska, in August 1989, Rep. Gerry Studds of Massachusetts commented, "Some of my first and most colorful exchanges with Exxon occurred over (cleanup) legislation in the mid 1970s. One thing they assured us was that we in New England were being paranoid by being as worried about these things. Then came our awakening." (House Hearing, August 10, 1989: 37)

According to Dan Lawn, the department of Energy Conservation's longtime representative in Valdez:
It doesn't matter whether it's an oil spill out there or the tons of pollutants they're putting into the air and water--those oil companies have a total disregard for the environment. They also have a total disregard for the promises they made to the people of the United States when they built this thing. ...This was an accident that's been waiting to happen for 10 years. (Davidson: 85)

Writers and conservationists may have regarded the Exxon Valdez grounding as an environmental disaster and a moral crisis, but the oil companies apparently did not see it that way. Author Art Davidson recalls, "After the wreck, I asked an oil company executive what he thought went wrong, what this was all about. ‘It’s simple,’ he said. ‘A ship hit a rock.’" (Davidson: xi) The reactions of top executives (after they were awakened) further fueled "the distinct impression that Exxon still hoped the oil would disappear, or that ignoring it would somehow magically reduce its impact." (Keeble: 171) In assessing Exxon's response to the disaster, Dennis Kelso, director of the Department of Environmental Conservation for the State of Alaska, said, "I think there have been a number of major management problems that have hampered Exxon's ability to really deliver a result. It isn't just activity we are looking for here, it is a result from the activity..." (House Hearing, August 10, 1989: 42)

Exxon's CEO Lawrence Rawl, complaining in a Fortune Magazine interview (May 8, 1989) that his company was not given a "'fair shake' ...served as a reminder that the story would never end, that the morally definitive action it seemed to require would never occur." (Davidson: 168)

Violating a cardinal rule of crisis management, Exxon CEO Lawrence Rawl did not go to Alaska immediately after the spill. Even a brief, one-day tour of the affected areas would have shown the public that Exxon's top executive cared enough to see the damage for himself. ...Not coming to Alaska at the outset served to keep the top executives emotionally isolated and disconnected from the oil spill. ...However, shortly after the spill he (Rawl) found time to go to Washington, D.C., reportedly to lobby against double-hull tankers. (Davidson: 205)
"Exxon’s management made a fundamental mistake in supporting Rawl’s refusal to go to Alaska and get out on the beaches, smell the oil, and see firsthand what was really happening." (Davidson: 309) In addition, a recent survey of members of the Radio/Television News Directors Association showed 80 percent of the respondents thought "the president or owner of the business should be the main spokesperson, corresponding to the public outcry to the absence of Exxon’s CEO Larry Rawl during the Valdez oil spill crisis."
(Flander & Sharbrough: 10)

At home, Rawl appeared before a Senate Committee in April 1989. While questioning Exxon's CEO, Senator Stevens of Alaska raised the issue of Exxon’s lawyers reneging on promises made by Bill Stevens, president of Exxon U.S.A. Upon coming to the scene of the spill, Bill Stevens had said that Exxon would accept total responsibility for expenses incurred by the people of Alaska. "But after Mr. Stevens left Alaska, your legal department indicated as far as the liability to the customers, in terms of failure of delivery, that Exxon was going to rely upon an act of God theory," Senator Stevens commented. (Senate Hearing, April 6, 1989: 52). Rawl denied the company’s lawyers were trying to backtrack, saying, "...hopefully none of the people in Alaska who are damaged will have to go to court."
(Senate Hearing, April 6, 1989: 53)

During the same hearing, Senator Slade Gorton of Washington said, "Actions of the Exxon Shipping Company that resulted in the oil tanker spilling more than ten million gallons of oil into Prince William Sound, Alaska, border on criminal negligence. ...I would encourage Exxon to work on cleaning up effectively and expeditiously if it ever hopes to repair its own reputation." (Senate Hearing, April 6, 1989: 7)

While questioning Rawl, Senator Gorton went on to demand:

We are constantly comparing ourselves in this country...with the Japanese. But as I understand their corporate structure, you know when something like this happens, everyone takes responsibility from the individual who was directly in charge of it, up to CEO. And everyone offers his resignation at that point so the new team can take over and restore the
credibility of the corporation. I suggest the disaster that your company has caused calls for that kind of response. (Senate Hearing, April 6, 1989: 58)

Later that summer, Rawl, who had refused to resign, saying "...a lot of the Japanese kill themselves also, and I refuse to do that," showed a video at the annual shareholders meeting that indicated most of the oil had been cleaned up. "Exxon scientists stated in the video that there were no water-toxicity problems as a result of the spill. The film ended with dramatic footage of unspoiled beaches and of whales swimming through clean waters." (Davidson: 205) The company also disseminated a brochure to its credit card holders. "The Valdez Cleanup: A Progress Report from Exxon" stated that "by mid-May essentially all of the oil on the water had been removed or had dissipated." To this day, "Exxon officials still insist that the oil spilled from their tanker did not create an ecological crisis." (Davidson: 293) (See Exxon Appendices)

Unsuppressed evidence confirms that the Exxon Valdez spill was the most devastating and costly oil spill ever. One thousand sixteen dead otters were retrieved, making this spill the most deadly in history for marine mammals. ...The U.S. Fish and Wildlife Service officially counted 36,460 dead marine birds, mostly murres--again, far more deaths than in any other spill. Moreover, scientists believe that this number represents only between 10 and 30 percent of the total mortality. ...The Exxon Valdez spill also set a record for dead eagles (151 adults) and in the most heavily oiled areas, 83 percent of the bald eagle nests failed to produce young. ...The deaths represent only the most obvious symptoms of the extensive stress to the biomass. The oil also affected clams, mussels, urchins, fish, and a multitude of organisms in the intertidal areas. Furthermore, an ecological disaster is not defined just in terms of fatalities. Sublethal effects of the oil spill diminished the reproductive potential of species and rendered habitat virtually sterile. (Davidson: 294-295)

These actions constituted denial rather than calculated fabrications created to deceive, because, first of all, the oil industry had a history of denial which has been going on for decades. At a House Subcommittee Hearing in April 1989, Rep. Schneider of Rhode Island said:
This is a quote from a British Petroleum official back in 1971. He said: ‘From my own experience, and the studies of many other workers in the pollution field, I am satisfied that tanker traffic to and from Port Valdez and the operation of an oil port there will not cause any significant damage to the marine environment or to fisheries’ interests.’ (Coast Guard Subcommittee Hearing, April 6, 1989: 7)

As a defense mechanism employed by an entire industry noted for its disregard for the truth, denial has become the primary motivator for lying, deception and other unethical practices which seem to be the hallmarks of Exxon’s corporate culture.

The multifaceted petroleum industry creates a network of problems: development of new fields disrupts wildlife habitat and wilderness; transport of crude oil and refined fuels precipitates pollution at sea and along inland waterways; oil consumption helps drive the greenhouse-global warming process. The Exxon Valdez oil spill is part of this ongoing ecological crisis of enormous proportions. (Davidson: 295)

Exxon and other oil companies must have known prior to the wreck of the Exxon Valdez that mechanical recovery of spilled oil is extremely difficult, if not impossible, to achieve. "The inescapable fact remains that the chain of command traces up to the company’s policy-and decision-makers. In both practical and moral terms, Exxon is responsible for the grounding of its tanker.” (Davidson: 296)

"Said Albert Appleton, New York City’s commissioner of environmental protection (following a 1990 spill of 567,000 gallons of heating oil into surrounding wetlands), ‘Exxon has a corporate philosophy that the environment is some kind of nuisance problem and a distraction from the real business of moving oil around.” (Davidson: 313)

Compare this to the attitude of the Phillips Petroleum Company which has occupied the Aransas Pass National Wildlife Refuge since 1937. They have worked diligently with local community leaders, the Department of Interior, the Park Service, and every imaginable environmental group to ensure a good working relationship, and to set the example that industry can work with the environment. To date the only incident on the property was two barrels of oil that tipped over, and the Phillips Petroleum Company spent $4,000 cleaning
that up. (Rep. Laughlin, Texas, Coast Guard Subcommittee Hearing, April 6, 1989: 13)

John Keeble refers to Exxon's "disturbing attitude toward information, and toward language as nothing more than a means for manipulating perception." (Keeble: 260)

Anna Freud described denial as the prestige of all defenses. Elisabeth Kubler-Ross sees it as the primary human response to impending death. According to many psychologists, "denial is not a simple 'all-or-none' phenomenon. ...There is evidence that the subject 'sees' outside of awareness." (Fine: 49)

...in a successful denial, a percept may remain outside of awareness—at least temporarily. However, a painful percept which persists or recurs always threatens to reach awareness and sometimes succeeds. This does not lead necessarily to an abandonment of the attempts to deny, but may give rise to a number of vicissitudes of the mechanism. To sustain a central latent denial, a host of manifest secondary denials may be developed. ...Rubinfine suggested that doubting, questioning, screen memories, and certain forms of lying may represent modifications of the persisting attempt at denial. (Fine: 43)

For Burke guilt is the primary motive behind all action and communication: We communicate to purge our guilt. Denial is also basic to the human condition. When people or organizations are faced with a crisis, often the first line of defense, communicated both internally and externally, is "we are not responsible; we are victims of circumstances beyond our control."

So if the individual, or the group, refuses to bear the brunt of the burden, what is the logical next step? Of course, blame it on someone or something else. This is where the scapegoat comes into play.

Burke describes a scapegoat as the 'representative' or 'vessel' of certain unwanted evils, the sacrificial animal upon whose back the burden of these evils is ritualistically loaded. ...This vessel, delegated to the role of sacrifice, must obviously be 'worthy' of sacrifice." (Burke 1973: 39-40) "It delegates the personal burden to an external bearer..." (Burke 1973: 45-46)
At age 32, ten years after graduating from New York Maritime College, Joseph Hazelwood became the youngest captain in Exxon's fleet, and he quickly gained a reputation in the industry for his seamanship, his touch or feel for the vessel, and his ability to extricate ships from dangerous situations. He is a man of intelligence and skill, who wanted mainly to be at sea, who despised the paperwork, the tailings of commercial bureaucracy that had come increasingly to be his obligation. (Keeble: 12)

If we use Burke's criteria for the creation of a scapegoat and apply it to Hazelwood, he fits the bill under all categories.

First, he may be made worthy legalistically (i.e., by making him an offender against legal or moral justice, so that he 'deserves' what he gets). (Burke 1973: 40)

At his trial, Hazelwood was charged on four counts under state law, criminal mischief in the second degree, driving a watercraft while intoxicated, reckless endangerment, and negligent discharge of oil. He was found innocent of the first three counts and guilty on the fourth, and given a $1,000 fine, an additional $50,000 reparations fine and sentenced to 90 days in jail. The jail sentence and the $1,000 fine were suspended in lieu of 1,000 hours of community service on projects designed to eliminate environmental damage caused by the spill. The Coast Guard suspended his license as a ship's master for nine months. (Keeble: 46)

Recently the Alaska court of appeals reversed the misdemeanor conviction for negligent discharge of oil, saying he acted according to a law that gives immunity for prompt reporting of oil spills. ...Alaska's attorney general, Charles Cole, said the unanimous ruling was 'outrageous' and would be appealed to the Alaska Supreme Court. A spokesman for Exxon declined to comment. (Stevens Point Journal, May 18, 1992: 8)

Exxon decided to make an example of Hazelwood right from the beginning. On March 30, blood tests appeared to show that Hazelwood had been drunk. "On the same day, in an action it might well come to regret (since the charges of drunkenness did not stand up in court), Exxon Shipping responded by firing Hazelwood." (Keeble: 53) His bond was set at $1,000,000 and his bail at $500,000 by a New York Supreme Court Judge who compared
Hazelwood's deed to the bombing of Hiroshima. The next day bail was reduced to $25,000 by another justice. (Keeble: 53)

The captain had his day in court, and despite some opinions to the contrary, Exxon's ploy to place the blame on him was not fulfilled within the judicial system. His legal battles, however, certainly qualify him for Burke's first premise.

Hazelwood also meets Burke's second criteria, making him worthy by leading him towards sacrifice fatalistically (a marked man). Hazelwood had been a marked man his entire life—''It can't happen to me,'' while breezing through maritime college with honors, seemed to portend some kind of eventual notoriety. ''Whether or not it had anything to do with the grounding of the Exxon Valdez, Hazelwood had a weakness for alcohol, which would turn out to be the dagger passed through the news media so that the nation could share in his destruction.'' (Keeble: 12)

His past history, including several arrests for drunken driving, a 90-day leave, and a rehabilitation program foreshadowed the potential for tragedy, ''as when the Greek dramatists reinforced the fatalistic operations with a personal flaw.'' (Burke 1973: 40) At that time Exxon's alcohol policy stated that employees could be required to submit to drug and alcohol testing (today, it is mandatory and random). ...However, when a company representative was asked if Hazelwood had even been tested following his rehabilitation, he replied, 'Not to my knowledge.' (Davidson: 68) Once again, the company had negated its responsibilities.

Burke's third strategy, ''a subtle kind of poetic justice, making the sacrificial vessel 'too good for this world,' hence of the highest value,'' (Burke 1973: 40) also pertains to Captain Hazelwood, ''a man of intelligence and skill.'' (Keeble: 12)

As the master of an oil tanker, Captain Capella said he earns more than $250,000 a year and Hazelwood would have been equally compensated. Apparently for cruise ship and yachting duties, the sea captains get paid nearly as substantial amounts. Capella also mentioned the rigorous licensing requirements they are required to undergo. At the time we met, he was in the process of being relicensed which is required every five years for all top
sailors and more frequently for those over 50. This includes completing refresher courses, plus strenuous physical, mental and competency tests. He said that a captain even has to be able to perform simple surgery at sea if there is no doctor on board. "A captain wears 27 different hats," was his comment. Capella holds a degree in engineering, and is proficient in a variety of areas, including radar operation, celestial navigation, and computer operation.

In case of national emergency, licensed sea captains are called up for duty as auxiliary officers running supplies, troops, equipment, even aircraft carriers out to the war zones. Cappy was called during Desert Storm, and he claims he made more money (about $60,000 annually) than the U.S. Navy captains.

So noting Capella's professional expertise which would be similar to Hazelwood's, ala Burke, these seafarers are rigorously educated, well-trained individuals of the "highest value" who would make "perfect sacrifices."

From the moment Hazelwood was relieved of his command by Exxon's marine expert, he was warned to "Prepare for a lot of attention when you get to shore." (Davidson: 36) That attention included his firing by Exxon, and a total disregard by the company for its role in precipitating this crisis. CEO Rawl didn't offer himself for sacrifice and resign in the aftermath of the accident. He absolved himself and the company by getting rid of the drunk who caused all this through his neglect. It is noteworthy, however, that even though Exxon tried to crucify Hazelwood, when he was tried by the judicial system, he was exonerated. Exxon is still involved in legal battles to this day and will be for many years to come.

Throughout the journey, and continuing past the events that followed the grounding no one on the ship observed any deficiency in Hazelwood's demeanor or in his ability to give clear, concise orders. While damaging reports of Hazelwood's drinking had been widely circulated, there is no incontrovertible evidence that Hazelwood was drunk at the time of the spill. His crew members would assert that he was not, and indeed, the Coast Guard would find the measures he took to secure the ship after the grounding to be exemplary. (Keeble: 34)
To add a postscript to the story, the public also acted as accomplices in the aborted sacrifice of Captain Hazelwood.

...not wishing to face our role as the final arbiters in the matter of oil consumption through our purchase of it in excess, it is no wonder that we hung the weight of disaster upon a single human head and, filled with self-righteousness, refused to carry our share of it. The nation could fix its sense of outrage and guilt upon him. (Keeble: 48)

The denial/scapegoat theory is further supported and further complicated by the massive public denial on the part of almost everyone in the country.

In conclusion, throughout the history of crisis management, many of the situations that were handled poorly and smudged the reputations of organizations had several commonalities, a frequent motivation being denial with blame often placed outside the organization. "Our company couldn't possibly have caused this disaster." Crises that were dealt with quickly and up front such as the Tylenol poisonings and the Wisconsin Electric incident added feathers to the caps of organizations that were willing to stand up, admit their liability and do something about it, immediately.

The aftermath to the Valdez story and recommendations regarding the future of crisis management also will be dealt with expeditiously in the last chapter.
CHAPTER VI: THE OUTCOME--THE FUTURE

Regardless of whether Exxon believed it was innocent or not, all of its actions and inactions in this situation indicated a reliance on the defense mechanism of denial. In blaming Captain Joseph Hazelwood, the company used him as a somewhat effective scapegoat, at least in the short-term, deflecting the blame away from the oil company. But in the long-term, through his legal exoneration, the captain escaped the ultimate sacrifice of his life and his livelihood.

Also, in conclusion, studying the wreck of the Exxon Valdez has added some insightful contributions to the body of knowledge concerning crisis management.

In regard to the outcome of the scapegoat motif, a news story broadcast on one of the local radio stations in July 1992, reported that Captain Joseph Hazelwood had taken a new position. He had returned to his alma mater, the Maritime College of New York University, as a member of the faculty.

He may not be guiding a ship on the open seas anymore, but he seems to have recovered sufficiently, obtaining a respected and secure position in his chosen field. There were many who breathed a sigh of relief for Hazelwood, the pardoned scapegoat. Even though his weakness for alcohol had seemed to be a fatal flaw, he emerged from the ordeal relatively unscathed, managing to avoid serious legal consequences and returning to a relatively normal life. He had filled his role as a "significant symbol" for Exxon, caught up in its web of denial and untruths, and for a society enslaved by its massive consumption of oil, unwilling to shoulder any of the blame. Once the crisis was over and Hazelwood had served his purpose, he could be set free. (Keeble: 262) He also had served a redemptive role for the oil-greedy American public. "The ultimate answer, I fear is in the reluctance of the American people to penetrate the loop of power that exists between the oil interests and the
government, and in the people's willingness to put up with almost anything to keep their gas
tanks full." (Keeble: 263)

Meanwhile, still continuing to deny its culpability, "Exxon officials insisted that the oil
spilled from their tanker did not create an ecological crisis." (Davidson: 293) Exxon's
castigation of the drunken captain and its reliance on half truths and money to buy its way out
of the situation worked so well, the company ultimately believed in its own innocence.

On the morning of September 30, 1991, the Federal Government, the
State of Alaska, and Exxon announced a settlement that on paper would have
Exxon pay $1.025 billion in fines and damages. After a brief hearing on
October 8, Judge Holland of the U.S. District Court for the District of Alaska
approved the settlement. It was the largest settlement of an environmental
case on record. It is meant to cover cleanup costs and long-term expenses of
restoring ecological balance to Prince William Sound as well as assuring that
parties injured by the spill can make their claims, that is, third parties will still
be bringing their claims. (Hearing before the Task Force on Urgent Fiscal

Opening the hearing of the Task Force on Urgent Fiscal Issues, Committee on the
Budget (which Exxon representatives chose not to attend), chairman Frank J. Guarini of New
Jersey, said:

It should be noted in the first settlement that failed, Exxon did
attempt to preclude all third party actions according to our information.
While recognizing that long, drawn out litigation is in no one's interest, the
question that needs to be asked is whether this settlement was the best deal
that could have been reached on behalf of the American taxpayers. (Hearing
before the Task Force on Urgent Fiscal Issues, Oct. 31, 1991: 2)

Guarini went on to say, based on estimates of the cleanup and restoration costs
ranging from $3 to $15 billion, "If these figures are correct, the taxpayers are being stuck with
a large part of the cleanup cost. ...Almost all of the total settlement is deductible for Exxon."
(Hearing before the Task Force on Urgent Fiscal Issues, Oct. 31, 1991: 2)
At the same hearing, Erik Olson, senior attorney with the Natural Resources Defense Council, testified about the losses of pods of killer whales, hundreds of harbor seals, up to 5,500 sea otters, as many as 580,000 birds, fish, shellfish and future reproductive ability. "Overall the ecosystem has been devastated, and the only information that is being made available to the public is the P.R. campaign that Exxon has paid for, saying that everything is well and we shouldn't worry about it any longer." (Hearing before the Task Force on Urgent Fiscal Issues, Oct. 31, 1991: 35) In view of the implications from this disaster, Olson also questioned the wisdom of opening up the National Arctic Wildlife Refuge and additional offshore areas for drilling.

Olson concluded his testimony with these remarks:

The $1 billion settlement, in fact, is much less than $1 billion. Real estimates of the Congressional Research Service are that it is worth between $421 million and $524 million. ...It is important to recognize that not all the settlement is going for restoration, either. ...The reopener puts a cap of $100 million on future recovery and makes it so arduous to try to recover any of that money that it is our estimation it will be virtually impossible for that money to be recovered. The public would have been much better served if this had been done in the sunshine, if we all were given the information on what the impacts of the spill were, if Exxon were not able to deduct the payments that they are making and had made the payments up front rather than stretched over 10 years. We simply don't understand why the government has to act as a banker for one of the largest corporations in the world. ...the deterrent value of this settlement is virtually nil. (Hearing before the Task Force on Urgent Fiscal Issues, Oct. 31, 1991: 35, 39)

All of the settlement hearings between Exxon, the Department of Justice, and the state of Alaska were held in secret and actual reports of the negotiations have never been made public.

Marine biologist Sylvia Earle expressed a sense of futility over Exxon ever fully compensating for damages from the spill. As she left the oil-soaked Prince William Sound in April 1989, she said, "How do you weigh the forever cost of this catastrophe? Because once
something is gone from this planet--any creature, any species, any system--no matter how many billions of dollars we throw at it, we will never be able to bring it back." (Hearing before the Task Force on Urgent Fiscal Issues, Oct. 31, 1991: 34, 35)

At a previous hearing in March 1991, Dennis M. Hertel, Representative from Michigan, asked: "Has the company (Exxon) suffered any fiscal hardship because of this settlement? Probably not--judging from the recent comments of its president who said that the settlement will have no noticeable effect on the company's 1991 earnings." (Hearing before the Subcommittee on Fisheries and Wildlife Conservation and the Environment, March 20, 1991: 3)

Part of the problem is the disaster's magnitude, but scientists and environmentalists charge that Exxon squandered vast sums on paperwork, ill-conceived cleanup techniques and heroic rescues. The deal has touched off a chorus of outrage from residents and environmentalists, who wanted a minimum of $2 billion, and has ignited a fierce debate over how best spend the sum. ...Unfortunately for Alaska, the windfall is far less than it seems. After deducting the sums owed to federal and state governments for past cleanup, litigation expenses and damage assessment, Alaska can expect just $635 million. How to spend it is the official business of the six-member oil spill trustee council...the body has already come under fire." (Time, Sept. 28, 1992: 61)

"As a result of the Exxon Valdez spill, Alyeska and Exxon are likely to pay substantial damage claims, but the companies will pass on most of these costs to consumers and continue making roughly $400,000 an hour profit from North Slope oil." (Davidson: 301)

And the American public also participated in the sacrifice to assuage its own guilt caused by the mass consumption of oil.

The American consumer, as we have allowed ourselves to be called, makes up the most dangerous influence in the country--dangerous in the sense that our insatiable appetite for raw materials causes continuous and destructive change in the world. ...While opinion polls suggest that we want environmental measures to be taken, we seem to lean toward action only fleetingly, when faced with an industrial or ecological calamity. Then, as the
incident in Prince William Sound would seem to suggest, the nation flagellates itself, the press and broadcast news feed our frenzy with half-assimilated information, and we fasten on symbols in order to allay our disturbing sense of ignorance and guilt. (Keeble: 262)

A recent report in the popular press said:

To a casual visitor, the chill, choppy waters of Prince William Sound show little evidence of the disaster that struck on Good Friday 1989. Now, after four summers of intensive oil scooping and shoreline scrubbing, seas, whales and bald eagles are plentiful and the fishing season is in full swing. The water, rocks and sand look pristine once more. But looks can deceive. According to biologists, Exxon's $2.5 billion cleanup effort was by no means as effective as the company has proclaimed. (Time, Sept. 28, 1992: 60)

It is interesting to note, considering the implications of the spill, its environmental consequences, and the eventual financial settlement, that the major perpetrator, the negligent corporation, seems to have come out of this situation relatively unscathed.

But considering the Burkean concepts of purgation and redemption through the sacrifice of a victim, how did Exxon actually fare?

It is likely that the company is viewed in a whole new light by some groups of people. It will take time before the state of Alaska, the federal government, environmentalists, stock holders and the general public will fully respect Exxon as a credible corporate citizen. It did not gain the absolution it had sought.

Over and over, at the government hearings and in the press, the people of Alaska have expressed their doubts and disillusionments about what happened, how it was handled, and the outcome. "We're never going to be able to mend the social fabric of the community," said Kodiak Island Borough Mayor Jerome Selby. (Time, Sept. 28, 1992: 61)

But is it possible to foster a sense of environmental morality within a giant corporation like Exxon? Can anything instill a commitment to the environment in a
corporation's bottom line, in quarterly statements of profit and loss? Given the power and extreme self-protectiveness of these huge companies, who has the ability to do these things?

"Claire Atkins, one of the shareholders who wasn't satisfied with Exxon's performance, had an idea. '... I live on a farm and spend a lot of time outdoors, and love animals. And I was very angry that Exxon allowed this to happen. I was going to sell my Exxon stock, but then I found out I could use my position as a shareholder to try to change things.'" (Davidson: 310)

Atkins went on to say that she was horrified at the damage large corporations can cause. She makes a strong plea for corporate accountability and for making environmental safeguards part of the cost of doing business. And this comes from an Exxon stockholder who, of course, is concerned about the company's profitability. However, last year several slick publications were again made available to Exxon shareholders featuring photographs of pristine beaches, healthy wildlife and huge schools of fish which have returned to the "essentially clean" area. (See Exxon Appendices) Several Ph.D. environmental scientists were hired by Exxon to conduct "independent Woodward-Clyde/Exxon studies of individual sites," which showed:

Following one winter of storms and two summers of Exxon cleanup, the joint regional surveys confirmed that the systematic approach had been effective. By the time of the August 1990 joint regional survey, only about 1% of shorelines in Prince William Sound and the Kenai and Kodiak Region showed evidence of oiling. (Shoreline Conditions Following the Exxon Valdez Spill as of Fall 1990, Woodward-Clyde Consultants: 3)

"I'd like the Lawrence Rawls of this world to look in the mirror and see executives who are responsible for far more than a company's annual profit," challenged author Art Davidson in his examination of the disaster. (Davidson: 314) But when Lawrence Rawl does look in the mirror, he no doubt sees the CEO of a company that acted responsibly and spent a small fortune recreating a "clean" environment in Prince William Sound. Last month,
Outside Magazine claimed in a short "Amazing Disgraces" segment that Exxon's cavalier attitude even allowed the company to blatantly serve Baked Alaska at its western district meeting a few weeks after the spill. (Oct. 1992, p. 64)

In his book, Thriving on Chaos, Tom Peters recommends that doing business in today's world calls for "total integrity--of the Boy Scout/Girl Scout/'squeaky clean' sort--in all dealings, with people and systems, inside the firm and out.

...Integrity has been the hallmark of the superior organization through the ages. ...Successful organizations must shift from an age dominated by contracts and litigiousness to an age of handshakes and trust. ...Involvement by all and nonadversarial relations must necessarily rest on a cornerstone of trust, which in turn can only be engendered by total integrity. If a promise (even a minor one) is not kept, if ethics are compromised, and if management behaves inconsistently, then the strategies necessary to survival simply can't be executed. This prescription once more reveals a paradox--namely, that the uncertainty of the environment can be swiftly dealt with only if the firm can fall back upon the certainty of relationships among people and among groups--in other words, upon trust and integrity. (Peters: 518-519)

Herein lies the answer for Exxon and others. A commitment to integrity, to telling the truth, to taking responsibility for corporate policies and actions are the hallmarks of a mature corporation. Conversely, denial, scapegoating and lying are signs of a company plagued by immaturity and dysfunction.

Lawrence Kohlberg, who conducted extensive research on moral development, believes that "moral development undergoes significant structural changes well into adulthood. ...Moral development in the child involves the gradual adoption of more and more logically sophisticated forms of moral reasoning." (Jaksa & Pritchard: 61)

This phenomena, "sophisticated forms of moral reasoning," seems to be missing in the organizational structure and the corporate climate of Exxon. Nobody at Exxon seems to have the guts to say, "This is our fault; we must remedy the situation; and we must take drastic steps to insure it does not happen again."
Kohlberg's stages of moral development are divided into three levels, preconventional, conventional and postconventional thinking. The preconventional level is marked by "a predominantly self-interested orientation." (Jiksa & Pritchard: 62) Conventional thinking is characterized by pressures to conform but has no critical evaluation. Postconventional reasoning is indicated by critical reflection including "considerations of universal rights and respect for human dignity." (Jaksa & Pritchard: 64)

Kohlberg, as with Freud and Kenneth Burke, has theorized a hierarchy of human behaviors based on the development of increasingly mature and ethical conduct throughout an individual's life. A comparison can be made with organizations that have developed and continued to maintain a solid and ethical corporate credo as they mature.

...the essences of man, human relations, and ultimate reality are to be derived from the dramatistic study of language and the various functions it performs for man. ...the result is a theory in which the purgative-redemptive function of the creative act is the vehicle whereby every man can move toward the better life... With and because of language, man transcends his 'sheer animality,' for language makes possible the ethical drama of human relations." (Rueckert: 129, 131)

Hierarchy is constant in Burke's perception of society because in every area of life there is an orderliness of principle, of higher and lower, nobler and baser." (Simons & Melia: 47-48)

In attempting to explore recommendations for the future of corporate behavior based on the hierarchical model of developing an increasingly nobler ethic, it is beneficial to make comparisons between well-handled crises and disastrously mishandled occurrences such as the Exxon Valdez fiasco.

Once again, let's consider the case of Wisconsin Electric and little Matthew Brown who was critically injured when he stuck his hands into an unlocked electric transformer box. CEO Richard Abdoo said he "always ended up with the same bottom line: It was our
equipment. We had to keep it safe. It wasn’t safe. Therefore, it’s our responsibility.” Abdoo went on television to apologize to Matthew and his family, to make a pledge to pay all the bills, and to accept responsibility publicly.

Abdoo said his first reaction was to deny his company was at fault, but every time he went over it, he reached the same conclusion. So he called a press conference. Then he, not a designated spokesperson, went before the media.

Matthew’s family will no doubt sue the utility for a large sum of money and a settlement will be reached. This outcome is unavoidable. However, because Wisconsin Electric handled the situation in a mature and straightforward manner, the crisis also became an opportunity to build a stronger bond between the corporation and its publics.

Specialists tell us that a climate of trust over the long term between the public and a company will make difficult situations easier to handle. This was the case with Johnson and Johnson during the Tylenol episodes.

Contrast this with Exxon’s disregard for its shareholders whom the company has tried to hoodwink with fancy videos and printed publications claiming no harm has been done to the environment despite the corporation’s obvious negligence.

Public relations specialists from academia have recommended “a coherent strategy borne out of years of discussions, meetings, and a general spirit of cooperation among the PR staff and higher-ups in the central office.” (Miller and Baxter: 24) Their comments illustrate a crucial point. In order for crisis situations to be prevented or to be managed as well as possible, the public relations people and the “higher-ups” have to have access to each other, listen to each other and create histories of good working relationships.

According to public relations veteran Michael Tabriz, crisis analysis can produce the following advantages for the communications department: Elevating the public relations function; focusing public attention on matters of critical concern and reaching audiences otherwise unavailable; building credibility; and forcing an organization to review all policies relating to social responsibility. (Pinsdorf: 53)
In order to "cure" an organization of the defenses of denial and scapegoating, then, the public relations specialist needs to operate as the conscience of the company.

In their book about communication ethics, Jaksa and Pritchard comment about ethics in organizations:

However, the view from the top may not be as clear as it should be. It cannot be assumed that upper-level management always has ready access to all the information from lower levels that should be considered in responsible decision making. (Jaksa & Pritchard: 121)

The authors use the Challenger explosion and the faulty communication system within NASA to illustrate the breakdown of a once "respected organizational structure." In their discussion of possible preventive measures, the writers reached two important conclusions:

...greater care must be exercised by those in a position to set organizational goals. ...top management needs to be sensitive to the strains organizations may be subjected to when attempting to meet goals. ...The crucial issue, therefore, is whether the organization has the ability to handle these strains without engaging in illegal or otherwise objectionable actions." (Jaksa & Pritchard: 133)

The authors go on to say, "A basic finding of specialists in organizational communication is that bad news seldom flows up in an organization." (Jaksa & Pritchard: 134) This weakness indicates an important internal role for the public relations function. Horizontal as well as vertical communication is essential within a mature corporation. At the same time that management is being advised by its "conscience," people throughout the organization should be made aware of management's values, moral standards and goals. "Top management sets the ethical tone for the organization," say Jaksa and Pritchard, and the public relations practitioner can play an important role in ensuring that the corporate climate
is one of maturity and responsibility. As soldiers in the ethical trenches, public relations specialists have an obligation to inform and transform the organizations which employ them. And until those organizations are transformed into highly functioning entities, crises such as the Exxon Valdez will continue to destroy the world around us.

In *A Rhetoric of Motives*, Burke concludes, "Our very existence is essentially rhetorical, a kind of continuous drama of identification, persuasion and transformation."

( Simons & Melia: 250) He (Burke) points out clearly that our own verbal "fiats' exist in the larger human story of estrangements (mystifications) and reconciliations (demystifications) involving our relationships with nature, the supernatural, and our fellow human beings."

( Simons & Melia: 143)

Whether acting as individuals or as organizations, we are our brothers' and sisters' keepers, as well as stewards of the environment, and sound crisis management adds a positive and much-needed element to this ongoing human drama.
A 177-page book by Edwin Black of UW-Madison explores the art of rhetorical criticism. Since this is a reprinting of his work first published in 1965, the author has included a forward "recorded here as a corrective to this book's excessive deference, especially in its first chapter, to an ideal of objectivity." Apparently, in the 13 years between the time he wrote the book and its second printing, Black came to recognize the inherent subjectivity and personal nature of criticism. He believes, "Criticism is not uniform in its character," and "style is a manifestation of personality" and "critiques are a kind of discourse that acts as an extension of a writer--an autonomous surrogate for a human voice." The most important tool of the critic, according to Black, is skill in the use of the language. In the body of the book, the author gives an overview of rhetorical criticism, its traditional methods and the need for the contemporary critic to possess imagination, flexibility, taste and intelligence. I was especially interested in the section on the psychological study since I plan to do a rhetorical study involving denial, a psychological defense mechanism. As examples of psychological critique, Black uses Maloney's essay on Clarence Darrow, "sensitively conceived and written in a style that is exactly suited to its subject," and Kenneth Burke's examination of T.S. Eliot's play, "Murder in the Cathedral," which he describes as simplistic and gullible. In conclusion, Black cites the high promise, but also the lack of a system of analysis or body of techniques available to the critic undertaking a psychological study. In reacting to this original point of view, one should also consider Black's later modified perspective on the inherent subjectivity and creative style of the effective rhetorical critic.
A 10-page article by Barry Brummett, an assistant professor of communication at Purdue University, illustrates scapegoating or victimage, "a major symbolic form, constantly enacted in the living rooms, streets, playgrounds, and offices of our daily lives," and the development of a view of situational exigency. The author begins with an examination of the Burkean theories of mystery, hierarchy, guilt, and victimage. The designation of a powerful scapegoat as a representative of "certain unwanted evils" can symbolically redeem the guilt from "cultural identification as well as from personal sins," and through its sacrifice cause a rebirth. Brummet explores the circumstances of racial murders in San Francisco and the mayor's theory of "Death Angels" modeled on the Black Muslims as the perpetrators of the crimes. The mayor's conspiracy theory created an "exigency that was more acceptable than the Absurd." The author says the Zebra murders illustrate both the symbolic form of scapegoating and the symbolic exigency of creating a sophisticated and organized situation to replace the specter of random killings perpetrated by madmen.


This 450-page book by Kenneth Burke is the third edition of one of his major works, published originally in 1941. Burke's seminal belief is that humans are symbol-using animals. People find reality through the use of symbols; language shapes behavior. His view of human action is through the concept of dramatism, without which, he theorizes, human behavior cannot be understood. For Burke guilt is the primary motivation behind all action and
communication—we communicate to purge our symbolic guilt. Another of his major ideas is
the concept of consubstantiality (sharing of common substance) which is an important
element of communication because it allows for the shared meaning of the symbols used. This
shared meaning can lead to an identification of a scapegoat, a symbol of our guilt which can be
purged through its sacrifice. Because of our commonality with the scapegoat and its sacrificial
offering, we purge our inherent human guilt. This sacrificial vessel must be "worthy" either
legalistically, fatalistically, or poetically in order to represent and atone for the burden of our
symbolic guilt. The giver and the receiver of this burden then share a common
consubstantiality. Burke's theories are sometimes confusing and difficult to understand and his
writing style is not succinct or clear to the potential Burkean student. Fortunately, several
scholars have written interpretations of his theories which help to explain and clarify his ideas.

--Davidson, Art, In the Wake of the Exxon Valdez: The Devastating Impact of the

This is one environmental writer's account of the precursors, the incident itself, and
the aftermath of the Exxon Valdez crisis. Since it was published by Sierra Club Books, I
expected the author to unconditionally condemn Exxon and the Alyeska Pipeline consortium
as bearing total responsibility for the fiasco and its unsuitable outcome. While he certainly
takes the obligatory swipes at the oil companies in this 315-page exploration, he also places a
good share of the blame on Captain Joseph Hazelwood, the government, the Coast Guard,
human greed, hubris, and this country's addiction to oil. Both of the books I read about the
crisis were fascinating. This is the more factual and technical of the two. It is divided into
three parts, "The Spill," which begins with a description of Prince William Sound, how the
freighters navigate the area, and a description of events on the fateful night. From there, he
takes the reader through the first four days following the event and ends with a description of
Joseph Hazelwood and his life experiences prior to the accident. "The Response" recounts the oil's disastrous spread, the inability of the responsible companies and government bodies to deal with the crisis, the ineffective efforts to clean up the shoreline and the oil's effects upon marine birds, sea otters, and bald eagles. In the third part, he follows the spreading slick into the other areas and towns which tried to fight its onslaught. The final chapter, "Reflections," gives the author's views on the incident and what must be done in the future to keep this from happening again.


Steven Fink, a crisis management specialist writing for the American Management Association, uses "Be prepared," the motto of the Boy Scouts of America as the thematic statement which begins his 225-page "how-to" book. The first chapter, "A Crisis Begins," explores two major occurrences, the nuclear scare at Three Mile Island and Union Carbide's fatal gas leak in Bhopal, India. Fink says anytime a company is not in a crisis, it is in a precrisis, or prodromal, mode. Successful organizations know how to recognize and manage prodromes before they erupt into an acute crisis. He goes on to identify what constitutes a crisis and defines crisis management as "the art of removing much of the risk and uncertainty to allow you to achieve more control over your own destiny." According to Fink, a crisis has four stages: prodromal, acute crisis, chronic crisis, and crisis resolution. He spends a chapter discussing Columbia Pictures and its CEO's misappropriation of funds which had a profound effect upon the entire film industry. Crisis forecasting, crisis intervention, and crisis management are explained at length including a probability formula for predicting crises, how to determine the degree of influence over a potential crisis, and how to assemble a plan and a team to handle crises. He has conducted a survey of the nation's top chief executives which showed 89 percent
agreeing that crises are inevitable in business, but only 50 percent had a crisis management plan in place. Fink says it is important to identify, isolate and manage a crisis. He also devotes a chapter to crisis communication saying, "The time to begin crisis communications is when there is no crisis and when it is possible to create a reservoir of good will," and "The inability to communicate your message skillfully during a crisis can prove fatal." He emphasizes that a company should assume that all information will be made public during a crisis and to look for opportunities that exist in this type of situation.


Sigmund Freud's daughter, Anna Freud, continued the psychoanalytic studies of her father, particularly with research involving children. She investigated defense mechanisms, methods employed by the ego to protect itself from external and internal dangers. This book, one of her most important writings on the subject, explains the theory of defense mechanisms. One of these is denial, a form of affect transformation which is a reaction to external danger. "The method of denial, upon which is based the fantasy of the reversal of the real facts into their opposite, is employed in situations in which it is impossible to escape some painful external impression." If denial is employed to excess, it is a mechanism which is hard to get rid of and which profoundly effects one's relation to reality. "External stimuli are abolished by denial," Freud maintains. This is where the psychological concept of denial was first explored and explained. It was later expanded upon by counselors such as Elisabeth Kubler-Ross through her experiences of working with terminally ill people, and by others in the treatment of alcohol and drug addictions.
John Keeble is a writer for the *Village Voice*, which sent him to Valdez to cover the oil spill incident. His 272-page account of the event and its outcome is, in my opinion, the better-written and more emotionally involved of the two works I read about the happenings in the spring of 1989. Through the author's eyes, you get to know the people of the region and the outsiders who came to the area. As the story unfolds, you become involved with the region, its animals and its people. Unlike Art Davidson, Keeble was much harder on Exxon's role as the perpetrator of the tragedy and much easier on Hazelwood, whom he credits for having "rare intelligence and skill as a mariner," and commends for his exemplary measures to secure the ship after the grounding. Keeble also says, "While damaging reports of Hazelwood's drinking had been widely circulated, there is no incontrovertible evidence that Hazelwood was drunk at the time of the spill." He approaches his subject like a work of fiction through his use of symbols, myth, metaphor, and thematic exploration of a tragedy. Particularly effective was his juxtaposition of two chapters, "The Tears of Science," the retelling of the monumental effort by biologists and other environmental scientists to save the water, the land and the wildlife, and "The Rapture of Machines," mankind's fascination with machinery and technology and their abject failure in this situation. In the final chapter, "The Bubble Net," he condemns human greed for oil, exemplified by our military's presence in the Far East. He villifies the propaganda about the need for war to protect "the American way of life." In conclusion, Keeble recommends protecting the world's ecosystems through "human alignment with the natural world" as our only hope for salvation.
This is an exploration of denial from the perspective of a clinician who works with alcohol abusers. Metzger says that denial is the most difficult problem encountered by clinicians, but he believes that individual denial is embedded in cultural denial regarding alcohol use. He describes defense mechanisms, originally conceptualized and expanded upon by the Freuds and other psychoanalytic writers, as "used by everyone to reduce anxiety when identity is threatened." Denial is at the bottom a of steep hierarchy of defense mechanisms which, in a healthy person, should eventually evolve into mature mechanisms such as sublimation, altruism, suppression, anticipation and humor. Those who employ increasingly mature defenses have the greatest success in life, but those whose defenses remain at the lower levels of the hierarchy experience stunted, troubled lives. Alcoholics continue to use faulty reasoning that employs mechanisms of denial, rationalization, and projection. According to Metzger, the continued resort to hiding behind immature mechanisms of defense leads to rigidification and failure to change and grow. He also discusses the universal experience of existential denial of death. When a person (or an organization which is made up of people) experiences threat from a danger perceived in the environment, the fear is of loss of self as one knows it, a disappearance similar to death. Denial can be considered on a continuum from normal to pathological, when someone maintains a belief that others do not hold. This is exhibited by abusers who deny their addiction.

Meyers, a former CEO of American Motors, has written a 258-page practical guide for management because, he claims, most executives do not like to think about or talk about crises even if their companies have been through one. He describes his own situation in a medical crisis which was handled efficiently compared to business crises. He likens the experience of corporations going through a crisis to Elisabeth Kubler-Ross's studies of terminally ill people coming to grips with impending death, including the first response, denial of the situation. He lists nine types of business crises and the common elements in all. He believes crises should be forecast and moderated, taking advantage of the unique opportunities inherent in these situations, such as the creation of heroes, and changes in people and corporate strategies. He says that strategic planning and crisis management are complementary because both deal with the management of change. Meyers lists three stages of events: precrisis, crisis, and postcrisis, and explains how best to manage each stage. His seven general steps to guide an organization are: Take charge, understand the circumstances, define the problem, rank the options, move decisively, eliminate the cause, and prevent recurrence. He concludes, optimistically, "The art of crisis management is in its infancy...however, an awakening is at hand."


The Kris Study Group of the New York Psychoanalytic Institute extensively studied the mechanism of denial in the late 1960s and published a 55-page monograph of its findings. They began with considering Freud's views on denial and expanding upon them by stating that denial may operate concurrently with all of the other defense mechanisms. They cite Anna
Freud's statement of denial as a prestage of defense and express the group's view that "denial might be considered a basic substrate of all defenses." The rest of the book is devoted to the group's discussion of case studies in which denial was paramount such as a sister who denied her brothers weaknesses and idealized him, an identical twin who denied the death of his brother, and a child who denied her mother's inadequacies. One of the interesting points of their discussion is the premise of sustaining a central denial by developing several secondary denials. "By itself, denial is at best an ineffective defense...the mechanism does indeed endanger the organism's relations with reality...Denial of any appreciable degree results in serious impairment of ego functioning." This study is a highly technical work, loaded with psychological terms, difficult for someone outside the profession to comprehend. I was able to extrapolate several helpful ideas, but much of this book was beyond my understanding.


This collection of essays by Burkean scholars was "born of a conference on Burke" at Temple University in 1984. "The conference brought together Burkophiles from a dozen or more disciplines for a combination love fest and careful dissection of the Burke corpus." (vii) The book is intended for a wide range of readers, from "those still cutting their teeth on Burke" (viii) to Burkean critics. It has an extensive bibliography of works by and about Burke. The compilers of the list say it is meant to be used as a reference in conjunction with the definitive Burke bibliography published in Critical Responses to Kenneth Burke, 1924-1966, edited by Willliam H. Rueckert. The most helpful essay in this book and the easiest for me to understand also was by Rueckert, "Rereading Kenneth Burke: Doctrine without Dogma, Action with Passion." (239-259) In this piece, Rueckert discusses his experiences with "counter-gridlock," a condition caused by immersing oneself in everything written by and
about Burke. He describes it as a "massive confusion in my head," which I experienced many times in trying to fathom the complexities of Burke's theories. He then goes on to explain Burke's concepts based on his major themes in terms most readers could understand. Many of the essays in this book are helpful to the Burke neophyte, but a few of them are difficult to unravel.
EXECUTIVE SUMMARY

CEOs of major U.S. companies have mixed opinions on whether it is possible to receive fair media coverage during a business crisis, according to a survey by Golin/Harris Communications, Inc., a Chicago-based international public relations firm.

Approximately half (53 percent) of the 40 chief executives surveyed indicated that they believe their companies could be treated fairly by the media in times of crisis. Thirty-nine percent believe they would not receive fair coverage. Eight percent said it would depend on circumstances.

The survey, which was conducted to obtain insight on how CEOs act and communicate during a crisis, also identified the publications and news personalities chief executives would trust most during difficult times.

Respondents strongly favor The Wall Street Journal as the publication to which they would choose to tell their side of the story during a crisis. The survey revealed that 71 percent would tell their story to The Wall Street Journal; 11 percent would choose The New York Times; and eight percent would select Fortune.

If the CEOs could choose a news anchor to whom they would tell their side of the story during a crisis, 32 percent would pick NBC's Tom Brokaw among national TV anchors. Peter Jennings and Ted Koppel were close behind, with 29 percent and 26 percent respectively. CBS-TV's Dan Rather received only 3 percent of the responses.

Other key findings of the survey include:

- Four out of five CEOs said they would go to the site of a tragedy if their companies were responsible for fatalities or significant property or environmental damage.

- The chief financial officer and chief operating officer are the executives CEOs are likely to talk to for advice after learning of a crisis. Third choice would be a top legal officer, followed by the top communications officer.

- An overwhelming 95 percent of the CEOs said that "good corporate judgment and the ability to make decisions quickly under pressure" was the most important factor in the company's favor prior to a crisis — more important than good relationships with customers, news media, investors and other external audiences.

- Half (47 percent) defined a crisis as any time the company's existence or its image is in danger or a negative event causes the company's stock price or market share to decline. Thirty-seven percent defined a crisis exclusively as the company's very existence being endangered.
• Most (76 percent) of those who have had crises say that their companies' goodwill and reputation helped mitigate the severity of those events.

• While two-thirds said their companies have experienced a crisis in the last five years, only one-third have formal crisis plans and a task force that meets regularly to discuss potential crises.

Many of the respondents advised fellow CEOs to "take charge quickly" and "tell the truth" during a crisis.

The survey was conducted in August and September with CEOs who head major U.S.-based, publicly held corporations.
1. How do you define a crisis? (Choose one)
   ___ When my company's very existence is in danger.
   ___ When my company's reputation is under attack and our image is in danger.
   ___ Any time there is a negative event which causes our stock price or market share to decline.
   ___ All of the above.

2. Has your company had what you would define as a crisis in the last five years?
   ___ Yes
   ___ No

3. Who is the first person you are likely to turn to for advice during a crisis? (Rank in order of 1 being first, 2 being second, etc.)
   ___ My company's chief operating officer.
   ___ My company's top legal officer.
   ___ My company's chief financial officer.
   ___ My company's top communications executive.
   ___ An outside director.
   ___ An outside counselor (specify) ________.

4. If your company was involved in an incident where there were fatalities and/or significant damage to people's homes or the environment, would you go to the site?
   ___ Yes
   ___ No

5. What is the most important factor (Rank 1,2,3,4) to have in your company's favor prior to a crisis?
   ___ Good relationships with the news media.
   ___ Good relationships with customers and marketing channels.
   ___ Good relationships with external audiences: analysts, investors, regulators, etc.
   ___ Good corporate judgment and the ability to make decisions quickly under pressure.
6. Have your company's reputation and goodwill record helped to mitigate the severity of a crisis?

___ Yes, it has
___ No, our past reputation didn't help
___ Not applicable

7. If you could pick one TV newsmen to tell your company's story to during a crisis, who would it be?

___ Dan Rather
___ Peter Jennings
___ Tom Brokaw
___ Ted Koppel

8. If you could tell your side of the story to one publication, which would it be?

___ Time
___ The Wall Street Journal
___ Business Week
___ Newsweek
___ Fortune
___ The New York Times
___ USA Today

9. Is it possible for a company to get fair coverage from the news media during a crisis?

___ Yes
___ No

10. Does your company have a formal crisis task force that meets at least every quarter to discuss potential crises?

___ Yes
___ No

What general advice about crises would you like to share with other chief executives?
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
1. **HOW DO YOU DEFINE A CRISIS?**

- When my company’s very existence is in danger.  
  37%

- When my company’s reputation is under attack and our image is in danger.  
  18%

- Any time there is a negative event which causes our stock price or market share to decline.  
  5%

- All of the above.  
  47%

** In some cases, respondents gave more than one answer to this question, accounting for the large percentages listed.**
2. **HAS YOUR COMPANY HAD WHAT YOU WOULD DEFINE AS A CRISIS IN THE LAST FIVE YEARS?**

- Yes 66%
- No 34%
3. **WHO IS THE FIRST PERSON YOU ARE LIKELY TO TURN TO FOR ADVICE DURING A CRISIS?**
   *(Rank in order of 1 being first, 2 being second, etc.)*

<table>
<thead>
<tr>
<th>Role</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Operating Officer</td>
<td>37%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Top Legal Officer</td>
<td>26%</td>
<td>13%</td>
<td>16%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>37%</td>
<td>13%</td>
<td>13%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top Communications Executive</td>
<td>18%</td>
<td>24%</td>
<td>16%</td>
<td>3%</td>
<td></td>
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</tr>
<tr>
<td>Outside Director</td>
<td>8%</td>
<td>5%</td>
<td>3%</td>
<td>13%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>An Outside Counselor</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
<td>8%</td>
<td></td>
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</tr>
</tbody>
</table>

**In some cases, respondents gave more than one answer to this question, accounting for the large percentages listed.**
4. **IF YOUR COMPANY WAS INVOLVED IN AN INCIDENT WHERE THERE WERE FATALITIES AND/OR SIGNIFICANT DAMAGE TO PEOPLE’S HOMES OR THE ENVIRONMENT, WOULD YOU GO TO THE SITE?**

- Yes 82%
- No 8%
- Depends 5%
- Not applicable 3%
- No answer 2%
5. **WHAT IS THE MOST IMPORTANT FACTOR TO HAVE IN YOUR COMPANY’S FAVOR PRIOR TO A CRISIS?**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Good relationships with the news media.</td>
<td>21%</td>
<td>37%</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>2. Good relationships with customers and marketing channels.</td>
<td>32%</td>
<td>18%</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>3. Good relationships with external audiences: analysts, investors and regulators.</td>
<td>5%</td>
<td>34%</td>
<td>39%</td>
<td>16%</td>
</tr>
<tr>
<td>4. Good corporate judgment and the ability to make decisions quickly under pressure.</td>
<td>95%</td>
<td>3%</td>
<td></td>
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</tr>
</tbody>
</table>
6. HAVE YOUR COMPANY'S REPUTATION AND GOOD WILL HELPED TO MITIGATE THE SEVERITY OF A CRISIS?

- Yes they have.  76%
- No, our past reputation didn’t help.  5%
- Not applicable  16%
- No answer  3%
7. **IF YOU COULD PICK ONE TV NEWS ANCHOR TO TELL YOUR COMPANY’S STORY TO DURING A CRISIS, WHO WOULD IT BE?**

- Dan Rather 3%
- Peter Jennings 29%
- Tom Brokaw 32%
- Ted Koppel 26%
- Diane Sawyer 3%
- None of them 3%
- No answer 4%
8. **IF YOU COULD TELL YOUR SIDE OF THE STORY TO ONE PUBLICATION, WHICH WOULD IT BE?**

- Time 0%
- The Wall Street Journal 71%
- Business Week 0%
- Newsweek 3%
- Fortune 8%
- The New York Times 11%
- USA Today 5%
- Forbes 0%
- No answer 2%
9. **IS IT POSSIBLE FOR A COMPANY TO GET FAIR COVERAGE FROM THE NEWS MEDIA DURING A CRISIS?**

- Yes 53%
- No 39%
- Depends 8%
10. **DOES YOUR COMPANY HAVE A FORMAL CRISIS PLAN AND A TASK FORCE THAT MEETS AT LEAST EVERY QUARTER TO DISCUSS POTENTIAL CRISSES?**

- Yes 34%
- No 66%
10b. **WHAT GENERAL ADVICE ABOUT CRISSES WOULD YOU SHARE WITH OTHER CHIEF EXECUTIVES?**

55% of respondents gave advice.

- Be honest. 38%
- Act quickly; take control. 29%
- Stay calm. 19%
- Don't allow a crisis to happen. 14%
- Be prepared. 14%
- Be available to address issues and answer questions. 14%
- Consult with key internal and external talent. 10%

**In some cases, respondents gave more than one answer to this question, accounting for the large percentages listed.**
Crisis Management Survey--Alex Gottshall
COMPANIES PREPARE FOR DISASTER

Australian companies are preparing themselves for the worst, according to a Crisis Management Survey released in Sydney.

The survey, conducted by Sydney-based corporate consultancy Alex Gottshall Communicators Pty Ltd, questioned the top 250 companies about how they would handle emergency situations.

These include industrial accidents, contaminated products, financial difficulties, terrorist attacks and other disasters which can confront management in the workplace.

Managing Director, Mr Alex Gottshall, said the survey had shown the importance in having a corporate blueprint for handling crisis procedures.

"Companies have learned the hard way that a disaster can occur at any time," he said.

"The well-prepared company with crisis management strategies in place, can handle any emergency in a cool and calm manner.

"Only those caught without preparation struggle to cope with management and communication needs under pressure," Mr Gottshall said.

The survey found that 76% of companies have prepared strategies for handling crisis situations, 57% of these with formal guidelines for actions to be taken in the event of an emergency.

Of the 24% of respondents who indicated they were unprepared, most felt it was either unnecessary or not a priority.

The threat of fire (36%), industrial accidents (15%), terrorist attacks/bomb threats (12%), kidnapping of senior management/extortion attempts (12%) were among the most feared crises for management.

Other emergencies nominated included contaminated products (9%) and computer systems breakdown or damage (9%), product spills particularly hazardous chemicals (6%) and financial collapse (3%).

Where companies have established Crisis Management teams, these comprised the Chief Executive (21%) and advisers in security (24%), public relations (21%), law (15%) and industrial relations (9%).
Almost 60% of companies which had not established Crisis Management teams designated either the Chief Executive or Corporate Relations Manager to take charge if the need arose. Of these corporate spokespersons, 38% had received training in briefing the media and 15% in security matters.

30% of respondents said they conducted mock emergencies to put crisis strategies into practice and an overwhelming 85% were confident they were well prepared for any crisis situation.

If such an event occurred, management would be the first to be informed (69%), followed by emergency services (57%), employees (57%), local, State or Federal authorities (36%) and customers (30%).

Surprisingly, only 24% of companies said they would advise journalists. However, 63% of respondents believed that openness is necessary in communicating crisis situations, provided the public was involved or there were no security implications, particularly in such cases as terrorist threats, extortion and kidnap attempts.

Mr Gottshall said experience had shown that candour in crisis situations was the best approach, even if it meant acknowledging there were situations which could have short-term negative impact on a company.

"It should be remembered that there are few secrets in corporate Australia, so if someone is determined to know about a situation, eventually the story will be told," he said.

"Effective communication should be seen as the most important tool in management's arsenal, which if properly used can alleviate an adverse situation and preserve a company's reputation.

"Crisis management has become an essential part of doing business today because the repercussions for a company which has handled an emergency badly can be long-term and linger in the minds of people who matter most for its future," Mr Gottshall said.

* * * * *

Further Information: Alex Gottshall (02) 262-2933 (Office)

AGC00023
CRISIS MANAGEMENT SURVEY - TOP 250 COMPANIES

1. Has your company prepared a strategy for handling crisis situations?  

   a) If yes, does this preparation include formal guidelines for actions to be taken?  

   Yes          No  

   76%          24%  

   b) If no, is the reason based on the following:  

   (i) No need  

   Yes          No  

   3%           3%  

   (ii) Not a priority  

   Yes          No  

   15%          85%  

   (iii) Other (please specify)  


2. What type of crisis situations are envisaged your company could face?  

   Fire 36%  Security 6%  

   Industrial sabotage 6%  

   Theft of records 3%  

   Bomb threat 12%  

   Hold-up 3%  

   Dramatic fall in stockmarket 6%  

   Destruction of records 6%  

   Loss/damage to plant equipment 3%  

   Industrial accident 15%  

   Hazardous chemicals 3%  

   Product spills 3%  

   Systems Malfunction 9%  

   Financial Collapse 3%  

   Product contamination 9%  

   Extortion 6%  

   Kidnap of senior management 6%  

   Terrorist threat 12%  

   Defalcation 3%  

   Major asset loss 3%  

   Production/distribution disaster 3%
3. a) Has your company appointed a Crisis Management Team?  
   YES  45%  NO  36%

   b) If yes, which of the following are its members?

      (i) Chief executive  
      YES  21%  NO  

      (ii) Legal adviser  
      YES  15%  NO  

      (iii) Industrial relations adviser  
      YES  9%  NO  

      (iv) Public relations adviser  
      YES  21%  NO  

      (v) Security adviser  
      YES  24%  NO  

      (vi) Other executives  
      YES  NO  

      (Director, General Manager, Operations Engineer)  
      30%  

4. a) Does the Crisis Management Team meet regularly?  
   YES  18%  NO  6%

   b) Are mock situations conducted?  
   YES  30%  NO  24%

5. a) Has your company appointed a spokesperson to represent management in times of crisis?  
   YES  60%  NO  27%

   b) If yes, what is his/her position?

      Managing Director  
      27%

      Manager, Corporate Communications  
      33%

6. a) Has the spokesperson received training in handling crisis situations?  
   YES  30%  NO  33%

   b) If so, what type of training?

      Media  33%

      Security  15%
7. Who would be informed if a crisis situation occurred in your company?

(i) Emergency Services
   YES 57%  NO
(ii) Management
   YES 69%  NO
(iii) Employees
   YES 57%  NO
(iv) Journalists
   YES 24%  NO 12%
(v) Shareholders
   YES 21%  NO 9%
(vi) Authorities (Local, State, Federal)
   YES 36%  NO
(vii) Unions
   YES 24%  NO 9%
(viii) Customers
   YES 30%  NO 9%
(ix) Suppliers
   YES 21%  NO 9%
(x) Other
   YES 9%  NO 6%

8. Do you believe openness is necessary in communicating crisis situations?
   YES 63%  NO 12%

   If no, in what situations would your company withhold information?

   Where public not involved.

   Where there were no legal implications such as extortion/kidnapping of senior executives or terrorist threat.

   In matters of security, where it is not in company or individual's interests.

9. Overall, are you confident your company is sufficiently prepared to handle crisis situations?
   YES 63%  NO 9%
10. Any other comments?

Survey assumes crises are typecast but procedures must be flexible. The key is to have communication systems in place and responsibilities clearly delineated.
Exxon Publications
The Abundant Bald Eagles of Prince William Sound, Alaska

Alaska's Prince William Sound encompasses what may be the world's largest concentration of bald eagles. Experts like Marge Gibson have been studying the area's eagles since the Valdez oil spill occurred there in March 1989. The results offer good news.
Less than 20% of the Prince William Sound area coastline was oiled in 1989. Today, the shorelines are essentially clean.

Clean, Nearly Recovered Habitat

Following harsh winter storms and two summers of clean-up operations, Prince William Sound is essentially cleansed of oil from the Valdez spill. By the end of 1989, there were no oil slicks on the water’s surface and the small amount of oil that remained had “weathered” (i.e., changed chemical composition) and presented no threat to eagles.

Immediately after the accident, eagles were able to find non-oiled areas in which to hunt fish. The tanker spill impacted less than 20% of the area’s shoreline. Also, because the pattern of oil dispersal was dictated by the ocean currents, the oil was not evenly distributed in 1989. Where one beach might have been covered with crude, an adjacent beach might have been totally clean.

Healthy, Thriving Eagle Population

Immediately after the 1989 oil spill, many people feared the worst and worried whether eagles would be able to recover from the spill. Now, nearly two years after the spill, the evidence shows that eagles and eaglets are thriving in the area.

The Valdez spill was an unfortunate accident and everything reasonable should be done to prevent another spill. Nature’s restorative powers should not be taken for granted.

Yet, now that the evidence shows that the eagles are doing well, we can be grateful for nature’s resilience.
More Than 5,000 Eagles and Eaglets

Prince William Sound is a near perfect habitat for the bald eagle. Thanks to ample food sources and shoreline forests for perching and nesting, more than 5,000 bald eagles make the area their home.

Biologists believe the population is a "saturated" one. That is, the environment could not support a larger stable eagle population.

In 1990, the U.S. Fish & Wildlife Service pinpointed more than 1,000 active eagle nests in the area.

1990’s Record Fish Harvests

Many of Prince William Sound’s eagle nests support more than one chick. That is unusual, since eagles in most places find it too difficult to secure enough food for more than one youngster.

But food is not a problem in Prince William Sound. The eagles can rely on the area’s renowned fish stocks for prey.

1990’s record-breaking commercial salmon and herring harvests reflect the abundance of fish stocks in the area.
Sea otters are plentiful in the Prince William Sound area. Experts like Terrie Williams and Randall Davis have been working with the area's sea otters since the 1989 oil spill.
Thousands of sea otters inhabit the Prince William Sound area. Hundreds of pups were spotted in 1990.

Thousands of Otters and Pups

More than 16,000 sea otters inhabit the portions of Prince William Sound and the Gulf of Alaska that were impacted by the 1989 oil spill. Regrettably, more than 1,000 otters died at the time of the spill, but recent observations confirm that the otter population is recovering. Hundreds of pups were spotted in 1990. A female adult otter typically produces a pup every year or so.

A Diet of Shellfish

The area's sea otters rely on shellfish for food. They consume 25 to 30% of their body weight each day. Government studies conducted after the spill confirm that the area contains ample shellfish supplies safe for humans to eat.

Immediately after the oil spill, there was concern over the area's shellfish. The State of Alaska and the Federal Government conducted extensive studies of all the area's subsistence foods, including shellfish. Their conclusion: ample stocks of shellfish were available and safe for humans to eat.
The majority of Prince William Sound was never oiled in 1989 and oil sticks are no longer on the water’s surface.

Clean Water

Sea otters spend virtually all of their lives in and on top of the water. Any significant volume of oil on the surface of the water seriously threatens the otter habitat.

In 1989, oil from the Valdez spill remained on the water’s surface only a short time, and only in a portion of Prince William Sound. Extensive tests have confirmed that the spill did not compromise the water column’s quality.

Clean Beaches

The 1989 tanker spill impacted less than 20% of the area’s shoreline. By the fall of 1990, about 1% of the shoreline still had patches of oily residue on it. The crude oil has “weathered” and lost its toxicity.

Following harsh winter storms and two summers of clean-up operations, Prince William Sound is essentially cleansed of oil from the Valdez spill.

Resilient Sea Otters

A sea otter, more than any other marine mammal, is vulnerable to oil spills because of its fur and lifestyle. Drs. Davis and Williams believe this animal’s resiliency should not be taken for granted and everything reasonable to prevent another spill from happening should be done.

Fortunately, the evidence suggests that sea otters in the Prince William Sound area are thriving. Nearly two years have passed since the oil spill, and sea otters are plentiful throughout the region.
The Robust Fisheries of Prince William Sound, Alaska

Following the Exxon Valdez spill in March 1989, the authors were asked to address concerns about the potential effects of the spill on Alaska’s fisheries.

Record 1990 harvests. Fishermen in Prince William Sound enjoyed record-breaking commercial catches during 1990. In April, purse seiners netted 8,300 tons of herring — more than the entire year’s harvest quota — in only 20 minutes, though the season typically lasts several hours. Then, over the summer, fishermen caught 44.2 million pink salmon in the Sound, far eclipsing the previous record of 29.2 million fish.

Significant salmon harvest. The enormous pink salmon catch was especially significant because these two-year-old adults had traveled through Prince William Sound’s waters as vulnerable fry in the months following the spill. Because the pink salmon proved so resilient, the other, less vulnerable salmon species should have prospered as well.

Abundant herring. Since herring spawn in shallow waters, there was potential in 1989 for these spawning fish to become exposed to oil. The 1990 harvest of 8,300 tons, 32% higher than the pre-season harvest quota, points to an abundance of these fish.
Fishermen netted 8,300 tons of herring — more than the entire year’s harvest quota — in just 20 minutes last year.

Statewide trend continues upward. Despite the localized fishery closings in 1989, Alaska’s statewide commercial fisheries production totaled $1.3 billion, second highest ever. Although final figures are not available, preliminary reports indicate that the 1990 statewide salmon catch may surpass the 1989 totals, largely because of extraordinary returns in Prince William Sound. In addition, throughout 1989 and 1990 there were no confirmed reports of tainting or contamination from the spill.

Fishermen compensated for losses, hired for cleanup. The area’s commercial fishermen received financial compensation based on losses resulting from the various fishery closures in 1989. As of year-end 1990, Exxon had paid $169 million to local fishermen in response to 1989 claims, and another $133 million had been committed to fish processors and other related industries.

Exxon hired more than 10,000 people for the cleanup. Local fishermen proved invaluable to cleanup operations and wildlife-rescue programs with their knowledge of this remote area. 1,440 individuals and firms who had received compensation for damages, including 1,160 local fishermen, were also paid more than $105 million in wages and vessel-chartering fees.

Favorable long-term outlook. The potential long-term impact of the spill on fish is under careful study, but it is highly unlikely that any adverse effects on finfish populations will be discovered. In studies of earlier oil spills throughout the world—many of which were larger than the 1989 spill—no long-term damage has been documented. Based on recent fish catches in previously oiled areas, the outlook for commercial fishing is a positive one.
**Some Important Questions and Answers**

**What might explain 1990’s extraordinary Prince William Sound pink salmon and herring catches?**

There was an unusually abundant plankton bloom in 1989, the largest on record, and this provided an extraordinary amount of food for the pink salmon that were harvested in 1990. The pink salmon harvest reflects the long-term trend of larger catches brought about by increased hatchery releases and a history of good management under the direction of the Alaska Department of Fish and Game.

The herring harvest of 1990 included fish that would have been caught in 1989 when the Prince William Sound herring fishery was closed.

**Your report concentrates on pink salmon and herring. What about other species of fish?**

These two species were chosen because they are important commercially and because they have implications for other species. The record catches of pink salmon and herring are significant because their primary spawning areas are located in shallow intertidal areas that were in close proximity to the spilled oil, and because herring and pink salmon fry swam in the waters of the Sound soon after the spill.

**Will the pink salmon and herring harvest levels in 1991 be related to the spill?**

In view of the outstanding harvests of pink salmon and herring in 1990, there is no basis to expect any spill-related impacts in future harvests. Fish-harvest predictions are about as reliable as long-range weather forecasts; nature is very unpredictable.

**Do hydrocarbons accumulate in fish?**

No. Hydrocarbons are not like DDT or other toxins which accumulate through the food chain. Fish have the capacity to metabolize, or naturally break down, hydrocarbons and expel them from their systems.

**Are some Alaska fish normally exposed to hydrocarbons?**

Yes. There are 29 known naturally occurring oil seeps along the Alaska coast, and there has never been any indication that this constant source of petroleum has harmed a fishery.
Shoreline Conditions
Following the *Exxon Valdez* Spill
as of Fall 1990

by
Edward H. Owens, Ph.D.
Woodward-Clyde

Presented at
the 14th Annual
Arctic and Marine Oilspill Program
Technical Seminar
June 1991
Two Years After the Spill: Environmental Recovery in Prince William Sound and the Gulf of Alaska

March 1991
Each author has had extensive international experience studying the impact of oil on the marine environment extending back over 20 years. Also, each has acted at various times as an independent scientific consultant to environmental bodies, government agencies or commercial organizations. The authors are all familiar with the scientific literature on oil spills and, indeed, have contributed to it significantly over the years.

Dr. Jenifer M. Baker

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Dr. Robert B. Clark

*Dr. Clark, professor emeritus of zoology at the University of Newcastle upon Tyne, received his Ph.D. from the University of Glasgow and a D.Sc. from the University of London. He has served as director of the seabird research unit of the British Advisory Committee on Oil Pollution of the Sea (1969-75) and as director of the Natural Environment Research Council's Unit on Rocky Shore Surveillance (1980-87). He has served as member of the zoology faculty of the University of California at Berkeley and has worked with numerous national and international advisory bodies, including the United Nations Group of Experts on Scientific Aspects of Marine Pollution (of which he was a founding member) and the U.K. Royal Commission on Environmental Pollution. Dr. Clark is the author of the textbook Marine Pollution and is founder and editor of the monthly Marine Pollution Bulletin.*

Dr. Paul F. Kingston

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CONCLUSIONS

There is a wealth of information about the recovery of cold water marine ecosystems following oil spills in various parts of the world. In all cases recovery events have been similar to those seen in Prince William Sound. If anything, because of the exceptionally thorough clean-up measures and natural cleaning processes, biological recovery has started sooner and proceeded further in Alaska than might have been anticipated.

There is no reason to suppose that the recovery process in the Prince William Sound oil spill are any different from those following other cold water oil spills around the world, many of them larger and more damaging. Although there have been a number of pessimistic forecasts in the media, there is nothing to suggest that there will be further delayed or long-term effects from the oil now that recovery is well underway.

These conclusions will not surprise any scientist experienced in the recovery of ecosystems following oil spills. In 1985, the U.S. National Academy of Science published an expert assessment of the threat posed by oil spills which is entirely consistent with our judgements, and there have been a number of similar expert reports published by distinguished international bodies to the same effect.
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