

## The Dow Corning Crisis: A Benchmark

By Katie LaPlant

**W**hen you think of benchmark cases in crisis management, certain names come to mind immediately. Johnson & Johnson's handling of the Tylenol crisis is a superb example of crisis management and has become a benchmark of how to handle a crisis. The Dow Corning silicone breast implant crisis has become a benchmark of how not to handle a crisis. There are a number of valuable lessons learned from this particular crisis. Both crises dealt with public health and safety issues, but both were handled very differently. Because of this, Dow Corning's reputation and image suffered considerably.

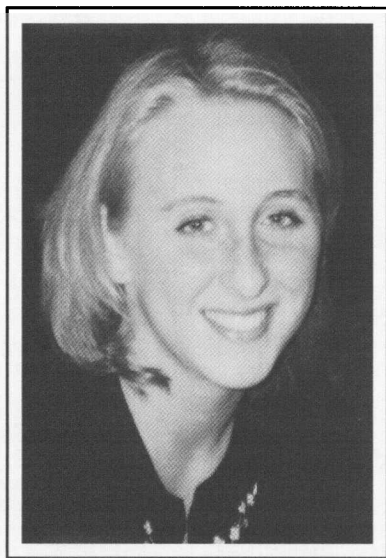
As a result, Dow Corning is still suffering today from a crisis that began in the late 1980s. The company filed Chapter 11 bankruptcy in 1995 and is undergoing major corporate changes to recover from the crisis. Much of this irreparable damage began small and could have been contained. The very first lawsuit filed against Dow Corning for faulty implants was

in 1977. This means company officials were aware that there would be problems over a decade before the actual crisis occurred. Issues management could have played a key role in detecting this problem.

Dow Corning is accused of manufacturing unsafe silicone implants and marketing them to the public, even though company officials knew they had potential to be dangerous to women's health. Thousands of women have filed claims against Dow Corning saying their ruptured silicone breast implants were the cause for very serious health problems. As of now, there is no conclusive scientific data that supports or denies this claim. "Upwards of 20 studies have failed to find a statistical correlation between silicone implants and the so-called auto-immune diseases they supposedly cause." With scientific evidence on their side, the company believed that its main defense of relying on that evidence was sound and rational. The public's perception during times of crisis is not rational, therefore; the public didn't accept the scientific evidence.

This crisis put Dow Corning's entire livelihood and reputation at stake. In fact, the mountain of lawsuits filed against the company forced it to leave the breast implant business. Dow Corning recently filed a bankruptcy re-organization plan and hopes to be able to recover by 1999.

The immediate impact of the crisis hit fast and hard. Highly publicized lawsuits and relentless negative media coverage casting Dow in an unfavorable light were overwhelming to the company, in spite of the fact that a crisis plan was in place. In a 1997 interview with *The Public Relations Strategist*, current CEO Dick Hazelton said, "The crisis plan, frankly, was overwhelmed by the facts and circumstances. The fundamental elements of the plan were to be open, state the scientific facts as we believed them to be,



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and to not hide anything. In theory, the plan was fine. But in practice, the crisis plan was inadequate for the intensity of what we saw in those early days."<sup>2</sup>

This case study analyzes Dow Corning's communication approach during the crisis, broken down into three time periods. The communications strategies the company utilized during each stage will be critiqued.

### Stage 1

In the first stage, July-September 1991, some of Dow Corning's most crucial mistakes were made. The onset of a crisis is when a company must appear the strongest and most in control to the public. Dow Corning's strategy was to rely on the scientific evidence and use that information as its only defense in its limited public statements. The company was not very open with the media, which fueled the crisis even more. When company statements were made, they were given by a variety of different spokespeople. During this time period, Dow Corning's publics needed 'one voice' from the company. The lack of sympathy in the company statements did nothing to improve its image either. This only added to the public perception of 'the huge company against sick and frightened women.' "Dow Corning has failed to be straightforward with its publics, primarily with the FDA, plastic surgeons, and all silicone breast implant recipients."<sup>3</sup>

Two of the biggest publics Dow Corning did not deal with properly were the media and the Food and Drug Administration (FDA). These two publics did the most damage to the company's public image and reputation. Dow Corning attacked the FDA in an effort to shift the public's attention away from the fact that it was demanding damaging internal documents to be released by the company. This did little to help Dow Corning's public image. By making the FDA struggle to get the internal documents, Dow Corning made a powerful advisory. "This stance accomplished little in restoring Corning's public image, but played a significant role in escalating the tensions between the company and the FDA."<sup>4</sup> The company also treated the media in the same way. Refusal to release information and not making their executives available for questioning increased the negative media coverage.

### Stage 2

During the second stage, September 1991-February 1992, Dow Corning continued to attack the FDA and deny accusations that its breast implants were unsafe. When the FDA put a moratorium on breast implants, Dow Corning agreed to do more testing on its product to assure the public of their safety. Several other actions were taken during this time period to improve its public image. First, CEO Lawrence Reed was replaced with Keith

McKennon. Reed was not perceived as very media savvy and was creating more problems with the FDA and public.<sup>5</sup> McKennon was a seasoned Dow Chemical veteran who got the company through the Agent Orange crisis during the 1960s and 1970s. One of McKennon's first actions was to bring in an unbiased third party (former Attorney General Griffin Bell) to conduct an independent investigation of the silicone breast implants. Also, an implant hotline was set up during this time period for women concerned about breast implant safety. This effort backfired, however, when it was shut down by the FDA for giving out misleading information.<sup>6</sup> Dow Corning reacted to the FDA shutting down the hotline with denial and attacks. The company claimed the FDA didn't understand what the hotline was trying to accomplish.

### Stage 3

The final stage of the crisis, February 1992-present, was the most favorable for the company's public image. During this time period, Dow Corning accepted a certain amount of responsibility for the problems with the silicone implants and took corrective action. The company did not admit that the breast implants were unsafe. Internal documents questioning the safety of the implants were released to the public in an attempt to gain more credibility.<sup>7</sup> The documents were accepted, but the company's failure to be more forthcoming earlier in the crisis didn't go unnoticed.

Dow Corning took two major steps during this stage; it left the breast implant business and eventually declared bankruptcy. "Their strategies did not accomplish the goal of re-framing the company's public portrait. Rather, they contributed to the decline of an image already crumbling under the weight of FDA and media attacks."<sup>8</sup> Although these actions were perceived as "too little, too late," they did limit the amount of continued damage.

The Dow Corning crisis is a benchmark case that demonstrates valuable public relations lessons. "Early on, the company lost sight of the most basic crisis management tenet: In the pitched battle between perceptions and reality, perception usually wins."<sup>9</sup> In a crisis that involves public health and safety, the interest of the public should be the overriding concern. By denying fault, attacking their accusers and showing little sympathy to the alleged victims, Dow Corning did serious damage to its reputation and livelihood.

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(References available on request)

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