

▶ crisis situations

▶ damage control

6.1 About business Crisis management

Discussion

1 Work in small groups. Do the quiz. Then turn to page 118 to check your answers.

What would you do in these crisis situations?

1 A psychopath puts cyanide in your company's paracetamol capsules; several customers die, and you have to recall 31 million bottles of the product worth over \$100 million.

- relaunch the product under a new name
- scrap the product and the brand
- relaunch the brand with tamper-proof packaging

2 A customer complains they found a human finger in your company's chili con carne.

- recall the product immediately
- pay the customer compensation
- deny any responsibility

3 A host on your company's provocative radio show makes racist remarks.

- have him make a public apology, but let him continue to host the show
- fire him and cancel the show
- fire him, but continue the show with a new, less provocative host

4 A company which is obviously guilty of wrongdoing asks your PR company to help.

- take the contract
- refuse the contract
- take the contract, but charge double your normal fee

Reading

2 Read the extracts from Dezenhall's book, *Damage Control*. Answer the questions.

- What did the crises cost:
 - a leading cell phone manufacturer
 - Merck
 - Perrier
 - Audi
 Why does Dezenhall refer to them?
- How does Dezenhall argue these concepts are relevant for crisis survivors?

1 <i>strong leaders</i>	4 <i>self knowledge</i>	7 <i>guarantees</i>
2 <i>climate shifts</i>	5 <i>luck</i>	8 <i>baby steps</i>
3 <i>pain thresholds</i>	6 <i>feel-good gurus</i>	9 <i>the little guy</i>
- According to Dezenhall, how has the way we judge a crisis changed?
- What is the political model of crisis management?
- How does Dezenhall see the media in general and TV in particular?

Listening for gist

3  2:11 Listen to an interview with Jack French, journalist at *The Spin Monitor*. According to French, is Eric Dezenhall's reputation in the PR industry justified?

Listening for detail

4  2:11 Listen again and answer the questions.

- Explain the meanings and connotations of the following descriptions: *a colourful character, the pit bull of public relations, brass-knuckled, Machiavellian*.
- As well as PR, what else is Dezenhall known for?
- Did Dezenhall attack or defend the following? The chemicals industry, the precautionary principle, Greenpeace, the Open Access movement, the Publishers' Association.
- What does French tell us about Qorvis Communications and Sitrick & Co.?
- How successful is Dezenhall's damage control strategy, according to French?
- What two reasons does French give to explain Dezenhall's discretion about his work on behalf of his firm's clients?

Discussion

5 In small groups, discuss the questions.

- In our culture, whoever attacks, wins, whoever defends, loses.* Is this a sad indictment of American culture, a more global phenomenon, or a misleading exaggeration?
- Do you think there are circumstances in which PR firms should defend companies that pollute the environment, exploit workers or market defective products?

Glossary PAGE 157

canard
feel-good guru
pit bull
whistle-blower

Internet research

Search for the keywords *bad crisis management*. Share your stories and vote for the best example of how not to handle a crisis.

DAMAGE CONTROL

Crisis management, while a rare corporate discipline, is nevertheless a fundamental one because the future of the enterprise is on the line. A grieving widower appeared on Larry King Live in 1992 and speculated that his wife's terminal cancer was caused by a cellular telephone: a leading cellphone manufacturer saw its stock drop by 20 per cent in the following days. Merck's recall of its arthritis drug Vioxx cost the company roughly \$750 million in the fourth quarter of 2005 alone. A Merrill Lynch stock analyst estimated that damages against the company could run between \$4 billion and \$18 billion. Perrier was toppled from its perch atop the best-selling bottled water mountaintop after the chemical benzene was found in its product. And when the Audi 5000 was accused of 'sudden acceleration', its sales evaporated and the Audi brand essentially vanished from the US market for a decade.

WHO SURVIVES?

Companies (and individuals) that survive crises tend to have certain features in common, features that are often evident in the first moments of an engagement.

- They have strong leaders who have broad authority to make decisions.
- They question conventional PR wisdom and do not worship at the altar of feel-good gurus who espouse 'reputation management', the canard that corporate redemption follows popularity.
- They are flexible, changing course when the operating climate shifts (which it usually does).
- They commit significant resources to the resolution of a crisis with absolutely no guarantee that these resources will provide results.
- They have a high threshold for pain, recognizing that things may get worse before they get better.
- They think in terms of baby steps, not grandiose gestures, which explains Rome's success, after all.
- They know themselves, and are honest about what kinds of actions their culture can – and cannot – sustain.

- They believe that corporate defence is an exercise in moral authority, and that their critics are not necessarily virtuous simply because they purport to be standing up for 'the little guy'.
- They are lucky, often catching unexpected breaks delivered by God, nature, fortune, or some other independent factor.

Enterprises and individuals under siege need all the help they can get these days. Since the tech bubble burst and corporate scandals have come to fill the media vacuum once occupied by lionizing of messianic CEOs, it seems as if no one's exempt from hostile scrutiny. Crises are now judged not only by financial (Did the company recover?) and ethical (Was the public welfare served?) standards, but by whether the company handled its crisis effectively in the eyes of Wall Street, Madison Avenue, the plaintiff's bar, and twenty-four-hour-a-day cable news. Inevitably, the airwaves are filled with experts from various fields who will opine that the crisis is being mismanaged. (Saying 'all's well' doesn't make for very good TV.)

We endorse a political model of crisis management versus the more conventional public relations approach. The fundamental difference is that the political model, which is practiced in our hometown of Washington, D.C., assumes the threat of motivated adversaries while the public relations model tends to view crises as organic and resolvable through good communications. In real crises there are often opponents – a mirror image of your own crisis management team – that want to torpedo you. That opposing team consists of competitors, plaintiffs' lawyers, the news media, politicians and regulators, short-sellers, multi-million dollar non-governmental organizations (NGOs), corporate stalkers, whistle-blowers and bloggers. These opponents don't care whether you 'do the right thing'; they care about defeating you.



'Companies that survive crises tend to have certain features in common.'

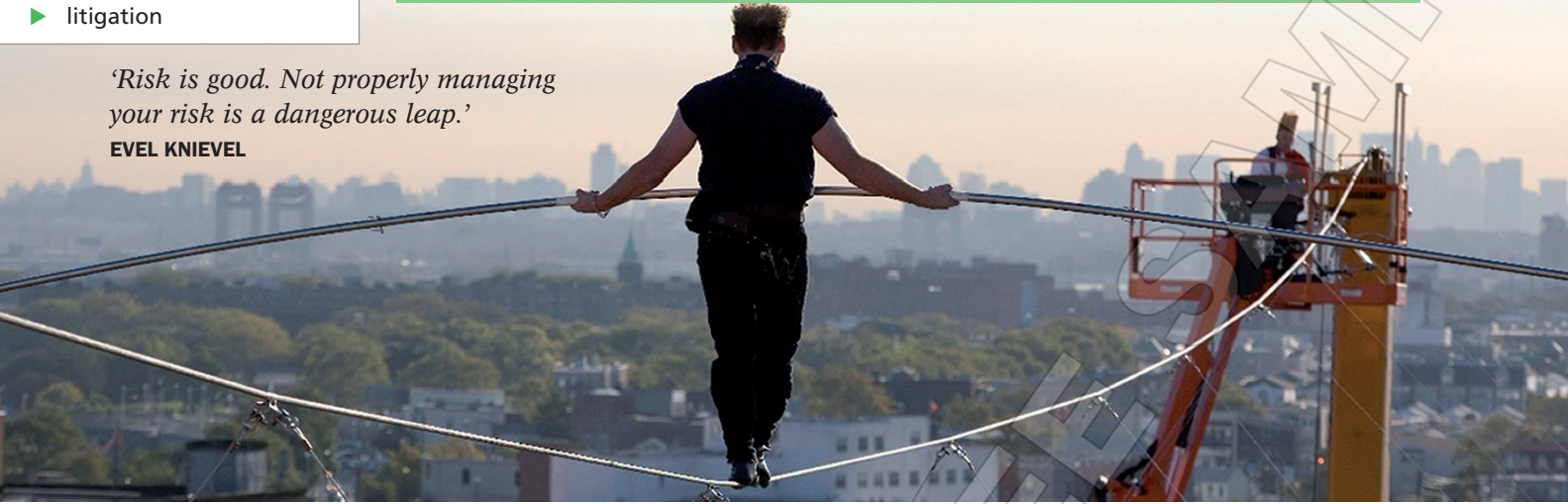
▶ describing risk

▶ litigation

6.2 Vocabulary Risk management and digital risk

'Risk is good. Not properly managing your risk is a dangerous leap.'

EVEL KNIEVEL



Glossary PAGE 157

cease and desist order
ERM

Brainstorming

1 Work with a partner. You have opened a small coffee shop next to a university. Brainstorm a list of possible risks that you may need to manage. Try to sort your list into categories.

Reading

2 Read the article and answer the questions.

- 1 Does the article refer to any risks you didn't think of in Exercise 1?
- 2 What four categories of risk are mentioned?
- 3 What three strategic advantages of Enterprise Risk Management (ERM) are discussed?

Enterprise RISK Management

by Joanne Sammer

Although most companies have their bases covered should they meet with fire, theft or flood, such hazards represent only a small portion of the myriad risks they face. A survey of the Fortune 1000 found that 58% of companies that suffered a stock drop traced it to strategic risks, most commonly competitive pressures and a customer shortfall. Operational risks accounted for losses at 31% of the companies, and the remaining 11% attributed their losses to financial risks. None of the businesses cited hazard risks as the reason for their losses.

To begin dealing proactively

with financial, operational and strategic risks, organizations can adopt enterprise risk management (ERM). In a nutshell, ERM allows organizations to examine all the risks they face, measure the potential impact of those risks on the long-term viability of the company, and take the appropriate steps to manage or mitigate those risks. In general, the range of risks most businesses face includes hazard risks, such as property damage and theft; financial risks, such as interest rate and foreign exchange fluctuations; operational risks, such as supply chain problems or cost overruns; and strategic risks, such as misaligned products. The key to ERM success is to address all those risks in an integrated fashion. ERM is a compelling tool for a number of reasons. First, the process of identifying, quantifying and prioritizing risks makes them more

prominent and real to executives and managers who may not have given risk management significant thought before. Second, a holistic approach to risk management takes the entire concept beyond the traditional parameters of what is insurable. It greatly expands the company's definition of risk to include anything that threatens the organization's continuity. This approach also divides the concept of risk into those risks that can help a company grow and those that will only lead to loss. Risk identification at the level of granular detail is not necessary and can even be detrimental to a thoughtful ERM effort. 'If a risk does not impact company performance, don't look at it,' says a risk management consultant. 'If someone smashes a company car, it is probably not material to business performance.'

3 Read the article again and underline all the risks it mentions. Sort them into hazard risks, strategic risks, operational risks and financial risks.

4 Unscramble these verbs from the article which collocate with the noun *risk*.

- | | | | |
|------------|-------------|------------|--------------|
| 1 acef | 2 adel hitw | 3 aeeimnx | 4 aaegmn |
| 5 aegiimtt | 6 defiinty | 7 afinqtuy | 8 eiiioprztz |

Internet research

Search for the keywords *internal external operational strategic financial hazard risks*. Find as many examples of different types of risk as possible. Consolidate your list with those of other students.

Describing risks

5 Mark these verbs and expressions from the article *a, b* or *c* according to their function.

a) linking losses to risks b) characterizing risk c) taking action

- 1 to trace to
- 2 to take the appropriate steps
- 3 to threaten the organization's continuity
- 4 to account for
- 5 to have one's bases covered
- 6 to impact company performance
- 7 to cite as the reason for
- 8 to identify risk at the level of granular detail
- 9 to be material to business performance
- 10 to attribute to
- 11 to measure the potential impact
- 12 to have an impact on the long-term viability of the company

6 Use words and expressions from Exercises 4 and 5 to fill in the spaces in the text.

All techniques for (1) _____ with risk belong to one or more of Dorfman's four Ts:

TOLERATE: a viable strategy for small risks which are not (2) _____ to business performance. It may also be appropriate if their probability can be quantified as very small, or if insurance would (3) _____ for such high expenditure that it would impact company performance more than the risk itself.


TREAT: this means identifying methods that (4) _____ the severity of the loss, and taking the appropriate (5) _____ to reduce any impact on the long-term (6) _____ of the company.

TERMINATE: avoiding risk completely can be (7) _____ as the reason for choosing not to enter a market or accept an order; however, if this also means not earning profit, it may in fact threaten the organization's (8) _____ more than (9) _____ an acceptable level of risk.

TRANSFER: some risks may be transferred to another party, for example, by insurance. However, companies that may think they have their (10) _____ covered by outsourcing business processes need to measure the potential (11) _____ of new risks they may (12) _____ as a result.

Listening

7 What specific risks do you think e-businesses are vulnerable to? Brainstorm a list.

8  2:12 Listen to an interview with Steve Leach, Managing Director of Brand Intelligence and answer the questions.

- 1 What are 'passing off', 'cybersquatting', 'hacking' and 'protest issues'?
- 2 How does Brand Intelligence stop this type of abuse?

9 Use words from the box to fill in the spaces in the paragraph.

abuse desist issue litigate monitor perpetrators pursue reversal

When they locate areas of brand risk, damage and (1) _____, Brand Intelligence track (2) _____, initiate (3) _____ and then (4) _____ progress. When necessary, they will (5) _____ 'cease and (6) _____' orders, and in the worst cases, (7) _____ for damages or (8) _____ criminal and civil action.

10 You also heard these words in the interview. Which does not belong in each group?

- 1 masquerading, freeloading, trading, defacing, cracking
- 2 boycott, infringe, bombard, scan, pirate
- 3 open, exposed, malicious, vulnerable, defenceless

Discussion

11 Work in small groups. You work for Imports Unlimited, a Web-based company that imports low-cost popular consumer goods from China.

Consider the various strategic, operational, financial and digital risks you face, and the strategies and techniques you would employ to manage them.

Present your plan to the class.



Imports Unlimited
UNLIMITED.COM

Amazing electronics
at
amazing prices

- ▶ perspectives
- ▶ expressing stance

Did you know?

Stance refers to our personal view or evaluation of the subject under discussion. We indicate stance using adverbials: *there is little doubt that ... arguably ... surprisingly ...*

Perspective relates to the particular aspect of the topic we are focusing on: *in financial terms, politically speaking, from a legal perspective.*

Stance and perspective adverbials are grammatically optional; they add a lot of meaning to the text, but the sentence in which they occur would still 'stand up' if they were taken out.

▶ Grammar and practice
pages 132–133

6.3 Grammar Perspective and stance



Listening for perspective

1 2:13 Listen to an interview with Li Bai, an expert on risk management. **Underline** the perspectives below which are explicitly mentioned. Are any other perspectives implicit?

economic cultural political financial business global individual banking ethical
human psychological historical managerial philosophical environmental

2 2:13 Listen again for expressions which indicate the speaker's perspective, and fill in the spaces with their exact words.

- 1 Risk management is the attention that organizations must pay _____ to things that can and do go wrong.
- 2 _____, if somebody is a bad risk, you would not lend them money.
- 3 _____, they never studied the likely behavioural responses.
- 4 _____, some of the banks saw the problem coming.
- 5 So _____ this affected everyone?
- 6 _____, you can see the logic.

Reading for stance

3 Work with a partner. Read the texts opposite and identify the writer's stance, choosing from one or more of the possibilities in the box below.

tentative confident optimistic pessimistic apologetic subjective objective critical
sarcastic sceptical

Identifying stance expressions

4 Work with a partner. Read the texts again and **underline** the language which indicates the writer or speaker's stance. Match each expression with one or more of the attitudes in the box above.

In text A, *seem likely to continue* is fairly tentative, but *across the board* is essentially confident ...

Internet research

Search for the keywords *risk management strategy* to find more about this. Prepare a two-minute presentation to make to the class on this topic.

TEXT A:

OPINION

Prices of commodities seem likely to continue rising across the board in the foreseeable future. In the current climate of rising inflation generally there remains little doubt that the impact on households' real wealth, not to mention their rapidly deteriorating mood, will be wholly unpleasant. In my view, the government's reputation for economic competence is now in tatters.

TEXT B:

To make matters worse for the beleaguered Minister, it now emerges that the tough new business regulations she is now promoting so forcefully were originally proposed not by her own government but by the opposition. Surely that is an example of hypocrisy, is it not? It is little wonder that voters are increasingly confused over where the latest feel-good policy is coming from.

TEXT C:

On balance, it could be argued that the likelihood of the enterprise succeeding seems somewhat limited. While there are some grounds for optimism with regard to the technology actually functioning correctly, considerable doubts remain over the ability of the project to withstand the probable risks which may lie ahead.

TEXT D:

While the company makes every effort to ensure that our products reach you in perfect condition, on this occasion we recognize that our standards clearly fell short of your expectations. We therefore have no hesitation in offering you a full refund plus a voucher which you may use in part-payment for a future purchase. We remain confident that you will be completely happy with our products in future.

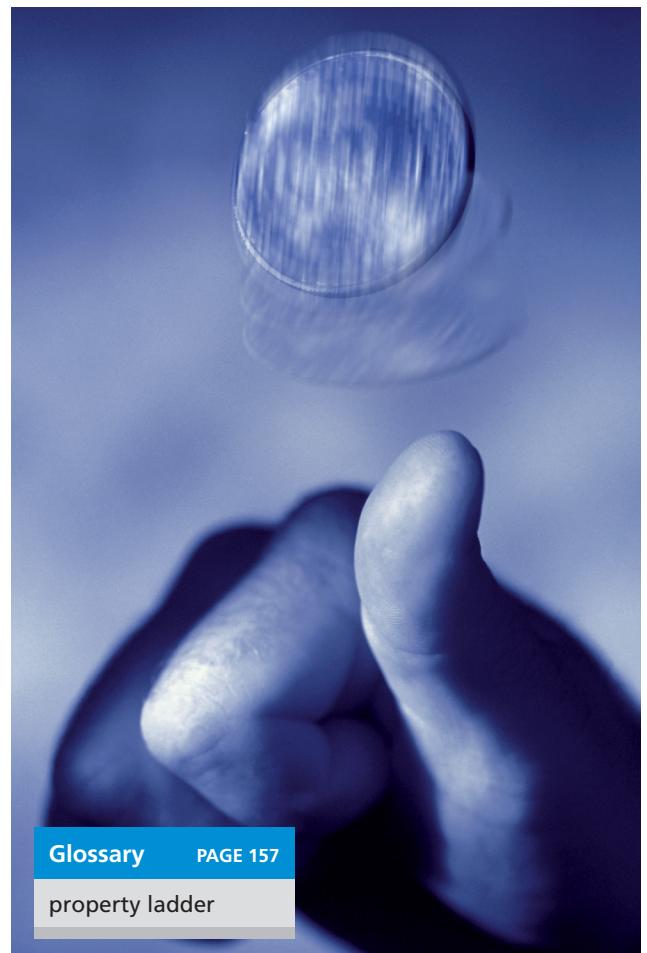
Expressing stance

5 Rewrite the sentences below to express the stance given in *italics*.

- Investing in emerging markets is rewarding. *Tentative*
In certain circumstances investing in emerging markets can be rewarding if you have a healthy appetite for risk.
- Your risk management plan is arguably full of holes. *Confident*
- In fact, the strategy has been exceptionally successful. *Tentative*
- Prices are definitely going to rise. *Tentative*
- If I may say so, you could have paid more attention to the risks involved. *Critical*
- On the whole, there are good reasons to suppose that the product is beginning to take hold. *Confident*
- I would doubt the likelihood of the same thing happening twice. *Objective*
- Arguably mistakes were made, but some useful lessons have been learned. *Subjective and apologetic*
- For the most part, we seem to have maintained a reasonable level of sales, although we cannot be certain about the immediate future. *Confident, objective and pessimistic*

Speaking

6 In small groups, take turns to improvise a one-minute presentation on a risk of your choice, choosing an identifiable stance. At the end of one minute, the others have to identify your stance.



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property ladder

- ▶ crisis communication strategies
- ▶ analogies and alliteration
- ▶ roleplay: interview in a crisis situation

6.4 Management skills Communicating in a crisis

Discussion

1 You organized a New Year's party and several guests have been injured by fireworks and taken to hospital. How do you deal with the press?

Mark this advice ✓ = I agree, ✗ = I disagree or ? = it depends.

- 1 When journalists phone you, say you are too busy to speak to them.
- 2 Smile for the cameras as you walk to your car; after all, nobody has died.
- 3 At the press conference, emphasize how successful the party was in raising money for charity.
- 4 When a journalist says local fire regulations were ignored, tell her she is mistaken.
- 5 When journalists claim guests threw fireworks from table to table, ask them who told them that.
- 6 When asked how much compensation the injured guests will receive, give an optimistic figure.

Work in small groups and compare your answers.

Reading


2 Read the article and choose *Do* or *Don't*. Which pieces of advice apply to the situation in Exercise 1?

'It will never happen to me'

The first myth to strangle at birth is that crises only happen to other people. Like so many other business skills, the essence of communicating in a crisis is preparation; if you're convinced it's not going to happen, you're unlikely to have prepared for the worst. Admittedly, you may never find yourself being questioned on prime time TV about why your government is doing nothing to stop refugees starving to death, or why your company allowed toxic chemicals to leak into the water supply. But sooner or later, you almost certainly *will* find yourself facing questions about why your project is behind schedule, or why you can't deliver your customer's order. In every case, following a few simple dos and don'ts can make life a lot easier.

- 1 Do/Don't prepare – for the questions you want to answer, those you can't answer, and especially for the ones you really *don't* want to answer. Find out what your opponents are saying, and prepare an answer for that too. Have an answer ready for everything.
- 2 Do/Don't be led where you don't want to go: as long as you provide relevant information, there is no need to answer leading or trick questions.
- 3 Do/Don't build bridges from questions you don't want to answer so that you can give the answers you want to.
- 4 Do/Don't use sound bite techniques: indicate that you are going to summarize the essentials, leave a brief pause to focus attention, then deliver your key message in 20 seconds or less.
- 5 Do/Don't be drawn into speculating about outcomes for which there is no evidence.
- 6 Do/Don't formulate your ideas in negative terms; always use positives.
- 7 Do/Don't use alliteration and groups of two or three words to reinforce your key messages.
- 8 Do/Don't use analogies or stories to explain difficult or technical concepts.

Listening

3  2:14–2:21 Listen to extracts from eight interviews in crisis situations. What situations are being discussed, and which of the tips in Exercise 2 are, or are not, being applied?

4  2:14–2:21 Listen again and complete the key phrases.

- 1 Running a business without risk management _____ walking a tightrope.
- 2 It's a _____ question, but I think the bigger _____ here is really ...
- 3 Even more _____, the new machines will improve precision, productivity and profitability.
- 4 Let's _____ on the _____, shall we?
- 5 The really _____ thing to _____ is that talks are underway.
- 6 Let's not _____ that _____ there is no evidence of patients suffering any ill effects.
- 7 Let me _____ the current position.
- 8 We are _____ that the commission will report that there was no wrongdoing.

Internet research

Search for the keywords *preparing for media interviews*. With a partner, draw up a list of your top ten dos and don'ts.

Alliteration

5 Find suitable words to complete these examples of alliteration and grouping.

- 1 The new factory will be bigger, brighter and _____.
- 2 Holidaymakers will always come to our islands in search of sea, sand and _____.
- 3 Our goal is to become Britain's best _____.
- 4 The company intends to fulfil its obligations to shareholders, suppliers and _____.
- 5 We believe better people make better _____.
- 6 Our restaurants use only the finest and freshest _____ available.
- 7 We aim to give every child a _____ home, a healthy family and a hopeful future.
- 8 The company is making every _____ to reduce _____.

Analogies

6 Match the two halves of these analogies.

- | | |
|---|---|
| 1 Life is like an onion, | a) except they keep moving the net and changing the slope of the court. |
| 2 Starting a business is like bungee jumping, | b) the gaps in its cover are only shown by accident. |
| 3 Running a company is like playing tennis, | c) you peel it off one layer at a time, and sometimes you weep. |
| 4 Job interviews are like dating, | d) the more you practise, the better you get. |
| 5 An insurance policy is like old underwear, | e) everybody oversells themselves. |
| 6 Managing a crisis is like playing a musical instrument, | f) only one isn't certain if the cord is short enough. |

7 With a partner, suggest your own ideas for these analogies.

- | | |
|--|--------------------------|
| 1 Learning English is like ... | 3 Deadlines are like ... |
| 2 Giving a media interview is like ... | 4 Crises are like ... |

Speaking

8 Work in pairs. Prepare to be interviewed about one of the crisis situations below.

- Try to foresee the questions you will be asked, and how you will answer them.
 - Prepare what you will say in response to questions you cannot answer.
 - Prepare the main message you would like to convey, and formulate a 20-second sound bite.
 - Try to think of an analogy and/or alliteration to use which will make it more memorable.
- 1 A cook at your restaurant has been taken to hospital with a suspected tropical disease.
 - 2 Police have raided your football club to investigate rumours of financial irregularities.
 - 3 Some of the futuristic office chairs your company makes have collapsed, injuring users.
 - 4 Your building company has not paid 50 immigrant workers' salaries for the last three months.
 - 5 Your airline has cancelled all flights due to bad weather. Thousands of angry customers are stranded.
 - 6 Your nightclub is said to refuse entry to certain people on the grounds of their physical appearance.

9 Work in small groups. Take turns to be interviewed by the rest of the group about the crisis you have prepared for.

eWorkbook

Now watch the video for this unit.



Destination	Vol	Flight	Terminal
CALVI	YS	1710	CANCELLED
BIRMINGHAM	AF	5136 DL 8666	CANCELLED
LYON	AF	7646 DL 8346	CANCELLED
TOULOUSE	AF	7786 OK 3746	CANCELLED
DOHA	QR	020	CANCELLED
SABLANCA	U2	3747	CANCELLED
NA	AF	2128 AZ 7319	CANCELLED
RSBURG	AF	2898	CANCELLED

- ▶ structuring a report
- ▶ key expressions for corporate reports
- ▶ making recommendations

6.5 Writing Reports: making recommendations

Discussion

'In an age of mobile communications and video conferencing, when 160 characters are considered sufficient to convey the majority of important messages, a written report printed out on paper no longer serves any conceivable useful purpose.'

1 Do you agree? How many good reasons can you think of for writing a report rather than making a multimedia presentation?

Model

2 Read the extracts from a report below and answer the questions.

- 1 What problem is Chocsome Inc. facing?
- 2 What is the risk a) to consumers and b) to the company?
- 3 What are the pros and cons of each of the three options considered in the report?
- 4 What are the report's key conclusions and recommendations?

To: AL REYNOLDS, PRESIDENT, CHOCOSOME INC.

From: CARLY STROSS, VINGE CONSULTING

Subject: RESPONSE TO LINDANE ALLEGATIONS

This report was commissioned by the Board of Chocsome Inc., in response to media reports that 'Spiral' chocolate bars could contain traces of the pesticide Lindane. Based on extensive scenario modelling, the report's purpose is to recommend a marketing strategy taking into account potential risks, costs and benefits. (...)

Research conducted jointly by Chocsome laboratories and the Jasinski Hospital clearly demonstrates that the tiny traces of Lindane found in Spiral pose absolutely no risk to health. Although an international ban on the agricultural use of Lindane has been in place since 2009, it seems likely that a limited number of West African cocoa farms are still using residual stocks. Unfortunately, focus groups left little doubt that, should public awareness be raised by the current wave of media attention, the impact on sales, on the brand and on Chocsome's image could be severely detrimental. (...)

We therefore identified three main scenarios for research. In scenario A, we posit the immediate recall of all stock and withdrawal of Spiral from the market. Scenario B would issue a categorical denial of any public health risk and launch a legal counterattack on prominent media channels for libellous allegations. In scenario C, we study the effect of gradually phasing out Spiral and rebranding the product. (...)

In the light of the above findings, we reached the following conclusions. Although scenario A is the only option that could satisfactorily terminate the risk, the opportunity cost is extremely high for very few other benefits. We therefore have no hesitation in ruling out this strategy. On the basis of the evidence presented above, strategy B, assuming it was successful, would present the greatest benefits in terms of preserving the brand and the current revenue stream. However, the risk of public opinion turning against us is unacceptably high, and would appear to be impossible to treat or transfer; reluctantly, we have little choice but to reject this hypothesis. This leaves option C, which has the potential to be a successful strategy, provided we can minimize claims against Spiral and successfully introduce the replacement brand; our cost/risk/benefit studies suggest that, on balance, it offers the best compromise. (...)

We therefore recommend that option C be implemented as quickly as possible. A task force comprising representatives from marketing, sales, production and supply chain should be set up immediately in order to update and validate existing plans for rebranding and phasing out Spiral. The next step is to persuade consumers to switch to the new brand without losing sales. Clearly timing is critical, but we remain confident that, in the medium to long term, this strategy will maintain or even improve Chocsome's market share. (...)

Analysis

3 Number these sections in the order they appear in the report:

- Conclusions Findings Recommendations Introduction

4 The phrases in the box convey the writer's *stance* towards the things they are writing about (i.e. how they feel about them). Match the phrases with the things they refer to 1–5.

we have no hesitation in it seems likely that we remain confident that
we have little choice but to left little doubt that

- 1 where the traces of Lindane come from 3 strategy A 5 strategy C
2 how consumers might react 4 strategy B

Can you modify the phrases so that they show a different stance towards the fact or event reported?

It seems unlikely that ...

Language focus

5 Complete the checklist of key expressions from the model. Choose a heading from Exercise 3 for each group of phrases.

Useful expressions: Corporate reports

This report was _____ by the Board of Chocsome Inc. _____ on extensive scenario modelling, ... the report's _____ is to recommend a marketing strategy

In the light of the above findings, we _____ the following conclusions. On the _____ of the evidence presented above ... which has the _____ to be a successful strategy, provided we can ...

Research conducted ... clearly _____ that ... the _____ on sales ... could be severely detrimental We therefore _____ three main scenarios ...

We therefore _____ that option C be implemented ... A task force ... _____ be set up immediately The next _____ is to persuade consumers to switch to the new brand

6 Choose the best option to complete each sentence.

- _____ we face similar problems in the future, we would withdraw the product. (must, should, need)
- Our second option _____ the existence of a new, unexploited market niche. (doubts, claims, posits)
- The CEO _____ a categorical denial of covering up risks to human health. (issued, expressed, made)
- Scrapping the product launch would effectively _____ the risk. (treat, transfer, terminate)
- New, stricter legislation means we have to _____ this option. (rule out, cut out, strike out)
- Unless we can treat the risk we will be forced to _____ this hypothesis. (deny, decline, reject)
- On _____, this option offers the best compromise. (average, balance, whole)
- We recommend this strategy _____ immediately. (to implement, implementing, be implemented)

Output

7 In small groups, discuss the situations below. What are the possible risks? What options do you have and what are their advantages and disadvantages?

- Your pharmaceutical firm has been accused of overpricing drugs in developing countries. In fact, you charge less than 50% of Western prices.
- A newspaper report claims your football club's stadium is not safe for more than 20,000 people. You regularly have attendances of over 40,000 fans. In fact, you have an excellent safety record.
- Your film studio has been accused of cruelty by animal rights campaigners. In fact, you take great care of any animals that appear in films; any dangerous scenes are computer generated.

8 Choose one of the situations in Exercise 7; write a short report in which you introduce the situation, invent details of your findings and options, explain your conclusions and recommend a solution.

Internet research

Search for the keywords *risk matrix* to learn how to use this tool to assess potential risks. Draw up a risk matrix for any risky activity you are involved in and write a short report making recommendations for managing the risks.

Glossary PAGE 157

libellous
opportunity cost
posit

- ▶ ethics and risk management
- ▶ assessing risk
- ▶ writing a press statement

Foie gras, or fattened goose liver, is a traditional French delicacy which is exported all over the world. However, it is a subject of controversy, since geese are force-fed in the last two weeks of their lives. Animal rights campaigners claim this is cruel to the birds, and the production of foie gras (though not its sale) is banned in countries like the UK, Germany, the Czech Republic, Finland, Luxembourg, Norway, Poland, Sweden, Switzerland, Denmark and Israel.

6.6 Case study Périgord Gourmet



Discussion

1 In small groups, discuss how you would feel about working for the companies below.

- a pharmaceuticals laboratory that conducts animal tests
- a kangaroo-leather sports shoe manufacturer
- a circus with performing animals
- an egg farm with battery hens
- a pet shop
- a 'foie gras' distributor



Reading

INTERNET

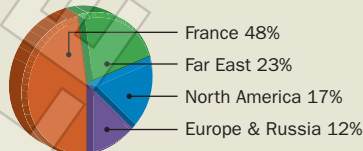
Périgord GOURMET

Order your favourite treats direct from south-west France
Foie gras, Pâtés, Snails, Frogs' legs, Mushrooms, Truffles, Chestnuts, Jams

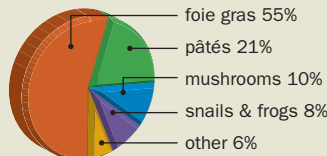
All our products are sourced from free-range organic farms and cooked to traditional Périgord recipes.

Delivery worldwide
[Click here to order](#)
All major credit cards accepted

PG'S MARKETS:



PG'S REVENUE:



... no longer tolerate this deliberate and unashamed cruelty to geese and ducks! Unless you withdraw all foie gras products immediately, we will not hesitate to take direct action against you, your suppliers, contractors or customers in order to protect these defenceless animals.

Farms:
breeding and fattening

▶ **Slaughterhouse:**
(additional livers imported from Hungary)

▶ **Processing plant:**
cooking, packing, labelling

▶ **Warehouse:**
stock and shipping

▶ **Forwarder:**
express courier to customer

2 Work with a partner. You work for Périgord Gourmet's (PG) new Risk Management Department. Read the documents about PG's operations, and a message received from an anonymous animal rights group. Discuss whether the statements are *T* (true), *F* (false) or *N* (neither).

- 1 PG produce foie gras by force-feeding geese.
- 2 Customers in the UK and Germany cannot buy PG's foie gras.
- 3 Most of PG's customers are in Europe.
- 4 The extremist animal rights group is threatening to sabotage production of foie gras.
- 5 The most vulnerable link in the production chain is the processing plant.
- 6 Withdrawing foie gras completely would mean making half of PG's staff redundant.

Discussion

3 Work in small groups. Brainstorm the potential risks for the company. Consider the impact each risk might have on the company's long-term future, and decide how to react to each risk.


	Risk	Impact	Tolerate	Treat	Terminate	Transfer
Hazard risks e.g. fire						
Financial risks e.g. exchange rates						
Operational risks e.g. supply chain problems						
Strategic risks e.g. changes in legislation						

Internet research

Search for the keywords *animal enterprise terrorism act*. List the arguments for and against this type of legislation, and hold a class debate.

Compare your ideas with other groups.

Listening

4  **2:22** One month later, Pierre-Yves Gaget, PG's founder and owner, receives a call from the US. Listen to the conversation and answer the questions.

- Who does the caller work for?
- What has happened?
- What two questions does she ask?
- What is the suspected cause of the problem?

Discussion

5 Work in groups. Discuss the implications of what you have learned; consider the notes Pierre-Yves Gaget has made, as well as your own ideas. How should Périgord Gourmet handle the crisis?

poisoned foie gras, or some other food or drink?
 isolated incident? coincidence, or first case in a campaign?
 warn customers or wait for more information?
 try to keep it quiet, or pre-empt with a press conference?
 recall all products, only foie gras, or none?
 stop shipments, or all production?
 accuse animal rights group without proof, or wait for police investigation?
 give in and stop selling foie gras, or fight?

Listening

6  **2:23** Listen to a voicemail message from Pierre-Yves Gaget and answer the questions.

- What is the good news?
- What is the bad news?
- What does he want you to do?

7 In your groups, prepare your statement.

- Prepare the main message you would like to convey, and formulate a 20-second sound bite.
- Try to foresee the questions you will be asked, and how you will answer them.
- Prepare what you will say in response to questions you cannot answer.

Simulation

8 Each group should make its statement and take questions from the rest of the class (in the role of journalists).

Take a vote to decide which group handled the crisis best.

