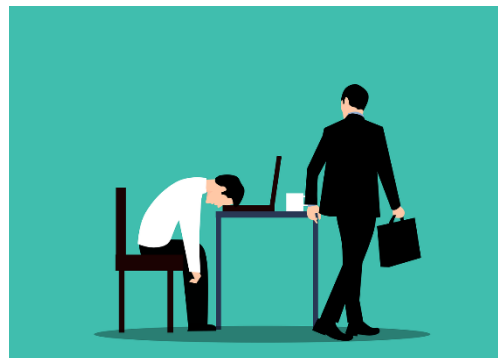



Crisis in the Workplace

“In crisis management, be quick with facts and slow with blame” – Leoardard Saffird, Public Relations

Warm up:

- Have you ever had to face a crisis in the workplace? Can you describe it?
- Do you know anyone who you think is particularly level-headed? Have you ever seen this person in a high stress situation?
- What are some different types of crises a company might face?
- What is a crisis that your company might face in the future?



 1. Read the email to Lila Goodwin, an employee for a car company called Doyola, and answer the questions on the next page.

Subject: failure rate of brakes

Dear Mrs Goodwin,

I am contacting you to provide you with the more extensive testing report we have done on the braking systems of Doyola's new Model 4 car. As you can see, the failure rate falls well outside of our guidelines, and does not comply with even our most basic safety requirements. 15% of the brakes experienced catastrophic failure after 10,000 kilometres, and a further 40% had unacceptable wear and tear after 20,000. As you are no doubt aware, the bare minimum for automobile brakes is 60,000 kilometres, but perhaps even more concerning is that the brakes stopped working in a way that would give the driver little or no warning. This is obviously an unacceptable level of risk for the consumers.

We understand that Doyola has already sold a large number of Model 4s, therefore this issue needs urgent action. We have not published our figures yet, but I am sending you this report as a courtesy so that you have time to plan and react accordingly. Please find the full report attached, it will be published on Wednesday.

Regards, Tom Bristol

Consumer Safety Bureau

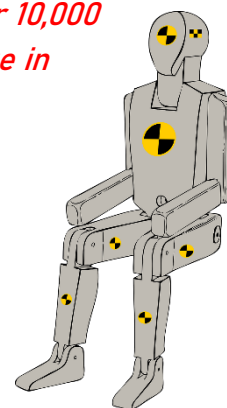
 Model 4 2018 braking system intensive testing figures


a) What are the three things wrong with the Model 4's brakes? *15% fail after 10,000 kilometers, 40% have wear and tear after 20,000, and the brakes deteriorate in such a way that the drivers have no warning.*

b) How far should a car be able to drive before brake failure is acceptable? *60,000 kilometers*

c) Why is Mr Bristol sending Doyola the report before it is published? *To let them prepare*

d) How do you think Doyola should react to this situation?



 2. You are going to listen to a meeting between Lila and her boss after reading the email above. They use the phrases below. Match the phrases to their definition.

- | | |
|--|---|
| a) A laughing stock 5 | 1. To make a mistake. |
| b) On a need-to-know basis 3 | 2. To plan too far into the future, or to make too many assumptions about what will happen in the future. |
| c) To drop the ball 1 | 3. People are only informed about this if it is absolutely necessary. |
| d) To drop everything 6 | 4. To focus on whose fault a situation is rather than looking for a solution. |
| e) Ballpark figure 7 | 5. Something many people make fun of. |
| f) To get ahead of (sb) ourselves 2 | 6. To stop everything else (usually so you can focus on something more important). |
| g) Track record 8 | 7. A rough estimate. |
| h) To play the blame game 4 | 8. The past performance of a person or group. |



3. Ask and answer the following questions with a partner.

- Can you think of a time when you had to drop everything at work?
- Is there a company or product in your industry that is a bit of a laughing stock?
- How much do you think your car or house is worth (ballpark figure)?
- Can you think of a colleague who has a very good track record with something?
- When was the last time you or someone you work with really dropped the ball?

4. Listen to the conversation between Lila and her boss Christopher and answer the questions.

- a) What does Christopher say the PR department will need to do? *Reduce the damage in the media*
- b) How many model 4s have already been sold? *7 million (Christopher mentions the logistics of recalling 7 million cars)*
- c) What is Lila's suggested alternative to a complete recall? *Offer customers money to replace their brakes.*
- d) What three reasons does Christopher give for rejecting Lila's suggestion? *They could be sued by anyone who had an accident, it would damage Doyolas brand, and people driving Doyolas would feel unsafe.*
- e) Why didn't the CSB initially test the brakes as thoroughly as they normally do? *Doyola has such a good track record with the CSB that they didn't test the brakes after 5000 kilometres.*
- f) What would be the approximate cost of the recall?
1 billion (ballpark figure)
- g) Who does Christopher want Lila to tell about the situation? *Nobody.*



5. Sometimes in stressful situations we need to use strong language to emphasize our point. Use the emphasizing phrases in the box to complete the sentences below.

under no circumstances

it's absolutely vital that

cannot afford to

out of the question

have no choice but to

priority needs to be

- a) The company is millions of dollars in debt, and has almost no revenue. We *have no choice but to* declare bankruptcy.
- b) They're by far our biggest client, we simply *cannot afford to* lose them.
- c) I'm sorry but suing them is completely *out of the question*, we would definitely lose.
- d) This has to stay between us, *under no circumstances* should you tell anyone else.
- e) I know a lot of you are very upset, but our *priority needs to be* finding solutions, not playing the blame game.
- f) The situation is critical and we're running out of time, *it's absolutely vital that* we act quickly and decisively.

6. Read through the 3 situations below and decide what is the best course of action with your partner. There are no right or wrong answers, and you may suggest more solutions than the three options given. Try to use some of the language from exercise 5.

You are the regional manager of a chain of chicken restaurants called Kalifornia Fried Chicken. You receive a frantic email from your supply chain manager telling you that he dropped the ball and miscalculated some delivery times. As a result your stores will not have any chicken for at least 2 weeks. Do you:



- Close your stores for 2 weeks with notices apologizing to your customers.
- Keep your stores open but only sell items like chips and vegetarian burgers, weathering the storm of angry chicken-lovers.
- Source chicken from local supermarkets and farms, even though they will cost four times as much, losing your company hundreds of thousands of dollars.

You are the head of IT security for a large chain of hotels. A hacker has breached your security, locking you and all other staff out of even your most basic systems. The hotels are unable to use the reservation making system, and are unable to even check new guests in. The hacker is holding your systems ransom, saying they will unlock them for the small price of 5 million dollars. Do you:



- Pay the hacker and update your security afterwards.
- Hire several other hackers to see if they can locate and identify the perpetrator.
- Completely overhaul all of your I.T systems, deleting your old systems and starting again.

You are the CFO at a struggling investment firm. One of your accountants was doing an audit of your company's tax declarations over the last 20 years and discovered a massive discrepancy in how much you earned in 2009 and how much you declared. Your company essentially evaded 5 million in taxes and somehow nobody has noticed until now. If your company has to pay the 5 million it will go bankrupt, and many people will lose their jobs. However, if the authorities discover this, it could be considered tax fraud. Do you:



- Immediately contact the tax office and inform them of the error.
- Find out how the mistake was made so you can get your tax advisors to make the same "mistake" on this year's tax declaration.
- Try to sweep it under the rug, it was more than a decade ago, and your company cannot afford to pay 5 million right now.



7. Christopher has just had the meeting with the board of directors and is talking to Lila again. Listen to [the audio](#) and answer the questions.

- a) What does Christopher think is the cause of this crisis? *The safety and testing department having their budget cut by half.*
- b) How does Lila correct Christopher's English, and how does he react? *Christopher says "crises" and Lila corrects him with "crises." Christopher is not happy with it.*
- c) What 3 departments does Christopher believe will be particularly needed in the recall? *PR, Marketing, Logistics.*
- d) What inappropriate joke did Lila make? *Christopher said "once we start the recall, we cannot stop" and Lila says "Just like our cars I guess"*
- e) Why doesn't Christopher want to start an investigation yet? *It's not a priority.*
- f) How does Christopher feel about doing the recall and why? *He is relieved because he was worried the board of directors would try to "sweep it under the rug"*
- g) Do you think Doyola is taking the right course of action? Why or why not?



8. Optional task/homework: below is a list of real-life company crises. Choose a crisis that looks interesting to you, research it, and next lesson present what you found to your class. Your presentation should contain what the crisis was, how the company reacted, and what was the outcome of the crisis.

- *Johnson and Johnson* (poisoned Tylenol).
- *Starbucks* (unionization).
- *FTX* (fraud and cryptocurrency).
- *Dell* (flamethrower laptop PR crisis).
- *Boeing* (two airplanes crash).
- *KFC* (runs out of chicken).
- *Hotel Marriot* (data breach).
- *Pepsi* (Kendall Jenner ad)

Transcript Audio 1

Christopher: Hi Lila. Thanks for meeting on such short notice.

Lila: No problem. Given the circumstances I thought I'd drop everything.

Christopher: Yeah me too. Honestly if these figures are correct then I'm pretty sure everyone will have to drop what they're doing and work on this.

Lila: What do you mean everyone?

Christopher: Everyone Lila. If these fail rates are correct then we might need to do a complete recall. We'll need our PR team working around the clock to reduce the damage in the media, we'll need every lawyer we have working on this to cover ourselves from being sued, not to mention the sheer logistics of recalling 7 million cars.

Lila: Don't you think we're getting a bit ahead of ourselves? A complete recall sounds a bit drastic don't you think? Couldn't we just... I don't know, offer all the people who bought one of these \$1000 dollars to replace their brakes?

Christopher: Absolutely not. Anyone who didn't get the brakes replaced and had an accident could still sue us for millions, but more to the point the damage to the brand would be terrible. Doyola would become a laughing stock. And besides, would you feel safe driving in a car that the car company literally had to pay you to get repaired?

Lila: I guess not.

Christopher: Did you double check the fail rate of the breaks with the Consumer Safety Bureau?

Lila: I did. They said they triple tested the brakes. 15% of the breaks suffer catastrophic failure after 10000 kilometres driven.

Christopher: That's... I mean that's insane. How did our engineering department and the Consumer Safety Bureau miss this in the testing phase??

Lila: Apparently we have such a good track record with the CSB that they didn't bother testing the brakes after 5000 kilometres.

Christopher: What? But they're supposed to test them up to 20,000 Ks! So they drop the ball and now we have to pay god knows how much to do a recall?

Lila: I don't think there is much point in playing the blame game right now. And besides, our engineering and safety departments messed up just as badly, if not more. Do you really think a complete product recall is a real possibility here?

Christopher: I don't just think it's a possibility, I think it's a likelihood.

Lila: Jesus. How much does it cost to recall 7 million cars?

Christopher: Ballpark figure? About a billion dollars.

Lila: Wow.

Christopher: But that's not even the real issue here. The cost in terms of branding, reputation, and consumer trust will be much higher.

Lila: How much?

Christopher: I have no idea! How should I ... I'm sorry, I need to stay level-headed. Look I need to meet with the board of directors and break the news to them.

Lila: Ok. Should I prepare the logistics department for a complete recall?

Christopher: Absolutely not, under no circumstances should you tell anyone else about this. At the moment this is on a need to know basis, and they don't need to know yet. Just sit tight, I'll get back to you by the end of today.

Lila: Ok. Good luck.

Christopher: Thanks. I'll need it.

Transcript Audio 2

Christopher: Ok, I just met with the board of directors. They were not happy.

Lila: I can imagine. I still don't understand how this happened.

Christopher: Neither do I, but I would guess it has something to do with the testing and safety department having their budget reduced by half last year. That was a terrible idea.

Lila: Well, hindsight is 20/20 I guess.

Christopher: Of course it is, but if you're going to cut costs, safety is not the first place you look, it's the last. They saved a couple of million dollars doing that, but they just caused one of the worst crises in the history of this company.

Lila: Crises.

Christopher: Excuse me

Lila: The plural of crisis isn't crises, it's crises.

Christopher: This is really not the time for an English lesson Lila.

Lila: Yeah.. Im sorry.

Christopher: Anyway, as I was saying, this is one of the worst...crises..we've ever had. We're going to have to drop everything a work on this for the next few months at least.

Lila: What did the board decide?

Christopher: They went for a full recall. All of the cars, full refunds for every customer, no exceptions.

Lila: Wow. Ok, what do you need from me?

Christopher: I need you to call a meeting with all the department heads. There's no point in keeping this a secret anymore, the whole company needs to go into damage control, but in particular we'll need the PR, marketing, and logistics departments working around the clock on this. But we need to plan this out carefully. Once we start the recall, we can't stop.

Lila: Just like our cars I guess.

Christopher: Really not the time for jokes Lila.

Lila: Ok, sorry... do you want me to start an investigation with the safety and engineering departments to find out how this happened?

Christopher: It's tempting but no, that's not a priority right now, we have more important things to focus on.

Lila: Are you upset we're doing a recall?

Christopher: Upset? No. In a way I'm relieved. I was worried the board of directors would try to sweep this under the rug. I'm glad we're tackling this head on. Anyway, send an urgent email to the department heads, I this meeting today, no exceptions.

Lila: Ok, I'll let you know as soon as they reply.

Christopher: Thanks.