



# Burson • Marsteller

**To:** Debra Thompson – Vice President, Burson-Marsteller

**From:** James Hong – Communications Consultant, Burson-Marsteller

**Date:** December 7, 2012

**Re:** Dow Corning Silicone Breast Implant Crisis Communication Analysis

---

## OVERVIEW

**DOW CORNING:** The Corporate Communications department at Dow Corning is a very different department than it was before current Vice President of Corporate Communications, Barie Carmichael, was hired. During this time, the department has undergone a transformation that has truly benefited the company on various levels, both internally and externally. This transformation could not have come at a better time. With the continued lawsuits and events that hassled the company, beginning in the 1990s, the Corporate Communications department has managed to evolve in a positive direction despite these crises.

**CRISIS:** After five years of litigation focusing on Dow Corning's involvement in the medical devices industry (primarily breast implants) and the medical conditions of thousands of women who received breast implants using Dow Corning Siliastic mammary implants, the company is currently faced with the question of whether or not to appear on the *Oprah Winfrey Show*.

**OUTLINE:** The following analysis lays out the progress and an evaluation of Dow Corning's Corporate Communication department in this order:

1. Timeline of events significant to the breast implant crisis
2. Assessment of the preparedness of the Corporate Communications department
3. Assessment of Dow Corning's current communication strategy
4. A recommendation to the request from the *Oprah Winfrey Show*
5. Communication strategy suggestions for the Corporate Communications department

### **TIMELINE OF EVENTS**

Below is a timeline of significant events of the breast implant crisis faced by Dow Corning.

- 1960s – *Medical devices industry (including breast implants) was an unregulated industry*
- Mid-1970s – *Food and Drug Administration subject the medical devices industry to regulation*
- 1990 – *First attack on Dow Corning on Face to Face with Connie Chung, directly associating breast implants to autoimmune disease*
- December 1991 – *San Francisco jury awards \$7.34 million verdict, the largest verdict ever in a breast implant case*
- 1992 – *FDA places a temporary moratorium on breast implants*
- April 1992 – *FDA announces ban on silicone breast implants*
- May 1993-August 1994 – *Colleen Swanson, wife of former employee, John Swanson, settles a lawsuit against Dow Corning; John Swanson retires from Dow Corning*
- May 1995 – *Dow Corning enters bankruptcy proceedings*
- September 7, 1995 – *Judge Pointer acknowledges that the original settlement was dead*

- September 1995 – *Vice President of Corporate Communication, Barie Carmichael, is presented with request for CEO, Richard Hazelton, to appear on The Oprah Winfrey Show*

## **ASSESSMENT OF DOW CORNING'S PREPAREDNESS**

*Note: Barie Carmichael, current Vice President of Corporate Communications, began her reconstruction of the Corporate Communications department the same year that the first public attack on Dow Corning occurred.*

Outlined below is an assessment of Dow Corning's preparedness to deal with the breast implant crisis, primarily within the company's Corporate Communications department.

- **Assess the risk for your organization**

Every organization must realize and understand that their company is always at risk.

Dow Corning and its management team believed that they were free from risk for the following reasons:

- The isolation of the company in Midland, Michigan
- Dow Corning was not publicly traded, thus did not have to answer to public stockholders
- Company management team was oblivious to groups working to undermine Dow Corning's breast implants (i.e. Command Trust Network)
- Lack of planning for crises. Most companies hold "brainstorming sessions," which is a collaboration of senior management, as well as members of various departments, to develop ideas about potential crises. Dow Corning's internal communication system, even among senior management, was very unorganized, making a "brainstorming session" near impossible

- **Set communication objectives for potential crises**

Because the Corporate Communications department was undergoing major change

during the course of the breast implant crisis, the focus of the department was primarily

on re-structuring to benefit the company. However, this redevelopment of the department, in turn, helped in the preparation of future crises.

Prior to the beginning of the crisis, Carmichael had divided the department into three different sections, each section headed by a member of the communications team and responsible for furthering the welfare of the company. The division was as follows:

- Carmichael oversaw the entire workings of the department and reported to an area president
- John Swanson handled internal communications
- Jan Botz was the manager of management communications
- A third manager was responsible for external communications (media and community relations)

Because the department and company were undergoing a change in functionality *during* the crisis, Dow Corning did not effectively prepare for any potential crises in the following areas:

- **Plan for centralization**
- **Assign a different team to each crisis**
- **Create a formal plan**

### **ASSESSMENT OF DOW CORNING'S COMMUNICATION STRATEGY (INTERNAL/EXTERNAL)**

Outlined below is an assessment of the efficiency of Dow Corning's internal and external communication strategies during the crisis.

#### **INTERNAL COMMUNICATION**

- With employees
  - Utilized Dow Corning's computer network for press releases, employee bulletins

- Streamlined company newsletter, “Update,” to inform employees, quickly, of what was going on in the company
- Botz set up informal employee forums with less structure for employees to interact with senior management

**RESULT:** During the breast implant crisis, the employees, headed by Dawn Bartell, worked amongst themselves to show their support for the company. Bartell, within days of the company filing for bankruptcy, collected \$2.50, voluntarily, from thousands of employees. To publicly show their support, employees signed a statement reading: “To: Dow Corning Executive Management, Your Employees Are Behind You 100%!” which was placed as an advertisement in the *Midland Daily News*.

- With senior management
  - Former CEO, Keith McKennon, changed the management system so that the Corporate Communications department reported to him directly

**RESULT:** This change in corporate structure benefitted the company in the time of the crisis because it put the Corporate Communications department in the ranks of senior management. This allowed more effective interaction among those in charge of the company.

#### EXTERNAL COMMUNICATION

- Burson-Marsteller
  - To help her department with the issues related to the breast implant crisis, Carmichael brought in Burson-Marsteller, a public relations agency

**RESULT:** The public relations consultants at Burson-Marsteller began a focus group research on the issue of the breast implants; set up a 1-800 number to handle incoming phone calls with questions; and participated in an “implant team.”

- Government relations
  - The government relations area of Dow Corning was not handled through the Corporate Communications department, but in the legal department

**RESULT:** Unlike the other areas of communications that underwent a change in structure, the government relations area remained unchanged and its potential untapped. The company continued to neglect the importance of establishing relationships in Washington, D.C. and the impact those relationships could have had when facing its litigation crisis with the breast implant controversy.

### COMMUNICATION STRATEGY – OPRAH WINFREY SHOW

Due to components outlined below, a recommendation to *not* appear on the *Oprah Winfrey Show* is suggested.

- Dow Corning has more to lose, than it does to gain compared to the other participants
  - *Oprah Winfrey Show:* Because there is competition to be the best day-time talk show, the show would benefit from Hazelton’s appearance. No CEO had ever appeared on the program before, which would bring in more viewers to the broadcast
  - *The Swansons and John Byrne:* If the conversation among the participants were to go in the favor of the Swansons and John Byrne, they would have benefited by becoming authors of a best-selling book and they accumulate royalties from this honor
  - *Dow Corning:* If Hazelton were to appear on the broadcast, the plaintiffs’ bar would find a way to influence the situation. Also, at the beginning of September, Judge Pointed acknowledged that the original settlement was dead. If the conversation were to go wrong, Dow Corning could face another crisis

### SCENARIO 1: HAZELTON GOES ON THE BROADCAST

If Dow Corning decides that Hazelton should go on the broadcast, Carmichael should:

- Prepare her team and collaborate with senior management on how the company should react to either a positive or a negative broadcast for Dow Corning
  - In case the broadcast does worsen the reputation of Dow Corning, Carmichael must set up a formal plan, which should be executed almost immediately, and communicate with employees and other entities that would be affected by a negative broadcast

#### SCENARIO 2: HAZELTON DOES NOT GO ON THE BROADCAST

If Dow Corning decides that Hazelton should *not* go on the broadcast, Carmichael should:

- Prepare a statement to be given to the media and public explaining why the company decided not to participate

#### COMMUNICATION STRATEGY – FUTURE

Outlined below is a recommended communication strategy for Dow Corning’s Corporate Communications department and senior management.

- Adequately prepare for *any* potential crisis by:
  - Assessing the risk for your organization
  - Setting communication objectives for potential crises
  - Analyzing channel choice for communicating with constituents
  - Assigning a different team to different types of crises
  - Planning for centralization within the organization on all levels
  - Creating a formal plan and ensuring that all employees are familiar with it
- Maintain an effective system of communication between:
  - Employees and senior management
  - All senior managers
  - CEO and the entire staff

- The company and all external constituents
- Establish an effective strategic communications plan that outlines:
  - The goals of the company when communicating with all constituents
  - The ongoing activities that provide counsel and tactical support to the company
  - A strategic communications calendar that maps out the efforts to further the company in all areas of development

## CONCLUSION

The impact that the breast implant controversy has on Dow Corning is substantial. However, it also brought to the attention of the company the areas that need to be addressed. In doing so, Dow Corning can strategically move forward and rebuild its organization and effectively prepare itself to not only respond to attacks, but also to protect all those that could be affected by another threat. This concludes the analysis and assessment of the Dow Corning silicon breast implant crisis.