

To: Deb Thompson, Vice President, Burson-Marsteller

From: Stephanie Strickland, Communications Consultant, Burson-Marsteller

Subject: Dow Corning Silicone Breast Implant Controversy Report

Dow Corning Corporation is a company that has been successful due to their development of the synthetic compound, silicone. The company was originally founded in 1943, as a joint enterprise between Dow Chemical and Corning. Due to Corning Glass Works' silicone technology and Dow's assembling abilities and chemical processing, the company eventually realized silicone could be used for medical procedures such as breast augmentations. Silicone was first used on airplanes during World War II and later created "Silly Putty". Dow Corning developed into a large, flourishing company with \$2.5 billion in sales, 8,300 employees, and 45,000 business customers.

It wasn't until the 1990s, that Dow Corning was faced with the "Breast Implant Controversy". The situation began after Connie Chung delivered a report declaring the severe risks that breast implants give to women. Lawsuits against the company began in 1991 for autoimmune diseases caused by silicone breast implants. The FDA examined Dow Corning's records and it was found that the company didn't have enough supporting evidence to show their implants were not affecting women's health. Therefore, silicone breast implants were banned. This controversy continued to progress when Dow Corning's internal communications employee and chief ethicist, John Swanson left the company after his wife's health suffered from what she believed to be from breast implants. Soon after his departure from the company, Swanson partnered with senior

editor of *Business Week*, John Byrne in a book regarding Dow Corning's crisis. The covered displayed the following message, "A story of personal tragedy and corporate betrayal... inside the silicone breast implant crisis." Along with all of the poor publicity Dow Corning was experiencing, there was a dramatic rise of 10,000 lawsuits against the company. In May of 1995, Dow Corning was forced to file for bankruptcy due to their failure to afford charges against the company. CEO Richard Hazelton has been asked to appear on the Oprah Winfrey Show and address the company's issue and is unsure on what is the best action to take.

Dow Corning was clearly overwhelmed with numerous issues and seemed to lack an organized preparation plan when dealing with a crisis. Before Vice President of Corporate Communications Barie Carmichael started working with the company, there was a poor system of communication since messages were exchanged by chemical engineers. When Carmichael arrived to the company and sought to improve its internal communications, her office was located a building away from senior management, making it difficult to converse with one another. Dow Corning mostly enforced corporate communication by sending out company magazines that were rarely on time, press releases after stories had been published in newspapers, and holding management forums with minimum employee attendance. The company also lacked a strong external communications program. Unlike most companies, they did not understand the need to communicate with influential external constituencies such as public stockholders and the government. Not to mention, they were unaware of what groups were attacking Dow Corning with the allegations concerning breast implants.

Although Dow Corning's showed they had inadequate preparedness with the crisis, they did have some strengths that made handling this issue much easier. During the 1970s and 80s, Dow Corning was recognized for their corporate ethics program and Business Conduct Committee. The committee administered ethics audits for businesses and received much appraisal. The code of ethics discussed the need for the company and its employees to accept responsibility with one another. The committee conducted face-to-face gatherings with executives to tackle important issues that would hurt the company. Carmichael made huge efforts in improving communication with employees by operating the Dow Corning's computer network for press releases and employee bulletins. Company newsletters were updated regularly to educate employees on the company's latest news in a fast and efficient way. Informal employee meetings were established to give employees the chance to communicate and discuss plans with senior management. After the breast implant controversy came to surface, Carmichael hired public relations experts from Burson-Marsteller to help resolve this situation. These experts performed focus group research on the crisis, created a number to call for questions, and started an "implant team". The company benefitted by making Keith McKennon Chairman of Dow Corning and having corporate communication reported directly to him. This made resolving the expanding crisis more manageable.

When the Dow Corning was faced with the "Breast Implant Controversy", the company did not react as quickly and effectively as they should have. The conflict arose from Connie Chung's broadcast report followed by topic discussion on the Jenny Jones show. FDA chairman, David Kessler was instructed to examine the company's

documents and found that they were very misleading. The company should have addressed the public as soon as the conflict was introduced. Even if management did not know full details of the issue, some information would have been beneficial for the company's credibility. When discussion of releasing a book on Dow Corning occurred, Carmichael decided not to interview, which took away the opportunity to tell their side of the story. The company also lacked communication with their key stakeholders. As stated before, 45,000 business customers purchased Dow Corning's products and the company never reached out to those organizations, which not only affected them financially but also their image.

As the communications consultant for Burson-Marsteller, I advise CEO Hazelton to go on the Oprah Winfrey show. The Dow Corning Company has not officially addressed the situation publicly, and by doing so would show constituencies their point of view and how they are doing whatever they can to bring this crisis to an end. A communication strategy is listed below for Barie Carmichael to follow as he prepares Hazelton for his appearance in the talk show.

1. Form a crisis management team of five experienced department members.
2. Review broadcasted reports on the controversy and additional claims against the company to define the problem.
3. Research the Oprah Winfrey Show and have Hazelton become familiar with the talk show and its host.
4. Conduct a dress rehearsal and interview the CEO as if he is actually on the show.

5. Have key ideas stated, which would be to first address the situation, state the company's side of the story, and ensure the public that serious steps are being taken to put an end to this crisis.

Having the CEO of Dow Corning appear on the Oprah Winfrey Show will give the company the chance to state their perspective of the issue. It makes the company look more credible by actually facing the situation and showing constituencies action is being taken. Unfortunately, the company avoided any interview from several media outlets when the issue first surfaced and that may have hurt the company's image. However, it is best to address it at some point rather than not at all, so appearing on Oprah will help the company. Crises may occur at any time regardless of the organization. Therefore, Dow Corning needs to be prepared with a crisis communication plan.

1. Have the crisis management team meet and brainstorm all types of crises that may occur with the organization.
2. Decide what constituencies will be most affected and determine the order of who to address first and how they will communicate with them.
3. Make communication accessible with the media, customers, and employees.
4. Create a formal plan to give to department managers on what to do in certain crises.
5. Train managers and employees on handling particular situations.
6. Always anticipate future crises while remaining devoted to the company

If those steps were used when the “Breast Implant Controversy” happened, Dow Corning could have managed the situation in a more organized and responsible way. It would have also received better support from the media and their customers. Following this plan from now on will be beneficial for the company and help prevent future damage due to crises.