2006

A case study of Ketchum crisis communications : in the age of transparency

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A CASE STUDY OF KETCHUM CRISIS COMMUNICATIONS:

IN THE AGE OF TRANSPARENCY

A Thesis

Presented to

The Faculty of the School of Journalism and Mass Communications

San Jose State University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

by

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May 2006

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ABSTRACT

A CASE STUDY OF KETCHUM CRISIS COMMUNICATIONS:
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by Irina L. Efremova

This is a case study of a crisis that Ketchum, one of the leading public relations firms, went through in 2005. Ketchum faced extensive criticism for its contract payment to a well-known commentator, Armstrong Williams, for promoting a government program without prescribing any disclosure responsibilities. The case became a push for the public relations industry to revise its standards and provide additional education about disclosure ethics. Ketchum's crisis communications were analyzed with the help of interviews with communications professionals and media coverage of the case.

The study results reinstated many of the theoretical recommendations about the effectiveness of apology for organizations at fault, and demonstrated the damaging effect of shifting the blame, denial of responsibility, and silence for those organizations. The study also underlined the necessity of using the full potential of online resources, including the new media, as an expression of an organization's transparency in a crisis.

ACKNOWLEDGEMENT

I would like to thank my advisors, Dr. Kathleen Martinelli, Dr. Dennis Wilcox, and Dr. William Briggs, for their patient assistance in preparing this thesis. I particularly appreciate Dr. Martinelli's agreement to become the primary advisor for this thesis after my original first advisor had to leave the university due to a family emergency, her careful and attentive editing, and several important interviewee recommendations. A special thanks must go to Dr. Wilcox for pointing out and connecting me with some leading industry professionals whom I later interviewed for the study.

Dr. William Tillinghast deserves recognition for his help in creating the thesis proposal and formatting it for faculty approval. I would also like to thank Dr. Diana Stover for laying the groundwork for the thesis and outlining the importance of early topic choice and concentration on it.

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CHAPTER I

Study Background

A day does not go by without a report about some company's crisis. It used to be that due to the lack of space in the newspapers and time on the radio and TV, the publicized events were larger disasters with victims and national impact. The development of the Internet has provided the whole new field for additional information about smaller events that do not make it to the news pages, such as, ethical controversies resulting in reputation crises. They may have no physical victims and may not capture the attention of the whole nation, but they do hurt companies in a long-term perspective and require considerable resources, strategic communications, and restorative work.

Effective communication is essential in any crisis for maintaining a positive relationship with key publics, protecting reputation, and minimizing the damage. The consequences of the crisis heavily depend on the organization's timely reaction and communication efforts. Keeping that in mind, organizations have to choose among response strategies relevant to their crisis and the degree of its threat. Some strategies may be effective only in certain circumstances, and some may unexpectedly cause even more reputation damage.

Numerous studies have outlined recommendations and guidelines for crisis behavior and types of messages organizations should use to meet public expectations during various crisis situations. It seems that it is only logical for public relations experts to base their crisis management strategies on the integration of these recommendations in their efforts to preserve a good reputation.

That is why the researcher expressed interest in a situation that started in 2005 for Ketchum, one of America's 10 largest public relations firms. Ketchum faced extensive mainstream media and bloggers' criticism for its payment to a well-known commentator, Armstrong Williams, on behalf of the Department of Education (DOE) for promoting its No Child Left Behind Program (NCLB). Armstrong Williams spoke in favor of the program without publicly disclosing this sponsorship.

The contract payment stirred public attention after the revelation in a *USA Today* article and was questioned on its legality due to congress prohibition of propaganda "or any sort of lobbying for programs funded by the government" (Toppo, 2005). As stated in *The New York Times*, the article in *USA Today* "intensified a debate over the prevalence of political opinion masked as editorial content in the paid public communications of the Bush administration" (Elliott, 2005).

In addition to the named political reasons for the debate, the public relations industry saw a problem in the contract from its perspective. The involvement of the prominent public relations firm in the contract that lacked disclosure of a paid endorsement raised discussions about violations of industry ethics codes. The codes clearly state that professional standards require open communications and disclosure of "sponsors or financial interests" (Phair as cited in Elliott, 2005).

For example, the Public Relations Society of America (PRSA) Member Statement of Professional Values includes serving "public interest" and creating "informed public debate" (PRSA Member Code of Ethics, n.d.). Signing a contract that does not require disclosure on the part of the prominent commentator and journalist who endorses government programs certainly does not help to create this debate and serve public interest. This is why many industry professionals thought

Ketchum's involvement in the controversial contract was unethical and its revelation damaged the image of the public relations industry.

Ketchum experienced intense pressure for immediate explanations of its side of the story, but made some strategic choices that surprised many public relations professionals because of their departure from traditional crisis communications research recommendations. This reputable worldwide public relations firm, the recipient of many national awards for its client work, has been in the field since 1923, and lists a crisis communications practice as one of its specialties.

This study investigated the firm's actions and communications after the revelation of the controversial contract with Williams that stirred discussion in the media and the public relations industry about government propaganda and ethical public relations. The study analyzed this particular crisis management case, examining the differences and similarities between crisis communications research recommendations and Ketchum's strategic choices.

The researcher evaluated the effectiveness of Ketchum's response to either challenge or reinstate recommendations found in the literature. The new-media age dictates additional expectations in crisis communications, and the study took that particular factor into consideration. A thorough review of organizational crisis and crisis management literature provided definitions and recommendations, as well as established the theoretical framework for the study.

Literature Review

Organizational Crisis and Crisis Management Defined

Many researchers (Pauchant & Mitroff, 1992; Fishman, 1999) emphasized the fact that the concept of crisis is very often overused and imprecisely interpreted. It actually became a synonym for many other words, such as accident, conflict, disaster, production failure, etc.

The definition of crisis several authors (Fishman, 1999; Coombs, 1999b) use is a situation characterized by (1) surprise (2) a high threat to important values, and (3) requiring a short decision time (Barton, 1993, p. 50). Fern-Banks (1996) viewed a crisis as "a major occurrence with a potentially negative outcome affecting an organization, company, or industry, as well as its publics, products, or good name" (p. 1). And Fink (1986) defined a crisis as an "unstable time or state of affairs in which a decisive change is impending" (p. 15).

Fishman (1999) pointed out five elements that are common in most definitions of a crisis situation:

1. Unpredictability – even those crises that could have been more or less expected may have consequences of unexpected scope and severity;
2. Threat to the values of an individual or an organization, as opposed to smaller accidents that bring only financial or other damage;
3. Minor role of the initial intentions of those experiencing a crisis in the overall situation analysis;
4. Time pressure -- the urgency of the matter does not leave time to prepare the response;
5. Simultaneous involvement in the multi-dimensional set of relationships with key publics (stakeholders, press, regulatory agencies, public watchdog organizations, etc.).

Crisis management is defined as "planning for a crisis" and "the art of removing much of the risk and uncertainty to achieve more control over your own destiny" (Fink, 1986, p. 15). According to Coombs (1999b), crisis management is also a set of factors "designed to combat crises and lessen the actual damage inflicted by the crisis" (p. 4). Pearson and Clair (1998) considered crisis management to be effective when there is evidence of the fact that "potential crises are averted or when key stakeholders believe that the success outcomes of short- and long-range impacts of crises outweigh the failure outcomes" (Definitions section, para. 9).

Crisis Communication Theories

Several general theoretical frameworks have been adapted to explain a crisis situation. Seeger, et al. (2003) noted that these theories emphasized such crisis elements as "uncertainty, the novelty of the situation, and the potential threat to established routines and order" (p. 21). According to Seeger, et al. (2003), crisis theories try to reveal and explain the understanding of risk factors associated with the concept of crisis, organizations' response to these factors, and the impact of crises on the key publics and stakeholders. The researcher chose four theories as the most relevant for basing the future case study on: Stage Theory, Image Restoration Discourse, Situational Theory, and Contingency Theory.

Stage theory. Steven Fink (1986) proposed a four-stage pattern for a crisis communication event. He gave the first stage the name of "**the prodromal phase**," which he derived "from the Greek term for 'running before' and meaning the 'warning signs'" (p. 7). According to Fink (1986), companies (or individuals) that know how to recognize and manage these warning signs and issues before they lead to more serious consequences of the next crisis stage, have a potential of even profiting during a crisis. Others that are not prepared usually suffer a lot more and often fail to manage the crisis well.

The acute crisis stage follows the prodromes and in many ways could be "the point of no return" (Fink, 1986, p. 22). It comes after the end of all warnings and the lost ground can almost never be regained. During this stage the amount of additional damage still depends on the organization (individual).

Fink (1986) stated that the key to successful management of this crisis stage was to have maximum control of the situation. If it is not possible to control the actual crisis, then it is important to "see if you can exert some degree of influence over where, how, and when the crisis erupts" (Fink, 1986, p. 23). According to Fink (1986), the acute crisis phase usually involves public and media attention to the problem, distraction for the normal business activities, effect on image and reputation of the organization (or individual), and the financial well-being of the organization.

The chronic crisis stage is the time for corrective and clean-up actions, and time to recover, analyze, and heal. "With good crisis management skills, it also may become a time for congratulations and for plaudits and for testimonials," or for some it will be "a time for financial upheaval, management shake-ups, hostile takeover attempts, or bankruptcy" (Fink, 1986, p. 24).

The crisis resolution stage is the final stage and is the crisis management goal during the previous three stages. It is important that during the chronic and the resolution stages, skillful managers use this time for future management planning, analyzing the right and wrong steps, and other possible solutions. Such planning is necessary, because Fink (1986) emphasized the cyclical nature of crises, as well as the fact that they usually come in pairs or even bunches. He noted that "a crisis sufferer almost never has the luxury of dealing exclusively with one crisis at a time" (Fink, 1986, p. 27).

Imager restoration discourse. Fishman (1999) considered William L. Benoit to be "the most influential theorist in developing a 'strategies' model to utilize in crisis communication research" (Theory-building section, para. 8). Benoit (1997) emphasized the importance of image to organizations, as well as individuals. He considered image to be "a single impression shared by an audience" and "a central concept to the field of public relations" (Benoit, 1997, Introduction section, para. 1).

According to his theory of image restoration, firms (or individuals) may take preventive and restorative approaches to image problems, which are to be used "in developing and understanding messages that respond to corporate image crises" (Benoit, 1997, Introduction section, para. 1). Benoit (1997) analyzed the nature of attacks or complaints that stimulate a corporate crisis as the key to understanding image repair strategies. The analysis found that, unless the company was believed to be responsible for something, it was unreasonable for the public to form an unfavorable impression about this company.

Benoit (1997) stated that perceptions were more important than reality. "The important point is not whether the business in fact is responsible for the offensive act, but whether the firm is thought to be responsible for it by the relevant audience" (Benoit, 1997, The theory section, para. 3). Benoit suggested that the image of a firm should be considered at risk if the audience thought the firm to be at fault and its acts to be heinous.

In a crisis situation, Benoit (1997) proposed that the communicator identify the most important audience or prioritize important audiences to address. His theory of image restoration focuses on message options, rather than describing the kinds of situations like case studies or outlining the crisis stages. Benoit's (1997) theory offers five categories of image repair strategies: (1) denial; (2) evasion of responsibility; (3) reducing offensiveness; (4) corrective action; and (5) mortification, a strategic way of image restoration by asking forgiveness.

1. Using the first strategy of denial, a firm may state that the act neither occurred nor was harmful to anyone. There is also the possibility of shifting the blame, arguing that someone else is responsible for the offensive act.
2. To evade responsibility, the firm can say that the act was a reaction to a provocation, a response to someone's act. The firm can also state that the lack of information caused this action or it happened accidentally and, therefore, the firm should be held less accountable. The other claim could be the firm's good intentions for the offensive behavior.
3. Reducing offensiveness is presented as the strategy with six versions: emphasizing the past positive acts of the firm or its present positive characteristics (bolstering); minimizing the negative feelings associated with the wrongful act; differentiation of the act from other similar but more offensive actions; transcendence (placing the act in a more favorable context); attacking accusers; and compensation.
4. Corrective Action is a strategy used by companies that promise to correct the problem and propose a future policy or another way to do so.
5. Mortification is the strategy that involves confession and asking for forgiveness, reducing the negative impacts on the image.

Benoit (1997) also noted that for the image restoration theory to demonstrate its effectiveness, "a company at fault should probably admit this immediately," and that "apart from the fact that this is morally the correct thing to do, attempting to deny true accusations can backfire" (Benoit, 1997, Suggestions section, para. 2). He stated that the credibility of the organization that falsely denied responsibility would be damaged even more substantially when the truth emerged. Benoit (1997) also proposed that sometimes the most effective strategy was to combine several named approaches. The important notion is also the limited nature of persuasion effects that may lead to the ineffectiveness of any kind of response.

Situational theory. The Ketchum crisis that the researcher explored in this study is still in one of its final stages. Public relations practitioners and the trade press continue to occasionally discuss Ketchum's involvement in promoting government propaganda. The discussions most often include not only the Armstrong Williams contract, but also Ketchum's previous involvement in the production and placement of the governmental VNR for the Medicare program.

That VNR was seen as a deceptive practice by the mainstream media and stirred attention earlier in 2004. To be able to analyze the influence of the previous similar action that received public disapproval and criticism on the scope of the current crisis, the researcher will also consider Situational Crisis Communication Theory (SCCT).

SCCT suggests that past crises, existing in the history of an organization, add to the threat of the current crisis, if the latter is a result of organization's intentional acts (Coombs, 2004). Keeping this argument in mind, crisis managers should consider past crises and public knowledge about them as additional threats that complicate the current crisis management process.

According to Coombs (2004), communication had to be adjusted to account for possible past crises of which relevant publics were aware in order to protect an organization's reputation. Coombs stated that as a "reputation threat increases, the crisis manager should use response strategies that demonstrate acceptance of responsibility for the crisis and that address victim concerns" (Coombs, 1995; Coombs & Holladay, 2002). A history of crises is posited to be a critical factor in the determination of the reputation threat (Coombs & Holladay, 2002).

Contingency theory. One of the questions for the Ketchum case study concerns possible reasons for the certain choice of response and crisis management strategies used by the agency. There could be a number of factors influencing decisions in the crisis situation, and contingency theory helps to explain the complexity of that choice.

Contingency theory states that one cannot base any conclusions on the norms of public relations practice, as it is far too complex to suggest that there is a single norm for actions. It is an alternative to the normative theory of excellence in public relations. The theory argues that many factors influence "the degree of accommodation undertaken by public relations practitioners" and identifies 87 variables that are considered while implementing public relations activities in organizations (Cameron, et al., 1997, Headnote section, para. 1).

The public relations practitioners' actions very often depend on the organizational structure and internal environment, business profit considerations, support from top management, and external threats. All these variables will influence the likeness of the organization or individual to accommodate external publics and their comments. Therefore, it is important to take these factors into account while analyzing Ketchum's crisis behavior.

Theoretical Findings and Recommendations

There are many important case and test studies based on the four theories mentioned above; researchers have tested theoretical assumptions and documented a number of findings and recommendations regarding organizational crisis communications. For example, researchers suggested that communications teams should undertake certain actions throughout various crisis stages, further developing the stage theory. Some studies go along with the image restoration theory and analyze the effectiveness of particular response strategies and give recommendations in terms of their use.

Several experimental studies that test the situational theory and provide recommendations for crisis communications in the new-media environment also had to be considered for the Ketchum case study. The new-media environment generated additional stories and discussions of the Ketchum case on the web, as well as certain expectations in terms of response to these discussions. That is why it is necessary to consider research recommendations in terms of crisis communications in the new-media environment and Internet use. Case and test study findings and recommendations were used for the analysis of the decision-making process and response strategies in the Ketchum case.

According to Coombs (1999a), many discussions of crisis responses are heavily descriptive, offering advice about what crisis managers should do, but rarely providing verifiable support for the recommendations. Many lessons are derived from one or more case studies, but often rely on untested assumptions. "It is by testing our assumptions that public relations and crisis management becomes a stronger social science" (Coombs, 1999a, Introduction section, para. 3).

Findings in support of the stage theory. Many researchers (Gonzalez-Herrero & Pratt, 1995; Caponigro, 1998; Meyers & Holusha, 1986) focused on the four crisis stages described in Fink's (1986) stage theory and gave particular advice on management behavior during each stage. For example, there is special emphasis on the fact that **the prodromal phase** still offers the possibility of avoiding future crises if the problems are proactively taken care of. Schwartz (2000) provided a vivid description of the warning signs that almost every crisis had: "You can see it coming, and somebody in the company is talking about it. It is in the press. It is being perceived, but the signals are suppressed because there are more important, more urgent things to be dealt with" (The phases section, para. 1).

Early issues management is the general prescription for crisis management, as undertaking proactive measures and preventive steps is seen as a means to avert the crisis, to minimize its impact, or to accelerate the recovery process (Coombs, 1999b; Witt & Morgan, 2002; Meyers & Holusha, 1986; Caponigro, 1998; Gonzalez-Herrero & Pratt, 1995). Gonzalez-Herrero & Pratt (1995) proposed the necessary activities for issues management teams. To prevent possible crises, the teams should be: scanning the environment, looking for public trends (or single issues) that may affect it in the near future, collecting data on potentially troublesome issues, and evaluating and developing a communications strategy for preventing an occurrence of a crisis or redirecting its course. Coombs (1999b) listed possible sources for scanning: online and printed, newsletters of professional associations, people, and others.

On the whole, the majority of researchers (Pauchant & Mitroff, 1992; Witt & Morgan, 2002; Coombs, 1999b) emphasized the role of preparation for the crisis and the crisis management plan (CMP) for various crisis types. It is possible to distinguish types of crises that an organization may happen to be involved with (Fern-Banks, 1996). However, developing a CMP for every possible crisis type is not necessary.

Crisis communication specialists agree on the great importance of preparing a general guidance or a policy or a CMP that includes: contingency plans; designation of the potential crisis-management team members; spokespeople and media relations company representatives; directories of employees to contact on various matters; the message, target, and key media outlets that would be used in implementing the crisis-communications plan (Gonzalez-Herrero & Pratt, 1995; Coombs, 1999b; Fern-Banks, 1996). Fern-Banks (1996) provided detailed instructions on creating an organization's CMP, describing everything from the title page to equipment and supplies that may be needed in times of crises.

The recommendation for ongoing public relations efforts can be found in many crisis communication models (Horsley & Barker, 2002; Caponigro, 1998; Fearn-Banks, 1996). According to Horsley & Barker (2002), the most effective crisis communication plans should be started long before any warning signals appear. That means continuous public relations work on image building, constructing relationships with the media, paying constant attention to public, and testing the communication system. Good relationships with media and publics will help companies get their messages covered during the crisis and appear more credible, as well as serve organizations effectively later during the recovery stage.

Research conducted by Marra (1998) complemented this recommendation, discussing the vital role of matching the corporate daily communication culture with crisis behavior, because without this consistency any CMP becomes insignificant.

Marra (1998) noted the importance of such factors as public relations department autonomy in the organization, reporting to the chief executive and having the authority and resources to act decisively. The two-way communication model must be valued and practiced in the organization, matching CMP strategies with day-to-day communication, and core ethical values guiding the whole decision process.

The acute crisis stage means that "at this point, the company might have lost all proactive initiatives. Should a crisis-response plan not exist or should the situation have been mishandled, the organization's response will have to be limited to reacting to the events and to using contingency measures that may reduce any damage" (Gonzalez-Herrero & Pratt, 1995, A four-phase model section, phase 3, para. 1).

Fink (1986) suggested the following steps to be undertaken at this point: identifying the crisis, determining whether anything can be done about it, isolating the crisis, and starting the crisis management process. Fink (1986) identified a crisis as a "fluid" process, therefore, requiring "a similarly fluid decision-making process" (p. 85). The author also prescribed several ways to control the message and handle the hostile press that correspond with the proven effective response strategies: responding immediately, being honest, providing information, being proactive, and demonstrating compassion.

Caponigro (1998) added to these tips, providing advice on communication during a crisis. He recommended communicating only a small number of core messages. According to him, all the bad news should be communicated at one time, and the connection with employees has to be established. Caponigro (1998) advised thinking about ways to obtain feedback and input from the publics, and non-stop communication with the publics. The author also emphasized the necessity of monitoring all these communicating methods through hotlines, media coverage, and focus groups for defining the success of the chosen strategies and changing them if necessary.

Researchers (Gonzalez-Herrero & Pratt, 1995; Fink, 1986; Coombs, 1999b) proposed important steps for **the chronic stage.** The company at this stage should be: evaluating its own response to the crisis; communicating that the actions are being taken to solve the problem; obtaining third-party support from an expert; and implementing an internal communications program.

Although the **resolution stage** is the final crisis stage, Gonzalez-Herrero & Pratt (1995) emphasized that the crisis communications team still had some continuous work to do: continue to pay attention to its multiple publics; continue to monitor the issue until its intensity is reduced; continue to inform the media of its actions if necessary; and evaluate how the crisis plan, if one existed, worked and how management and employees responded to the situation. The feedback should be incorporated into the crisis plan in order to improve it and prevent future crises, and a long-term communications strategy should be developed to reduce the damages caused by the crisis. According to Horsley & Barker (2002), "an organization can create additional media opportunities by providing follow-up stories and progress reports and thus handle a negative situation in a positive way" (A Synthesis of crisis communication section, para. 7).

Recommendations within the image restoration discourse. "Nature abhors a vacuum. Any information void will be filled somehow and by someone" (Coombs, 1999b, p. 115). Once a crisis begins, what the organization says and does, and its response to the crisis, can have a significant effect on the success of the overall crisis management effort (Benoit, 1997). There are a number of studies that demonstrate the effects of various strategies on the public; however, researchers are still beginning their exploration of the dynamics of the crisis response process (Benoit, 1995, 1997; Coombs & Holladay, 1996).

Coombs and Holladay (2002) proposed steps for choosing the most effective response strategy in a crisis situation:

1. Identify the crisis type, evaluating attributions of the ability to control the event and crisis responsibility (how big is the company's fault in the occurred situation). For crisis types there are a number of typologies in the existing literature (Fern-Banks, 1996; Coombs, 1999b; Pauchant & Mitroff, 1992) that name the most frequent types of crises, such as acquisition, fire, lawsuits, product failure, and workplace violence.
2. Select a crisis response strategy that is appropriate for the amount of potential reputational damage this type of crisis can cause. "The stronger the potential reputational damage, the more the crisis response strategy must try to accommodate the victim or victims, that is, those adversely affected by the crisis" (Coombs & Holladay, 2002, SCCT constructs section, para. 3).

The possible response strategies to choose from are very precisely classified by Benoit (1997). Other researchers (Coombs & Holladay, 2002) offer their own lists. However, defining a crisis type is not enough to make the right choice of strategies.

The reviewed literature includes several case and test studies that focused on particular response strategies. Such strategies as denial, shifting of blame, accepting responsibility, apology, corrective action, and silence are of great interest for the present case study, because they were used by Ketchum in its crisis communications at one time or another. It is important to use these conclusions and practical recommendations in the Ketchum case analysis.

The studies emphasized that responding to a crisis is absolutely necessary, as well as choosing effective response strategies. Coombs (1999b) created a continuum for matching crises types with corresponding communication strategies. According to the scheme, the weakest crisis responsibility situation (rumor) matched the defensive strategy (attacking the accuser) and was located on the opposite side of the continuum from the strongest crisis responsibility situation (misdeed) and its matching accommodative strategy of full apology. To select an effective crisis communication strategy, Coombs (1999b) recommended "to move more toward accommodative strategies as perceptions of crisis responsibility intensify" (p. 127).

Accepting responsibility for a company at fault is recommended as a logical thing to do in order to avoid additional criticism. Sellnow, et al. (1998) mentioned several cases as examples of unsuccessful and, in contrast with that, effective crisis management. The researchers described the reputation damage companies experienced when they failed to accept responsibility for their actions or delayed this acceptance. In contrast, taking responsibility and offering voluntary corrective actions provided positive effects.

The negative cases described were Dow Corning's breast implant crisis and Sears' crisis after overcharging its auto repair customers. "For both Dow Corning and Sears, an unwillingness to accept responsibility or to engage in significant corrective action during critical periods of their crises served to intensify the damage done to their public images" (Sellnow, et al., 1998, Introduction section, para. 3).

The positive cases were Schwan's actions when the company's ice cream products were discovered to be contaminated with bacteria and Union Carbide's participation in the Bhopal tragedy. Schwan implemented a series of corrective actions, including voluntary product recall, opening a repasterization plant and other activities. Union Carbide voluntarily donated 10 million rupees to a relief fund for Bhopal tragedy victims long before a legal investigation required the company to do so. The authors (Sellnow, et al., 1998) noted that, although correction was the dominant strategy used to restore the image of Schwan's, it also enabled the company "to bolster its image, compensate victims, express mortification to all customers, and deny sole responsibility for the crisis" (Implications section, para. 9).

Many case studies (Sellnow, et al., 1998; Brinson & Benoit, 1999; Coombs & Schmidt, 2000) emphasized the role of **corrective action** in solving the crisis dilemma, as well as taking responsibility in situations where the company was at fault. Benoit (1997) advised to consider the importance of reporting "plans to correct and/or prevent recurrence of the problem. While people frequently want to know whom to blame, it is more reassuring to know that steps have been taken to eliminate or avoid future problems" (Suggestions section, para. 6).

Brinson & Benoit (1999) noted that the effectiveness of corrective action can be supplemented by mortification as in Texaco's crisis, when the company experienced negative publicity and legal claims as the result of evidence of racial discrimination on the part of Texaco's executives. Texaco was willing to settle the lawsuit and did so successfully, along with using discourse to repair its damaged reputation.

"Synthesized into a single message, Bijur's and Texaco's fundamental approach to the attacks of racism was the following: We are a terrific company (bolstering), we will not tolerate discrimination in the future (corrective action), we are sorry (mortification), and any wrongdoing was performed by a few 'bad apples' (shifting blame). These strategies along with Texaco's decision to settle the discrimination litigation were very effective in quelling both media attention and public condemnation of the company" (Brinson & Benoit, 1999, Evaluation section, para. 1).

As for **mortification**, the liability factor complicates the decision of accepting the blame. According to Tyler (1997), the present legal system discourages apologies; therefore, it is necessary for crisis communication theorists "to research how executives can best communicate about crises in which their companies are implicated" (Headnote section, para. 1).

Sellnow, et al. (1998) noted that "even in a case where management is confident of its responsibility for a crisis, the legal complexities of the situation may foster vacillation and reluctance by management in its crisis response" (Introduction section, para. 1). However, various studies (Benoit, 1995; Hearit, 1996; Coombs, 1999b) demonstrate that if an organization admits its responsibility rather quickly and is willing to undertake corrective action, it has an advantage later on to repair its reputation damage and rebuild its legitimacy.

Tyler (1997) noted that in many situations companies are confronted with the difficult decision of whether to apologize; "apologizing incurs legal liability; not apologizing incurs public anger and disgust" (Internal social context section, para. 11). Besides, it is just difficult for businesses to admit their failures. That is when they go for "an equivocal or ambiguous apology that leaves the unsatisfied public demanding a more felicitous apology, a demand that frequently results in defensive communication on the part of corporate executives" (Tyler, 1997, Introduction section, para. 4). The equivocal communication is, as Tyler noted, "best known as doublespeak and can be characterized by evasive language and inconsistent statements (Equivocal communication section, para. 1).

Tyler (1997) provided a number of examples when such communication brought additional harm to corporate communication, proving that in many cases a full apology should be encouraged. The author noted that further research is certainly needed to maybe to create "ethical guidelines for equivocation strategies so that managers can learn when equivocation is appropriate" and use that strategy in the right way, without turning it into inappropriate defensiveness and attitude of arrogance (Tyler, 1997, Ethical implications section, para. 8).

Coombs and Schmidt (2000) also acknowledged that mortification required the organization to accept responsibility for the crisis, opening itself for liability in lawsuits. The results of their study of Texaco's case suggested that very often "the same social benefits of mortification can be achieved through using the bolstering or corrective action strategies, two strategies that do not carry such a heavy liability load.

"Even in a transgression crisis, at least one not involving loss of life, an organization does not have to default to the financially expensive mortification option" (Coombs & Schmidt, 2000, Implications section, para. 6). Nevertheless, the authors stated the need for more research to ascertain what specific crisis situations would benefit from the use of mortification. All the above strategies describe some active participation on the part of the company. However, there is one strategy that does not require any particular action and is criticized by many researchers for its passive nature.

Coombs (1999b) considered **silence** to be a very passive response that reflected uncertainty of the organization and led to a perception that the organization was not in control. Other researchers (Gonzalez-Herrero & Pratt, 1995) underlined that it was okay to have an incomplete story and provide the information later when it was available, but it was not okay to make no-comment statements, creating the impression of being guilty or hiding something.

Bradford and Garrett (1995) conducted an experimental study that compared and investigated the effectiveness of five different corporate responses to a crisis: silence, denial, excuse, reducing offensiveness by arguing that the severity of the event is less than publicized, and acceptance of responsibility for the event. These responses were analyzed under four sets of prevailing conditions, dealing with the ability of the company to provide the evidence of not committing the action or to have control over the event.

The data of the study clearly indicated "that if corporate executives do not respond, third party observers' perceptions of a corporation's image are negatively impacted by accusations of unethical organizational behavior" (Bradford & Garrett, 1995, Discussion section, para. 2). According to Bradford & Garrett (1995), "if executives remain silent, our study reveals that third party observers are likely to process the accusers' negative information and lower their perceived image of the accused corporation" and they "must not only respond, but must also select an appropriate communicative response if they hope to protect their organization's image" (Discussion section, para. 2). The researchers also found acceptance of responsibility to be the optimal communication strategy.

An important factor for consideration is the public expectation of the company's responses. Experimental research has found little success when crisis managers offered information that contradicted expected responses (e.g., Bradford & Garrett, 1995; Coombs & Holladay, 1996; Hearit, 1996). Coombs (2004) noted that "fighting the attributions of crisis responsibility can result in a self-serving and ultimately self-defeating victory. The organization may defend its interpretation of the crisis, but such an interpretation is unlikely to have much appeal with its nonvictims, resulting in the further erosion of the organization's reputation" (Practical implications section, para. 5). The recommendation is then that an organization is served better by accepting and working within the constraints of crisis responsibility attributions.

Coombs (2004) noted that crisis managers "always have the option of trying to fight stakeholder attributions, using crisis response strategies in an effort to alter attributions of crisis responsibility" (Practical implications section, para. 5). The example would be maintaining the current accident was simply an accident (i.e., excuse crisis response strategy). However, Coombs (2004) noted that such an approach could be risky because people would expect responses that fit the demands of the situation.

In addition to these studies, Dean (2004) investigated a set of three factors that were not previously explored together and could affect consumer reaction to negative publicity: company response to the event, company reputation for social responsibility prior to the event, and company responsibility for the event. One of the study's findings goes along with results received by other researchers (Bradford & Garrett, 1995; Dean, 2004), namely that "firms responding to the crisis with fairness and compassion for those affected were more highly regarded than firms whose response lacked these elements and attempted to shift the blame for the tragedy" (Dean, 2004, Managerial implications section, para. 1).

This result emphasizes once again the importance of choosing the right type of response for the company's image, supporting Benoit's (1997) conclusions about influence of response strategies on the image, as well as the necessity to take responsibility for the wrong actions. The findings of the study conducted by Dean (2004) "suggest a difference in effectiveness among image restoration strategies," and also discuss effective and ineffective combinations of strategies (Managerial implications section, para. 1).

The author stated that "the inappropriate response" was found to be a combination of two response strategies defined by Benoit (1997): denial in the form of blame shifting and reduction of offensiveness in the form of bolstering. In contrast, "the appropriate response" was a combination of corrective action and reduction of offensiveness in the form of compensation. The study demonstrated a higher regard for those companies that responded "appropriately" (Dean, 2004).

In most cases companies applied a combination of strategies and it was important to do so in order to achieve the desired effect. Ihlen (2002) discussed in his analysis of the Mercedes A-class crisis how public relations managers can combine, and, if necessary, change crisis response strategies. Negative public reaction to the initial strategy, proof of its ineffectiveness, and media coverage can stimulate this change throughout crisis management process. Nevertheless, Ihlen (2002) agreed with Coombs (1999a) that the messages have to be coherent and consistent.

Ihlen (2002) stated that a public relations practitioner "should guard against (a) mixing opposing strategies of attack or denial on one hand, and excuse, justification, and so forth, on the other; and (b) mixing an apology with strategies other than corrective action and ingratiation. Keeping this in mind could strengthen the argumentative coherence" (Combining strategies, para. 3). According to Ihlen (2002), empirical testing indicated that the most important strategy in any case is the one that is victim-oriented.

Findings in support of the situational theory. The test study of Situational Crisis Communication Theory arguments was conducted by Coombs in 2004 and supported the hypothesis of a strong link between past organizational crisis history and organizational reputation perception. The study provided ground for the statement that crisis history increased reputational threats and, therefore, altered the choice of appropriate response strategies. According to Coombs (2004), lowered perceptions of organizational reputation and "intensified the reputational threat of a current crisis" (Abstract section, para. 1). The fact that past crises are often used as frames for current crises by the news media was also emphasized.

An experimental study conducted by Dawar and Pillutla (2000) revealed a link between consumer expectations and the effects of negative publicity. The authors tested three different types of firm responses to support their general hypothesis of the influence of the preexisting favorable opinion of a firm on the degree of negativism generated from unfavorable publicity. The study revealed that those consumers who did not have a favorable opinion of the firm beforehand were likely to draw more negative conclusions, than those who had a previous positive perception of the firm.

Ahluwalia, et al. (2000) also concentrated on the idea of previous favorable impression of the company or product on the crisis perception. They investigated the effects of commitment to a brand on the opinions formed by negative publicity. The researchers found support for their idea of the influence of previous brand commitment on attitude change in response to negative publicity, showing that high-commitment consumers did not tend to form a negative opinion after they had read or seen something negative about their favorite brand.

Recommendations for crisis communications in the new-media environment. Public relations professionals have to consider the power of the Internet and new media in a crisis situation. First, when a document or a story appears on the Web, millions of people are able to read it immediately and often at no cost. It is now possible to form an opinion reading just Internet content and blogs, without relying on traditional media and journalists.

As Rosen (1998) wrote, "nothing is secret anymore" with Internet speed and outreach, and with this development, "companies would do well to take advantage of the Internet instead of vainly attempting to control information which can no longer be kept from the public" (Abstract section, para. 1). When people are able to instantly have facts on their hands without corporate, political, and other filtering, and discuss these facts in their online community, there are additional demands on the part of the company at fault to respond to this information. "The Web creates an air of impatience and immediacy. It's no longer enough to reach the public in the next news cycle because news cycles are now contiguous" (Powell, 2004, ¶ 1).

Using Web resources in a crisis situation and for public relations is extremely important in the present new-media environment. Rosen (1998) recommended offering alternative paths to Web-based information and navigating the reader along these paths to an organization's information. If the issue is important enough, then the advice is to maybe even build a dedicated site, not just use a corner of the page for discussing it. It is also important to point to additional references, highlighting those that support the organization's point of view, but also not ignoring those that do not, because they provide the opportunity to address inaccuracies.

Additional recommendations include the importance of being candid, because Internet gives readers a wealth of alternative sources; letting the audience talk back, since Internet is an interactive medium; and monitoring reactions to be able to adjust strategies (Rosen, 1998). Several researchers speak about the overall importance of integrating the Web site into crisis communications (Perry, et al., 2003), stating that the majority of organizations turn to Internet to communicate with the publics and the media during crisis situations.

The study by Perry, et al. (2003) revealed that organizational and crisis types do not appear to be factors for Internet's immediate use in crisis communications, meaning that Internet is an important and also very cost-effective medium in any kind of crisis and for any organization. It is an additional resource for companies to use to "influence environments," because this "computer-mediated communication can help organizations communicate decisions quickly during a crisis to stakeholders and generate feedback from the public" (Perry, et al., 2003, Introduction section, para. 1). Unfortunately, as Perry, et al. (2003) noted, many organizations are slow in adapting the use of the Internet in crisis situations, even though it can be used by organizations "to frame their position, explain corrective action, and gain support for policy changes" (Computer-mediated communication section, para. 7).

Perry, et al. (2003) stated that it should be "standard operating procedure" to use corporate Web sites to communicate with customers, investors, media, analysts, and many other publics, because "an organization's attempt to maintain relationships with its various publics via the Internet while under intense scrutiny may minimize the potential damage of a crisis with its stakeholders and maximize recovery" (Conclusion section, para. 2). Since blogs and Web sites allow any group or individual to spread information (or misinformation) much faster than traditional media, "corporations and other organizations now need to recognize that there are both opportunities and hazards in these methods" (Powell, 2004, ¶ 14). However, if a corporation demonstrates its transparency, provides accurate information, and links to other sources, opportunities definitely prevail.

Summary of Reviewed Literature Findings

The reviewed studies on crisis stages and response strategies generate some important points that framed the study of Ketchum's crisis management. These points can be summarized in the following statements that are to be used in creating a model of effective crisis behavior:

1. **Crisis preparedness** is important for any organization, as crises can happen to anyone at any time. To avoid potential reputation damage and to form a positive image and public perception, organizations should scan the environment for possible threats (or warning signs) and conduct ongoing public relations activities. This preparation may later play a tremendous role

in providing a fast response and decreasing the damage from negative publicity.

2. **Immediate response** should be issued in any case if the crisis does occur. The organization needs to explain its side of the story. The response has to be fair, contain messages of compassion, show concern for the victims, and go along with the overall organizational values and image. Such response is possible if transparent and honest organizational culture has been created throughout its existence.

3. **Effective response strategies** have to be chosen for handling the crisis throughout its cycle. The choice of response strategies depends on the organization's responsibility for the crisis and involvement in false actions. For example, the weakest responsibility (rumor) asks for a defensive strategy in the form of attacking the accuser, and the strong crisis responsibility (misdeed) requires an accommodative strategy in the form of apology. Equivocal communication, or "ambiguous apology" described by Tyler (1997) can often bring additional harm to an organization's reputation; therefore, acceptance of responsibility and a full apology are encouraged as more effective choices for an organization at fault, even though apology may be complicated by threat of a legal process. Silence is not recommended in any of the studies, and experimental tests demonstrated its negative effect on public perception.

4. **A combination of strategies** is most often used to reach the desired level of image and reputation restoration. It is not effective to mix opposing strategies such as denial and excuse or justification, or to mix apology with any strategy

other than corrective action and ingratiation (Ihlen, 2002). An appropriate combination could be corrective action plus compensation, while test studies demonstrated it inappropriate to combine denial or blame shifting with bolstering (Benoit, 1997).

5. **Previous history of organizational crises** has to be considered while choosing response strategies. It is also important to choose more accommodative strategies if the organization previously experienced crises or was involved in similar controversial situation.

6. **Integrating the Internet in crisis communication** is extremely important in the present new-media environment. It is a lot more effective to take advantage of this resource than to try controlling the already available information. Using online communications in a crisis saves time and money, reduces the number of questions and demonstrates the company's transparency. An organization can present its side of the story on its main Web site or on a specialized Web site or a blog, protect its image, provide information and answer the questions about its corrective actions.

Research Focus

The literature review identified the following research questions:

1. Can the situation with the Armstrong Williams contract be considered a crisis for Ketchum? If yes, then when did each of the crisis stages start for the agency and what were its actions at each of those stages?

2. What was the perception of Ketchum's involvement in the controversial contract with Armstrong Williams? Was the firm considered to be at fault?

3. What was the choice of response strategies that Ketchum used to handle

the situation?

4. How does that choice correlate with the existing theories and recommendations, as well as public expectations?

5. Were the actions taken by Ketchum relevant to the present new-media environment and blog culture?

6. What are the results of Ketchum's crisis management efforts? Can they be considered effective?

7. What would be the expert recommendations for handling the crisis based on professional opinions and synthesis of the existing crisis communication theories?

The researcher analyzed Ketchum's crisis communication approach in terms of its originating from a firm that sells crisis management as its service and with considerations of the new-media environment that is developing at an outrageous speed, introducing some additional requirements to crisis response.

CHAPTER II

Methodology

Case Study

According to Stacks (2002), case studies not only offer insights into good and bad practice, but also help us to understand theory and analyze people, organizations, and events in detail, even though they are in fact "theory as applied to specific situations" (p. 72). Although Stacks (2002) said a case study was the most descriptive method in public relations, and discussed its major disadvantage of inability to generalize and project its findings to larger populations, he named a number of advantages of case studies for public relations research:

1. As the case has already occurred, the research deals with a real situation, explaining the reasons for the occurrence and the management of its outcome through direct observation, participatory informal research, and secondary research.
2. A case study provides ground and details that can help to determine which strategies worked and why.
3. It also examines the communication planning and communication itself, as well as evaluates its effectiveness.
4. A case study can be used to evaluate policy, "something that the formal research method is not very good at" (Stacks, 2002, p. 72).

The researcher used the process-oriented approach, suggested by Center and Jackson (1995) and described by Stacks (2002, p. 74) as one of the case study methods. The study began with gathering data and finding facts related to the case and defining the specific problem. Then the actions and communications used by

Ketchum were examined. Finally, the results were evaluated and assessed in accordance with the proposed approach and the feedback on the success of the campaign was generated.

Data

Theories and Previous Research

Coombs and Schmidt (2000) criticized case studies based solely on image restoration theory, even though the authors admitted that such case studies were an excellent resource for descriptive information and discovering interesting phenomena, and suggested possible directions for future studies. The researcher agrees with the limitations of using only image restoration or any other single theory in the case study analysis. Fishman (1999) stated that an integration of theories "provides a superior methodology for analyzing a complex crisis event rather than relying upon any one theory in isolation from the others" (Introduction section, para. 5).

The researcher based the analysis of the Ketchum case on the four reviewed theories to consider the multi-dimensional aspects of Ketchum's crisis management. The Stage Theory helped to define the Ketchum crisis stages and consider recommendations for handling each of them, the Image Restoration Discourse and test studies based on it provided an important perspective of the most effective response strategies for the case.

The researcher especially considered recommendations for behavior during the acute and chronic stages provided by Fink (1986), and recommendations for response strategies derived from the results of experimental studies conducted by Coombs (1999a; 2004), Coombs & Holladay (2002), Dean (2004), Ihlen (2002), Tyler (1997) and others. These studies set the pattern of behavior and revealed the greater effectiveness of some response strategies, such as accepting responsibility, while proving that other strategies, such as shifting the blame and equivocal communication, only appeared to create a less favorable perception of the companies.

The researcher also paid special attention to the findings on silence and the study of Bradford & Garrett (1995) that suggests the necessity of response in any crisis, shifting the focus to ways of responding, instead of deciding whether or not to respond to accusations of unethical organizational behavior. Finally, the Situational Theory helped to position past crises as additional reputation threats, and the Contingency Theory outlined a number of variables that could possibly affect the chosen response strategies. Recommendations for Internet use by Rosen (1998) were also paid particular attention to.

Interviews and Media Content

Even the depth and credibility of previous research cannot provide the full picture of the case, which also requires situation details and a timely perspective of communications professionals. That is why the researcher used more than one source of data for the analysis of Ketchum's response to its crisis as a form of "triangulation," which proved its appropriateness in qualitative research and serves "completeness purposes" (Adami, 2005). Additional data was gathered through a series of in-depth interviews with crisis decision makers and public relations professionals and a review of media content.

The interviews involved a Ketchum representative and fifteen public relations and crisis communications professionals. Their opinions on the case were documented with the help of the research questions. The criteria for choosing interviewees were: previous crisis management or crisis communications research experience; multi-faceted public relations expertise (at least 7 years in the field); knowledge of ethical standards of the industry (involvement in professional associations, etc.); and knowledge of the case (familiarity with media coverage, formed opinion of the situation). These conditions ensured that the respondents had sound professional and practical background, and followed certain ethical standards, as well as had credibility in the field and prior knowledge of the case.

The researcher identified a list of suitable candidates for interviews through main search engines and personal acquaintances and emailed an interview request to each of them. Interviews were conducted by phone or e-mail with those professionals who agreed to participate, all phone conversations were recorded for accuracy, transcribed, and emailed to the interviewees for verification and confirmation within a week after the interview.

Professionals who participated were:

1. Ketchum Vice President (VP) of Corporate and Media Relations Robyn Massey;
2. Two former Public Relations Society of America (PRSA) presidents: Judith Phair and Reed Byrum;
3. Crisis management luminaries, such as Jonathan Bernstein, Jim Lukaszewski, and Steven Fink (also author of the Stage Theory);
4. Public relations executives and industry leaders, such as: Chief Executive Officer (CEO) of Edelman Public Relations, Richard Edelman, who commented on the case several times on his personal blog, Greg Spector (CEO of Blanc & Otus), Charles Caudill (Former VP and executive producer for CNN and founder of his own communications firm); Katie

Paine (Founder of KDPaine & Partners and a crisis communications and a public relations luminary published in major media sources); and Robert Schettino (former Ketchum employee and VP of corporate communications for Hyperion at the time of the interview);

5. Authors of the theories that the case study is based on and prominent public relations researchers: Glen Cameron, William Benoit, Timothy Coombs, and Dean Kruckeberg;
6. An ethics expert Tom Hooyman who has years of experience of consulting businesses on the subject of ethics and has touched upon the case at his ethics seminars.

The secondary research data was used to provide a detailed overview of the case chronology and supplementary evaluation of Ketchum's crisis communication strategies. The researcher was particularly interested in commentaries regarding crisis communications strategies used by Ketchum throughout the case. The sample of media coverage included all articles published in the year 2005 and found through keyword search of "Ketchum and Armstrong Williams" in *The New York Times, The Washington Post*, and in three major industry publications: *PRWeek, Jack O'Dwyer's Newsletter*, and PR News. The researcher chose the sources because of their interest in the case and its regular coverage.

The researcher also considered Ketchum's and DOE's Web site information and important documents associated with the case that were found in the Internet, as well as blog posts that included the same key words and were found on Google and Yahoo! The criteria for including the blog in the sample were: its popularity (presence on the first ten pages of the search engines and in the top authority public relations blogs of the Technorati rating) and professional public relations or journalism background of the blog author/editor.

Analysis

The researcher recreated the chronology of the case from the available media coverage and the information provided by Ketchum's representative. All data were separated based on their sources (interviews or media), and the researcher identified common themes and patterns in both categories, using the iterative process of moving back and forth between this data to start developing conceptual categories and idiosyncratic insights, as suggested by Eisenhardt (1989). Eisenhardt considered the findings to be "stronger and better grounded" when patterns from one data source were "corroborated by the evidence from another" (Searching for cross-case patterns section, para. 4). The quotes from the interviews and secondary data were used to support the findings.

The findings were then compared with the recommendations from the reviewed literature to see if the findings and recommendations were similar to those in the literature. If such similarities were found, then the conclusions were stated to have "stronger internal validity, wider generalizability, and higher conceptual level" (Eisenhardt, 1989, Enfolding literature section, para. 4).

CHAPTER III

Research Results and Discussion

Overview of the Case Study Situation

Public Revelation

The researcher considered the actual Ketchum crisis to have started January 7, 2005, when *USA Today* published an article on the firm's involvement in the $240,000 contract payment on the behalf of the Department of Education (DOE) to a well-known TV and radio commentator and a columnist, Armstrong Williams, for promoting the No Child Left Behind program (NCLB). A copy of the contract signed by Liz McLean, partner and director of Ketchum Washington, was also posted on the Internet and became accessible to all interested people.

The contract talked about a number of NCLB ads that were to be created by Williams. However, it stated at the same time that "Ketchum shall arrange for Mr. Williams to regularly comment on NCLB during the course of his broadcasts," and talked about Mr. Williams utilizing his relationships with other producers to encourage them "to periodically address" NCLB.

The *USA Today* article stated that in addition to his lobbying of the program, Armstrong Williams actually "persuaded radio and TV personality Steve Harvey to invite Paige onto his show twice," and "Harvey's manager, Rushion McDonald, confirmed the appearances" (Toppo, 2005). According to Williams's comment, the commentator participated in this contract that "critics" could find "unethical," because he genuinely believed in the good of NCLB, but did not recall "disclosing the contract to audiences on the air" (Toppo, 2005).

On the same day of the newspaper revelation, the politicians joined the story. One of the top Democrats of the House Education Committee, Rep. George Miller, requested an investigation of the contract that used taxpayers' money in a "questionable" and "probably illegal" manner. In his January 7 press release, Miller asked for the special investigation to determine "whether the contract or any part of the contract violates the law," and "whether there are now or whether there have been in the past other contracts between the Department of Education and Ketchum Communications, other public relations firms...that resulted in covert propaganda" ("Rep. Miller Calls For," 2005).

Miller's request was accompanied by other letters and investigation requests addressed to President Bush. The coverage that followed in the next few days in major mainstream publications (*The Washington Post, The New York Times),* a number of public relations industry publications and influential blogs started a public discussion about unethical communications practices and government propaganda. The articles criticized the government's irrelevant use of taxpayers' money, unethical journalism and public relations practices.

In connection with the present discussion, the information about Ketchum's previous involvement in creating and distributing the Medicare video news release (VNR) as part of its government contract with the Department of Health and Human Services also circulated. The *USA Today* article mentioned that the contract with Williams was only a part of the overall $1 million deal with Ketchum, and that the firm also produced video news releases (VNRs) looking like news reports about the program.

In the same article the public was reminded that it was not the first time the firm had done so in cooperation with the Bush administration, and that in 2004 similar VNRs about Medicare prescription plan already caused discussions about government propaganda. The Medicare VNR was mostly criticized for its featuring of a spokesperson, Karen Ryan, who was saying at the end that she was "reporting," thus producing a misleading impression of a reporter in a news story.

Although VNRs are a common public relations practice, the Medicare one attracted particular attention because of the government sponsorship and the way it was created, not providing any hints that it was a prepackaged story. Ketchum was named a subcontractor in "covert propaganda," and as a result, was cited for violating the Publicity & Propaganda act by the General Accounting Office (Lindeman, 2005).

"I would bet that the Associated Press would not have been so hot on the trail for a story on the push behind 'No Child Left Behind' if Ketchum had not worked on both NCLB and DHHS.... See how Ketchum has gotten itself caught in the crosshairs?" wrote Jeremy Pepper (2005) later on his blog.

The Medicare VNR and the following payment to the commentator were obviously seen as the black and white cases by the public; they were presented that way in the media and in the opinions of several prominent public relations industry leaders. As stated in *The Washington Times*, "There are always gray areas in relations between politicians and journalists, but a $241,000 payment, or an ad designed to look like an authentic news report, is black and white. Covert propaganda is more than unethical; it is against the law for taxpayer dollars to be used 'for publicity or propaganda purposes within the United States,' unless approved by Congress.

Congress should investigate, as this administration does not seem to understand the lines it has crossed" ("Administration Agitprop," 2005).

It was obvious that the public blamed the government and Armstrong Williams, but it was also rather clear from the beginning that part of the blame was accredited to Ketchum, because the firm made the necessary arrangements with Williams and there are industry ethical codes that are against such practices. *PRWeek* quoted PRSA President Judith Phair stating that "Ketchum's arrangement violated generally accepted disclosure rules" (Iacono, 2005a). *PRWeek's* editor-in-chief wrote that public relations firms are responsible for "forging and evaluating appropriate relationships with third parties on behalf of their clients," and as "presumed experts in the areas of media to question that selection if there was the potential for this sort of conflict to emerge" (Hood, 2005a).

Initial Response

Large articles in major papers fueled the controversy, immediately raising the bar for this discussion and the number of those who became aware of the case, as well as adding the pressure for its participants to respond. Toppo (2005) wrote January 7 that Ketchum referred all the questions to the DOE when addressed by *USA Today* to comment on the contract.

However, industry representatives were sure that the firm would make a comment soon. As Richard Edelman (2005a) wrote on his blog, he personally knew Ray Kotcher, CEO, and Dave Drobis, Chairman Emeritus of Ketchum, and was sure that "they would never tolerate this kind of contractual arrangement."

On January 8, the day after the *USA Today* coverage, *The Washington Post* contained an article about the contract stating that the Education Department defended the contract that its management "knew about in advance as a minority outreach effort" (Kurtz, 2005). The article quoted DOE spokesperson John Gibbons, saying that "Armstrong went out and talked about it – we didn't have anything to do with that," and that the DOE "had no intention to do it in an underhanded way" (Kurtz, 2005).

The article also pointed out that several media sources that broadcast interviews with Williams or published his articles witnessed the actual NCLB promotion without disclosure. The sources said they would seriously consider working with Williams again, even though the commentator promised never to get involved in such contracts in the future. Ketchum's executives were again said to have declined comments on any of these statements.

Another article in *USA Today* that came out January 9 quoted Williams who made a fast decision to apologize, saying that he deeply regretted his actions and did not blame anyone, but himself (Keen & Drinkard, 2005). It was written in *The Washington Post* that Williams at least "has the belated good sense to realize that this was all a big mistake…It is much less clear that the Bush administration, whose policies lay behind this remarkable ethical violation, either understands the error or is prepared to suffer any consequences" ("Administration Agitprop," 2005).

As for the comments from the public relations industry side, the January 12 article in *The New York Times* focused on Ketchum as one of the contract's participants. The article quoted PRSA President Judith Phair who criticized Mr. Williams's practice, as well as the President of the Council of Public Relations Firms, Kathy Cripps, saying that "it was the spokesperson's responsibility to disclose the affiliation rather than Ketchum's," and that the firm had not violated the Council's code of ethics (Elliott, 2005). This particular quote resulted in the widespread disapproval of such attitude towards the issue and withdrawal of Sloane & Company from the Council. Ketchum again did not provide any quotes for its side of this story, but really concerned public relations professionals and media reporters by doing so.

After a number of articles in major publications with intensive criticism about the firm's no-comment position, Ray Kotcher, Ketchum's CEO, wrote an Op-Ed in *PRWeek's* January 13 issue. He confirmed that "Ketchum was awarded a task order under its Department of Education (DoE) contract to educate parents, teachers, and school administrators about NCLB" and "Williams, also an entrepreneur and founder of an ad/PR shop, was a DoE subcontractor and was paid primarily to produce PSAs and place them on his radio and TV programs" (Kotcher, 2005).

The Op-Ed also mentioned that "Williams didn't fully disclose this dual role or his DoE ties whenever he commented on NCLB" and "has since repeatedly said that he was wrong not to have disclosed this information" (Kotcher, 2005). The CEO agreed that it was a mistake on Williams' part caused by his role as "both a pundit and an information source," as well as by blurring of the lines that new technologies played a major part in.

The moral of the piece seemed to be that all public relations firms that "counsel organizations and now are in the spotlight should welcome the opportunity to reexamine these sorts of practices. For the long run, we should view this as, potentially, a transformational event" (Kotcher, 2005).

PRWeek and other publications praised Kotcher for finally making a statement, but noticed that "it's the kind of mistake, frankly, that people expect from organizations that just don't understand PR. Even if Williams passed muster as a spokesman, regular and thorough follow-up on the manner in which he executed the contract should also have taken place" (Hood, 2005a).

Many industry leaders voiced their disappointment with the Op-Ed as Ketchum's only response to the situation. As Richard Edelman (2005b) wrote on January 15, "The response from the journalist is candid and direct – in short, he acknowledges his error and promises never to do it again. The response from several key members of the PR establishment is frankly very disappointing. We are being asked to believe that the problem is convergence, that the blurring of the lines between advertising and PR is a function of technology and immediate access to information."

The firm underlined its position of denying responsibility with a statement from Lorraine Thelian, Senior Partner in charge of Ketchum's North American operations, published January 17 in *PRWeek*. Thelian said, "Ketchum bore no responsibility for disclosing columnist and pundit Armstrong Williams' status as a paid advocate for the Department of Education (DoE)...(Williams) has said numerous times that he should've disclosed and we agree with that" (Iacono, 2005a).

Thelian assured the public that Ketchum was not pitching Williams as a spokesperson to other media and that he did it on his own. She also mentioned an internal review of government contracts that had not revealed any similar problems, and said the firm was also planning an external review as well.

Several media outlets expressed their disappointment with the fact that Kotcher and Thelian gave their exclusive statements to *PRWeek*, but "outrageously snubbed not only the PR trades but *The New York Times*, which had to quote PRW" ("Heads Should Roll," 2005). Ketchum also refused to provide the media with a copy of its subcontract with Williams and make any comments about the staff that was responsible for the contract.

The Growing Pressure

The media and bloggers did not seem to be satisfied with the provided statements. The discussions kept rolling around the violation of public relations ethical standards, damage to the industry reputation, and another concern about the possible decrease of federal spending on public relations. According to Lee and Bimbaum (2005), public relations firms became "worried the money might dry up because of the Armstrong Williams flap at the Department of Education." Government business made Washington a growing market for public relations firms, and the industry executives were "voicing their objections" in order "to protect that market" (Lee & Bimbaum, 2005).

The revelation of the contract also became the starting point for protests and investigations of various media organizations and advocacy groups. "They have filed dozens of Freedom of Information Act requests with federal agencies seeking information about their contracts with Ketchum and other PR firms," stating that "it is unlikely that the Williams deal was the only one of its kind" (Lee & Bimbaum, 2005).

The discussions in the media and on the blogs underlined that the public was still waiting for more accommodative comments to come from Ketchum. As *PRWeek*'s Julia Hood (2005a) wrote on January 17, "there are other questions that must be answered by this leading PR firm before it, and the industry, can move forward and try to repair the damage. The most important is the responsibility that PR agencies must take in forging and evaluating appropriate relationships with third parties on behalf of their clients." Many thought that "the silence out of the Ketchum camp" was "deafening" (Crescenzo, 2005).

Jay Rosen (2005) also criticized public relations bloggers for "missing in action as Ketchum tests the conscience of PR." The press critic thought that not too many posts on the subject within the trade blogs were disappointing in a situation where the mainstream media did not provide enough discussion of the controversial case. "A strange silence when you think about how contorted and damning for Ketchum is their 'disclosure was his…' defense" (Rosen, 2005). This criticism stimulated many additional posts and discussions on the subject in the blogosphere.

Moving towards Resolution

On January 19, Ketchum issued another statement that was published and discussed in *PRWeek* and a number of other publications:

> We should have recognized the potential issues in working with a communications firm operated by a commentator. Mr. Williams repeatedly has acknowledged that he should have disclosed the nature of his relationship with the Department of Education. We agree. As a result this work did not comply with the guidelines of our agency and our industry. Under those guidelines, it is clear that we should have encouraged greater disclosure. There was a lapse of judgment in this situation. We regret that this has occurred. (as cited in O'Brien, 2005)

The statement instantly became a matter of further discussion in the articles of *The New York Times*, *PRWeek*, and postings on various blogs. Hood (2005b) wrote that in her "four and a half years at *PRWeek*, nothing has prompted more indignation and agitation than the Ketchum/Armstrong Williams controversy - because of the nature of the issue at the heart of it and because of public statements that have been made by organizations and individuals. I hope that the industry can now take a collective deep breath and move forward, even while this situation will continue to play out in the public sphere."

Some industry leaders (Phair; Edelman, 2005c) really felt relieved and praised Ray Kotcher for "stepping up." Other professionals (Rosen, 2005) were still skeptical about the statement that finally contained admittance of the error, because the previous statements underlined that the firm did not see any errors in its actions.

Ketchum's executives were also criticized for issuing a statement and not talking live to the media. "Kotcher and Thelian, should have faced the music by having a live press conference in New York to explain how the Omnicom unit got into its mess" ("Heads Should Roll," 2005). Besides, even after the rather accommodative statement, several media pieces contained mentions of Ketchum representatives still declining any further comments (Nolan, 2005; O'Dwyer, 2005b).

The absence of any information on Ketchum's Web site became an additional subject for critics' discussions:

> After an initial denial, Ketchum is acknowledging its involvement in the Armstrong Williams 'pay for play' incident. Unfortunately, Ketchum's online presence is not reflecting this new information and this is making them come off more poorly than ever.... The front page boasts of an op-ed piece...written by Ray Kotcher, CEO of Ketchum, in PRWeek, Jan. 13. This particular text is on its way to becoming notorious for its attempt to sow confusion in readers, who are treated as utter dupes. (Dugan, 2005)

The statement, however, started the process of gradual decline of sharp interest to the case. More details of the case were still occasionally discussed as they became available. For example, the February 17 article in *The New York Times* recreated the steps of the appearance of the controversial contract, mentioning that the initial idea came from Armstrong Williams.

"Many months passed between the time he says he submitted his ideas to the Education Department and the point when representatives of Ketchum Public Relations contacted him. He is not sure, he said, whether Ketchum representatives called him because of his proposals or out of the blue," wrote Kornblut (2005). The article mentioned that Ketchum's officials again declined any comments on that.

The case was from time to time mentioned in the trade publications in connection with its influence on the industry, government investigations, and introductions of new ethics and disclosure codes within the industry. On April 4, another interview with Ray Kotcher came out in *PRWeek*. The CEO said that clients were very supportive throughout the sequence of events and that the employees "were understandably concerned about what was being said about Ketchum" ("Interview with Ray Kotcher," 2005). Kotcher also reproduced the sequence of events connected with the contract appearance and reinforced the firm's apologetic statement:

> The master contract with the DoE, which originated in 2003, was awarded after a competitive bidding process in accordance with the Federal Acquisition Regulation (FAR) standards and procedures. The contract was for technical and production support and strategic communication consulting services in support of No Child Left Behind (NCLB).... As part of its overall contract with the DoE, and at the request of DoE, Ketchum was asked to administer the

> Graham Williams Group (GWG) subcontract. The total value of the subcontracts with the GWG was $ 240,000. All monies paid to GWG were specifically for it to produce and place advertising. In addition, for its part, Ketchum (got) $ 2,503.25 from the DoE to administer this subcontract.
> It is our understanding, from interviews conducted with Williams by major media outlets, that his subcontract was based on an idea proposed by Williams to the DoE. Though the subcontract called for advertising services, it also stipulated that Williams would talk about NCLB on his show, The Right Side. While we had no legal obligations to ensure that Williams disclosed on his show his financial relationship with the DoE, under the guidelines of our agency and our industry, it is clear that we should have encouraged him to do so. It has been determined that it was an unintentional error and certainly not typical of our standard practices. We regret this has occurred and will continue to work with the government and our industry in addressing this situation.... It also is our understanding that in addition to speaking on his own show, Williams discussed NCLB on the record with other media outlets on his own initiative before and during the contract. ("Interview with Ray Kotcher," 2005)

The interview also included a discussion of Ketchum's response to the situation. When asked what he thought about the criticism of the firm's response to the situation, Kotcher said that it was important to establish all the facts for the client first and then for Ketchum, and that he "would rather take the time to be fully confident" about the response even if it "was painful at times to hear what was being said" ("Interview with Ray Kotcher," 2005). The CEO also described the corrective actions and the policy changes the firm implemented: new disclosure guidelines and training courses, as well as contract revisions and additions of disclosure requirement.

After the interview, an article called "Contract Contradicts Kotcher" came out in Jack O'Dwyer's Newsletter, discussing the fact that the CEO talked about Williams commenting about NCLB "on his own initiative," while his responsibility to talk in favor of the program was spelled out in the contract. The article mentioned, "Attempts to reach Kotcher by this Web site were unsuccessful" ("Contract Contradicts Kotcher," 2005).

Government Investigations

Even though the media coverage of the case became quite scarce after the agency apologized, there was still a long way to go with the upcoming conclusions of the federal investigations and the potential liability they could result in. The requested investigations included the following:

> Senate Democrats Edward Kennedy (D-Mass.) and Frank Lautenberg (D-N.J.) have asked the Government Accountability Office (GAO) to explore the legality of the deal between Williams, the DoE and Ketchum. Moreover, citing 'thousands' of complaints, the Federal Communications Commission (FCC) also has called for an investigation to see if the DoE's payment to Williams violates 'payola' laws in the 1996 Communications Act. Perhaps most ominous: the Citizens for Responsibility and Ethics in Washington (CREW) has filed Freedom of Information Act (FOIA) requests with 22 federal agencies seeking information about their PR contracts, ensuring an evergreen quality to the investigations that might make PR pros turn red. (Shwartz, 2005)

The Washington Post reported April 16 that Education Department Inspector General John P. Higgins Jr. and his investigators found the payment to Armstrong Williams to be "poor judgment" on the part of the "then-Education Secretary Roderick R. Paige and many of his top aides," but "did not turn up any evidence that the administration paid Williams to personally promote its policies in his newspaper columns and television appearances" (Faler, 2005). The investigators left the investigation of the issue of the agreement potentially producing covert propaganda to the Government Accountability Office (GAO).

The article and the investigation focused on the DOE's activities, rather than the angle of Ketchum's participation in the contract. The firm provided a statement to Jack O'Dwyer's Newsletter commentary on the report results, saying that Ketchum "cooperated fully with the report and respects its findings" ("Concerns Were Raised," 2005).

Iacono (2005b) wrote in *PRWeek* that "Though Ketchum didn't receive any major criticism from the DoE's inspector general over its contract with the department, that hasn't cleared it of fault." The *PRWeek*'s article discussed the fact that the report still revealed low-quality work, and even with the evidence of the contract being the DOE's idea, Ketchum should not have entered into it in the first place.

However, the article praised the commitment that the firm showed in correcting its existing policies when it announced to clients and "shared with *PRWeek* its first-ever disclosure guidelines. Prompted by not only the DOE/Williams flap, but also the Medicare VNR incident last year, the guidelines provide clear instructions for employees on how to proceed in future relationships with spokespeople, VNRs, and contracts" (Iacono, 2005b).

Another report issued by a DOE's inspector in the beginning of September became "the culmination of an inquiry requested by Rep. George Miller (D-CA)," and also found neither ethical violations nor covert propaganda in a contract with Ketchum and Williams, "because the DoE did not intend to mislead the public" (Hand, 2005). However, on October 5 Jack O'Dwyer's Newsletter covered the results of another report that came at the request of Sens. Ten Kennedy (D-Mass.) and Frank Lautenberg (D-N.J.) from GAO.

The report stated that "Ketchum's $ 240K pact with Williams and the U.S. Dept. of Education violated propaganda rules because the government's role was not clearly disclosed… Ketchum's other work with the Education Dept. was also investigated. An article distributed by North American Precis Syndicate was also flagged for not disclosing its source, and a video news release was said not to be properly sourced, the GAO found" ("Williams Pact Violated," 2005).

The report did not bring an ending to the story, resulting in requests for further investigations to see if Williams provided the services he was paid for, but it could have been the ending point of the media interest in the case. After the report results were discussed in the media, the firm's name and its controversial contract were only occasionally mentioned in connection with other industry events and issues.

Interview Results

The conducted interviews provided a wide range of opinions on Ketchum's participation in contracting Armstrong Williams. However, a number of common patterns in the responses about the case could be easily identified, since the majority of interviewees (more than 50 %) had a similar perception on certain issues. These common themes and patterns are provided below and supplemented by similar comments found in the media.

Some challenges for the quantitative interpretation of interview results were connected with the open-ended nature of the questions, skipped topics due to the respondents' lack of knowledge about certain details of the case, and answers that did not fall into a definite category. That is why some ideas could not be attributed to the certain percentage of the responses, but the researcher still included the ideas that were mentioned by enough people (more than 30 % of interviewees) and noted that at least that mentioned number of people outlined or supported the idea. Explanations provided by Ketchum are extremely important for recreating an objective picture of the event, and they have also been added to the relevant themes discussed in this chapter.

Themes and Patterns

1. The nature of the occurrence and its stages. The situation that resulted from Ketchum's involvement in the contract with Armstrong Williams could be defined as a crisis for the firm. It contained all the elements of the crisis prescribed in the reviewed definition: the revelation of the contract and its consequences were rather unpredictable; the situation threatened organization's values; many various parties and relationships were involved; the initial intentions of Ketchum had a minor role; and, finally, the time pressure factor was in place too.

The responses of Robyn Massey (Ketchum) confirmed that the firm also identified the event as a crisis:

> We began our investigation into the facts of the situation and started planning our response strategy as soon as we saw the coverage in the *USA Today* on

> January 7, 2005. We certainly knew it was a significant issue in the first 24 hours and knew it had become a crisis within a couple of days. What elevated it to a crisis was that it was at the nexus of two white-hot issues: the highly polarized political environment in Washington and the growing concern about ethics in journalism. (personal communication, February 24, 2006)

The starting point of Ketchum's crisis management work matched the date the several interviewees stated to be the beginning of the acute crisis stage: January 7 after the contract revelation in the *USA Today* article. In the beginning of the stage the core team was created to focus on the issue. As Massey wrote, it included "members of our agency communications staff, a couple of our senior crisis counselors, legal counsel, and a couple of independent senior communication counselors to provide an external perspective. We also had frequent calls to brief and gather input from partners of the firm" (personal communication, February 24, 2006). The firm also issued its statements in response to the crisis during that stage.

The case could be considered to have moved to the chronic phase after the apologetic statement, when it "stopped being around page 1 headlines" (Paine, personal communication, February 9, 2006). The chronic stage lasted all the way through the rest of the year with the government investigations still going on and other industry events connected with the case.

Several respondents saw the crisis to be in the resolution stage now that there are only a handful of people "paying much attention to the case lately" (Spector, personal communication, December 12, 2006), while some still think it to be in the chronic stage, because "fake news issues come up again and again – and organizations like PRWatch and the Daily Show remind us about them every day" (Paine, personal communication, February 9, 2006). The researcher tends to agree with the second opinion, seeing the current situation fitting better with Fink's (1986) chronic stage description.

Articles like the one in the January 4, 2006 Jack O'Dwyer's Newsletter, contribute to this conclusion: "Ketchum/Armstrong Williams was by far the most accessed story on the O'Dwyer Web site in 2005, taking four of the top five places. Getting the most hits was a page one *New York Times* article on the Bush Administration's use of VNRs in the Iraq war; Ketchum's work for the Dept. of Education ($ 240K contract with Williams), and Ketchum's VNRs for Medicare (in which the word 'reporting' was used by its commentators)" (O'Dwyer, 2006).

As for the prodromal phase and the possible warning signs that preceded this crisis, the research fully supported one of the responses that the ethical matters are "perceptual," which makes it easy "to miss/ignore any prodromes" (Coombs, personal communication, January 25, 2006). However, several opinions expressed in the interviews and the media outlined the idea that the criticism surrounding the Medicare VNR in 2004 could be considered as the warning sign for the later crisis with the Williams contract.

Indeed, the investigation of the VNR resulted in the "covert propaganda" verdict. As Hood (2005a) wrote, "Ketchum was put on notice about this level of scrutiny by way of the Medicare VNR controversy, which should have led the firm to make sure that it and the DoE (and its other government clients) were not vulnerable." Therefore, the researcher suggested that the times of the negative publicity surrounding Ketchum's work with the Department of Health and Human Services starting in 2004 and up until the actual revelation of the contract on January 7, 2005 could be considered as the prodromal phase.

2. Perception of the contract: unethical and wrong. The majority of the respondents (73 %) considered the case of Ketchum's involvement in the contract to be clearly unethical and wrong. The following quotes can summarize the position of the industry representatives.

"There was lack of truthtelling. Armstrong Williams was acting as a mouthpiece for the client and people were unaware of the conflict of interest that he was having" (Hooyman, personal communication, February 8, 2006), and "a large agency as Ketchum should have known better about the consequences of getting involved in such contracts" (Fink, personal communication, January 24, 2006).

It can be stated that the perception of some degree of the firm's fault dominated the responses. The remaining interviewees who felt there was nothing wrong in such a common public relations practice as hiring a spokesperson even for a government program, still agreed with the factors of the lack of transparency and disclosure in the agreement with Williams.

The same attitude toward the contract could also be tracked in the media. The often quoted PRSA statement about such practices being "clearly contrary to the PRSA Member Code of Ethics" ("PRSA Statement on Disclosure," 2005), and quotes like "Ketchum's 'pay for play' was wrong and unethical.... *AdWeek* has a great article supporting my opinion that Ketchum misrepresents the industry and the tactics they used so irresponsibly" (Dugan, 2005b) reflect that.

A number of respondents underlined that they considered all the parties in the case to be guilty, a pattern also reflected in the media discussions. Some saw that

DOE was the least responsible, some considered that the practice was most "deceptive for the commentator in particular" (Lukaszewski, personal communication, February 16, 2006). However, the pattern of the idea for Ketchum's role in the controversy was that the firm has been "hired to provide professional counsel, and if the counsel that they are providing is unethical or wrong, they should be held responsible" (Paine, personal communication, February 9, 2006).

Adding to the degree of the firm's blame, as perceived by the public, were the commonly expressed reasons of the lack of flexibility and rush for profit often associated with activities of large public companies/conglomerate parts. Ketchum presented the reasons for involvement in the contract that the public considered to be unethical as a lack of oversight and training for its employees: "The individuals at Ketchum who reviewed the contract thought they were managing an advertising contract" (Massey, personal communication, February 24, 2006).

However, a persistent point of view was expressed in the media and in some of the interviews that large agencies that are parts of publicly-traded conglomerates are often "worried about the bottom line, and clients are a means to an end rather than the end itself" (Schettino, personal communication, December 16, 2005). *The New York Times* article called "Spinning Frenzy: P.R.'s Bad Press" stated that advertising agencies were much more profitable parts of communication conglomerates than public relations firms, and "As a result, critics say, firms like Ketchum that operate inside conglomerates are pushing harder to fatten the bottom line – which may lead them to cross ethical boundaries" (O'Brien, 2005).

The researcher considered the profit-driven involvement in a contract to be a more damaging portrayal of Ketchum's motives than the lack of oversight. That is why the explanation for the reasoning possibly required additional attention from the side of the firm in its response.

3. Choice of response strategies: unexpected from a reputable communications agency. Ketchum's decades of public relations expertise and the presence of crisis communications among its services laid the groundwork for the public to believe that the entire firm's experience would be used to resolve the situation. Ketchum was certainly equipped with crisis communications experience and cognizant of theory that recommends controlling the message, communicating with the publics, and choosing the response that will meet public expectations to preserve image. However, there were additional factors, as the contingency theory suggested, that influenced the choice of the response strategies from the Ketchum's side.

The dominant opinion expressed by 67 % of interviewees could be summarized by the following quote: "Ketchum's actions were the opposite of what normal crisis management would be… I was surprised that the firm that I respect so much handled this situation quite poorly" (Kruckeberg, personal communication, January 30, 2006).

Information provided by Ketchum on the reasons for its choice of response strategies is of great importance in explaining the firm's decisions:

> The initial response was to gather the facts in close cooperation with our client, the Department of Education. As much as we might have wanted to focus primarily on protecting Ketchum's reputation, we are in business to serve our clients and we needed to allow the Department of Education to investigate the situation. We are all familiar with the basics of crisis management, including

> the need to fill the void of information early on and to be as transparent as possible with the media. In this case, to do so in an effort to defend Ketchum's role would have meant getting out ahead of our client's ability to gather the facts. Critical to understanding our decisions during this period is understanding that the center of gravity in this situation was not Ketchum and its reputation – even though that is the most prized asset of those of us at the agency – the center of gravity was a major Federal government agency. While our client handled the national media, we conducted interviews with the trade media. (Massey, personal communication, February 24, 2006)

The choice of response strategies made by Ketchum executives was not welcomed by all the members of its crisis management team. As Massey wrote, "It was a very frustrating period," because "initially most of our people saw this from a Ketchum-centric point of view. And not just Ketchum people saw it that way: most of the PR industry wanted us to defend ourselves, reveal all the facts of the case and say what we thought was right or wrong" (personal communication, February 24, 2006).

The necessity of gathering facts in order to come up with a fact-based explanation is certainly understandable. The desire to protect the client's reputation, and not only the firm's image, would probably be praised as the right thing to do by many organizations and individuals that provide services. However, it was clear in the media and also in the interviews in this study that industry professionals considered Ketchum's actions to be exclusive handling of its own crisis and that with this exclusive counseling for itself, "Ketchum didn't only fail itself, but also the client" (Byrum, personal communication, February 20, 2006).

Summarizing the idea expressed by at least 40 per cent of practitioners is the following: "What Ketchum needed was clarity of communications that they did not deliver" (Byrum, personal communication, February 20, 2006). When asked about the things that could have been done differently, the Ketchum representative reinstated this idea: "We could have more vigorously explained some of what we have explained here: that we needed to allow our client time to assess the situation and, as much as we might have wanted to unilaterally defend our own reputation, our client had to come first" (Massey, personal communication, February 24, 2006).

The information that Ketchum referred all calls to the DOE and could not be reached for any comments was constantly repeated in the press and on blogs starting January 7 and up until January 13 when the first information from Ketchum in the form of Kotcher's Op-Ed appeared in *PRWeek*. The public was not aware about the reasons for such behavior and certainly did not seem to perceive that strategy as the initial strategy of the limited statement that the firm said it came up with.

Usually the limited statement that organizations provide to the media when they are investigating the facts while putting together their side of the story, consists of standard information. It includes acknowledgment of the fact that the crisis situation has happened, announcement of the current investigation and a promise to get back to the media with all the answers as soon as facts will be available.

That is the statement that the public is used to and expects to hear. "When you just have to be silent, you at least keep telling people that you can't talk about it at the moment and will let them know right away as soon as you find the truth out, and that usually calms the press down" (Caudill, personal communication, February 3, 2006).

The CEO or a spokesperson makes this statement and over several days provides additional information as it becomes available.

This was not the case with Ketchum, and the firm provided an explanation, listing the facts that could not be discussed until the completion of the client's review:

> 1) Ketchum was asked by the Department of Education to manage the subcontract with the Graham Williams Group; 2) The subcontract was based on an idea discussed by Armstrong Williams with the Department; 3) The individuals at Ketchum who reviewed the contract thought they were managing an advertising contract; 4) The individuals at the agency who reviewed the subcontract should have eliminated the language about Armstrong Williams speaking about the No Child Left Behind program; it was an oversight; 5) Ketchum should have been more diligent in ensuring that Armstrong Williams disclosed his relationship on his syndicated television program, The Right Side; and 6) Ketchum received just $2,503 from the Department of Education to manage this subcontract with the Graham Williams Group. (Massey, personal communication, February 24, 2006)

The DOE asked Ketchum not to announce anything until the review was completed and taking some time to decide on the response strategies is sometimes the only way to make the right decision. However, the researcher questioned the effectiveness of that decision on the firm's part to agree not to talk about the first fact listed above that Ketchum was asked to manage the contract with Armstrong Williams. The copy of the contract was requested by the media and posted on the Internet, providing evidence and making it clear that this documented fact could not be hidden from the public.

The public had no knowledge that Ketchum's lack of comments (or the limited statement) was due to the DOE's internal investigations and fact gathering. The following sequence of Ketchum's response strategies could be outlined from at least 50 % of the interviews and the media coverage:

1) Silence and referring all the comments to the DOE for an unexplained reason, avoiding the media;

2) Denial of all responsibility in the Thelian's statement;

3) Shifting the blame when trying to present the issue as a problem that exists in the industry in the Kotcher Op-Ed;

4) Apologizing under the pressure of almost two weeks of public criticism and proposing corrective action in the statement distributed January 19, while still occasionally avoiding the media.

The persistent evidence from the majority of the interviews (67 %) and quotes in the media suggested that the chosen sequence of strategies that preceded the apologetic statement was not effective. "They stonewalled and weren't very responsive to questions, at least at first... blaming Williams and then accepting part of the blame" (Paine, personal communication, February 9, 2006). As Paine (2005) wrote in PR News:

> If extent and duration of crisis is any measure of success, cooperating with the authorities definitely helps. A recent Nexis search showed that Ketchum's crisis was garnering about 40% more coverage than Fleishman-Hillard's, despite the fact John Stodder, the partner in charge of the Los Angeles office's 'public affairs' practice group, was indicted on federal fraud charges.... I've heard a lot of comments about the damage the stories by the

New York Times and other mainstream news outlets have done to our industry, but the sad thing is, it's not the media coverage of these crises that is causing the damage – it's our own behavior.

4. Particularly disturbing factors for the public. There were several actions that were persistently criticized in the practitioner interviews and in the media, and, therefore, could be considered particularly disturbing for the public, resulting in further damage to the firm's reputation.

1. Extremely lengthy period of silence without any information about actions or investigation progress. "I think there was a terribly long period in which they didn't talk about any kinds of resolutions about what they were going to do.... It seemed that they waited for it to go away... but saying that the client doesn't want you to talk about anything becomes just not right at some point" (Edelman, personal communication, February 15, 2006).

As written in *The New York Times*, Ketchum's silence was "a risky tactic given that public relations wisdom traditionally holds that staying quiet during a crisis only prolongs media scrutiny and creates an appearance of culpability" (O'Brien, 2005). Crisis communications experts and practitioners (at least 53 % of the interviewees) underlined again the importance of talking about something, maybe not about what the organization has done wrong, but what it is going to do, the importance of expressing that it knows what is going on.

As Bernstein said, "when you don't talk, you show people that you either don't care about the situation or the information is probably true, so there is no option of not talking. Even false information can become the truth if we don't challenge it. It's necessary to challenge the information, using one way or another" (personal communication, February 15, 2006).

2. <u>Not directly addressing the questions and using evasive language when there is a public perception of wrongdoing</u>. The Op-Ed that appeared in *PRWeek* did not bring a positive turn to the crisis events for Ketchum. There did not seem to be any supporters of this tactic among the media and the interviewees, according to at least 60 % of the responses that criticize the strategy, due to the perceived lack of transparency in it and evasion of responsibility. On the contrary, it was mostly referred to as "spin," a public relations tactic with a negative connotation.

"They fell into spin that PR firms are regularly criticized for. In response to legitimate questions they turned into the so-called 'spin control,' and that did great damage to their reputation. Their statements and interviews were all framed in a very evasive language" (Hooyman, personal communication, February 8, 2005). "Spokesmen in a crisis need to speak 'human,' not 'spin.' And if you are writing your response, it still needs to sound like ordinary speech and not a well-crafted memo" (Paine, personal communication, February 9, 2006).

Not answering the public questions directly apparently leads to more questions and to the public questioning the leadership of the organization:

> On January 13… there came a bizarrely evasive Op-Ed by CEO Ray Kotcher, in which the firm accepted that *Williams* had responsibility.... Remember: this is a firm that is supposed to be expert in crafting public statements (you'd want them in your foxhole when there's a crisis, right?). And the CEO, in a crisis, is out there making public statements that are dead on arrival…. What kind of

leadership is that at the top of Ketchum? Or does it simply mean that the top of Ketchum was involved in the 'black' contract itself? (Rosen, 2005)

3. Inconsistent statements, shifting the blame first and then accepting it. It is important to make an objective judgment of the situation from the very beginning and to decide on the need to accept partial or full responsibility for the occurrence. In the Ketchum case there was a substantial threat to its reputation caused by denying responsibility. The public obviously waited for the agency to acknowledge its involvement, provide clear explanations of it, and discuss its own responsibilities in addition to those of Armstrong Williams.

"Shifting the blame is the worst possible strategy when you know you are involved. They could note Williams had responsibilities, but only after they address their own. That way Ketchum does not shift the blame, but spreads it a little" (Coombs, personal communication, January 30, 2006). Jack O'Dwyer's Newsletter held a teleconference with "a dozen PR pros, PR educators, and PR service industry principals from across the U.S.," and the participants also "criticized the initial attempts by Ketchum's Ray Kotcher and the Council of PR Firms to blame commentator Armstrong Williams" ("Response to NYT Blast," 2005).

When Ketchum finally apologized, there were some sarcastic comments in the media about the strategy shift that was caused by the pressure of criticism in the media. After the apologetic statement Ketchum still made defensive statements, repeating that the contract was Armstrong Williams' idea and Ketchum "had no legal obligations to ensure that Williams disclosed on his show his financial relationship with the DOE" ("Interview with Ray Kotcher," 2005). This so-called equivocal communication used by Ketchum was not well-accepted by the public and was particularly criticized in the interviews by at least 53 % of respondents and in the media coverage.

4. Avoiding the media, choosing a single publication for a statement. The strategy of not cooperating fully with the media (in the Ketchum case it was singling out *PRWeek* as the main source of communication, while not talking to the other trades and even major publications like *The New York Times*) was seen as an ineffective strategy among the interviewees (at least 53 %) and in the media:

> Kotcher, showing favoritism to one of PR's three weekly publications, provided a statement on Williams/Ketchum to the *PR Week* website Jan. 13, bypassing this NL and *PR News.* He even praised PRW as "a great prospective forum" for discussing government PR contracts. Do PR pros normally recommend one particular trade publication over others? We couldn't find PRW's website in the top 120 for "PR news" in Google while odwyerpr.com ranked third after PR Newswire and Topix.net's PR section. (O'Dwyer, 2005a)

As Caudill said, "The thing with the press is: when you push them away, they tend to get harder and dig deeper, it makes the media smell something fishy" (personal communication, February 3, 2006). Ketchum's inconsistent actions were also seen in its decision not to provide comments to the media even after issuing an apologetic statement.

As written in Jack O'Dwyer's Newsletter in February 2005, *The New York Times* reporter, Tim O'Brien, "noted that he couldn't reach anyone from Ketchum or Omnicom despite 'repeated' attempts to do so" ("Response to NYT Blast," 2005). When an organization has already accepted responsibility and is willing to address public concerns, consistent cooperation with the media is expected as the sign of full accommodation.

"The growth of pressure makes an organization at fault decide how much they are willing to dispose themselves. It is very important to demonstrate that you support your own values moving towards full accommodation on the continuum…it's not always as simple as apologizing and getting through with it" (Cameron, personal communication, January 22, 2006).

5. Lack of online communication. The majority of interviewees (67 %) considered the use of the Web site to be very important in this situation. Some professionals thought that it may create a long-living public record that an organization may regret in the future or have potential clients see its mistake documented on the Web site.

However, the prevailing opinion tracked in the interviews and in the media was that not using the full potential of online communications did not meet public expectations of the organization's transparency in this new-media age:

> People expect messages on Web sites. I know when I go to the Web site of a company in crisis and there is no mention of the crisis I think less of the company. At least have a record of your public statements. We should not have to dig through media stories to find out what a Company has said and done. PR involves giving good news and bad news, the Web site should reflect that. Companies may think the less said the better, but when a crisis is mentioned in cyberspace by others (bloggers and/or media), the story is there and will remain as long as there are links to the existing information. Cyberspace has a long memory, so make sure your own voice is archived and

searchable with the others talking about your crisis. (Coombs, personal communication, January 30, 2006)

The Ketchum representative wrote that "When a company is managing its own crisis, it is almost always advisable to address it on its Web site. In this case, the central player was not Ketchum but the Department of Education" (Massey, personal communication, February 24, 2006). In connection with the focus on DOE, Ketchum chose to post only Kotcher's Op-Ed the same day it came out in *PRWeek*, January 13, and kept it there for a week. "Other than that, as said earlier, we largely withheld our own point of view to allow the Department of Education to investigate the situation and issue their own statements" (Massey, personal communication, February 24, 2006).

This strategy received many critical comments from those who use Internet as a primary resource for getting information (the number of such people constantly grows). The Web site of the DOE did not contain information on current events either, thus the perception was that both Ketchum and the DOE avoided additional comments on the problem. Industry practitioners and the media expressed the need for online information; bloggers suggested that Ketchum could start a blog or a special Web site.

Interviewees also underlined that using the full potential of the Internet was a great way to provide the organization's side of the story and reduce the number of media inquiries and bloggers' questions. As Jim Lukaszewski said, "I do recommend aggressive use of the Web site to inform, to alert, to correct and clarify, and to interpret the facts and impressions. On issues like this, rather than engage the bloggers in a dialog, I recommend that whatever seems offensive or erroneous be excerpted from the blog then transferred to the site, corrected, and clarified" (personal communication, February 16, 2005).

As for talking to the bloggers, the pattern derived from at least 53 % of the interviews outlined the importance of responding to inquiries coming from credible bloggers. Monitoring and research can help single such influential bloggers out. The lack of time in a crisis can prevent an organization from providing timely response to the whole mass of inquiries from bloggers and the media. That is why answering the questions on a special Web site or an easy-to-find section of the organizational Web site will certainly reduce the repeated questions.

Proactive online communications would also be a solution to the concern that Ray Kotcher expressed in his April 2005 interview with *PRWeek* when talking about various comments published throughout the crisis: "Some comments weren't helpful in this particular situation or for the industry at large because people spoke without having all the facts. We wish they had spoken to us first, and I'll leave it at that" ("Interview with Ray Kotcher," 2005).

However, Ketchum made a deliberate choice not to dispose itself to the blogosphere, answering to the inquiries. According to the information provided by the firm, "Media and blog inquiries were assessed by the core issue team, but we knew that our limited statements would not feed bloggers' interests in constant, relatively unstructured dialogue" (Massey, personal communication, February 24, 2006).

As Hooyman noted, Ketchum did not use the opportunity "to really model the best behavior in a crisis within a public relations community and profession" (personal communication, February 8, 2006). Part of that modeling could be the progressive approach to crisis communications utilizing the blogs. The example could be creating one for the CEO's crisis communications as suggested by Dugan (2005b): "Blogs are perfect for quickly getting out the right information in a crisis. Not to mention, they seed the search engines with your side of the story," and can also be separated from the main organization's Web site in order to avoid that mentioning of the mistake that potential clients can run into (a concern for Web site use discussed earlier).

Utilizing blogs as a crisis communications resource would have certainly played a role later in the year when Ketchum launched its Personalized Media Service, because the main criticism of the new practice was that the firm started offering the service without ever having experience with its own blog. "I do think that if I were a potential client, I'd want to know what hands-on experience they have to back up the talk in the press release about what the service comprises and their skill sets… Better advice for the blog-lorn is much more likely to come from people who really understand the social dynamics in the blogosphere" (Boyde, 2005). Creating a specialized blog and gaining experience in the blogosphere would not only demonstrate that the firm is being transparent, but also serve as an example of how a crisis can be turned into a potential business opportunity later.

5. Recommendations for effective management of the situation. There were several suggestions repeatedly expressed in the interviews on the actions that should have been taken during and after the crisis. These actions can be seen as the effective solutions for handling the situation and restoring Ketchum's image after the crisis.

1. <u>Apology as the initial strategy</u>. The majority of respondents (60%) agreed that apology as the first chosen strategy would have benefited the Ketchum brand and

prevented the growth of media attention. "It may hurt at first admitting the mistakes, but from a long-term perspective you are trying to protect your reputation and institution" (Byrum, personal communication, February 20, 2006). William Benoit, the researcher who devoted several studies to apology, said that even though he thinks "it is human nature to deny wrongdoing," he also thinks that "in most cases when a person takes responsibility and apologizes, it usually will help his or her image" (personal communication, January 20, 2006).

2. Attributing responsibility for the situation to certain employees involved in the case. It remained unclear to the public whose decisions and wrong judgment led to the agency's involvement in the case. Several interviewees expressed the idea of firing the responsible personnel who symbolized the ethical failure of the organization as part of the corrective action. "That is one of the realities of turning the situation around" in efforts to repair image (Byrum, personal communication, February 20, 2006). The same idea was mentioned in the February 2005 O'Dwyer's PR Services Report ("Heads Should Roll," 2005) and on the blogs (Dugan, 2005b).

3. Providing additional public information about the corrective action.

Ketchum has put together a system to prevent such controversial situations, as with the DOE contract, from happening again. The measures included new "crystal-clear guidelines," central number for staff questions, revised contracts that spell out disclosure responsibilities of all involved parties, and new training courses for all North American employees ("Interview with Ray Kotcher," 2005). As Massey (2005) wrote:

> We implemented and continue to offer two mandatory courses on "Navigating the Changing Communications Landscape." The first focuses on the media

> and includes an overview of the legal/regulatory environment, contracts and disclosure guidelines. The second course provides an extensive section on business decision making. It uses case examples to allow our staff to evaluate what they would do in certain situations and reviews clear policies that hold each member of the firm to the highest standards. This program was borrowed from previously offered training, but its expanded format was prompted by the controversy. We also conducted a thorough audit of all government contracts and conducted training for everyone involved in a government contract so that they are vigilant and sensitive to the standards that must be met on such contracts. (personal communication, February 24)

According to Judith Phair (personal communication, February 13, 2006), Ketchum has also been regularly sending out e-mails to members of the professional community, providing information about the implemented actions and programs. However, the idea that was repeated by at least 67 % of the interviewees had to do with demonstrating transparency and being more open about what has happened. Such transparency would include mentioning the occurrence on the organizational Web site and describing the proposed corrective actions and the progress of their implementation for interested individuals.

4. Being proactive in interactions with the media. Much has already been said about the criticism regarding the repeated no-comment statements that the media representatives mentioned during the initial period of silence when Ketchum was allowing the DOE to conduct its investigations, as well as after the accommodative statement that the firm provided. The interviewed professionals underlined the effectiveness of a proactive approach, not only having a statement ready for anyone

who is interested, "an explanatory platform for both the agency and its client," but also providing information about its activities and progress with corrective actions (Byrum, personal communication, February 20, 2006).

5. Putting more efforts into giving back to the industry. The majority of the interviewees (53 %) thought that the crisis did not bring major damage to the firm's image, maybe only a temporary effect during the acute crisis stage, possibly also with the government. This idea was confirmed by Ketchum's representative who stated the agency's long-standing reputation helped it to avoid big losses: "People who know Ketchum well, know that this was a very unusual situation in which to find this agency. In the areas of new business and recruitment, we had a very strong new business year and we hired over 200 people last year. We also know of no clients or employees who left in response to this controversy" (Massey, personal communication, February 24, 2006).

However, many professionals were concerned that the firm's actions covered in such major media sources as *The New York Times* seriously damaged the overall industry's image. That was the concern expressed in a number of interviews (at least 53 %) and in the media. For example, the panelists in the Jack O'Dwyer's Newsletter thought that after all the negative publicity surrounding the industry in the beginning of 2005, "far more needs to be done, including a possible ad campaign, to rectify the damage caused by the story" ("Response to NYT Blast," 2005).

That is the interviewed practitioners thought that it was very important to put more effort into giving back to the industry in order to demonstrate the agency's values. Judith Phair said that she thought a lot of what Ketchum was doing "is the right thing to do" (personal communication, February 13, 2006). For example, PRSA provided the researcher with a transcript from the March 22, 2005 meeting held in its New York headquarters on the ethical issues that the public relations industry is facing. Ray Kotcher actively participated in the discussions and attempts to figure out ways to restore the industry's image and prevent ethical lapses.

However, there is a perception that more should be done to benefit the agency's image. The repeated ideas included taking an active role in the global media transparency efforts led by PRSA and in sponsorships of various educational efforts for the industry. Sponsorship is perceived as an important element of professionals' participation in them. Dan Keeney, APR, wrote an article after he had received a promotional announcement from Counselor's Academy to participate in an ethics teleseminar with Ray Kotcher. His quote could be used as an explanation for the sponsorship idea:

> The premier professional interest section of the Public Relations Society of America is asking members to pay $85 ($150 for PRSA members who are not part of the Counselor's Academy) in order to hear Ketchum once again…explain the policies that are necessary for other firms to avoid stumbling into the same mess…. Ketchum's failure to have Williams fully disclose the financial arrangement is one of the primary reasons business ethics is the number one issue confronting public relations…. We shouldn't be paying to participate in Ketchum's efforts to rehabilitate its reputation. If Ketchum and Counselor's Academy had any sense at all, Ketchum would sponsor this thing and open it up to anyone who wants to listen to their explanation. (Keeney, 2005)

Summary of the Interview Results

The patterns and themes found in the interviews and in the media could be summarized as follows:

1. The controversy surrounding Ketchum's contract with Armstrong Williams created a crisis situation for the firm. The firm's previous involvement in the widely publicized Medicare VNR in 2004 and its following 'covert propaganda' label could be seen as the prodromal stage with its warning signs, even though they are perceptional due to their ethics-related nature. The idea often repeated in the media and interviews was that Ketchum should have paid attention to these warning signs to prevent the ensuing crisis. The acute crisis stage began January 7, 2005 with the *USA Today* revelation and started transferring into the chronic stage after the apologetic statement. The crisis is currently seen as still being in its chronic stage.
2. The public perceived the firm as an organization at fault for following the DOE's lead and getting involved in an unethical contract in order to retain the client and the offered profit. That is why the public expected an accommodative response in the form of apology and corrective action.
3. A number of factors, including the request of the DOE not to disclose much of the information surrounding the contract, influenced Ketchum's decisions in terms of its response. The firm could not provide the expected response due to the request for investigation time from its client. However, Ketchum's executives could have stated that they and the client were investigating the situation with the contract internally and announced a time period after which they would come up with a more detailed statement.

3. The strategies of silence, shifting the blame, and denying all responsibility were seen as ineffective and perceived as the firm's lack of transparency in communications, as well as exclusive counseling to itself and not the client. The inconsistency in statements created a field for additional criticism. Not using online resources to communicate with the public demonstrated lack of importance ascribed to the new-media environment and the expectations it creates for organizations. The public expected to see official statements and explanations, as well as information on the corrective actions on Ketchum's Web site or a blog. The experts recommended active use of the Internet resources, including corrections and clarifications of media and blog information by the firm.
4. The apologetic statement met public expectations and received praise from the public and industry representatives, also decreasing the amount of media attention to the case.
5. The firm's actions were perceived by many as damaging to the whole public relations industry.
6. In order to meet public expectations for a crisis communications expert, the interviewees and other professionals quoted in the media recommended proactive non-stop communication with the publics, the initial strategy of apology right after the revelation of the contract, relieving employees who were responsible for the ethical breach, and demonstrating more compassion to the industry with sponsorships of educational opportunities and active involvement in global media transparency efforts.

Discussion

As mentioned earlier, similarities found between common patterns in the interviews and reviewed literature recommendations can reinstate the theory, as well as provide more credibility for the research conclusions and increase their generalizability potential. None of the patterns derived from the interviews and media content was found to contradict theoretical recommendations, but the researcher noted that a number of theoretical recommendations matched those in the interviews and the media.

Theoretical Recommendations for the Prodromal Stage

The reviewed literature recommends monitoring the environment for issues that may influence the organization's activities, issues management for crisis prevention, and preparation for the possible crises in order to avoid such situations as, for example, the necessity for the long period of silence after the public revelation of Ketchum's contract with Armstrong Williams. The controversy surrounding the Medicare VNR in 2004 and the government report resulting in Ketchum's involvement in 'covert propaganda' should have be taken into consideration by the firm's executives and should have resulted in a thorough review of the government contracts to prevent potential issues that may arise in association with them. The firm's management should have then either eliminated these issues or prepared a response or explanation in case of a crisis.

Recommendations from Situational Theory and Studies of Apology

In accordance with Situational Theory it was important to take the previous controversy with the Medicare VNR into consideration when choosing the response to the crisis. The VNR practice was seen as deceptive by the public and was often mentioned when the contract with Williams was revealed, creating the perception of a pattern of deceptive practices in the firm. Therefore, it can be stated that a more accommodative response was expected from the very beginning on the part of Ketchum and would have been more effective for managing the crisis.

The interviews and media data confirmed this statement, revealing the public perception of Ketchum's apology as the most effective initial strategy. As for the apology, the stated effectiveness of this strategy in this case once again reinforces the necessity for the organization to accept responsibility. In the Ketchum case it was important to make an objective judgment of the reputation threat and decide on the apology earlier, taking into account the strong perception of its blame in the occurrence.

The equivocal communication used by Ketchum before and to some degree after the apology brought additional damage to the reputation, according to the media coverage and the interview data. The criticism of inconsistent and defensive statements reinstated the encouragement for full apology and consistency found in previous research.

Contingency Theory Variables

The contingency theory argument about various factors and circumstances influencing a public relations practitioner's decisions could be clearly seen in DOE's request not to discuss some important information. Ketchum adjusted its response strategies in accordance with its client's requests and the public was unaware of those circumstances. It is important to consider the whole spectrum of variables that affect decisions of public relations professionals, even when they are armed with theory and have knowledge about effective strategies.

Image Restoration Recommendations

Since the public perceived the agency as an organization involved in an unethical contract for profit, an accommodative response in the form of apology and corrective action was expected by the public. The interview data and media coverage clearly support previous research demonstrating that such strategies as silence, shifting the blame, and denying all responsibility are ineffective for an organization that has been publicly accused and found guilty of a wrongdoing. Those strategies decrease an organization's credibility and are viewed as the organization's lack of transparency in communications.

Internet Use in Crisis Communications

The interview and media data reinstated the expectations of the organization's transparency associated with the new-media environment and underlined the importance of recommendations of proactive Internet use in crisis communications for timely distribution and receipt of information, including official statements, explanations, and direct feedback.

Recommendations of Full Accommodation for Organizations at Fault

Theory recommends moving all the way to full accommodation for organizations perceived to be at fault. Interview and media data contained the pattern of expectations of the organization's compassion and commitment to resolve the issue with actions such as revealing and relieving the responsible employees, correcting policies, sponsoring educational events about industry ethics, and giving back to the industry perceived as damaged in other ways.

CHAPTER IV

Conclusion

The case study presented in this thesis is of value to the public relations field, because the crisis is based on one of the vital issues that the public relations industry faces at the moment – ethics and transparency in communications, an issue that is particularly important for public relations professionals working on government contracts. The crisis resulted in numerous discussions and initiatives within the field, including creation of an advisory from the PRSA Board of Ethics and Professional Standards on VNRs and disclosure guidelines (Appendix D), as well as voluntary revision of ethics codes and contracts by many public relations agencies to avoid similar conflicts of interest in the future. According to *PRWeek*:

> Following news of Ketchum's controversial contract with commentator Armstrong Williams, Edelman assembled a global task force to examine and revise its own code of conduct… Daryl McCullough, president of Paine PR, said that his agency recently distributed disclosure guidelines to staff as a reminder…. Ray Kerins, EVP and managing director of corporate communications and media relations at GCI Group, said he held an internal roundtable on the topic of VNRs, SMTs, and paid spokespeople two weeks ago. Sixty-five staff members attended the event, more than double the number that usually show up for the quarterly roundtables. (Iacono, 2005)

The Ketchum case became a push for the public relations industry to revise its standards and proved to be an important one for public relations professionals to look into and learn from. The case study is timely not only in terms of the ongoing discussions of public relations ethical standards, but also because it is a crisis that is still in one of its final stages.

The analysis presented in this study reinstated many of the previous theoretical recommendations and reinforced the necessity of using the full potential of online resources in the new-media environment as an expression of transparency during a crisis. This is expected from public relations professionals who start consulting their clients on the new-media environment and introduce new blogging practices and recommendations that should hold true for a firm as well.

In this case blogs certainly played a big role, adding pressure for Ketchum to respond. Some of the statements on the influential industry blogs, like Richard Edelman's blog, were picked up by the mainstream media and became a push for additional posts and stories. Anyone who searches for information about Ketchum now comes across a number of blogs on the first ten pages of the main search engines like Google and Yahoo! with mostly critical posts on them. These blogs contain information that often has to be challenged by an organization to create a record of its side of the story. The interview and media data reinforced this idea.

In addition, the case study focuses on the actions of a crisis communications expert dealing with its own crisis, and this adds to the uniqueness of this research. When offering a certain service to clients, it is important for a firm to demonstrate leadership and expertise when the time comes to use the service for itself.

In the Ketchum case, the interview and media data demonstrated that the expectations for Ketchum's crisis management behavior were rather high, but were not fulfilled due to the firm's apparent lack of crisis preparedness, insufficient communication, and speed of action and response. The more effective strategy that would have met public expectations earlier, thus decreasing media interest in the case and reputation damage, had to include the following:

1. Providing a prompt statement immediately after the *USA Today* revelation of the contract: acknowledging the occurrence, Ketchum's involvement in the contract, explaining the need to gather the facts and the reasons for a limited statement, and voicing the promise to provide information as it becomes available.

2. Communicating with the media in a proactive manner during the urgent fact-gathering process.

3. Providing the facts in a much shorter period of time, as this is not a complicated case where mysterious criminal actions were involved and required lengthy investigation.

4. Accepting responsibility, apologizing, and proposing corrective actions on the part of the agency.

5. Preparing statements for both the firm and the DOE to be used in response to all media and influential bloggers' inquiries.

6. Demonstrating transparency on the organizational Web site, creating a special section on the Web site (or a separate Web site or blog) for all firm's statements, corrective actions and the progress of their implementation, as well as corrections and clarifications of media and blog coverage errors.

7. Sponsoring educational events and industry discussions of the occurrence, demonstrating more compassion to give back to the industry.

Some additional measures, such as revealing and relieving the responsible personnel were also mentioned in the media and the interviews. However, they were not reflected in the majority of opinions, and that is why may not be necessarily included in the described crisis management strategies. Although, the first reaction of any business would probably be to defend itself, in a situation where the public perceives an organization to be at fault and has evidence for it, defensive strategies, such as denial and shifting of blame, do not meet expectations. Public relations firms have to consider these recommendations, because the expectations are for them to use effective crisis response strategies (acceptance of responsibility and full apology for an organization at fault).

The researcher acknowledges limitations of the study, such as the possible subjectivity of some of the respondent opinions due to their competitive position in the industry, lack of information about the factors that influenced the decision-making process and could possibly explain why some of the basic theoretical recommendations were not followed by the firm, as well as a limited number of interviewees, which creates a generalizability problem. In addition, the study of a single case with its unique circumstances is certainly not substantial enough to make general conclusions that would apply in similar cases with the same effect.

A quantitative testing of study results can be proposed to increase the generalizability potential of the study. The researcher touched upon the idea of higher expectations for communications strategies on the part of public relations firms in times of their crises as compared to other organizations that do not specialize in communications. Very often public relations firms, as revealed in the interviews, lack their own crisis plans and preparation that they consult their clients on. Further investigation of this aspect is proposed to encourage public relations firms to pay more attention to their own preparation.

The study also discussed the idea of the transparency of communications and the pressure created by the blogs. Further research is needed to reveal the degree of influence the new media has on the crisis development and the importance of communication with bloggers during the crisis, as well as using blogs for communicating with the publics and delivering crisis-related information.

The ideas that were underlined in this case study could certainly be considered very important for practitioners operating in the present communications environment. The study is of particular use for those in the process of choosing relevant response strategies in crises that carry a reputation threat and crises associated with unethical decision-making. Matching a response strategy to public expectations has been described and tested in a number of previous studies and has been reinforced in this case study. Being transparent is another expectation that organizations have to consider, and those who work toward this transparency may benefit when various issues come up daily and create a threat of turning into a crisis.

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Appendix A

Interview Protocol Sample

Hello, my name is Irina Efremova, I am working on a case study of Ketchum Public Relations involvement in contracting Armstrong Williams for its client, the Department of Education (DOE), and the crisis created by this controversial action. I would like to ask you a few questions about your perception of this case in terms of Ketchum's crisis management strategies. Your professional expertise will add to the knowledge and understanding of Ketchum's actions and the perceptions of its communication strategies. Let me assure you that your name will not be used in the paper without your permission and I will send you a summary of the interview and the paper if you would like to see it. Can we begin?

1. Please tell me a little about your expertise in public relations. How long have you been in the field?
2. Are you a member of any professional associations? What public relations ethics codes do you follow?
3. Have you ever been involved in crisis management or crisis plan development?

Note: questions 1-3 will be asked only if the information is not publicly available on the interviewee's Web site.

4. Were you interested in the development of the Ketchum case? Did you read articles and coverage of the matter? What perception of Ketchum's response did you formulate from the coverage?
5. At what point do you think each of the crisis stages started for Ketchum?
6. What is your general opinion on this issue in regards to professional ethics and standards?

7. Which crisis response strategies used by Ketchum do you find effective and which would you not use for this situation? What reasons could be underlying Ketchum's choice?
8. What would be your choice of response strategies if you were to make the decision after the first article on the Ketchum contract with the DOE came out in *USA Today*?
9. What would you do for your ongoing crisis recovery efforts and reputation revitalization in the current period of time, after the intense negative coverage has passed and the media only occasionally mentions the case?
10. Would you make use of blogs and the company Web site as your crisis communication tool? If yes, what kind of information and messages would you post there?
11. How would you divide the amount of responsibility and fault between Ketchum and the DOE in this case?
12. If you were a client currently looking for a public relations agency to represent your brand, would you consider Ketchum as a candidate?
13. Do you think this situation damaged Ketchum's reputation in the industry? What about their perception by other publics?
14. Do you know if the agency suffered financially and lost any contracts or potential clients?
15. Do you feel any influence of this case on the public relations field in general?

Thank you. You've been most helpful. My next step will be to transcribe our conversation. Would you mind looking it over when it is ready for errors? If you would like to elaborate on your comments, that would be great. I will email you a copy of the executive summary as soon as it is ready. Thanks again for your time and trouble.

Stacks's (2002) sample of an in-depth interview has been used as an example for introduction and conclusion (p. 89).

Appendix B

Department of Education and Ketchum Contract

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

3. Effective Date: [illegible] 21, 2004

Issued By: Contracts and Purchasing Ops. Group A, U.S. Dept. of Education, 550 12th Street, SW, 7th Floor, Washington, DC 20202-4444

8. Name and Address of Contractor: KETCHUM, INC., [illegible] L STREET NW, SUITE [illegible], WASHINGTON DC [illegible]

10A. Modification of Contract/Order No.: [illegible]

10B. Date (See Item 13): May 14, 2003

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[illegible]

12. Accounting and Appropriation Data: [illegible] $ US 139,490.56

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

D. Other (Specify type of modification and authority): B.2 (e) Order Annual Increase

E. IMPORTANT: Contractor [X] is not [ ] is required to sign this document and return ___ copies to the issuing office.

14. Description of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to include funds for work request 10 (Minority Outreach Campaign) and increase the contract by $139,490.56. The contract is hereby increased from $508,519.24 by $139,490.56 to $648,009.80.

15A. Name and Title of Signer (Type or Print)

16A. Name and Title of Contracting Officer (Type or Print): [illegible] Scott, Contracting Officer, (202) [illegible]

15B. Contractor/Offeror — (Signature of person authorized to sign) — 15C. Date Signed

16B. United States of America — (Signature of Contracting Officer) — 16C. Date Signed [illegible]/04

STANDARD FORM 30 (REV. 10-83)

Minority Outreach Campaign
SOW #16

Th[illegible] partment of Education (ED) is continuing to be interested in exploring communications strategies for educating the Afr[illegible] American community with messages about No Child Left Behind (NCLB).

ED wants to utilize television and radio advertising on the "The Right Side" which is produced by Right Side Productions.

Established in 1987 with offices in D.C and Chicago, Right Side Productions is a subsidiary of the Graham Williams Group (GV[illegible] that produces informative, innovative programming for top clients and officials in the media arena. The most recognized and respected brand name of its product line is "The Right Side," hosted by nationally syndicated print, television, & radio personal[illegible] and CEO of the Graham Williams Group, Armstrong Williams.

With more than 100 radio and television affiliates across the country in such major markets as the District of Columbia, Los Angeles, Chicago, Dallas, Houston, Philadelphia and many more, "The Right Side," with Armstrong Williams, is a conduit to 12 million targeted viewers.

Whereas others just report the news, "The Right Side" goes one step further, providing compelling insights into the political social issues that Americans care about most, with a strong emphasis placed on moral striving and rededication to the family.

Based in Washington, D.C., "The Right Side" delivers its message not only to millions of viewers across the country, but als[illegible] the people intricately involved in the country's legislative, judicial, political and economic process.

"The Right Side" affords the opportunity to communicate with one of the most unique and diverse audiences in the industry: [illegible] American black, 21% Latino, 40% White.

Ketchum, the contractor, shall arrange the production of two television and two radio ads that would run on the "Right Side" fo[illegible] [illegible] six months. The ads shall include the Secretary and Mr. Williams and shall focus on NCLB.

Th[illegible] ads shall run on the following national and local TV stations:

The Liberty Channel (national)
"The Right Side" airs M, W, F 1-2 PM (EST)

Sky Angel (national)
"The Right Side" airs Sundays 10-11 PM (EST) and Wednesdays 7:30-8:30 AM (EST)

CTN
"The Right Side" airs M-F, 1-2 PM (EST), repeats M-F, 11 PM-12Am (EST)

Arlington VA TV
"The Right Side" airs Saturdays 3-4 PM (EST)

DCTV
"The Right Side" airs Fridays 9-10 PM (EST)

WBPH TV 60, Allentown, PA
"The Right Side" airs M-F, 6:30-7:30 PM (EST)

WIWU TV Marion, Indiana
"The Right Side" airs M,W,F from 1-2PM (EST)

Family Life TV, PA
"The Right Side" airs M,W,F from 1-2PM (EST)

T[illegible] TV 15 Florida
"The Right Side" airs Sundays, from [illegible] AM

WDEK TV, GA

"The Right Side" airs M, W, F 2-3 PM

TV 58, Maryland
[illegible]ght Side" airs M-F, 2-3 PM

Grambling State University, LA
"The Right Side" airs M-F, 5-6 PM

WAZT TV, Woodstock, VA
"The Right Side" airs Sat, Sun, 11:00 AM-12:00 PM

Ketchum shall arrange for Mr. Williams to regularly [illegible] on NCLB during the course of his broadcasts. Show times and [illegible] may change or be subject to preemption at the programmer's discretion.

Deliverables
Ketchum shall create and place the following ads:

- Two (2) (60) Television ads promoting NCLB. Ads shall be produced by Graham Williams Group. Ads shall feature a one minute read by Secretary Paige.
- Two (2) (60) Radio ads promoting NCLB. Ads shall be produced by Graham Williams Group. Ads shall feature a one minute read by Secretary Paige.
- Each advertising spot shall run during the one hour cable television broadcast. Ads shall run on all of Mr. Williams's cable affiliates.
- Secretary Paige and other Department officials shall have the option of appearing from time to time as studio guests to discuss NCLB and other important education reform issues.
- [illegible] a six-month advertising campaign on "The Right Side" with Armstrong Williams (Ads shall air on Mr. Williams's television and radio broadcasts; bonus ads can be disseminated during Black History month and Rev. Martin Luther King Jr.'s birthday).
- Mr. Williams shall utilize his long term working relationship with America's Black Forum, where he appears as a guest commentator, to encourage the producers to periodically address the No Child Left Behind Act (67 million viewers; reach 87% of urban market).
- The TV ads shall run for 23 weeks.

Deadlines

- FD will review the ads prior to completion up to one week after the task order has been signed.
- 5-6 sound bites shall be submitted to Graham Williams Group (storyboard/script) two weeks after the task order has been signed.
- FD shall receive a broadcast report from Ketchum the first week of each month.

Revised March 30, 2004

[redacted]

WORK REQUEST
(Time and Materials)

Contract Number: ED-03-PO-1725

Work Request Number: 16

Project Title: Minority Outreach Campaign

Estimated Not-to-exceed hours: 27

A. Salaries and Wages

LABOR CATEGORIES	LOADED RATE	TOTAL HOURS	AMOUNT
	(b)(4)	(b)(4)	
Vice President\Creative Services			$0.00
Vice President\Research			$0.00
Senior Account Executive			$0.00
Assistant Art Director			$0.00
Associate Account Executive			$0.00
Administrative			$0.00
Senior Vice President			$1,245.70
Vice President\Group Manager			$4,48[illegible].60
Account Executive			$0.00
Production Marketing Manager			$0.00
Art Director			$0.00
Vice President\Contract Manager			$446.76
Account Supervisor			$0.00
Account Coordinator			$0.00
Financial Analyst			$0.00
SUBTOTAL DIRECT LABOR			$6,160.06

Revised March 30, 2004

WORK REQUEST
(Time and Materials)

B. TRAVEL		COST	UNITS	AMOUNT
Taxi (to and from DOL)	/trip	[illegible]	[illegible]	$45.00
Courier	/trip			$0.00
SUBTOTAL TRAVEL				**$48.00**
C. OTHER DIRECT COSTS (ODCS)				
Long Distance Calls	/minute			$45.00
Faxes	/fax			$12.50
Data Collection	/search	$		$0.00
Fed Ex	/package			$150.00
Reproduction	/copy			$75.00
4 sets black & white proofs				$0.00
Faxes				$0.00
Tapes/Discs				$0.00
Data Collection				$0.00
Fed Ex				$0.00
Reproduction				$0.00
Photo Scans				$0.00
Purchase Stock Photos				$0.00
SUBTOTAL ODCS				$282.50
D. SUBCONTRACTOR (if applicable)				$133,060.30
The Graham Williams Group				
Total Price				**$139,490.56**

Authorization:

COR

Date

Janet D. [illegible]

6/25/04
Date

Completion Date

Acceptance Date

Elizabeth McLean
Contractor Signature
ELIZABETH McLEAN

8.30.4.04
Date

*Note: Invoices shall be submitted after written acceptance of the deliverables, as stated in the statement of work (SOW), is received from the COR by the contracting officer. The contracting officer or the contract specialist will notify the contractor when acceptance is received from the COR. The contractor can then invoice for payment for this work request.

Appendix C

Timeline of Events

2005

January 7
- An article in *USA Today* reveals Ketchum's involvement in the contract payment to Armstrong Williams for promoting the NCLB program for its client, the DOE.
- Politicians request investigations of the contract; first blog posts on the issue appear online.
- Ketchum refers all calls to the DOE.

January 8
- Story coverage follows in *The Washington Post* where the DOE defends the contract and Ketchum declines comments again.

January 9
- Another article about the contract comes out in *USA Today*, Armstrong Williams apologizes.
- Industry publications and blogs follow up on the story.

January 12
- *The New York Times* article comes out, quoting industry and trade associations' leaders on Ketchum's involvement.
- Kathy Cripps, the President of the Council of Public Relations Firms, does not see the contract as unethical. Sloane & Company withdraws from the Council as the result of her quote.

January 13
- Ray Kotcher's Op-Ed appears in *PRWeek* discussing the blurred lines between advertising and public relations, and William's responsibilities.

January 17
- Lorraine Thelian's statement is published in *PRWeek*. The statement denies all responsibility for Ketchum in terms of contract disclosure.

January 13-18
- Industry publications and bloggers express disappointment with the two statements from Ketchum and continue to criticize the firm for its involvement in the contract and denying the responsibility.

January 19
- Ketchum issues an apologetic statement that is published in many trade publications, as well as covered in *The New York Times*.
- The firm is praised for finally stepping up and proposing corrective action.
- The discussions of the apology can be seen on blogs and in the trade publications.

April 4
- Ray Kotcher gives an interview to *PRWeek*, reinstates Ketchum's apology and discusses implemented corrective action. The interview receives follow-up coverage on blogs and in trade publications

April - September
- Results of two reports from Education Department Inspector General come out in April and September finding neither ethical violations nor covert propaganda in the contract, Ketchum does not receive any criticism for its actions.
- Industry publications and blogs discuss the findings of the reports and later occasionally remember the case in connection with other events.

October-December
- The results of the Government Accountability Office report are published in October. The report finds that the contract has violated propaganda rules.
- Report results are discussed in industry publications and blogs. After that the case is only mentioned in connection with other connected industry events.

Appendix D

PRSA Advisory

PR

Professional Standards Advisory PS-6 (APRIL 2005)

DATE: **April 26, 2005**

TO: **Members of the Public Relations Society of America (PRSA)**

FROM: **PRSA Board of Directors**
PRSA Board of Ethics and Professional Standards(BEPS)

RE: **Professional Standards Advisory PS-6 (April 2005)**

ISSUE: **DISCLOSURE BY EXPERT COMMENTATORS AND PROFESSIONAL SPOKESPERSONS OF PAYMENTS OR FINANCIAL INTERESTS**

All PRSA members pledge adherence to the Society's Member Code of Ethics. As issues arise relating to the practice of public relations, BEPS is charged with providing guidance on such issues within the framework of the Code provisions. To provide that guidance, we continue this series of professional standards advisories. The PRSA Member Code of Ethics may be found online at www.prsa.org.

ISSUE: The failure of commentators and professional spokespersons to disclose that they have been paid to promote a cause or point of view, or that they have a financial interest in the products or organizations on which they purport to provide expert opinion, commentary or information.

BACKGROUND: In recent months, attention has been focused on commentators, some even posing as news reporters and expert analysts whose views were presumed to be independent, but who had been paid to endorse a cause or product and had not disclosed that relationship. In one controversy, syndicated columnists supported initiatives of the Administration but was later shown to have been paid fees by the government channeled through a public relations firm. Similarly, supposedly independent consumer product experts appeared on news programs and endorsed specific products, but were later found to have been paid for those endorsements or to have had prior financial relationships with the manufacturers.

RELEVANT SECTIONS OF THE PRSA CODE:

PART I: Code provisions related to this issue:

Free Flow of Information: Protecting and advancing the free flow of accurate and truthful information is essential to serving the public interest and contributing to informed decision making in a democratic society.
A member shall:

- Preserve the integrity of the process of communication.
- Be honest and accurate in all communications.
- Act promptly to correct erroneous communications for which the practitioner is responsible.

Disclosure of Information. Open communication fosters informed decision-making in a democratic society.
A member shall:

- Be honest and accurate in all communications.
- Act promptly to correct erroneous communications for which the member is responsible.
- Investigate the truthfulness and accuracy of information released on behalf of those represented.
- Reveal the sponsors for causes and interests represented.
- Disclose financial interest (such as stock ownership) in a client's organization.
- Avoid deceptive practices.

Conflicts of Interest. Avoiding real, potential or perceived conflicts of interest builds the trust of clients, employers and the publics.
A member shall:

- Act in the best interests of the client or employer, even subordinating the member's personal interests.
- Avoid actions and circumstances that may appear to compromise good business judgment or create a conflict between personal and professional interests.
- Disclose promptly any existing or potential conflict of interest to affected clients or organizations.
- Encourage clients and customers to determine if a conflict exists after notifying all affected parties.

Enhancing the Profession. Public relations professionals work constantly to strengthen the public's trust in the profession.
A member shall:

- Acknowledge that there is an obligation to protect and enhance the profession.

- Decline representation of clients or organizations that urge or require actions contrary to this Code.

PART II: Professional values related to this issue:

- Advocacy. We serve the public interest by acting as responsible advocates for those we represent. We provide a voice in the marketplace of ideas, facts and viewpoints to aid informed public debate.
- Independence. We provide objective counsel.
- Honesty. We adhere to the highest standards of accuracy and truth in advancing the interests of those we represent and in communicating with the public.
- Fairness. We deal fairly with clients, employers, competitors, peers, vendors, the media and the general public. We respect all opinions and support the right of free expression.

OPINION UNDERLYING RECOMMENDED STANDARDS

One of the foundations of a system of free expression is the presumed fairness and independence of reportage, analysis and commentary in the news media. In this system, a diversity of viewpoints and opinions needs to be heard, but must compete on the merits of argument and fact. When a point of view, organization or product is given an unfair advantage as a result of financial payments, it undermines the integrity of the system itself.

Spokespeople, commentators, product experts or others who offer opinions or points of view within the news media have a responsibility to disclose any financial relationships they may have with a person, organization, product or other entity on which they offer comment or perspective. This responsibility extends to public relations professionals who may enlist such spokespersons on behalf of a client. Moreover, the responsibility is an affirmative one: it cannot be left to reporters or others involved in the process.

Recommended Best Practice

1. To be proper, commercial relationships must be disclosed in advance or simultaneously in the same public forum to ensure that those affected or influenced can make informed and knowledgeable decisions.
2. Every participant in the chain of the financial relationship has an affirmative duty to disclose the relationship. Failure to disclose is improper conduct under the Code.
3. PRSA members have important responsibilities in such cases. The Code requires honesty and accuracy in all communications, and requires members to reveal the sponsors for causes and interests they represent and any financial interest they or their clients may have in the outcome of events or individual decisions.

Principal BEPS Author: Patrick Hirigoyen

Retrieved from: http://www.prsa.org/_News/leaders/ps60426.asp

Appendix E

List of Interviewees

	Last Name, First Name	Title	Organization	Date of Interview	Form of Interview
1.	Benoit, William	Professor, Crisis Response and Image Restoration Researcher	University of Missouri	01/23/2006	E-mail
2.	Bernstein, Jonathan	President, Crisis Expert	Bernstein Crisis Management LLC	02/15/2006	Phone
3.	Byrum, Reed	President and Chief Executive Officer, Former PRSA President	Strategic Communications Associates	02/20/2006	Phone
4.	Cameron, Glen	Professor, Contingency Theory Researcher	University of Missouri	01/22/2006	Phone
5.	Caudill, Charles	Founder and President, Former CNN Executive	Caudill Media Management	02/27/2006	In Person
6.	Coombs, Timothy	Associate Professor, Crisis Communications Researcher	Eastern Illinois University	01/30/2006	E-mail, Phone
7.	Edelman, Richard	President and Chief Executive Officer	Edelman	02/15/2006	Phone
8.	Hooyman, Tom	President, Ethicist	The Hooyman Group, Ethically Speaking	02/08/2006	Phone
9.	Fink, Steven	President, Crisis Expert and Stage Theory Author	Lexicon Communications	01/24/2006	Phone
10.	Kruckeberg, Dean	Professor, Department of Communication Studies, Ethics Researcher	University of Northern Iowa	01/30/2006	Phone
11.	Lukaszewski, James	Founder & President, Crisis Expert	The Lukaszewski Group Inc	02/16/2006	In Person
12.	Massey, Robyn	Vice President, Corporate and Media Relations	Ketchum	02/24/2006	E-mail
13.	Paine, Katie	President and Chief Executive Officer, Writer on crisis communication	KDPaine & Partners	02/09/2006	E-mail
14.	Phair, Judith	PhairAdvantage Communications Founder and President, PRSA Immediate Past President	PhairAdvantage Communications, PRSA	02/13/2006	Phone
15.	Schettino, Robert	Vice President, Corporate Communications	Hyperion (at the time of the interview)	12/16/2005	Phone
16.	Spector, Greg	President and Chief Executive Officer	Blanc & Otus	12/12/2005	In Person

Appendix F

Some Quantified Interview Results

	Interviewees that expressed or supported the idea, %	**Interviewees that did not mention or support the idea, %**
Involvement in contracting the commentator without disclosure responsibilities is clearly unethical and wrong	73	27
Crisis communications delivered by Ketchum were ineffective, the opposite of "normal" crisis management	67	33
Ketchum lacked clarity of communications and explanations	40	No exact number
The sequence of strategies used by Ketchum would be described as: silence, denial, shifting of blame, and only then apology and corrective action	50	No exact number
Silence is ineffective, it is always better to talk about something and challenge the information provided by others	53	No exact number
Inconsistent statements and equivocal communication are ineffective and bring damage to an organization's reputation	53	No exact number
Not cooperating with the media or singling out one publication is not the right thing to do	53	No exact number
The use of organizational Web site is important in crisis communications	67	33
Responding to credible bloggers should take place in crisis communications	53	No exact number
Apology as the first chosen strategy would have benefited the Ketchum brand and prevented the growth of media attention	60	40
Mentioning the occurrence and corrective action on the organizational Web site and describing the progress of correction would have benefited Ketchum as a sign of its transparency	67	No exact number
The crisis did not bring major damage to the firm's image, maybe only had a temporary effect	53	47
The firm's actions damaged the overall industry image	53	No exact number