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# Got PR?

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I decided to focus on crisis management this month, which is akin to a disaster recovery plan for your corporate reputation and legal protection when something goes wrong and there's nowhere to hide.

Take the lead story on a lawsuit filed by five tobacco companies against the FDA in an attempt to block a ruling that would require cigarette packages to feature gruesome images of the health risks of smoking. The lawsuit is claiming violation of constitutional rights, but the companies are really just trying to avoid losing more revenue from declining cigarette sales. This is poor crisis management, since everyone knows the true motivation behind the suit.

Since PR is so key to handling a crisis situation, I've talked a lot about PR miscues in the face of adversity from News Corp., BP, Toyota, Amazon and even the Japanese government. What these businesses fail to comprehend is that evading or denying fact-based crises only makes the situation worse. Taking rapid and responsible action to address the impact of the crisis is by far the better strategy (case in point: the Tylenol scare of 1982).

A recent survey of C-level executives shows they are unsure of their ability to act properly in a crisis. You need to test and practice your crisis management plan, not just file it away for a rainy day.

Our federal government is in crisis mode now, and it's pretty clear there's no crisis management plan at all. I like how Starbucks's CEO Howard Schultz is responding.

Elsewhere, I talk about my free workshop that lets business owners test their marketing IQ. Check it out.

I want to thank my printer for mailing out last month's issue while I was on vacation. Summer's waning but there's still time to enjoy some warm weather! Enjoy!

## Sympathize with 'Big Tobacco'? That's a tall order.

If the FDA gets its way, by Oct. 22, 2012, every pack of cigarettes sold in the US will carry one of nine alarmingly graphic, full-color warnings reminding people how horrible smoking is for their health. The image might be a pair of healthy lungs next to a pair of blackened and diseased lungs. Or a man smoking out of a hole in his throat (*pictured here*). Or a mouth with sores on the lips and teeth all yellowed and decayed.

But tobacco companies are fighting that plan. On Aug. 16, five U.S. tobacco companies sued the federal government, saying the mandatory warnings would violate their free speech rights.

"Never before in the United States have producers of a lawful product been required to use their own packaging and advertising to convey an emotionally charged government message urging adult consumers to shun their products," the companies wrote in the complaint. The complaint also states, "This is precisely the type of compelled speech the 1st Amendment prohibits."

For more than 45 years, the FDA has required cigarette companies to put surgeon general warnings on all their products and advertisements. The complaint notes that the plaintiffs never challenged that requirement legally. But this new requirement seems to be a different can of graphic worms. The warnings will be printed on the entire top half of the cigarette packaging, on both the back and the front sides. There is also a phone number for a stop-smoking hot line.



**This is one of the new graphic warnings the FDA wants prominently displayed on cigarette packages next year. Several tobacco companies have filed a lawsuit to prevent this from becoming mandatory.**

It's hard to argue that the packages are meant to send the message: If you use this product, you could die. Or get a diseased mouth. Or hurt your baby.

In a statement, Martin L. Holton III, executive vice president and general counsel for R.J. Reynolds, one of the companies in the lawsuit, said: "Rather than inform and educate, the graphic warnings include nonfactual cartoon images and controversial photographs that have been technically manipulated to maximize an emotional response from viewers, essentially turning

*"Big Tobacco" (cont.)*

## Starbuck's CEO calls for boycott on political contributions

Starbucks CEO Howard Schultz is fed up with Washington. And he is doing something about it, reports CNN Money.

Spurred by what he calls a failure of leadership on the part of lawmakers, Schultz is mounting a one-man bull rush against a political culture that has "chosen to put partisan and ideological purity over the well being of the people" in his words.

What does that mean? No more political donations -- not for anybody. And he's recruiting other CEOs to join him.

"I am asking that all of us forgo political contributions until the Congress and the President return to Washington and deliver a fiscally disciplined

long term debt and deficit plan to the American people," Schultz wrote in a letter that was passed on to members of the NYSE and Nasdaq.

The goal is to hit lawmakers right where it hurts: the pocketbook. "All it seems politicians are interested in is re-election, and the lifeblood of that is fundraising."

Schultz said his breaking point was the contentious debate over raising the debt ceiling -- and the failure to reach a long-term solution to lower deficits. "[Lawmakers] have stirred up fears about our economic prospects without doing anything to truly address those fears," Schultz wrote to his fellow CEOs.

## How's your marketing IQ?

Most small business owners spend so much time on the day-to-day operational aspects of their companies that they have little time to think like an entrepreneur.

Said another way, they're more concerned with working *in their business* rather than working *on their business*. No matter what industry you're in, if you're not spending enough time on marketing then you're following a going out of business strategy.

I am offering a FREE workshop that covers my **Marketing Assessment Overview** to help business owners fine tune their marketing priorities, so the time they spend on this vital task will pay maximum dividends.

The discussion covers such points as:

- 12 marketing activities that can generate qualified sales leads.

- How productive is your website in capturing leads?
- What are you doing to increase your competitive differentiation and advantage?
- What do customers and prospects say you do best...and what do they say you need to do better?
- What is the most overlooked and misunderstood weapon in your marketing arsenal?

My Marketing Assessment Overview gives business owners a better understanding of the areas they need to focus on to grow their businesses and connect more effectively with customers and prospects.

The free workshop is perfect for professional groups and membership associations, and also can be presented to a company onsite. Contact me for more details, and start improve your marketing IQ!

## Crisis management stumps execs

Sixty percent of respondents to a recent survey said their companies have a crisis plan in place, but just 29 percent felt very confident their organization would respond effectively if a crisis occurred. Another 56 percent said they felt somewhat confident.

The uncertainty in crisis management stems from the failure of companies to regularly test the processes and viability of their plans, so when a crisis hits, they're often unprepared.

The survey of some 50 C-level executives, general counsel and risk managers found that, in the past three years, 42 percent of respondents said their company was the subject of a government inquiry or investigation, which can set up off alarm bells for shareholders, investors, customers and em-

ployees alike. Twenty-four percent claim that their company had faced a natural disaster and an equal number said their company had experienced a data loss or security breach.

Too many companies mistakenly labor under the assumption that since one can't predict when a crisis will occur, there is little you really can do to prepare for it. But sooner or later, a

crisis will indeed hit, and when it does, legal risks, business operations, and reputation management all have to be dealt with simultaneously. Decisions often have to be made in a matter of hours, or in some cases where human lives are at stake, in a matter of minutes. That can't happen if companies don't do regular file drills to test their ability to respond properly when it really counts.



## Big Tobacco (cont.)

our cigarette packs into mini-billboards for the government's anti-smoking message." He said people should be educated on the dangers of smoking, "but this regulation completely disregards core constitutional principles."

The FDA isn't commenting on the litigation at the moment. But in a news release from June 21, when the agency selected the nine images, Health and Human Services Secretary Kathleen Sebelius said, "These labels are frank, honest and powerful depictions of the health risks of smoking and they will help encourage smokers to quit."

I find it difficult to sympathize with the tobacco companies in this matter. After all, cigarettes and other forms of tobacco are the only products which, when used according to the manufacturer's intent, can lead to health problems and death.

But how would the auto industry, for example, respond if the government required verbal or visual warnings in dealerships

that operating a motor vehicle can lead to injury or death? Motor vehicle accidents account for more deaths than all natural disasters combined. Of course, cars, trucks, etc. are essential elements of daily life, and injury rarely occurs unless the vehicle operator is negligent in some way.

Still, an industry as large as tobacco being asked to aggressively discourage people from buying its products is extreme. The number of regular smokers continues to fall because everyone knows the health risks of smoking. Isn't this enough?

The FDA's requirement that half the package contain the graphic photos strikes me as excessive. I'd accept reducing the area to, say, one-quarter of the package, and hope the lawsuit goes away. If the tobacco companies continue to press this issue, they may win on Constitutional grounds, but they'll lose the PR battle, and that promises to have serious consequences for this embattled industry.

## Seaside vacation!

We took a break from our normal vacations in the Adirondack Mountains to visit Jamestown, R.I., a small island right next to Newport. We rented a nice beach house right on Narragansett Bay. The photos below show how ideal the views were.

We enjoyed just relaxing and sightseeing. We also spent time with some family members we don't see very often, which all made it just the perfect vacation. Here's hoping you had a great summer break too!

