McDonald’s Corporation
Crisis: At noon on April 27, a group of international terrorists simultaneously bomb McDonald’s locations in NY, SF, Chicago, DC, and Atlanta. A total of 200 are seriously injured.

Merrill Lynch and Goldman Sachs
Crisis: At 6 pm on March 25, 5 investment bankers from each firm are arrested by the Securities and Exchange Committee on charges of insider trading schemes involving tips from individuals from one firm to the other regarding merger and acquisition deals involving clients.

AOL
Crisis: At 5 p.m. on May 14, a massive virus causes complete shutdown of AOL’s operating system. Viruses might have been spread to customers via email.

Procter & Gamble
Crisis: On March 2, Newsweek announces that it is running a story on a high rate of incidence of individuals, particularly children, who are getting cavities and use Crest (with fluoride) products. The articles cites tests that suggests Crest is not including sufficient levels of fluoride in its toothpaste. The ADA simultaneously announces that it is pulling its approval from Crest products until issue resolved.

Macy’s
Crisis: On November 17, a Hispanic individual files a class action lawsuit against Macy’s based on documented evidence of mistreatment of Hispanic customers at Macy’s locations in Southern California. Leaders from several minority groups throughout the nation urge Hispanics and African-Americans to join in a nationwide boycott of Macy’s.
McDonald's Corporation
Crisis: At noon on April 27, a group of international terrorists simultaneously bomb McDonald's locations in NY, SF, Chicago, DC, and Atlanta. A total of 200 are seriously injured.

Crisis Management Plan:

1. Avoid
   - Training programs for employees on how to:
     - recognize suspicious objects
     - evacuate customers & other employees
     - first aid kids (CPA)
     - emergency response
     - public relations campaign to restore public trust

2. Prepare to Manage
   - Have a crisis mgmt. plan:
     - communication with authorities & throughout the organization
     - have a formal response plan
     - random drills: practice
     - have alliances with suppliers & competitors
     - ability to inform all franchises throughout the world & media

3. Recognize
   - Pattern recognition: info should immediately reach the headquarters
   - McDonald's phone number (hotline)
   - Public Perception: attack on America
     → Issue of National Security
4. Contain
   - contact & close all stores throughout the world - temporarily
   - safety concerns are priority
   - Press conference: disclose facts, rebuild public trust, reassure that safety is #1 priority, take responsibility
   - work with competitors for the benefit of customers

5. Resolve
   - implement higher safety standards & employ more emergency training
   - donate money to victim's fund & anti-terrorist causes
   - launch a major ad campaign to intice customers to come back & support "America"
   - work w/ government

6. Profit
   - attract more customers with the PR
   - make them feel like they support America & help fight terrorism by going to McDonalds
   - honor the victims: donate $ & establish a fund
   - make sure that "heroes" are recognized
   - remain in contact with suppliers & competitors
Merrill Lynch and Goldman Sachs

Crisis: At 6 pm on March 25, 5 investment bankers from each firm are arrested by the Securities and Exchange Committee on charges of insider trading schemes involving tips from individuals from one firm to the other regarding merger and acquisition deals involving clients.

Crisis Management Plan:

1. Avoid
   - Training—understand laws
   - Good trust with public
   - Some working relationship with the other firm

2. Prepare to Manage
   - Have a crisis mgt team
   - Have a plan in place to deal with crises
   - Communication plan

3. Recognize
   - Take situation seriously
   - Have a meeting with the crisis mgt team
   - Contact other firm—be willing to work together
4. Contain

   Joint press conference—employees on leave/fired
   Investigating the situation, admit actions were wrong
   Develop & implement investigation plan

5. Resolve

   Investigate to make sure incident is isolated
   Fully cooperate with SEC & other regulators
   Depending on investigation take proper action against employees
   Reinsure employees' jobs are not at risk

6. Profit

   Positive spin through marketing
   Ethics
   Reward crisis mgmt. team
AOL Crisis: At 5 p.m. on May 14, a massive virus causes complete shutdown of AOL’s operating system. Viruses might have been spread to customers via email.

*Crisis Management Plan:*

1. **Avoid**
   - Virus protection program
   - Firewall towards customer
   - Encryption
   - Practice drills

2. **Prepare to Manage**
   - Redundancy system
   - Crisis management team
   - Crisis plan
   - PR policies to properly communicate with customers
   - Stop emails

3. **Recognize**
   - Virus detection program
   - Hotline to report problems
   - PR to explain and detail issue to public
4. Contain
- determine the size of problem
- suspend emails
- emergency security ppl on hand to find & correct
- press conference to inform public & users

5. Resolve
- IT fix/remove/resolve virus
- constant updates to email users
- compensate (ex. free month internet service)
- create additional controls to avoid this virus & similar situations
- pay for repair bill w/ certain vendor

6. Profit
- give program & virus solution to symantec & customers
- customer satisfaction
- market handling of issue
- bonus to employees that helped
Procter & Gamble
Crisis: On March 2, Newsweek announces that it is running a story on a high rate of incidence of individuals, particularly children, who are getting cavities and use Crest (with fluoride) products. The articles cites tests that suggests Crest is not including sufficient levels of fluoride in its toothpaste. The ADA simultaneously announces that it is pulling its approval from Crest products until issue resolved.

Crisis Management Plan:

1. Avoid
   - Good relationship w/ ADA → get continuous up dates on research findings
   - R&D Allocated to research on Flouride levels vs. incidence of cavities (children)
   - Testing & updating products to comply w/ industry stds.
   - See what colgate is doing!!

2. Prepare to Manage
   - designated spokesperson
     - crisis plan w/ outlined communication process
   - Do drills to ensure plan works
   - Document any customer feedback
   - Keep ADA on our side!

3. Recognize
   - Pay close attention to complaints about product → take seriously
   - Pay attention to public perception/credibility
4. Contain
   - Initiate crisis plan
     - Press release
     - Have 3rd party do tests
     - Take full accountability - customers are aware of actions being taken on issue
     - Show comparison of fluoride levels in other brands (if available)

5. Resolve
   - Alter levels of fluoride in toothpaste to new specs
   - Work with ADA to ensure compliance
   - Price promotions (free toothpaste?)
   - Tooth education for kids @ schools
   - Extra advertising - win back

6. Profit
   - Couple toothpaste sales with other Crest products
     - Toothbrush
     - Floss
     - White strips
   - Advertise "improved" products
   - Continue investigation & exploit enhanced ingredients
Macy's Crisis: On November 17, a Hispanic individual files a class action lawsuit against Macy's based on documented evidence of mistreatment of Hispanic customers at Macy's locations in Southern California. Leaders from several minority groups throughout the nation urge Hispanics and African-Americans to join in a nationwide boycott of Macy's.

Crisis Management Plan:

1. Avoid
   - have set Diversity policy/Diversity training programs
   - employee/customer surveys
   - Zero tolerance policy

2. Prepare to Manage
   - Diversity team - research and develop programs, identify and address issues
   - have PR/marketing plan in place to quickly address reputation flaws

3. Recognize
   - address survey complaints quickly; do not allow complaints to accumulate
   - act at initial sign of problem
4. Contain
   • take responsibility; apologize for incident
   • focus remedial action to area
   • say will investigate incident to see if isolated incident
   • emphasize nationwide policy & adherence to policy

5. Resolve
   • establish specific program for areas
   • stress that company respects and values all customers
   • make sure full spectrum of races represented in marketing + promo, events

6. Profit
   • highlight effectiveness of Diversity programs nationwide
   • strive to use this incident to establish company as a leader in diversity policies