Media Relations

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One of the most critical areas within any corporate communication function is the media relations department. The media are both a constituency and a conduit through which investors, employees, and consumers receive information about and form images of a company. Consumers, for instance, might see a Dateline NBC segment on a particular firm or read an article about it in BusinessWeek or The Wall Street journal Online. The media’s role as disseminator of information to a firm’s key constituencies, including the general public, has gained increasing importance over the years. Virtually every company has some kind of media relations department, whether it is one part-time consultant or a large staff of professionals.

In this chapter, we look at what media relations professionals do, and also how companies should approach increasingly sophisticated media. We examine who the media are, how firms communicate with the media through relationship building, and what constitutes a successful media relations program in today’s changing environment for business.

The News Media

The news media are omnipresent in our society. With the advent of television in the late 1940s and early 1950s and the tremendous growth of the Internet in the 1990s, what had once been the domain of the print medium in newspapers increasingly has become part of the visual realm through television sets and computers. The arrival of television moved the "headline news" that had formerly been found in newspapers to a new, nearly instantaneous medium. Newspapers adapted by taking over the kind of analysis that had previously appeared in weekly news magazines like Time and Newsweek. The news magazines, in turn, took over the feature writing and photo journalism that used to appear in older monthlies like Life Magazine and the Saturday Evening Past.

Referred to as "the press" in earlier times, the expanded media are a powerful part of American society. The First Amendment of the Constitution guarantees the right of free speech in the United States, and over the years, the media have helped shape attitudes in this country on issues as diverse as gun control and hemlines, abortion and corporate pay. A free press also makes politicians accountable for their actions in both public and private life. Even politicians would argue that the media bring the distant world of politics into the home of the average citizen.

While most Americans feel strongly about the rights of a free press to say or
print whatever it likes as long as it is not malicious, business has always had a more
antagonistic relationship with the press. This relationship stems in part from the
privacy corporations enjoyed in the early part of the last century. Unaccustomed to
dealing with the news media, most companies simply acted as if they didn’t matter.
Later in the twentieth century, companies were forced to rethink this isolationist
approach due to a number of developments, including laws governing the disclosure
of certain information by public companies at regular intervals, a Supreme Court
ruling in 1964 that required proof of malicious intent to win libel cases against the
media, more public interest in business (see Chapter 1), and more media interest in
business. These last two events in particular—increased public and media
interest—had a profound effect on business and its dealings with the media. Which
came first? Although it is difficult to determine whether the media generated
heightened interest in business or was simply responding to changes in public
attitudes, what is certain is that sometime in the 1970s, business coverage started to
change. Since then, the private sector has become much more public.

Part of what perpetuated this shift in attitudes was the public’s realization that
business had a tremendous effect on their lives. Incidents like the oil embargo,
environmental problems at Love Canal, and questionable advertising on children's
television programs all became enmeshed in other controversies in the 1970s such as
Watergate and the Vietnam War. People began to see companies as controlling
important parts of their lives but not having to answer to anyone in the way that
government did to voters. Special interest groups emerged to deal with this problem
and to make business more accountable.

Business leaders, on the other hand, were used to the privacy they had
maintained for decades and were reluctant to admit that times had changed. Even
today, some older business professionals resist accepting the importance of
communicating through the media and would rather maintain little or no relationship
with what they see as an institution that tries to tear down everything they build up.
This kind of attitude is increasingly risky and less common, however, as each
industry—from oil and gas, to financial services, to pharmaceuticals—has found
itself the subject of some level of scrutiny from the public and the media, and many
companies have learned the hard way that having poor or nonexistent relationships
with the media in these situations will only make them worse.

The Growth of Business Coverage in the Media

Before the 1970s, business news was relegated to a few pages toward the back
of the newspaper (consisting mostly of stock quotations) and to a handful of business
magazines; it received virtually no coverage at all in national and local television
news broadcasts. As public attitudes changed, however, the business news sections in
newspapers gained recognition and began to expand. Because the media are interested in satisfying the needs of readers and viewers, they had to meet the public’s growing interest in the private sector and its participants.

Around the same time that The New York Times developed Business Day, a separate section published every day devoted to business issues, The Wall Street Journal became the number-one selling newspaper in the United States. Business magazines started to become profitable, and television networks and their local affiliates began to devote segments to business news.

Today, so many magazines and Web sites are devoted to business news that it is nearly impossible to find a topic not thoroughly covered by one media outlet or another. In recent years, news of corporations, the stock market, and business personalities has often become the lead story on national news television and radio broadcasts. With the 24-hour networks and all-day business coverage you can find on CNBC and CNN and on the Internet, corporate news is virtually impossible to ignore.

Compared to decades past, business news today is actually exciting. The large format Fortune magazine found in doctors’ offices in the 1950s and 1960s was basically a dull vehicle for companies to express their points of view. Fortune was more successful than others, however, because it allowed executives to check its quotes—a practice then unknown anywhere other than this one magazine. Today its cover stories appeal to a wider audience. Forbes gains attention from a broad readership by publishing salaries of top entertainers, while Business Week attracts an audience through features such as its widely read rankings of business schools and corporate boards.

As coverage of business increased, however, the media industry was consolidating. Fifty corporations controlled the vast majority of all news media in the United States in 1983. By 2004, only five corporations owned and operated 90 percent of this country’s “mass media.” (Endnote 1) Thus, economics plays a big part in what gets covered, as major industrial companies worry more about the bottom line at their media subsidiary (for instance, General Electric and its NBC network).

In addition, buyouts and layoffs in the media industry have led to smaller news-rooms on tighter budgets. As a result, many reporters have to produce stories by themselves—the TV reporter who only did on-camera work is now responsible for the development of an entire story. Print reporters need to think more today about photos and graphics if they want to capture the attention of a public inundated with information.

Most executives today recognize that the media are typically not going to get very excited about the good things that companies do. Instead, the worse the news is about a company or its CEO, the more likely it is to become a major news story that
will capture the media’s (and the public’s) attention, if only briefly. A 1997 study conducted by the Pew Research Center revealed that the public wanted more reporting on corrupt business practices by a margin of 60 to 28 percent.(2) By 2005, this impulse for more transparency and greater reporting on business had morphed into a growing movement toward making journalism more transparent and treating the public as a partner in the process rather than a passive participant. That said, the 2008 Edelman Trust Barometer, which focuses on the opinion of elites, revealed that business magazines are the most credible source of corporate information in 10 out of 18 surveyed countries.(3) The rise of online news from nontraditional sources in the form of blogs lends further support for the need for corporations to develop a thoughtful approach to their media relations with both traditional and nontraditional media; the Trust Barometer also indicated that 86 percent of Internet users rank "reading news" as the top activity they engage in online, and social media as a source for corporate information is gaining credibility, especially among younger influentials.

Building Better Relations with the Media

To build better relationships with members of the media, organizations must take the time to cultivate relationships with the right people in the media. This task might be handled by employees within the company’s media relations department (if one exists) or given to a public relations firm to handle. Either way, companies should be sure to avoid falling into some of the common pitfalls of what has historically been media relations "standard practice."

For example, most old-style public relations experts rely on a system of communication with the media that no longer works. That system sends out press releases (or video news releases) to a mass audience and hopes that someone will pick up the story and write about it. Why is this system no longer valid? The vast majority of press releases go unread by reporters in the United States—due to both the massive quantities of releases these reporters receive daily and the time constraints under which reporters work. The same is true for mail, e-mail, and voice mails from public relations agencies. journalists who write about business for national publications such as U.S. News & World Report or The Wall Street journal can receive hundreds of such releases in one day. "With all of the mail, faxes, and phone calls, it’s really overwhelming," says Martha Groves, a staff reporter at the Los Angeles Times. “I’d guess I only use 10 percent of the mail I receive.”(4)

When Federal Express and fax machines first came into daily use in the 1980s, many public relations professionals started overnighting and faxing releases to reporters, thinking that they would look more serious and thus get read. While this approach may have worked for a while, reporters caught on to what was happening and began screening overnight letters for the trash, just as they had done with regular
mail for years. The analogy to what many people face each night when they come home to a mailbox stuffed with catalogs is appropriate here—people are now almost programmed to jettison anything in their mailbox that does not have first-class postage on it. This trend is true for e-mail as well—any e-mail that isn’t personally addressed to the recipient is likely to be deleted or programmed to be automatically sent to the spam folder.

While they can be very effective, press releases are overused by public relations executives because they are relatively easy to write—even formulaic in terms of composition—and they can be widely distributed to certain segments of the media thanks to sophisticated computer programs that now allow companies to target specific audiences. There are even firms that will provide such services.

Many such service providers can be found on the Internet. eReleases, for instance, pulls from its database of over 30,000 journalists to target and submit a company’s press release; it also will write the release for an additional fee.(5) Public relations agencies charge thousands of dollars for the same kind of service. In-house public relations professionals create and send out hundreds of such press releases to the same people over and over again for such mundane stories as the promotion of a midlevel executive.

With such wide distribution to an audience that is already saturated with information, how can anyone expect that this strategy could work? Yet public relations firms claim that the system is still quite valid and embrace the similarity to direct mail. Response rates of 2 percent are considered a success in the direct-mail business, and public relations executives now get excited if their release gets picked up by a handful of publications.

Part of the problem is that the measure of success in the media relations business has for years been the amount of "ink" (or coverage) that a company gets, whether aided by in-house professionals or an outside consultant. Yet few companies try to figure out what value a "hit" (as it is called in the business) in a relatively unimportant publication has in terms of a firm’s overall communication strategy. Getting lots of ink, which means lots of articles written about a company may not have any value if it does not help the company achieve the communication objective (see Chapter 2) it started out with in the first place.

As discussed later in this chapter, most communication measures to date have focused on the quantity or efficiency of communication output, like the amount of media coverage generated or changes in audience attitudes. This information will always be important within the communications function; however, a new approach to measurement is being developed using traditional communication data in a new way to demonstrate the specific value communication adds to any organization.
BenchPoint survey of 1,040 communications professionals on the topic of measurement found that the movement toward measurement is being led from the top of organizations, with board directors and CEOs most likely to say, "Measurement is an integral part of PR" and "We will do more measurement in the future."(6) Organizations like Communication Consulting Worldwide (CCW) are at the forefront of this trend.

The message to companies about press releases is thus: Use mass-mailed releases sparingly. Organizations should reserve this method for stories that they are sure will have a wide audience. In such cases, the same result can be achieved by placing the story on the Public Relations Newswire (PR Newswire) or convincing The Associated Press to put the story out on its wire, if it is a major story that will have mass appeal. Most of the time, what works better is to find out who the right journalists are for a given story. Companies seldom use this tactic, however; because it takes more time to conduct such research, and senior executives outside the corporate communication function may be reluctant to pitch a major story to just one journalist at a time.

In a field cluttered with information coming from a variety of sources, however, this is actually the best approach. Ron Alridge, former publisher and editorial director of Electronic Media, makes this point in his article "A Few Tips for Having Good Media Relations." He emphasizes: "Understand the news organization you are dealing with. I wouldn’t bother to list this seemingly obvious rule if so many media relations types didn’t break it so often .... Ignorance is always a turnoff."(7)

Conducting Research for Targeting Media

The way a typical media research operation might unfold for a company is as follows: First, senior managers working with the members of the corporate communication department determine what objectives they have for a certain story. Let's assume, for example, that the story is about a major company that is moving into a new foreign market. The managers’ objective might be to create awareness about the move into the new market and also discuss how the firm has changed its global strategy. Thus, this story is part of an overall trend at the company rather than a one-shot, tactical move. Given these considerations, the company would begin to search for the right place to pitch the story.

To do this, the corporate communications professionals conduct research to find out who covers their industry and the company specifically. This task is relatively easy for most companies because the same reporters typically cover the same beat for a period of time and have established relationships with the company either directly or indirectly in that process. Some of these reporters—typically those from print journalism—would definitely be interested in the story. If the company is maintaining
its records properly, it can determine at a glance which reporters will most likely cover the story and, more important, who will be likely to write a "balanced story" (code words for a positive piece) about this strategic move.

How do companies determine who is going to write a positive piece before rather than after pitching the piece? This point is where ongoing research pays off. Each time a journalist covers a firm in the industry, the corporate communications professionals need to determine what angle the reporter has taken. To continue with our example, suppose a look at the records shows that The Wall Street Journal reporter who covered the company’s beat has recently written a piece about a competitor firm moving into a different market as part of its new global strategy. Chances are, this reporter will not be interested in writing the same story again about another company. Thus, the company should not pitch its story to this reporter.

By conducting this kind of research, companies can avoid giving reporters information that they are not interested in, and communications need only occur when a company’s media audience is most likely to be receptive. While this system is not foolproof, it generally yields better results than sending out a story to 300 reporters hoping that 4 or 5 may pick it up, with no idea who they are or what angle they are likely to take on the story.

Today, most companies can easily access information about the journalists who cover them. Consultants generate computer analyses of reporters’ articles, ask industry sources to provide critiques of writers they know, and even find out personal information about them. While earlier generations of PR professionals worked hard to get such information at long lunches with reporters, new technology allows corporate communications professionals to access such information through electronic databases, such as Cision’s MediaSource or the Bulldog Reporter’s MediaBase.

In addition to figuring out who is covering a company’s beat, the firm’s corporate communication team needs to determine what kind of a reporter they are dealing with. For a television network, such as CNN, this determination means knowing who the producer for the piece will be. Then a communications professional from the company can call the head office in Atlanta and purchase the producer’s last two or three stories. For a business magazine such as Forbes, electronic databases—such as LexisNexis or Factiva—contain stories that reporters have written over a period of time. Those written in the last two years are most likely to be useful to your company.

What can corporate communications professionals learn by looking at previous stories the producer at CNN has filed and earlier stories that the Forbes reporter has written? An individual tends to write about things or put together reports in a particular way. Very few reporters change their style from one story to the next.
They have found an approach that works for them—a formula, so to speak—and they tend to stick with formulas that work.

What this kind of analysis usually reveals is that the journalist tends to write or present stories with a particular point of view. One such analysis performed for a company on a Forbes reporter’s work showed that he liked to write "turnaround" stories. That is, he liked to present the opposite point of view from what everyone else had written about. So, if a company for example, is trying to make a case for such a turnaround, this reporter would be more likely to write the kind of article that would be helpful for the company despite his negative tone.

Watching the CNN producer's work could help determine how this individual conducts interviews, how the stories are edited, whether he or she likes to use charts and graphs as part of the story, and so on. Let’s say that the producer, for example, seems to present balanced interviews, as opposed to antagonistic ones, and likes to use charts and graphs. Again, this makes it seem as if such a producer could easily turn out a positive story for the company—a goal that should be pursued.

Corporate communication departments should perform this type of analysis for each call that comes in. Many executives complain about the amount of time such analysis takes, but the benefits of handling an interview with this kind of preparation make the effort involved well worthwhile.

Responding to Media Calls

In addition to doing their homework on reporters, companies can strengthen their relationships with the media through the way they handle requests for information. Many companies willingly spend millions of dollars on advertising but are unwilling to staff a media relations department with enough personnel to handle incoming calls from the media.

This refusal can be a costly mistake, as responding to such requests carefully can make a powerful difference in how the company appears in the story. Let’s say that a company has gotten negative press over the last couple of years because it has not kept up with the times, but it is now working on a campaign to change its image. A call comes in from a reporter at CNN, and another call comes in from a reporter at Forbes. What should the communications staff do to ensure that both of these requests are met in a timely manner and one that will reflect best on the company?

To begin with, calls should come into a central office that deals with all requests for information from important national media. While this sounds like common sense, calls are often answered by an administrative assistant who cannot distinguish between important and unimportant calls from the media. Many an opportunity has been lost because someone failed to get the right message to a media relations expert in the corporate communication department.
Next, the person who takes the call should try to find out what angle the reporter is taking on the story. In our example, the CNN reporter may or may not have a particular point of view, but the Forbes reporter probably does, since that publication prides itself on taking a particular approach to its stories. The company needs to find out what that approach is before responding to their request. Let’s assume that the CNN reporter wants to look at the company’s activities as part of an industry trend toward more upscale positioning. The Forbes reporter, on the other hand, seems to imply from the conversation that she sees the company’s new approach in a less-than-positive light.

The person responsible for that telephone call should try to get as much information as possible while being careful not to give in return any information that is not already public knowledge. The tone of the conversation should be as friendly as possible, and the media relations professional should communicate honestly about the possibilities of arranging an interview or meeting other requests. At the same time, he or she should find out what kind of deadline the reporter is working under.

This issue is often a point of contention between business and the media. Particularly with senior executives who are accustomed to arranging schedules at their own convenience, a call from the media at an inconvenient time can be an annoyance. But all reporters must meet deadlines. They have to file their stories—whether on television or radio, in print, or on the Web—on a certain date, by a certain time. These deadlines usually have little flexibility so knowing in advance what the deadline is allows you to respond within the allotted time. The conversation should end with the media relations professional agreeing to get back to the reporter within the allotted time. Being aware of deadlines is similarly critical when proactively pitching a story to avoid irritating reporters under deadline crunches and, by doing so, leaving them with a negative impression of the company.

Preparing for Media Interviews

Once the research and analysis are complete, the executive who will be interviewed needs to be prepared for the actual meeting with the reporter. If the interview is to be conducted by phone, as is often the case for print articles, a media relations professional should plan to sit in on the interview. The following approach works best.

First, the executive should be given a short briefing on the reporter’s or producer’s prior work, using examples gathered in the research phase discussed earlier, so that he or she develops a clear understanding of the reporter’s point of view. For example, if the reporter tends to write turnaround pieces, the appropriate passages from relevant stories should be shown to the executive.

One Fortune 500 CEO prepared for an interview with CNN by watching the
last two or three major stories the producer had filed. Having done so, he was able to begin the conversation with the producer by saying how much he liked one of the stories. This positive beginning set the tone for the rest of the interview. Additionally after learning that the producer always used a list of bullet points as part of each story the CEO developed a list of points he wanted to communicate about the company in bullet-point form and handed it to him before he left. When the story was broadcast, it was positive about the company and the list of bullet points was right up there on the television screen, which delighted the CEO, who had worried for days about the interview.

Once the executive has been briefed on the reporter’s background and likely angle, he or she should be given a set of questions that the reporter is likely to ask. These questions can be developed from what the communications staff member working on this interview has gleaned in previous conversations with the reporter, from an analysis of the reporter’s work, and from what seem to be the critical issues on the subject. If possible, the communications specialist should arrange a trial run with the executive to go over answers to possible questions. The executive also should understand that the agenda for a news story is hard to change—once the reporter has decided to write or produce a particular kind of story it is difficult to introduce a new topic into the discussion.

In preparing for a television interview or webcast, a full-dress rehearsal is absolutely essential. The interview should look as if it is totally natural and unrehearsed when it actually occurs, but the executive should be prepared well in advance. This requirement means thinking about what to communicate to the reporter, no matter what he or she asks during the interview. While the executive cannot change the agenda for the interview, as discussed earlier, he or she can get certain points across as the dialogue moves from one idea to the next.

In addition to thinking about what to say, the executive needs to think about the most interesting approach to expressing these messages. Using statistics and anecdotes can help bring ideas alive in an interview. What is interesting, however, depends on the audience. Many people mistakenly assume that the reporter is their audience, but it is the people who will watch the interview with whom they are really communicating. Communications professionals and executives must keep this in mind in determining the best approach for a television interview. (See Chapter 2 for more on communication strategy especially analyzing constituencies.)

Finally, the executive needs to be prepared to state key ideas as clearly as possible at the beginning of the interview. Answers to questions need to be as succinct as possible. Especially in television, where sound bites of three or four seconds are the rule rather than the exception, executives need training to get complicated
ideas into a compact form that the general public can easily understand. Andrew Grant, head of Tulchan Communications and a 10-year veteran of Brunswick Public Relations, advises: "A chief executive must distill the company into a story he or she can tell over lunch and a journalist should be able to walk away and write it down on the back of a cigarette packet."(8)

Gauging Success

As mentioned earlier, the amount of ink a company gets does not indicate whether it is achieving its communication objectives. Verizon keeps records of all of its media hits, looking at not only where the ink has landed but also how well the company’s key messages are communicated. Nancy Bavec, former director of media relations at Verizon, explains, "My entire department’s compensation is tied to our ability to elevate our media scores."(9) Part of elevating Verizon's media score is finding out where the media hits have landed (with what constituencies), not just determining that the media carried a story on the company.

AT&T also actively tracks its media score. In 1996, the company launched a new measurement initiative aimed at revealing how effective it was at communicating with the media. The research was focused on the organization’s trouble spots and used clipping services to track media coverage. In addition, AT&T contracted the research and consulting firm Yankelovich Partners to conduct an annual survey of business journalists to gauge perceptions of AT&T and its media relations staff.“(10)

Not only was this information useful for improving the company’s media relations within the company, but the information provided by all the measurement research also allowed AT&T to benchmark its results against those of its competitors. In the end, according to John Heath, a media relations manager at AT&T, "the media tracking ignited changes and improvements in AT&T’s media relations department."(11)

In addition to this sort of media monitoring and analysis, more sophisticated approaches to the measurement of media relations, referenced earlier, have the power
to:

- Identify which communications activities create the most value in terms of a specific business outcome.
- Evaluate how well an organization’s various communications functions perform against an industry average.
- Demonstrate the total value created by a communications department in terms of one or more business outcomes.
- Drive strategic and tactical decision making in the communications function, hedging reputational risk and managing major events such as mergers and top management changes.
- Highlight actual corporate value created by communications activities. (12)

New York’s CCW has conducted such research with organizations as diverse as United Technologies and Southwest Airlines with successful results that impact the bottom line.

Maintaining Ongoing Relationships

By far the most critical component in media relations is developing and maintaining a network of contacts with the media. Building and maintaining close relationships is a prerequisite for generating coverage. A company cannot simply turn the relationship on and off when a crisis strikes or when it has something it would like to communicate to the public. Instead, firms need to work to develop long-term relationships with the right journalists for their specific industry. This effort usually means meeting with reporters just to build goodwill and credibility. The media relations director should meet regularly with journalists who cover the industry and also should arrange yearly meetings between key reporters and the CEO. The more private and privileged these sessions are, the better the long-term relationship is likely to be.

One example of a company’s successful efforts to build strong media relations is Matalan Clothing Retailers in the United Kingdom. The company offers journalists tours of its headquarters, including opportunities to try on its clothing in changing rooms and, most surprisingly to fully analyze its distribution network. Chris Lynch of Ludgate Communications, a representative of Matalan, explains, "We tactically avoid granting phone interviews in order to get journalists to meet us face-to-face. Otherwise it ends up being just about the numbers." (13) By taking such a personalized approach, Matalan quickly became a favorite company among journalists. This success has continued with Matalan recently winning “Home Retailer of the Year” in the National Home Awards sponsored by the Daily Telegraph. (14)

Many companies take a less "integrated" approach than Matalan and use the more typical venue of a meeting between a member of the media and a company
executive. Since these meetings often have no specific agenda, they can be awkward for all but the most skilled communicators. Within organizations, people assigned to handle media relations should enjoy "meeting and greeting," should be tapped into the company’s top-line strategic agenda, and should be able to think creatively.

Often these kinds of meetings occur at lunch or breakfast. They should be thought of as a time to share information about what is going on at the company, but with no expectation that a story will necessarily appear anytime soon. In the course of such a conversation, the skillful media relations professional will determine what is most likely to interest the reporter later as a possible story. Without being blatant about it, he or she can then follow up at the appropriate time with the information or interviews that the reporter wants.

Media relations professionals should expect to be rebuffed from time to time. They may get turned down for lunch several times by reporters who are particularly busy, only to find them very receptive to a long telephone conversation. As is true with personal relationships, media relations professionals will find that they simply do not get along with every journalist they come into contact with. Unless the reporter is the only one covering a company’s beat at an important national media outlet, this awkwardness should not be an insurmountable problem. When personality conflicts do occur, professionals can and should work around them to ensure that the overall relationship of the company with that media outlet is not jeopardized and media opportunities are not missed.

One hotel executive at a major chain didn’t think that he needed to have any sort of relationship with the reporter covering his beat at The Wall Street Journal. After almost two years of being left out of nearly every major story on the industry, a consultant persuaded him to try again to establish a relationship with this reporter. The reporter was only too happy to make amends as well since she needed the company’s cooperation as much as they needed her. Nonetheless, that attitude cost the company nearly two years of possible coverage that it would not get back.

Building a Successful Media Relations Program

What does it take, then, to create a successful media relations program? First, organizations must be willing to devote resources to the effort. This rule does not necessarily have to mean huge outlays of money; an executive’s time can be just as valuable.

Jim Koch, brewmaster and president of the company that makes Sam Adams beer, brought his beer into the national limelight through the skillful use of media relations with the help of one outside consultant at a fraction of the cost of a national advertising program. More recently, on a much smaller scale, two sisters who started a greeting card company that specialized in cards that targeted a gay audience were
interested in building a relationship with the media. Through their own efforts, writing letters and reading the newspapers to find out who the best reporters would be for their message, they were able to get hits in both The New York Times and The Wall Street Journal. In both cases, the media relations effort paid off in sales, which was the ultimate goal. For many larger companies, the media relations effort will involve more personnel and often the use of outside counsel. What follows is what is needed, at a minimum, for the effort.

Involve Media Relations Personnel in Strategy

As one public relations executive at a large company put it, "They like to keep us in the dark, like mushrooms, and then they expect us to get positive publicity usually at the last minute." Instead, companies need to involve someone, preferably the most senior corporate communication executive, in the decision-making process. Once a decision has been made, it is much more difficult to talk management out of it because of potential problems with communications.

While the communications point of view will not always win in the discussions that take place at top management meetings, having these individuals involved will at least allow everyone to be familiar with the pros and cons of each situation and decision. Communications professionals who are involved in the decision-making process also feel more ownership for the ideas that they need to present to the media.

Develop In-House Capabilities

While using consultants and public relations firms may be beneficial in some cases, by far the best approach for the long term is to develop an in-house media relations staff. As we have seen throughout this chapter; there is no magic to what communications professionals do, and the company can save thousands of dollars a month by using staff within the company and investing in the right databases to conduct research for analyzing the media.

One problem for many companies, however, is that they do not consider media relations to be important enough to hire professional staff in this area. Lawyers, executive assistants, and even accountants often handle communications because of the unfortunate assumption that, since "anyone can communicate,” it doesn’t matter whom you put on this assignment. Companies must recognize that building relations with the media is a skill and that individuals with certain personalities and backgrounds are better suited to the task than others.

Companies also should not make the mistake of assuming that a former reporter will be the best person for the job. After all, if the reporter had been good at reporting, he or she probably would not be looking to change professions. Also,
journalism graduates are likely to have been trained by people with doctorates but with little or no experience as reporters or editors. (15)

Use Outside Counsel Sparingly

Companies should hire outside counsel for advice or information (i.e., as consultants), to help out with a major story or when a crisis hits. Otherwise, what you are typically hiring when you hire a major public relations firm is the time of a recent college graduate who is getting training to one day take the in-house job that you have waiting in your own company.

Another important use for outside firms is to help with the distribution of press releases and to create video news releases. This type of communication can be valuable for a company trying to get its message across to a wide audience. What these firms do is put together what looks like a real news story. It is then sent up via satellite for anyone to take down for their nightly news broadcasts. The better firms usually do a finished version of the story with a reporter, and then send "B-roll," which is backup tape, so that the local station or network can put together its own story.

Developing an Online Media Strategy

Until recently, media coverage—newspaper headlines or more in—depth profiles on television news shows like 60 Minutes—has been the primary means for exposing corporate flaws. Accordingly, companies with well-managed media relations programs have had some leverage to get their own side of the story communicated to the public. Over the last two decades, however, wireless communication and the Internet have transferred an enormous amount of power into the hands of individuals. As Patricia Sturdevant, general counsel to the Washington—based National Association of Consumer Advocates, explains, "The Internet is a very effective new weapon for the consumer. Before the Internet, unless you had a lot of time or money, there wasn’t any way to get the public’s attention to a problem. Now, you can broadcast it to the entire world in an instant." (16) We will see in Chapter 10 that one disgruntled Dunkin’ Donuts customer created a crisis situation for the company by launching his own anti-company Web site. This same occurrence has happened on a massive level for retail behemoth Wal-Mart, which is the target of countless sites and blogs created solely to trash its reputation. Digital communications platforms, including blogs, social media networks, virtual worlds, "mash—ups," and wikis, have enabled consumers to seize control of corporate messages and reputations and, in effect, have their way with them. This reality has a significant consequence for organizations: With real-time communications around the world happening on a 24/7 basis, and with consumer-generated media pushing its way to the forefront of
communications, "journalists" are now anyone with an Internet connection and something to say.

Thus, the Internet Age has many implications for business, including an expansion to individuals of powers that were previously concentrated in the hands of the organized media. Accordingly, companies’ media strategies need to be augmented with tactics for dealing with this new dimension of coverage, including, for instance, establishing a forum for constituencies to share opinions, concerns, and complaints about the company, and a proactive effort to monitor information circulating about the company in various media channels including blogs.

As we discussed earlier in this chapter, the Internet has become a valuable tool that enables companies to get press releases out quickly and broadly. Unfortunately, however, the Internet does not discriminate between legitimate news and phony claims, and both are transmitted with equal speed and reach. In August 2000, a man in California e-mailed a phony press release about a company called Emulex to Internet Wire, posing as an employee of the company’s PR firm. The press release stated that Emulex was revising its last quarter’s profits to show a loss, that its CEO was stepping down, and that the company was being investigated by the Securities and Exchange Commission (SEC). Believing the release to be legitimate, Internet Wire posted it the following morning. The news about Emulex spread so rapidly that by 10:30 that same morning, when trading in Emulex shares was suspended on NASDAQ after the release was revealed to be fraudulent, Emulex’s share price had fallen to $43 from $113.06 at the previous day's close.(17)

The perpetrator, a former employee of Internet Wire, had devised the scheme to drive Emulex’s share price down so that he could recover money he was losing due to his own short position in the company's stock. His technological savvy had allowed him to create a phony e-mail account so that his message to Internet Wire looked as if it really came from the company’s PR firm, and his familiarity with the terminology of Web—based releases gained during his own tenure at Internet Wire contributed to the seeming legitimacy of the press release. As the Internet is increasingly used as a tool to communicate company news to various constituencies, more care will have to be taken that sources are trusted and reliable. The Emulex case has surely promoted this kind of circumspection.

Because of the widespread reach of the Internet, a growing number of companies are paying more attention to the Web, realizing that bad publicity online can legitimately threaten their bottom line. Large corporations such as Verizon, LeviStrauss, and Dell spend between $150,000 and $2 million annually on monitoring the Web.(18) Some firms assign employees or obtain external specialists to gather this kind of information. Search engines such as Google and Yahoo! are good places to
start investigating. The "consumer opinion" section on Yahoo!'s site alone (http://dir.yahoo.com) lists over 300 consumer opinion sites—criticizing companies like American Express, Ford, Nike, Wal-Mart, and even Yahoo! itself.(19)

Investing in Web-based communications platforms is another way to gather information, as it brings consumers directly to you. There are many examples of companies that are successfully harnessing the power of digital mediums to reach consumers and media alike. For example, Microsoft has built an online newsroom called "PressPass" within its main Web site, which brings corporate information, news, fast facts, PR contact information, image galleries, and broadcasts into one central location for journalists to access. Likewise, General Motors' European arm built a social media newsroom to archive news, aggregate recommended blogs, offer multimedia downloads, and consolidate RSS feeds.

One of the best textbook examples of a company that uses Web channels to its benefit is Southwest Airlines. The company has invested vast amounts of resources to build a completely integrated digital communications strategy into its overall communications plan. This strategy includes a blog (www.nutsaboutsouthwest.com), on which every employee—from executives to pilots to airplane mechanics—is encouraged to post. Thanks to its genuine content and its pledge to transparency, the blog has become a viable way for Southwest executives to communicate with employees and consumers alike and to strengthen stakeholders’ relationship with the brand.

In addition to the blog, Southwest executives also count the "Wanna Get Away" microsite, YouTube videos, a Facebook page, a Twitter application, and a presence on LinkedIn among their branded digital platforms. Extend Your Media Relations Strategy to the Blogosphere

Studies have shown that the public is often far more trusting of other consumers than it is of traditional institutions, including corporations. According to the 2008 Edelman Trust Barometer, 58 percent of respondents trust "a person like me" to relay credible information about a company.(20) This response helps explain the phenomenal rise of blogs from the 1990s to the present, as blogs can be "owned" and operated by any average individual—or company, as seen by the previous Southwest Airlines example. There are more than 10 million blogs in the United States, and because of their speed, bloggers can and do alter the volume and tone of any conversation.(21) For example, bloggers played a key role in the 2008 presidential election, with candidates Hillary Clinton, Barack Obama and John McCain all maintaining blogs to stay connected with voters.

In addition, blogs are an important tool for corporations to track consumer points of view and concerns. Many savvy media relations professionals have targeted
lists of bloggers they contact because blogs are a growing and important media outlet. However, not all corporate executives took kindly to the blogosphere at first, and their companies’ brands and reputations suffered accordingly. Failing to embrace the Internet as a viable and potentially violent communications tool has serious implications. In addition to the aforementioned critical sites created by consumers, huge multinational companies across the globe have been forced to go up against single individuals to protect their brands and get the true story out to media. Dell’s reputation was thrown for a loop when, in June 2005, an irate blogger by the name of jeff Jarvis lambasted the company for poor customer service. Within hours, hoards of consumers who were in agreement with his claims posted comments, thus creating a maelstrom of negativity throughout the blogosphere. The company remained in the doghouse for months after failing to properly address the discontent in cyberspace; however, beginning with the launch of its own blog (Direct2Dell) in July 2006, executives finally joined the online conversation and began to slowly rebuild its tarnished image.

The blog was put to good use when another potential crisis—a widespread battery recall—hit. Dell’s chief blogger Lionel Menchaca addressed the issue in a human voice and enabled customers to comment freely. The blog also offered information on how customers could get a replacement battery. Michael Dell even launched IdeaStorm.com and implored customers to give the company advice. New metrics show that the customer service rating has risen significantly.

The following are some guidelines on blogs:

• Take blogs seriously. Find those that seem to be most interesting for your industry, bookmark them, and read them regularly.

• Act fast. If you need to respond to something on a blog, do so quickly and honestly. Similarly, if you are writing a corporate blog, make sure it is transparent and very up to date. Some corporations, such as McDonald's and Mazda, have tried to tap into the power of the blogosphere by creating fake blogs, only to have this tactic backfire when real bloggers exposed them.

• Don’t dismiss requests for interviews and information from bloggers. Many are also established journalists, and if they are unhappy with your attitude, you may find your e-mail exchange published in full on their site.

Just as the Internet can present problems for companies, it also can offer opportunities. Tapping into the information circulating on the Internet can give companies extraordinary access to information about customer needs and complaints. Monitoring Internet "chats" and blogs can enable companies to learn about current constituency needs and tailor actions to meet those that are most vital to the company’s reputation and bottom line. By using the Internet proactively, companies
can glean valuable insights about constituency attitudes, sentiments, and reactions to which they might otherwise not have access. In many ways, a company should view the Internet as an unprecedented and ideal survey group. Without a doubt, online monitoring can help companies gauge the sentiments of constituencies, allow them to respond effectively, and help them stay on top of today’s information surge. However, companies should not become so consumed by the power of the Internet that they neglect other important media channels.

Handle Negative News Effectively

When a company does stumble upon bad news circulating about itself—be it a condemning attack in the blogosphere or a hostile op-ed article in a daily newspaper—the communications department should quickly assess the potential damage that the news might cause. Who is the person who has issued the complaint? Are the comments valid? Is the person speaking only as an individual, or does she or he represent a broader constituency, such as investors or employees? If a broader constituency, how widespread are the complaints? If a rogue Web site has been constructed, how many hits per day has it received, and how have people generally responded to the negative message? If an unflattering newspaper article has been printed, how wide is the paper’s circulation?

Once these questions are answered, a company’s task force or permanent crisis communication team—including members of senior management—must brainstorm some potential actions. Company lawyers should be consulted to discuss what legal stance the company might need to take. Lawyers will be able to offer advice about whether newspaper articles, Web sites, or blogs are defamatory, warranting a lawsuit against the perpetrator.

Conclusion

As technology develops new mechanisms for disseminating information and as communications professionals are able to develop databases through the use of more sophisticated software, the media relations function will continue to evolve away from the old PR flak model into a professional group that can help organizations get their message out quickly, honestly, and to the right media.

Companies today are under constant scrutiny from many of their constituencies. A demand for instantaneous information accompanies this public watchfulness, and the pressure is increasing with each new technological innovation. Managers must be prepared to answer this demand by considering all constituencies—online or offline—in dealing with the media agents who inform them. By crafting messages with care and rising proper media channels, companies can tap into this powerful "conduit constituency," the media, to ensure that their voices are heard.
Case 6-1 Adolph Coors Company

Shirley Richard returned from lunch one April afternoon in 1982 and found a message on her desk that Allan Maraynes from CBS had phoned while she was out. "God, what’s this?" was all she could say as she picked up the phone to discuss the call with her boss, John McCarty, vice president for corporate public affairs. In her second year as head of corporate communication for the nation’s fifth-largest brewer, Richard was well aware of the Adolph Coors Company’s declining popularity—a decline that she partially blamed on an ongoing conflict with organized labor. But the conflict was hardly breaking news, and she was almost afraid to ask why CBS was interested in the company.

Richard found out from her boss that Maraynes was a producer for the network’s news program, 60 Minutes. Reporter Mike Wallace had already phoned McCarty to announce plans for a 60 Minutes report about the company. Program executives at CBS were aware of accusations of unfair employment practices that the AFL-CIO had raised against Coors and wanted to investigate the five-year battle between the brewery and organized labor.

Once McCarty explained the message from Maraynes, Shirley Richard sank into her chair. She had spent the last year working hard to understand organized labor and its nationwide boycott of Coors beer, and she was convinced that the company was being treated unfairly. She believed the union represented only a small subset of Coors’s otherwise satisfied workforce. But Richard also doubted whether the facts could speak for themselves and was wary of the AFL-CIO’s ability to win over the media. She was well aware of Mike Wallace’s reputation for shrewd investigative reporting and was reassured to some extent that the program would portray the company fairly.

On the other hand, 60 Minutes was considered by many corporations as anti-big—business, and Richard had no idea how corporate officials would respond under the pressure of lights, camera, and the reporter’s grilling questions. McCarty and Richard met with the two Coors brothers to discuss the network’s proposal and to determine whether producer Maraynes should even be allowed to visit the Coors facility. Company president Joseph ("Joe") Coors and chairman William ("Bill") Coors were skeptical of the prospect of airing the company’s "dirty laundry" on national television. But McCarty was interested in the opportunity for Coors to come out into the public spotlight. Richard had already calculated the enormous risks involved in granting interviews with Wallace and filming the Coors plant and employees and knew the Coors brothers’ reservations were warranted.

Richard was frustrated by growing support for the boycott, and her own strategies to deal with the problem had been unsuccessful. She believed the interview
with CBS might only exacerbate an already difficult situation. Her own public relations effort had been an attempt to portray the circumstances as she believed them to be: good management harassed by disgruntled labor organizers. She was convinced that her job was not an effort to cover up Coors’s employment practices. "PR doesn’t make you into something you're not," Richard stated. "You can’t whitewash.”

Richard debated how the company should handle the proposal from CBS, realizing that the communications strategy could seriously affect the corporation’s public image. Any decisions about approaching 60 Minutes also would have to be approved by the Coors brothers. Richard felt uncertain about how much control she would ultimately have over the communications strategy. Joe Coors, an ardent conservative and defender of private enterprise, would undoubtedly resist an open-door policy with the network. At the same time, Richard wondered if she should attempt to convince the management of this traditionally closed company to open itself to the scrutiny of a 60 Minutes investigation or whether the best defense would be a "no comment" approach. But with no comment from Coors, anything organized labor was willing to say on camera would go uncontested.

HISTORY OF THE ADOLPH COORS COMPANY

The Coors brewery was established in 1880 by Adolph Coors, a Prussian-born immigrant who came to the United States in 1868. Having trained as an apprentice in a Prussian brewery, 22-year-old Adolph Coors became a foreman at the Stenger Brewery in Naperville, Illinois, in late 1869. By 1872, Coors owned his own bottling company in Denver, Colorado. With his knowledge of brewing beer and the financial assistance of Joseph Schueler, Coors established his own brewery in Golden, Colorado. His product was an immediate success. In 1880, Adolph Coors bought out Joseph Schueler and established a tradition of family ownership that was maintained for almost a century.

The company continued to operate during Prohibition, switching to production of malted milk. During Prohibition the Coors Company also expanded with the development of new manufacturing operations. A cement manufacturing facility and a porcelain products plant were essential to the company’s survival during the 17 years of Prohibition. Its brewing operations flourished again when alcohol was legalized in 1933.

Famous for its exclusive "Rocky Mountain spring water" system of brewing, the Adolph Coors Company soon became something of a legend in the beer industry. The Coors philosophy was one of total independence. A broad spectrum of Coors subsidiaries combined to create a vertically integrated company in which Coors owned and managed every aspect of production: The Coors Container Manufacturing
plant produced aluminum and glass containers for the beer; Coors Transportation Company provided refrigerated trucks to haul the beer to its distribution center as well as vehicles to transport coal to fuel the Golden brewery; Coors Energy Company bought and sold energy and owned the Keenesburg, Colorado, coal mine, which was expected to meet the brewery’s coal needs through the end of the twentieth century; the Golden Recycle Company was responsible for ensuring a supply of raw materials for aluminum can production. By 1980, the recycling plant was capable of producing over 30 million pounds of recycled aluminum a year. Other subsidiaries fully owned by Coors included Coors Food Products Company, Coors Porcelain Company, and the American Center for Occupational Health.

THE COORS MYSTIQUE

A certain mystique surrounding the Golden, Colorado, brewery, and its unique, unpasteurized product won the beer both fame and fortune. Presidents Eisenhower and Ford shuttled Coors to Washington aboard Air Force jets. Actors Paul Newman and Clint Eastwood once made it the exclusive beer on their movie sets. Business magazines lauded Coors as "America's cult beer." As Coors expanded its distribution, the mystique appeared irresistible; Coors moved from 12th to 4th place among all brewers between 1965 and 1969 with virtually no advertising or marketing.

Part of the Coors mystique was attributed to its family heritage. For over a century of brewing, company management had remained in the hands of Adolph Coors’s direct descendants. Reign passed first to Adolph Coors Jr., then to his son William Coors. In 1977, Bill Coors turned over the presidency to his younger brother Joseph but continued as chairman and chief executive officer. The company’s newest president, Joe Coors, was a well-known backer of right—wing causes such as the John Birch Society; a founder of a conservative think-tank, the Heritage Foundation; and a member of President Ronald Reagan's so-called Kitchen Cabinet. The family name was closely associated with strong conservatism by consumers, labor, and the industry.

The Coors Company was built on a tradition of family and, even after going public in 1975, remained an organization closed to active public relations. Bill Coors recalled that his father, Adolph Coors Jr., was a shy man, and throughout its history the company was reluctant to attract any public attention. In 1960, the sensational kidnapping and murder of brother Adolph Coors III focused the public eye on the family and the business, but Coors maintained a strict "no comment" policy.

THE NATURE OF THE BREWING INDUSTRY

From the mid-1960s through the 1970s and into the 1980s, the brewing
industry was characterized by a shrinking number of breweries coupled with a growing volume of production and consumption. In 1963, Standard and Poor’s Industry Surveys reported 211 operating breweries. Ten years later that number had dropped to 129, and by 1980 there were only 100 breweries in operation. On the other hand, per capita consumption of beer rose from 15 gallons a year in 1963 to 19.8 gallons in 1973. By 1980, per capita consumption had jumped to 24.3 gallons a year.

Until the mid—1970s, beer markets were essentially local and regional, but as the largest breweries expanded, so did their share of the market. Combined, the top five brewers in 1974 accounted for 64 percent of domestic beer production, up from 59 percent in 1973. Previously strong local and regional breweries were either bought by larger producers or ceased operations.

A notable exception, however, was the Adolph Coors Company, which dominated the West. Until 1976, the company’s 12.3-million-barrel shipment volume was distributed only in California, Texas, and 10 other western states. Coors’s share of the California market alone was well over 50 percent in 1976. Coors dominated its limited distribution area, capturing at least 35 percent of the market wherever it was sold statewide. The Coors Company ranked fifth in market share nationally throughout the 1970s, trailing giants Anheuser—Busch, Joseph Schlitz, Phillip Morris’s Miller, and Pabst, all of which had much broader distribution areas.

Competition for market share among the top five brewers was intense during the 1970s and led producers to more aggressive attempts to win consumers. According to compilations by Leading National Advertisers, Inc., advertising expenditures for the first nine months of 1979 were up 37 percent from the previous year for Anheuser-Busch, 18 percent for Miller, 14 percent for both Schlitz and Pabst, and 78 percent for Adolph Coors.

MARKETING AND DISTRIBUTION AT COORS

Industry analysts criticized the Coors Company's sales strategy for stubbornly relying on its product’s quality and image rather than marketing. In 1976, the Coors mystique appeared to be losing its appeal to strong competitors—for the first time since Prohibition, Coors could not sell all of its beer. The company finally responded to competition by intensifying its marketing and development operations. Between 1976 and 1981, the company attempted to revive sales by adding eight new states to its distribution. In May 1978, Coors began to market its first new product in 20 years: Coors Light. In 1979, Coors began the first major advertising campaign in its history to defend itself against aggressive competitors such as Philip Morris’s Miller Brewing Company and Anheuser-Busch. The company’s 1981 annual report pictured Coors’s newest product—George Killian’s Irish Red Ale—along with a newly expanded
package variety designed to "keep pace with consumer demand." The Coors Company went public in 1975, but investors did not fare well as stock prices declined for the rest of the decade. Coors entered the market at a share price of $31 but by 1978 had fallen to $16—a loss of about 50 percent for the first public stockholders. Net income, according to the company’s annual report, was $51,970,000 in 1981, or $1.48 per share. That figure reflected a 20 percent drop from $64,977,000, or $1.86 per share, in 1980.

MANAGEMENT—LABOR RELATIONS AT COORS

During pre-Prohibition years, breweries, including Coors, were entirely unionized. In 1914, the first vertically integrated industrial union in the country established itself at Coors. When the country went dry, Coors remained viable through alternative operations, but the work-force still had to be reduced. Coors offered older workers employment but fired younger employees. A strike of union employees resulted and remained in effect until 1933, when Prohibition was repealed. The company, however, continued to operate without a union until 1937 when Adolph Coors Jr. invited the United Brewery Workers International (UBW) into the Coors Company.

In 1953, the company experienced an abortive strike by the UBW to which a frightened management immediately gave in. In 1955, Coors’s organized porcelain workers struck because their wages were less than those of brewery workers. Although the plant continued to operate, all of Coors’s unionized workers engaged in a violent strike that lasted almost four months. The union ultimately lost the battle 117 days after the strike, when workers returned to the plant on company terms.

Negotiations over a new union contract in 1957 ended in a stalemate between labor and management, and workers again decided to strike. For another four months, workers were torn between paternalistic and small-town personal ties to management and the demands of the union. Bill Coors, who was then the plant manager, recalled that during the strike, management had wanted to show the union it was not dependent on union workers. Coors hired college students during the summer of 1957 as temporary replacements for the striking brewers. When the students left, the picketers were threatened by management’s vow to hire permanent replacements and returned to the plant. The strike was a clear defeat of the union’s demands and ultimately left international union leaders with an unresolved bitterness toward Coors. Back in full operation by the fall of 1957, Coors management believed it had won complete control.

By the end of the 1950s, 15 local unions were organized at Coors. Management tolerated the unions but claimed they did not affect wages or
employment practices. The Coors family firmly believed that good management removed the need for union protection and that management could win workers’ loyalty. In 1960, the plant’s organized electricians went on strike but failed to garner the support of other unions, and the plant continued to operate with non-union electricians hired to replace the strikers. Similar incidents occurred with Coors’s other unions. A 1968 strike by building and construction workers ended with Coors breaking up 14 unions. By 1970, Coors’s workforce was predominantly nonunion.

A contract dispute between Coors’s management and UBW Local 366 erupted in 1976. Workers demanded a 10 percent wage increase and better retirement benefits. After more than a year of negotiations, union officials rejected management's compromise offer, which labor contended would erode workers’ rights. In April 1977, over 94 percent of UBW workers voted to strike. Production at the plant continued at 70 percent of normal capacity however, and management boldly announced plans to replace striking workers. In defense of the union, AFL-CIO officials declared a nationwide boycott of the beer until a new contract settlement was reached. But within five days of initiating the strike, 39 percent of the union members crossed the picket lines to return to work.

In 1978, Coors management called an election for decertification of UBW Local 366. Because more than a year had passed since the strike began, National Labor Relations regulations restricted striking union members from voting. Only workers remaining at the plant, including "scabs" hired across the picket lines, could vote on whether to maintain the UBW Local. In December of that year, Coors employees voted a resounding 71 percent in favor of decertifying the Local UBW.

Since 1957, the Coors brewery had been a "closed shop," in which workers were required to pay union dues if they were to benefit from union action. But company officials called the 1978 decertification vote a victory for the "open shop," wherein workers could enjoy union benefits without paying dues as members. Union officials, frustrated over the lack of a new contract and the decertification vote, publicly charged Coors with "union busting."

In fact, according to AFL-CIO officials, the UBW was the 20th Coors union decertified since the mid—1960s. Management consistently argued that employees simply rejected union organization because they didn’t require it; good management eliminated the need for a union to protect workers. But organized labor maintained that all 20 unions had been "busted" by votes called while members were on strike and scabs were casting the ballots. By the end of the decade, only one union representing a small group of employees remained active at Coors.
NATIONWIDE BOYCOTT

The AFL-CIO was determined not to be defeated by the ousting of the UBW Local from the Golden plant. In defense of the union, AFL-CIO officials declared a nationwide boycott of Coors beer until a new contract settlement could be reached and soon began to claim that their efforts had a significant effect on sales. In fact, 1978 figures reported a 12 percent profit decline for the brewery during fiscal 1977 and predicted that 1978 figures would fall even lower. Corporate officials conceded the boycott was one factor influencing declining sales but refused to admit the drop was consistent or significant.

The defeat of the Coors local brewers’ union fueled the boycott fire, but the protest focused on issues beyond the single contract dispute begun in 1977. The other issues of protest related to Coors’s hiring practices. Labor leaders claimed that a mandatory polygraph test administered to all prospective employees asked irrelevant and personal questions and violated workers’ rights. In addition, the protesters claimed that Coors discriminated against women and ethnic minorities in hiring and promotion. Finally, boycotters argued that Coors periodically conducted searches of employees and their personal property for suspected drug use and that such search and seizure also violated workers' rights. The boycott galvanized organized labor as well as minority interest groups that protested in defense of blacks, Hispanics, women, and gays.

The boycott’s actual effect on sales was the subject of dispute. Coors’s sales had begun to fall by July 1977, just three months after the boycott was initiated. Some analysts attributed the drop not to protesting consumers but rather to stepped-up competition from Anheuser-Busch, which had begun to invade Coors’s western territories. Despite a decline, Coors remained the number—one seller in 10 of the 14 states in which it was sold. Labor, on the other hand, took credit for a victory at the end of 1977 when Coors’s fourth-quarter reports were less than half of the previous year’s sales for the same period. Dropping from $17 million in 1976 to $8.4 million in 1977, Coors was faced with a growing challenge. There was no doubt that management took the AFL-CIO protest seriously and began attempts to counter declining sales through more aggressive advertising and public relations.

FEDERAL LAWSUIT

The AFL-CIO boycott gained additional legitimacy from the federal government. In 1975, the federal Equal Employment Opportunity Commission (EEOC) had filed a lawsuit against Coors for discrimination in hiring and promotion against blacks, Mexican Americans, and women. The suit charged Coors with violating the 1964 Civil Rights Act and challenged Coors's hiring tests, which the
EEOC said were aimed at revealing an applicant’s arrest record, economic status, and physical characteristics. The lawsuit stated that the company used “methods of recruitment which served to perpetuate the company’s nonminority male workforce.”

In May 1977, one month after the initiation of the AFL-CIO boycott, Coors signed an agreement with the EEOC, vowing that the brewery would not discriminate in hiring. But according to media reports, Coors still refused to admit any past bias toward blacks, Mexican Americans, and women. Coors said it would continue a program begun in 1972 designed to increase the number of women and minorities in all major job classifications. Striking brewery workers refused to sign the agreement, although the Coors’s Operating Engineers Union entered into the agreement.

DAVID SICKLER AND THE AFL-CIO

The principal organizer of the AFL—CIO boycott against the Adolph Coors Company was the former president of the company’s Local UBW. David Sickler had been employed by Coors for 10 years, acting as a business manager from 1973-1976. Sickler left the plant in 1976 to take a job with the AFL-CIO in Montana. In April 1977, the AFL-CIO decided to put Sickler in charge of coordinating the national boycott against Coors. Sickler moved to Los Angeles, where he also served as director of the Los Angeles organizing committee and the subregional office of the AFL—CIO.

Sickler initially resisted the AFL-CIO’s request to put him in charge of organizing the boycott. He believed that his past employment at the company made him too close to the situation to offer a fair position on the issues at stake. But the AFL-CIO felt that Sickler’s tenure with Coors made him an ideal choice; according to Sickler, his personal reports of abuse by the company in hiring and employment practices were shared by numerous Coors employees and were the central issues of the boycott.

Sickler contended that when hired by Coors, he had been subjected to questions on a lie detector test regarding his personal life and sexual preference. In addition, he reported the company’s practice of searching individuals or entire departments for suspected drug use. Despite corporate officials’ insistence that the accusations were false, Sickler was convinced that Coors employees were generally "unhappy, demoralized."

Coors management was determined to fight back against the boycott and filed a breach of contract suit against the Local 366. The company charged that any boycott was prohibited under contract agreements. Management also made clear to the public its outrage over the boycott, as chairman Bill Coors began to speak out in the national media. In a 1978 interview with Forbes magazine, Coors stated about the AFL-CIO: "No lie is too great to tell if it accomplishes their boycott as a monument to
immorality and dishonesty." Earlier that year, Bill Coors defended the company against charges of being antiunion. A New York Times report on the dispute quoted the CEO as saying: "Our fight is not with Brewery Workers Local 366. Our fight is with organized labor. Three sixty-six is a pawn for the AFL-CIO; that’s where they’re getting their money."

CORPORATE COMMUNICATION AT COORS

The 1977 boycott forced company officials to reexamine the area of corporate communication. Because labor leaders set out to "destroy the company,” Bill Coors, now chairman and chief executive officer of the company, believed management must relate its side of the story. "There was no lie they wouldn’t tell," the CEO recalled. "No one knew about Coors, and we had no choice but to tell the story."

In 1978, John McCarty, a fundraiser at Pepperdine University, was hired as the vice president for corporate public affairs. McCarty brought to Coors expertise in minority relations and set out to repair the company’s damaged reputation among minority groups. McCarty established a staff of corporate communication officers. The division was organized into four branches under McCarty’s leadership: corporate communication, community affairs, economics affairs, and legislative affairs.

In response to the boycott and declining sales, McCarty enlisted the expertise of J. Walter Thompson’s San Francisco office to help the company improve its corporate image. Coors launched what analysts termed a strong "image building" campaign in 1979, with messages aimed at ethnic minorities, women, union members, and homosexuals. The theme throughout the late 1970s was clearly a response to labor’s accusations against the company: "At Coors, people make the difference."

Another component of the new image campaign, according to media reports, was to condition company managers to project charm and humility in dealing with reporters. Coors executives participated in a training course designed to help them overcome a traditional distrust of the media.

SHIRLEY RICHARD

Shirley Richard was hired along with McCarty in 1978 to direct the company’s legislative affairs function but was familiar with the Coors Company long before joining its staff. From 1974-1978, Richard worked on the Coors account as a tax manager for Price Waterhouse. One important issue for the Coors account, Richard recalled, was the deductibility of lobbying expenses and charitable donations. As part of her job, Richard became involved in the political arena, helping Coors set up political action committees. When Richard decided to leave Price Waterhouse in 1978, she asked Coors’s vice president of finance for a job and was hired to head the
legislative affairs department, a position she held until 1981.

Richard recalled her first year with the company as a time when Coors was "coming out of its shell"; Philip Morris’s purchase of Miller Brewing Company meant increased competition for Coors and a demand for more aggressive advertising. In 1975, the company sold its first public stock. The bad publicity from the 1977 strike and its aftermath combined with greater competition led to a serious decline in sales and disappointed shareholders. Clearly, the Coors mystique alone could no longer speak for itself, and an aggressive public relations campaign was unavoidable.

One year before the 60 Minutes broadcast of the Coors story, Richard became Adolph Coors COIPRIYIS director of corporate communications. In that position, she managed 25 people, covering corporate advertising, internal communications, distribution communications, training programs, and public relations personnel.

CONFRONTATIONAL JOURNALISM

The challenge of CBS’s 60 Minutes to any company under its investigation was formidable. The 14-year-old program was consistently ranked in Nielsen ratings' top 10 programs throughout the 1970s. Media critics offered various explanations for the success of this unique program, which remarkably combined high quality with high ratings. A New York Times critic summarized the sentiment of many within the broadcast profession when he called 60 Minutes, "without question, the most influential news program in the history of the media."

The program had earned its popularity through consistently hard-hitting, investigative reporting. Executive producer Don Hewitt proclaimed 60 Minutes the "public watchdogs." In his book about the program, Hewitt recalled, "I became more and more convinced that a new type of personal journalism was called for. CBS Reports, NBC White Papers, and ABC Closeups seemed to me to be the voice of the corporation, and I didn't believe people were any more interested in hearing from a corporation than they were in watching a documentary.” Stories revealing insurance executives taking advantage of the poor with overpriced premiums, companies polluting streams and farmlands by irresponsibly dumping, or physicians gleaning profits from unnecessary surgery had all worked to rally public support and faith in CBS as a sort of consumer protection agency.

The program’s success in uncovering scandal was due in large part to the aggressive and innovative technique of Mike Wallace. Wallace had been with the program throughout its history and was responsible for shaping much of the 60 Minutes image. His reporting was always tough, sometimes theatrical, and was commonly referred to within the media as "confrontational journalism." Walla
sharpest executives and politicians crumble.

But the program was not flawless. Hewitt admitted he had made mistakes, and one of the most glaring cases against 60 Minutes was a story about the Illinois Power Company. In November 1979, 60 Minutes broadcast a story about cost overruns at a Clinton, Illinois, nuclear power plant, a story that included some obtrusive inaccuracies. Illinois Power was not to be victimized by 60 Minutes and produced a videotape about the program, portraying it as anti-business and antinuclear. Hewitt admitted that the company’s defense had worked: "Five years after Illinois Power took us over the coals for that story, the plant is now seven years behind schedule and more than two and a half billion over budget. Have we reported that? I’m afraid not. You see, their beanball worked."

Allan Maraynes was assigned to produce the Coors segment. His experience with 60 Minutes was highlighted by some significant clashes with big business, He had produced stories on the Ford Pinto gasoline tank defects, Firestone tires, I. Magnin, and SmithKline. Maraynes was alerted to the Coors controversy when 60 Minutes researchers in San Francisco told him they suspected bad things were happening at Coors. The research group told Maraynes that the AFL—CIO was calling Coors a "fascist organization," which sounded to the producer like good material for a story.

Maraynes first flew to California to interview David Sickler. "We said we were setting about to do a story explaining that a fascist state exists at Coors," Maraynes recalled about his conversation with Sickler. "If it’s true, we’ll do it." Maraynes wanted Sickler to give him as much information about the boycott as he had. Maraynes wanted the angle of the story to be a focus on case histories of the people who had experienced Coors’s unfair treatment.

OPEN OR CLOSED DOOR?

With the phone call from Maraynes, all of the pressures from David Sickler, the AFL-CIO, and the boycott were suddenly intensified. Shirley Richard had worked hard in the last year to focus public attention away from the boycott, but now her efforts to project a positive corporate image were threatened. Thinking ahead to the next few months of preparation time, she felt enormous pressure in the face of such potentially damaging public exposure.

Shirley Richard was not naive about Mike Wallace or the power of television news to shape a story and the public’s opinion. Richard, along with other Coors executives, believed that the company was not at fault, but that did nothing to guarantee that its story would be accurately portrayed in a 60 Minutes report. Mike Wallace himself had voiced the reason for a potential subject to fear the program’s
investigative report. In a New York Times interview, Wallace stated: "You (the network) have the power to convey any picture you want."

Richard knew that a big corporation's abuse of employees was just the kind of story 60 Minutes was built on, and she didn’t want Coors to be part of enhancing that reputation, especially when she believed organized labor had fabricated the controversy about Coors. Given Mike Wallace’s desire to get the story, Shirley Richard guessed the company would automatically be on the defensive.

60 Minutes was determined to do the story, with or without cooperation from Coors. Richard wondered, however, whether an interview with Mike Wallace would do the company more harm than good. On the other hand, she considered the possibility that the company could somehow secure the offensive and turn the broadcast into a final clarification of Coors’s side of the boycott story.

Richard was clearly challenged by an aggressive news team, and she was uncertain about cooperation from the conservative Coors brothers. Even if she could convince them that an open door was the best policy, would corporate officials be able to effectively present the facts supporting Coors’s position? The national broadcast would reach millions of beer drinkers, and Richard knew that the 60 Minutes report could either make or break the future success of Coors beer.

CASE QUESTIONS
1. What problems should Richard focus on?
2. What kind of research should she do?
3. What would her communication objective be if Coors agreed to the interview? If the brothers did not do the interview?
4. Should Shirley Richard encourage or discourage the Coors brothers to go on 60 Minutes?
5. What suggestions would you have for improving media relations at Coors?

Source: This case was researched and written by Professor Paul A. Argenti in 1985 and revised in 1994, 1998, 2002, and 2005.

Normal References
11 Ibid.
13 “Join the Sultans of Spin Media Relations,” p. 19.
16 Rachel Beck, "Disgruntled Voices in Cyberspace Heard Loud and Clear" AP Online, May 4, 1999
20 Edelman Trust Barometer 2008,
22 Ibid.