

Discussion Guide

“Be strong and very courageous...Study this Book of Instruction continually. Meditate on it day and night so you will be sure to obey everything written in it. Only then will you prosper and succeed in all you do. This is my command — be strong and courageous! Do not be afraid or discouraged. For the Lord your God is with you wherever you go.” Joshua 1:7-9 (NLT)

Crisis management is not a question of if, but when. The COVID-19 pandemic may be the crisis of our generation, but it’s certainly not the first. Every crisis is unique with its own set of challenges, but all can put extreme pressure on finances. A crisis can vary in size and scope, ranging in impact from a singular company to the entire global economy, like we experienced during the COVID-19 pandemic.

To successfully manage a crisis, these fundamental principles should govern your crisis response:

1. Thoroughly understand the issue and its effect on your company
2. Respond quickly with a thoughtful plan
3. Build trust with staff and customers by communicating with honesty and transparency
4. Execute, monitor and modify the plan as appropriate

These three critical company assets must be considered in order to survive, and ultimately thrive, after a crisis. Subsequent lessons will examine each of these in detail:

- *Cash* – If the company runs out of money, it ceases to function. It is bankrupt. The plan must address how cash is used sparingly and wisely. Caution: be prudent in using debt to meet cash needs.
- *Employees* – These are the lifeblood of the organization. Without employees to provide services and products, the company cannot meet the needs of its customers. Employees are likely have insightful ideas on how to help your customers and save money, so brainstorm with them for ideas.
- *Customers* – Without paying customers, the company has no purpose and no cash flow to maintain operations. A crisis is a great opportunity to listen to how you can uniquely meet the needs of the customer.

Discussion:

- How did you observe companies responding in positive and negative ways during the COVID-19 pandemic?
- How have you seen companies build trust with staff and customers?
- What are your thoughts about the importance of the company assets listed above? How would you prioritize?
- What permanent changes do you see with how business will be conducted in the future because of the COVID-19 pandemic?
- Which companies or company leaders responded strong and courageously for the betterment of all?

Bottom line: Strong and courageous leadership is required to respond in a crisis. It starts with anticipating the headwinds of a crisis and then planning a thoughtful response that fully considers the protection of critical assets: cash, employees and customers.

Challenge: Review the case study of the Tylenol poisoning in 1982 for an example of excellent crisis management.

Dig Deeper

Want to learn more?

- [How to Thrive During and After a Crisis: 5 Small-Business Strategies](#) by Victoria Brodsky, co-founder of Blockchain BTM, Inc.com
- [Leading Beyond the Blizzard: Why Every Organization Is Now a Startup](#) by Andy Crouch, Kurt Keilhacker, and Dave Blanchard published in the Praxis Journal
- [Lessons from the generals: Decisive action amid the chaos of crisis](#) by Yuval Atsmon, David Chinn, Martin Hirt and Sven Smit, published by McKinsey

A case study on excellent crisis management – Tylenol poisoning in 1982

Seven people died when someone injected potassium cyanide into Tylenol capsules in the Chicago area. Tylenol plummeted from 34% market share to 0% market share overnight, as Johnson & Johnson (J&J) faced the fall of their top-selling product. While many predicted that Tylenol would become obsolete within a year, CEO James Burke responded with transparent and clear communication to the public, and more importantly – a plan for recovery. J&J pulled 32 million bottles of Tylenol from store shelves nationwide, and J&J created a triple seal system to demonstrate the medicine was safe. Ninety days after reintroducing Tylenol to store shelves with tamper proof packaging, Tylenol had spent \$100 million on the crisis but was stronger than ever at 46% market share. Burke’s response plan is still the model for crisis management. Through his strong and courageous leadership that demonstrated customer safety was more important than money, Burke turned a crisis into opportunity and ultimately created more revenue for the company. His actions still have impact today, as every over-the-counter medicine and consumable food supply has a seal demonstrating the product is tamper-proof.

For more information on the crisis and Burke’s response, visit the below resources:

- *Video:* [A trusted pill turned deadly. How Tylenol made a comeback](#) (Retro report, 2018)
- *Video:* [James Burke discussion of the company response](#) (CBS, 2017)
- *Video:* [Explanation of J&J's PR firm's response](#) (GIBS Business School, 2014)

How Johnson & Johnson (J&J) applied the fundamental principles to crisis management:

- Thoroughly understand the issue and its effect on your company
 - Within 36 hours, J&J collaborated with the FBI and local authorities to determine that someone had tampered with the bottles of Tylenol, likely within the store or during delivery. Consumer fear of ingesting Tylenol spiked when seven people died.
- Respond quickly with a thoughtful plan
 - The J&J management team, FBI and local authorities recommended to CEO James Burke that all Tylenol product be removed from Chicago area stores. Burke refused to limit the recall to the Chicago area, and instead removed Tylenol nationwide in order to restore trust.
- Build trust with staff and customers by communicating with honesty and transparency
 - Going against the advice of attorneys, Burke established a relationship with major news agencies and was transparent and honest about the problem. He made it clear it was a packaging and delivery issue, not a problem with Tylenol itself. He made a \$100 million investment to remove and destroy perfectly safe Tylenol nationwide in order to restore trust. He knew restoring trust was the most important factor to Tylenol’s recovery.
 - The company created a triple seal system for Tylenol bottles. Burke went on national television to explain how it worked.
- Execute, monitor and modify the plan as appropriate
 - The plan worked. Trust was restored as evidenced by Tylenol market share increasing to 46%.