



Great West Casualty vs. The Estate of G. Witherspoon

TEACHING NOTE

Purpose of Case Study

1. To enhance understanding of managing a public relations crisis;
2. To help students understand the role of media in focusing public attention on negative issues;
3. To encourage students to think about the role of strategic communication within an organization;
4. To give students an appreciation for the importance of effective communication, both internally and publicly, to the long-term success of any business.

Identify the Business Problem

The business problem in this case involves the lack of an effective, efficient organizational communication strategy. Because a communication policy did not exist to deal with a situation such as this, the claims adjuster did what he normally would have done, without thinking of the public image consequences. Additionally, there was no structure in place that required Great West to communicate with its parent company on communications issues. The result is a public relations nightmare for Old Republic International.

Forecast the Most Desirable Outcome

The most desirable outcome for Old Republic is that the company will be able to redeem itself in the eyes of its stakeholders and in the eyes of the public in general. Additionally, Old Republic will review the reasons for this communications breakdown and put a structure in place that will prevent this sort of thing from happening in the future.

This teaching note was prepared by Cynthia Maciejczyk under the direction of James O'Rourke, Concurrent Professor of Management, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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- 2、对学员采用1对1顾问式教学指导，确保学员顺利完成学业、胸有成竹的走向领导岗位；
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Identify the Critical Issues

These are the main issues involved in this case:

1. Managing the company's public response to the *Wall Street Journal* article of January 15, 1999.
2. Determining a course of action to deal with the lawsuit lodged against the estate of Gertie Witherspoon.
3. Reviewing Old Republic's apparent breakdown in internal communications to determine what went wrong and what needs to be done to remedy the problem.
4. Communicating the company's position to its employees, shareholders, and business partners (in this case, consultants).

Stakeholder perspectives include:

- Customers (current and future).
- Joyce Lange (Mrs. Witherspoon's daughter).
- Employees.
- Consultants (PR firms that do business with Old Republic).
- Shareholders.
- Competitors in the industry.

Identify and Discuss Possible Solutions to the Problem

1. Drop the lawsuit immediately. Communicate with Mrs. Lange directly that the lawsuit will be dropped.
2. Address the impact of negative publicity surrounding the lawsuit in the marketplace. Will the news of this lawsuit damage Old Republic's reputation with current and prospective customers?
3. Review Old Republic's corporate communication structure. Is a one-person corporate communication department enough to handle the myriad communication issues that face a large corporation? Should subsidiaries, such as Great West, be able to make major communications decisions independently of the parent company? The solution must incorporate an internal communications policy as well as an external communications plan.

Explain How to Communicate the Solution

Old Republic must communicate its course of action within its own corporate structure as well as to the public and other external stakeholders (such as shareholders and consultants). The key is to develop strategies tailored to the information needs of each group.

Strategies for employee communication may include hiring a communications director for internal communications only. Specific strategies for communicating with employees would be

company memos informing them of the proper communication channels, small group meetings to deliver important messages, targeted e-mail messages, directing employees to specific pages of the corporate Web site. Strategies for communicating with external stakeholders may include a press release, talking with the local and national media, letters to current customers, memos to consultants, posting information to the company's Web site, e-mailing or writing to shareholders, to name a few.

Potential Difficulties for Students

Students may need to understand something about the procedures surrounding civil lawsuits to provide thoughtful responses to this case. It is quite easy to drop a civil lawsuit, simply by filing a motion to dismiss with the court.

Teaching the Case

One week prior

Distribute the case at least one lesson before you intend to discuss it in class. Tell the students that you will focus on several issues during the discussion of the case, including the following:

- Managing a public relations crisis
- Dealing with negative media representation
- Importance of effective internal communications
- Identifying the key issues of the case
- Identifying the major stakeholder groups in this situation

First 30 minutes of the class

Spend the first 5-10 minutes of the class session briefly recapping the facts of the case. Then, for the next 20 minutes, have the students identify the issues listed above.

Some points for student consideration may include:

The public's response to news of the Wall Street Journal article describing the case.

How Old Republic's lack of a clear corporate communication structure might have contributed to this public relations disaster.

What procedures could have prevented the decision to file the lawsuit in the first place.

The media's role in publicizing negative information.

Strategies for communicating with the different stakeholders.

Next, identify the stakeholders in this case and their separate interests and concerns:

Customers (current and future). Who wants to have insurance with a company that sues the estate of an elderly woman for damage to the semi-truck that killed her? Who would want to *become* a customer of such a cold-hearted company? These are the questions the company must address with regard to customers. Old Republic must assure these groups that a mistake was made, that it will be immediately rectified, and procedures put in place to make sure it will not happen again. The decision to purchase and carry insurance is an emotional one for consumers, so the company's response must directly appeal to their emotions.

Joyce Lang (Mrs. Witherspoon's daughter). Ms. Lang is the central character in this drama. She is justified in her outrage. It's important for the company to deal with her quickly, openly, and compassionately. Since she has the ear of the media, she is a very important stakeholder with regard to public relations. If management can convince Ms. Lang that they are truly sorry, she has no reason to pursue retribution in a public forum.

Employees. As in the case of consumers, who would want to work for a company that sues the estate of an elderly woman? Employee morale is likely to suffer in this case. Most employees want to work for a company that has a strong positive public image. Old Republic's image has been damaged by this case, so management must restore its employee's faith as well as the public's.

Consultants. Since the company relies heavily on external consultants to handle much of its public relations work, management must make sure that all consultants working for the company are informed of the company's response.

Shareholders. This group will be concerned about the financial well-being of the company as it manages this situation. Many also want to be associated with an ethically sound company (as do consumers and employees). Management needs to keep this group informed so that shareholders will make informed decisions with regard to their investment.

Industry competitors. Competitors always watch closely when a situation such as this arises. They pay particular attention to how the events are perceived in the marketplace and how the company handles its public relations. They are interested in not only capitalizing on the fallout, but also learning from the mistakes of others.

Last portion of class

Summarize student responses. Ask students for their communication plan. What would they do in Old Republic's shoes?

Issues to consider include:

Strategic communication objectives. What are Old Republic's strategic business objectives and how can they be linked directly to the communication objectives?

Audience analysis. Who are we most concerned about reaching? Why do we want to communicate with them? What outcome do we hope for when we reach them?

Message construction. What do we want to say to each of these audiences? Will our message differ from one set of stakeholders to another? How simple or complex should the message be?

Medium selection. How should we try to reach these stakeholders? Should we consider electronic means? How about print means? Should we telemediate our message through the press? Should we try to communicate directly with one or more of the stakeholder groups?

Measurement of outcome. How will we know if we have succeeded? What criteria should we use to determine success? If we are not successful, what should we consider changing first: medium, message, audience, or objectives?

Last 5 minutes of class

Conclude the discussion. The key to this case, as with nearly all other management communication cases, is to let the students speak freely, but guide their comments toward the situation facing Old Republic and the communication issues the case presents.

Timetable of Events

This timetable of events is included for your reference. A list of discussion questions follows.

Date	Events
July 8, 1998 (4:00 am.)	Gertie Witherspoon blows out a tire on car. Shortly thereafter, she is killed by an oncoming semi as she walked dazed across the highway.
Summer 1998	Joyce Lang, Mrs. Witherspoon's daughter, attempts to get answers from Great West Casualty, the insurance carrier for the trucker who struck and killed Mrs. Witherspoon.
September 4, 1998	Brief article about the life of Mrs. Witherspoon appeared in the <i>Kansas City Star</i> . Written by Barbara Shelley, an acquaintance of Ms. Lang.
December 18, 1998	Joyce Lang receives notice of a legal claim filed against her mother's estate for damages to the truck that struck her mother. The amount of the claim: \$2, 886.00. Ms. Lang happens to talk to Barbara Shelley on this day and expresses her outrage.
January 8, 1999	Barbara Shelley's article on the story appears in the <i>Kansas City Star</i> .
January 15, 1999	The story is picked up and published nationally in the <i>Wall Street Journal</i> .

Questions for Discussion

These questions are for use in class and may help provide a deeper level of understanding--they will be most helpful after the case has been digested by the students and some initial discussion has taken place. Discussion questions should focus on communication issues involved in the case.

1. How important is a clear corporate communication strategy to a company's public image?
2. What could have been done to prevent the decisions that were made to file the lawsuit?
3. Who are the most important stakeholders in this case? How would you go about prioritizing the various responses this case requires?
4. Given what you know of the communications function of Old Republic and Great West, what suggestions would you make for a different structure?