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## **Crisis Communication Script**

### **Intro:**

Welcome to the Corporate Communication Podcast Series on crisis communication. My name is Dana Giangreco. I am a graduate student in the Master of Science Program in Professional and Technical Communications at New Jersey Institute of Technology. The title of this podcast is Communicating a Crisis: The Vioxx Withdrawal.

In today's podcast, I will be using the eight-step crisis-management plan offered by Paul Argenti in his book Corporate Communication as the basis of my discussion. This plan walks through the steps an organization should take when faced with a crisis. Using Merck's withdrawal of Vioxx as a situation that calls for an effective communication strategy, I will apply Argenti's eight-step model to the communication strategy that Merck employed. Through this analysis we can see how effective Merck's strategy was by Argenti's standards.

### **Body:**

We live in a world full of people who have a tendency to become fixated on crisis events. These events could be natural disasters, such as Hurricane Katrina; acts of violence or terrorism, as we saw with the events of September 11<sup>th</sup>; or the crisis could be one that

impacts a major corporation and the individuals or consumers who put their trust in it such as when Merck withdrew its blockbuster drug Vioxx from the market.

Vioxx was a drug used in patients who suffered from arthritis and acute pain. At the time when Vioxx was launched, Merck had enjoyed a comfortable position in the market as a leading pharmaceutical company (“Timeline”). The addition of Vioxx to Merck’s portfolio only strengthened the company’s seemingly impeccable reputation within the pharmaceutical industry and with the public-at-large (O’Rourke 14). The drug brought in revenue to the tune of 2.5 billion dollars a year and accounted for 11 percent of Merck’s annual sales (Gorman, EBSCO HOST 1). But in 2004 when Vioxx was found to increase the risk for heart attack and stroke, Merck’s standing in the marketplace took a nose dive, and a company that coasted for years on reputation alone suddenly found itself in unfamiliar territory.

Author of Corporate Communication, Paul Argenti, gives three reasons why the public becomes fixated on crisis events such as the Vioxx withdrawal: “First,” he says “people tend to remember and be moved by negative news more than positive news...Second, the human tragedy associated with a crisis strikes a psychological chord with almost everyone. Finally, crises associated with major corporations stick to the public’s mind because many large organizations lack credibility in the first place” (Corporate Communication 214). The Vioxx withdrawal satisfied all those criteria.

It is for those reasons Argenti outlines that it is critical for a company like Merck to have an effective communication strategy in place in the event that it finds itself in the midst of a crisis. The true measure of a successful corporation is in the way it deals with such situations when they arise (Argenti, Corporate Communication 235).

Although every crisis is unique, and the Vioxx withdrawal certainly had its own set of nuances, Argenti provides an eight-step plan that any company, regardless of what it does or what trouble it finds itself in, could follow (Corporate Communication 232–235):

Step one is to **get control of the situation** (Argenti, Corporate Communication 232). At the first sign of a crisis, the company needs to define the problem and set measurable communication objectives. Corporate executives might ask themselves the following questions: What happened or what is happening? Who or what has been affected or will be affected? And what is the best way we can communicate the problem and come up with a solution either to fix it as quickly as possible, if it can be fixed, or prevent it from happening in the future.

The problem Merck faced was clear: the blockbuster drug that made the company more than 2 billion dollars a year was causing patients to experience an increased risk for heart attack and stroke. With millions of people taking Vioxx at the time and billions of dollars at stake, (Gorman, EBSCO HOST 1), for Merck, this was a crisis.

Executives immediately halted the clinical trials once the increased risks were reported by trial monitors. But the decision to pull Vioxx, which was ultimately made by Ray Gilmartin, CEO of Merck at the time, was not made until seven days following that notification. Gilmartin consulted with Dr. Peter Kim, Chief of Research and Development before making the decision (Martinez, Matthews, Lublin, and Winslow A1). Gilmartin knew that whatever decision was made, it should be in the interest of patient safety (O'Rourke 17).

Once an organization defines the problem, Argenti says step two is to **gather as much information as possible** (Argenti, Corporate Communication 233). Before

communicators can begin to deal with the crisis and make decisions about the best method of communication, the company needs to understand the problem. Individuals, whether they are the company's employees or consumers, will want to know: What happened and why it happened? They'll also want to know what the company is going to do about it and how it will impact them. If the individuals charged with communicating all these details aren't properly informed, the communications they put together will lack validity. Once Merck officials were notified of the problem, they took time to review all the data and consult with dozens of outside medical experts before deciding to pull the drug.

While gathering information, Argenti suggests step three: the company should **set up a centralized crisis management center**—a communications hub—in which officials can hold discussions and strategize (Corporate Communication 233). Merck officials set up what they called a “war room” in which a team consisting of individuals from public affairs, investor relations, US and worldwide marketing, research and corporate counsel assembled to put together a communication strategy (O'Rourke 12).

Step four, Argenti states is to **communicate early and often**. Prompt communication is necessary, especially when that crisis involves a threat to lives as the Vioxx situation did. Argenti wrote: “...communicators should try to shield constituencies from panic by allaying some of the probable fears that people will have about the situation. Employees, the media, and other important constituencies should know that the crisis center will issue updates at regular intervals until further notice” (Corporate Communication 233).

Any significant delay in communicating a crisis may reflect poorly on the organization. Understandably, company officials should take the time they need to assess the situation

and formulate an appropriate plan, but taking too much time to develop that plan could cause people to speculate and draw conclusions of their own.

It took Merck almost seven days to announce to the public that Vioxx was being removed from the market. While the company followed the appropriate course of action by getting a handle on the situation, analyzing the data, and assembling a communications team, in retrospect, one might wonder if Merck could've been more prompt in communicating with the public. Regardless of the time it took, Merck officials ensured that all constituents were addressed in some manner. A press release was issued on September 30, 2004, which was immediately followed by a press conference, communications to employees, and an investor relations teleconference.

The Vioxx story attracted major media attention as soon as the press release crossed the wire. Members of the media are always looking for a good story with victims, villains, and visuals because they know that the bad news more often attracts a larger audience (Argenti Corporate Communication 234). As I said earlier the public tends to become fixated on crisis events. The media feeds that craving that people have to hear the bad news. That's why Argenti contends that it is critical for a company to remember step five and **understand the media's mission in a crisis**.

Any corporation needs to understand that the media will pay more attention to crisis situations that affect a large number of people. The communication strategy that company employs should attempt to use the media to their advantage in any way possible, while being fully aware that the media has the ability to destroy the company's reputation.

The team at Merck knew that the story of the Vioxx withdrawal would attract major media attention, and Gilmartin and Kim were very cooperative as they spent the majority of September 30<sup>th</sup> 2004 responding to press inquiries and availing themselves for press conferences and interviews (O'Rourke 17). Still, no amount of cooperation from executives could prevent many members of the media from painting an unfavorable picture of Merck, and executives began to see the company's once golden reputation crumble.

Using the media is a smart move when a company needs to disseminate information quickly to a large number of people. Because the Vioxx withdrawal affected so many people, the media became an effective way to get the word out. While this may be good practice, Argenti points out that it is also crucial for a company to follow step 6 and: **communicate directly with affected constituents** (Corporate Communication 233–235).

When a crisis occurs there are several people that need to be notified: employees, customers, shareholders, communities. Communications with the various audiences should be tailored based on the information that the people in the audiences need to know. They'll want to know: what is the impact to them.

Following the Vioxx withdrawal, each audience more than likely had very distinct questions. Merck employees probably wanted to know if there was a possibility of the company closing or going through layoffs because of the drug being taken off the market. Customers most likely wanted to know what would happen if they continued to take Vioxx, or if they'd be reimbursed or compensated for the pills that they had already purchased and were no longer able to use. Shareholders were almost certainly interested in how the drug recall would impact the company's bottom line, as well as how the

situation would affect Merck's future. And the general public might have wondered if they could trust any drug that Merck made, or possibly even doubted the safety of all drugs on the market.

Merck directly addressed employees and shareholders immediately following the press release, but patients didn't receive a direct communication from Merck until October 3<sup>rd</sup>, and that communication came in the form a full-page advertisement of an open letter to the public from Ray Gilmartin placed which was placed in 25 major newspapers throughout the United States (O'Rourke 17). The communication was simple and informative, and it was Merck's first attempt to buy back the public's trust and reclaim its position as an industry leader.

Two subsequent advertisements ran in newspapers in the weeks that followed; each ad reinforced Merck's commitment to patient safety, and reminded the public of the company's reputation and high ethical standards. Merck also addressed shareholders saying that its pipeline was solid and that the company was financially stable.

Though the Vioxx situation was top of mind during those initial days as the company put the communication strategy and began dealing with the potential consequences, Merck executives knew that they needed to keep employees motivated and ensure that business continued as usual. As Argenti reminds us, unless the crisis instantaneously shuts down a company, individuals should keep step seven in mind, and **remember that business must continue** ("Crisis" 106).

One wouldn't be wrong to assume that the days, months, and even years following the Vioxx withdrawal would be extremely challenging for Merck. Once the dust settled, it

was up to management to find ways to improve morale so that Merck would again be seen as an industry leader.

Merck's plan to regain leadership included a changing of the guard. Gilmartin stepped down as chairman and CEO, and in May 2005, the company appointed Richard Clark to replace him. In no time at all, Clark revealed Merck's plan to win, which included improving the company's focus on research and development productivity by focusing on select therapeutic areas, implementing a new commercial model that would deliver value to customers, and reducing the overall cost structure throughout the company.

It remains to be seen whether or not Merck will enjoy the leadership position it once held; however, in the time since the Vioxx withdrawal, the company has launched three new vaccines, including one to prevent cervical cancer, and two new diabetes drugs. Had Merck employees thrown in the towel after the Vioxx debacle, the promise of a world without cervical cancer would still be just a pipe dream.

The final step in Argenti's model for crisis communication is for the company to **make plans to avoid another crisis immediately**. Once the storm passes, the company should begin to assess the communication strategy that was put in place and learn from any mistakes that might have been made. Companies like Merck that have endured a crisis are more inclined to think that such occurrences could happen again. That's why it's important to have an effective communication strategy already in place (Argenti, Corporate Communication 235).

Part of Merck's preparation involved assessing efforts of the communications team to determine the effectiveness of the strategy. While the Company has gathered much data about public awareness and perceptions following the Vioxx withdrawal, there is no

indication that Merck has a formalized communication plan in place should it find itself in another crisis.

Avoiding a crisis situation altogether is ideal; however, if that isn't possible, the eight steps from Argenti that I just outlined can be applied to any crisis situation.

Thank you for tuning in. Again, this is Dana Giangreco. You have just listened to a Corporate Communication podcast on Crisis Communication.

A complete list of sources used to develop this podcast can be found on the CorpComm website.

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