

*Unless firms learn to think differently,  
tragedies 'will be the new, unfortunately,  
grisly growth business of the next decade'*

## Why Corporate Disasters Are on the Increase, and How Companies Can Cope With Them

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Long before the Bhopal catastrophe occurred, the authors initiated a study of the whole phenomenon of corporate tragedies.<sup>1</sup> We began compiling the full range and kinds of disasters that can befall the modern corporation.

Our study was prompted in large part by three major factors: (1) the occurrence of the Tylenol poisonings; (2) the nationwide response to those poisonings; and (3) the significance of that nationwide response. We believed then, and, as a result of our analysis, we believe even more strongly now, that the Tylenol tragedy was a clear signal that the environment in which business operates has changed drastically. Unless businesses recognize clearly the radically altered nature of this new environment, they will not only be increasingly susceptible to major catastrophes but increasingly powerless to take effective action when the need arises. Companies can, however, blunt some of the worst effects of catastrophes, even though complete prevention of crises will always remain a human impossibility.

The new and vastly more complex environment in which business must operate subjects companies to increasing risk and exposure to attacks by society. In order to anticipate and cope with the circumstances and events that could lead to such attacks, corporations must adopt a much more externalized manner of thinking and managing.<sup>2</sup> This externalized approach should be integrated in companies' strategic planning, together with the establishment of a permanent crisis management function.

This article is organized in three sections:

■ In the first section, we note what is taking place "out there." We describe the full range of corporate tragedies, disasters, and catastrophes that are happening to corporations at an ever-increasing frequency and on an ever-widening scope.

The types of corporate disasters we have uncovered are so generic that we can say with confidence that we now know the major kinds of disasters that can take place, even though no one can predict the exact form each would assume if it occurred to a particular corporation or other organization. Even if our knowledge were confined only to knowing the major kinds of disasters that could happen, that in itself would still be of major significance—as the essential first step in a program of coping. Knowing the major types means that a company can at least begin a systematic, organized and comprehensive procedure of asking itself what it can do to cope with a particular kind of major disaster before, during, and after it occurs. For make no mistake about it, *any organization that fails to think seriously about each type of tragedy that might befall it is setting itself up for a major disaster.*

The authors' point of view is not whether a major tragedy will occur, but rather, when, where, and to whom, and to how many. If the experience of the scores of corporate executives, law enforcement officials, consumer agency heads, and security management specialists with whom we have talked is typical, then the vast, overwhelming majority of corporations fail to think systematically and comprehensively about all of the types of catastrophes we have identified. Sadly, this true even of those corporations that have already been the subjects or victims of tragedies. Why this is so is itself the subject of a later part of this analysis.

■ The next section discusses why corporate tragedies are happening at an ever-increasing frequency and on an ever-increasing scale. We argue that if one understands better why today's world is so different that it is giving rise to more tragedies, then one is in a much better position to design a program to cope with them.

■ The final section describes what can be done. It outlines the wide variety of things corporations can do to cope with tragedies, if they have the desire. It describes the wide variety of coping mechanisms or styles that different organizations adopt, consciously and sometimes unconsciously. We close by recommending the posture we believe organizations should adopt.

## ACT ONE: WHAT'S HAPPENING

Since the tragic Tylenol poisonings of 1982, we have been able to identify five generic types of corporate tragedies or disasters that have been happening on a scale wide enough to preclude any further denial of the phenomenon. The five are:

1. *Product or service tampering.* The classic example is Tylenol. This type of case occurs when a company makes a product or service intended—and designed—to do good, only to have a person or persons internal or external to the corporation put a foreign substance or agent into the product. The product or service then becomes converted into something capable of doing great harm. The corporation may or may not be held legally responsible even though it was not deliberately at fault. Likewise, the corporation may or may

not be linked psychologically in the public's mind with the cause of the disaster, even though the company had nothing to do with it.

This category is broad indeed, and it is not confined to product tampering. The massacre in a McDonald's restaurant in San Jacinto, California, can be viewed as an example of what can happen when a deranged individual injects violent, psychopathic behavior into a business environment.

Strangely enough, the recent flap involving Vanessa Williams, the deposed Miss America, is another example. The properties of a harmless, if not by now anachronistic, beauty pageant were disrupted by the unwarranted infusion of "erotic" elements into it.

Product or service tampering is now worldwide. A radical anti-vivisectionist group in England threatened the Mars Corporation, saying it would place poison in the company's candy bars. The radical group justified its action on the grounds that Mars had contributed financial support to hospitals where research was performed on helpless animals. Even though the threat proved later to be a hoax, the damage was done. Mars had no choice but to recall its candy bars from the shelves.

In a similar manner, a radical group in Japan threatened to place cyanide in candy bars if the company that made them did not meet various incoherent demands. The same group later claimed it actually put cyanide at random in candy bars already on the shelves.

Finally, to understand how general this category is, consider the example of the group that put bogus birth-control pills on the market in the United States. In that case the tampering concerned not what was put in the product but what was left out. The vital chemical ingredients that prevented contraception were omitted from the phony pills, to the later consternation of many consumers.

The main point remains. This category of corporate tragedy concerns a major alteration of the internal properties of a manufacturer's product or service by means of the injection of potentially lethal, foreign substances through the actions of an external human agent. Alternately, it can involve the alteration of a product by an external human agent who leaves some desired or necessary internal property out of the product or service.

The kinds of human agents who typically engage in such actions range from disgruntled employees and former employees to saboteurs, extortionists, terrorists, and even psychopaths. (The latter often have no apparent motives or reasons.)

We are not dealing with trivial matters. Eight deaths in the Chicago area were traced to altered Extra-Strength Tylenol capsules. Even though no one faulted McNeil, the maker of Tylenol, or its parent company, Johnson & Johnson (and even though McNeil and Johnson & Johnson acted admirably, and the brand recovered miraculously), McNeil and Johnson & Johnson were still forced to recall some 31 million bottles at a loss of \$100 million. If the potential magnitude of such a tragedy is not enough to get the attention of corporations everywhere, then perhaps nothing will. In the latter event, the

ostrich-like companies will probably succumb to one of the other kinds of generic tragedies on our list. Such corporations will have deliberately managed their way to demise through tragedy.

2. *The inability to predict and control an unforeseen set of environmental circumstances.* The classic example is Procter & Gamble's Rely Tampon. When tampons were left in women's bodies longer than they should have been, an unforeseen toxic reaction developed which proved fatal in a number of cases. Although Toxic Shock Syndrome (TSS) was never definitely linked to Rely, the manufacturer was held responsible, even though it was not intentionally at fault. The result: a \$75 million loss in business.

There is new evidence<sup>3</sup> that Rely may have been seen as a handy scapegoat by a public that had to find something or someone at fault. It was not that the use of Rely could not be associated with TSS at all, but rather that TSS could only be partially associated with Rely. Of those women using Rely, 35 percent contracted TSS, while only 18 percent of those women using another brand of tampon (a control group) developed TSS. From a statistical standpoint it is easy to single out Rely as a culprit compared to other tampons, but that leaves unanswered the critical question, "What explains the even larger number of women (65 percent) who used Rely and did not contract TSS?" Even more upsetting is the fact that TSS has been found in premenstrual girls and, stranger still, in young boys.

Lurking within the confines of a manufacturer's products or services may lie unknown, unintended properties that—given the right physical or social environment in which to develop—have the potential to cause great harm to unsuspecting consumers. The major difference between this type of tragedy and the first (product or service tampering) is that in this case the properties of the product or service are not altered by the injection of a foreign substance by a malevolent external human agent. Rather, the product or service is altered through the biological/physical/social interaction between the product and its users.

3. *A major catastrophe.* Without question, the classic example is Bhopal. For a variety of possible reasons, a major industrial accident occurs which injures and kills thousands of people.<sup>4</sup> Huge lawsuits result. The company may face the threat of criminal proceedings, if criminal negligence is charged.

This type of tragedy is not only on the borderline between the first two but actually overlaps with them in critical ways. It is like the first case in that, if the company has been negligent in its safety procedures, the firm will have injected a poisonous foreign substance into the environment and will be held liable for harming the surrounding human community.

It is like the second case in that the company may be able to argue that, despite its best intentions and efforts, unforeseen defects were lurking in the design, operation, or condition of the plant. Actually, as we shall see, this category or type of tragedy may be the most interesting of all, for it has significant aspects which fall simultaneously into all five of our types. For

this reason alone, it is imperative that all organizations examine how they are susceptible to all five types—not just to one or two at best and in isolation from one another.

4. *Guilt by unwarranted association.* The classic example is Atari. A company produced an “adult, X-rated” cartridge that was compatible with Atari video equipment. Atari’s business, founded on the image of good, clean fun for the entire family, was unfairly tainted by guilt by association.

To show how broad this category is, consider how it pertains to the Bhopal tragedy. The generic underlying basis of the category is the evil or damage done to a company by a parasite. While Union Carbide most certainly did not encourage the infusion of lawyers seeking to profit from the tragedy affecting the victims of the Bhopal catastrophe, the company may find that it is nonetheless linked psychologically in the public’s mind with such parasitic activity. That tragedy above all else brings to the surface those aspects and dimensions of the human mind that are anything but “rational.” The most intense human emotions are unleashed by a disaster of such magnitude, and those at whom the finger of blame is pointed become automatic targets for those seeking scapegoats.<sup>5</sup>

5. *Problems with logos.* The classic example is Procter & Gamble’s distinctive logo, a bearded man-in-the-moon and 13 stars enclosed by a circle, the stars representing the 13 original American colonies. The trademark has been in use for more than a century, but in recent years the company has found itself fighting recurring rumors that the logo is a symbol of Satanism. During a four-year period, P&G answered 100,000 inquiries stemming from the rumors. It filed a half-dozen suits against individuals it believed had helped spread the rumors. In March this year, the rumors gained new momentum and in April the company announced it was taking the familiar trademark off its product packages because of the “false and malicious stories.” (P&G, however, is continuing to use the logo on its company stationery and reports.)

Another case concerned Sears, Roebuck and Company. Somehow the number “666” was inadvertently assigned to the first three digits on all its innumerable plastic cards. For mere purposes of numerical identification, any three-digit number is as good as any other, especially to a computer. But for anyone who has even the most fleeting familiarity with the Bible, the number “666” is the sign “by which the devil shall be known.”

Every corporation desires a distinctive corporate logo in order to stand out from the crowd, i.e., the competition. There’s nothing wrong with that per se, but, like all our categories, every company would do well to examine its potential susceptibility to tragedy because of its logo. What happens if, because of a major tragedy, a company’s distinctive corporate logo becomes associated in the public’s mind with evil? Every corporation should examine everything connected with its logo for possible symbolic meanings or misinterpretations.

## ACT TWO: WHY IT'S HAPPENING

Although there are a large, sometimes seemingly infinite number of factors responsible for the various tragedies which corporations are experiencing, the authors have identified six that are especially pertinent:

1. The widespread failure to appreciate that the underlying structure of today's world is radically different from anything experienced before.
2. A system of management education that has failed miserably to prepare managers to deal with this new underlying structure of society or social reality.
3. Faulty patterns of reasoning on the part of individual managers and corporations as a result of the failure of management education.
4. The failure of corporations themselves to instill the type of corporate culture that is needed to promote and reward the kind of thinking that is needed to survive in today's world.
5. Emotional, not merely intellectual, resistance on the part of individual managers and corporations to the clear need to learn new ways of thinking. (There is sometimes outright denial of the unpleasant fact that all corporations are more susceptible than ever to catastrophes of all kinds.)
6. The fact that we live in an increasingly violent and permissive society which both consciously and unconsciously encourages people to act out their deepest and often most violent fantasies.

One of the profound legacies of the Industrial Revolution was the mental map or image of the world that it implanted in people's minds—the image of the world as nothing but one big Simple Machine.<sup>6</sup> Among the many nice features of machines, man came to see one as especially critical: machines could be disassembled into their individual parts, each of which had a separate existence of its own. Hence, if a machine was broken, it was often a relatively simple matter to isolate and replace the defective parts.

This notion was carried over virtually intact to the design of all our social institutions and to our attitudes toward solving complex problems. Thus, our institutions, largely bureaucracies, were designed in the image of machines. Complex problems, like people's jobs, were broken down into a large number of supposedly simple, independent tasks. Furthermore, both the general educational system and the reward structure of our institutions reinforced the notion that the technical aspects of problems could be considered in isolation from the environmental, legal, moral, and political aspects. This strategy worked well in the 18th and 19th centuries, and even in the early parts of this century, but it now fails miserably.

Today, there are virtually no problems—from pollution, to high interest rates and international finance—whose various aspects can be considered in isolation from one another. More important, all problems affect one another in complex ways we are only just beginning to understand. It is, for example,

impossible to comprehend what really happened in Bhopal without considering the simultaneous interaction of Union Carbide's corporate structure and corporate culture, the history of the company's safety record, the firm's social and political views of Third-World countries, its safety technology, and the innumerable assumptions which both the company and the government of India made about one another.

### **Latest Tools Required to Solve Problems**

In short, the world can no longer be comprehended as a Simple Machine. It is a Complex, Highly Interconnected System. The basic trouble is that most people today are trying to solve the problems of a complex system with the mentality and tools that were appropriate only for the world as a Simple Machine. Not only do the tools not work anymore, they actually make things worse. That is where both the larger educational system and corporations themselves have failed to educate people and reward them properly to handle complex problems.

If one looks at the world in the image of a very Complex System, one sees that today's corporation operates in a vastly more complex environment than its predecessors. It is continuously buffeted by a large, dynamically changing set of forces called stakeholders (to distinguish them from the more limited class stockholders). The term stakeholder indicates that a whole host of parties and special interest groups once thought to be outside the corporation's direct field of concern now have a vital impact on it—a stake in it. The behavior and policies of the corporation of the 1980s influence and are influenced by the behavior and policies of countless parties internal and external to it. Examples abound: governmental regulatory agencies such as the Food and Drug Administration, competition, unions, the company's sales force, disgruntled employees, banking and financial institutions, insurance companies, realty agencies, the stock market, and, increasingly, such unsavory characters as saboteurs, terrorists, even psychopaths.

As the number of stakeholders who must be considered has grown dramatically, the corporation's tasks of operating and planning ahead have become increasingly more difficult, and sometimes seemingly impossible. There is, however, no alternative. Organizations must learn to think as broadly and as radically as they can to analyze who their present stakeholders are and to anticipate who they might be. If they cannot, they will be in real danger of going under. A host of recent examples (not merely the tragedy of Bhopal) testify to this. Witness the plight of American car companies who clearly misread the behavior of countless stakeholders in their environment: the changing car-buying behavior and habits of American motorists, the seriousness of Japanese competition, the effect of oil-producing cartels, etc.

One of the essential lessons is that no stakeholders, however far removed they are from the home base of a corporation and however seemingly insignificant, can be safely ignored. The world is not only a Complex System but is even more a Global Complex System. Unless all corporations truly learn

to think in global terms and begin to consider the impacts of *all* their actions on as many stakeholders as possible, then Bhopal is truly the lull before the next global disaster.

One of the important consequences of a new mental map of the world is that it points to a different measure of performance by which to evaluate the behavior of institutions. One of the direct consequences of thinking of the world in terms of a Highly Complex, Interconnected System is that it leads to a revised, if not expanded, conception of the "bottom line": there is no

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place left to which corporations can run, no place where they can hide their actions anymore. With the advent of instantaneous mass communications systems we are more linked together than ever. There are no isolated, simple parts of the world—not any more.

That is not all, of course. Among the factors creating the new environment are the rising expectations of societies, growing pluralism, the often powerful role of special interest groups, and the increasing litigiousness of our society.

If all it took to change individual managers and corporations was to point out that the structure of the world has changed radically, and that as a result very different types of thinking skills are required to cope with it, the task of dealing with tragedies would truly be trivial. Unfortunately, much more is demanded because much more is operating than faulty reasoning or inadequate thinking skills.

It is not that faulty reasoning is not present. On the contrary, most managers with whom we have talked are the prisoners of the most extreme "black/white," "either/or" thinking. While there are innumerable variants of this pattern of reasoning, it essentially goes like this: Because no one can prevent or predict all tragedies (which is true), there is absolutely nothing at all that one can do to cope with tragedies or lessen their impact (which is false).

From the experiences of the many experts in law enforcement and security management with whom we have talked, it is clear that it is the deeper, underlying emotional feelings beneath the patterns of surface reasoning that are really at the heart of the matter. Most managers find the whole topic of corporate catastrophes too depressing to consider in depth. It is clear that they would prefer to dismiss the whole phenomenon, to wish and pretend it away, than to grapple seriously with it. While one can sympathize with this all too human reaction, one cannot condone it.

As social scientists, the authors have been trained, much like medical doctors, to face whatever social diseases present themselves for analysis. Medical doctors do not recoil in horror when seeing blood and carnage, for



they have been trained specifically to deal with such damage, even though they do not like it personally and wish such things did not have to happen. The fact that corporate managers dislike the phenomenon of business tragedies is in a sense irrelevant. Such tragedies must be dealt with. The fact that current managers do not wish to face up to them should be taken as a serious sign of a gross defect in the ways managers now are educated. We—business and academia—have failed to develop real strength in these managers. We have failed to give them the emotional toughness to face the real problems with which they are presented.

The intellectual challenges are no less formidable. They also reveal another aspect of the emotional challenges.

Unlike artificial academic exercises, real problems in the real world can always be looked at in more than one way. Indeed, the more serious, the more critical the problem, the more it demands that it be viewed from as many different standpoints as possible to prevent essential aspects of the problem from being overlooked. The absolute worst thing that can be done in attempting to solve any complex problem is to pick one view and ignore all others. God help the individual or the corporation that defines its problems narrowly.

Thus, the first kind of intellectual challenge that such tragedies pose is the ability to view the phenomenon from several, often radically distinct vantage points. For the most part, our institutions simply do not educate people in how to do this. Indeed, contemporary "education" consists largely of a steady diet of finding the single "right" answer to pre-formulated, relatively simple exercises. The student is neither encouraged nor trained in the art of problem formulation, i.e., in the skill of formulating any problem from several different perspectives, nor is he or she encouraged to look for multiple solutions to complex problems.

### **Another Intellectual Challenge**

The second intellectual challenge lies in the fact that students and managers generally are not trained to handle moderate uncertainty, let alone vast amounts of it. As a result, they are prone to the worst kind of rigid, either/or thinking. It is, for example, perfectly true that one can rarely, if ever, know the exact whereabouts of the particular psychopath contemplating evil action against a business. That, however, does not mean that we have no knowledge whatever about the general behavior patterns of the kinds of persons most likely to engage in such acts.<sup>7</sup> Can one imagine the people of Los Angeles (and the world!) allowing the Olympic Games to be held if the Los Angeles Olympic Organizing Committee (LAOOC) had said, "Because we don't know the exact whereabouts of every terrorist, we are going to do nothing to thwart terrorist activity." Instead, the LAOOC obtained profiles of terrorists and devised the best plan it could to anticipate how terrorists might strike. But how many more Bhopals, Tylenols and McDonalds will it take before this kind of wisdom permeates corporate America?

Because we lack *perfect* knowledge, it does not follow that we have no knowledge whatsoever. Again, we are dealing with our legacy of the Industrial Revolution. Then, unless one had perfect knowledge, one was said not to have knowledge at all. Today no organization can afford to wait for (or have) perfect knowledge before it acts. Wisdom, in contrast to mere technical competency, consists of making the best use of what one has. It does not consist of avoiding thinking about complex issues because one does not have some ideal of perfect or complete information.

For all these reasons and more, the phenomenon of corporate tragedies generally arouses great anxiety in individuals and companies. If individuals generally are not prepared intellectually or emotionally to confront the unthinkable, their corporations generally do not possess the appropriate structures to confront it, either.

All organizations are governed by silent and not so silent signals. The silent signals constitute the "unwritten rules of the game." While they do not appear in formal rule manuals, they do guide the behavior of people in the organizations as powerfully as anything that is written down, perhaps more so. In many ways, they carry the real messages of the culture—what people will really get rewarded for doing, for example, or whether it is actually OK to disagree with the boss, whether creativity is truly valued, whether the organization sincerely believes in equal pay regardless of sex, race, religion, and so on.

Thinking about corporate catastrophes demands a very different kind of culture from that which governs most organizations.<sup>8</sup> It demands that people be encouraged and rewarded for creative, divergent thinking. It demands that people not be punished for raising up to the surface anxiety-provoking issues. It demands that people be rewarded for anticipating issues of strategic importance to the organization before the issues become problems.<sup>9</sup> It demands that people be encouraged for constant monitoring of the environment for strange trends, the occurrence of bizarre events, etc. It demands that organizations bring in outsiders who can shake up—and challenge—conventional ways of thinking.

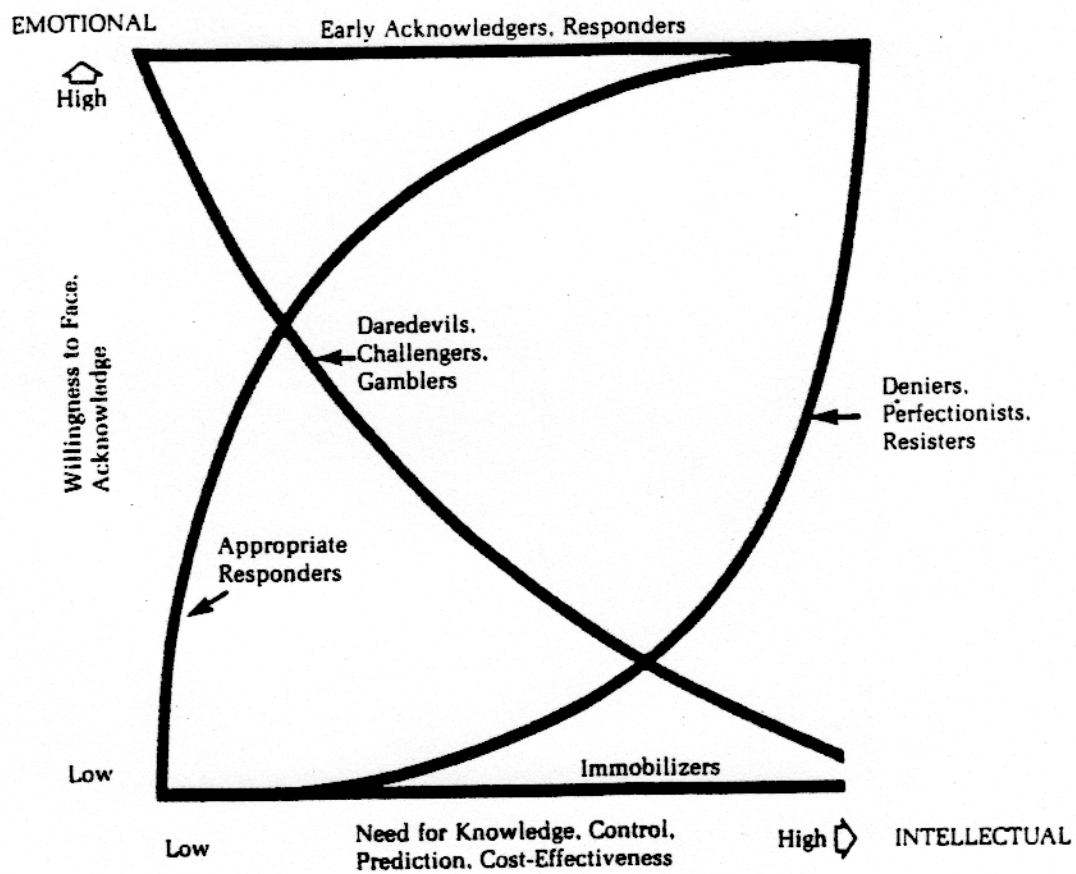
### ACT THREE: WHAT CAN BE DONE?

The question of what can be done is two-fold. First, what are the various patterns that both individuals and corporate organizations adopt, unconsciously as well as consciously, to cope with tragedies? Second, which patterns are more effective? Here are some of our conclusions.

1. The different psychological profiles that both individuals and organizations exhibit in responding to crises of any kind can be grasped in terms of two key dimensions: the intellectual and the emotional. (See Exhibit A). The intellectual dimension refers variously to (a) the amount of knowledge an organization (or individual) needs before it feels it can deal effectively

EXHIBIT A

Responding to Crises: Patterns of Response



with tragedies, (b) whether it feels that the cost of obtaining the knowledge needed to deal effectively with tragedies is prohibitive, and (c) how close to exact prediction it would need to come before it could deal with tragedies. The second dimension refers to the emotional willingness to acknowledge not only the existence of tragedies but that the possibility of being hit by a major tragedy is no longer hypothetical but very real in today's world.

### **'Immobilizers' and Others**

The first pattern of response to crises is represented by a group the authors call *immobilizers*. These are the kinds of people and organizations for whom no amount of knowledge that could be given them would ever make them able to acknowledge emotionally that they might be able to do anything effective to blunt the impact of tragedies. Those we call variously by the names *Deniers*, *Perfectionists*, or *Resisters* are only a shade better in that they would require near-perfect information or predictions about an impending tragedy before they would feel any action would be warranted. Another group, the *Appropriate Responders*, is made up of those who are not only able and willing to learn from experience but are willing to begin learning from incomplete or imperfect information.

Although the *Appropriate Responders* need some minimal amount of information or knowledge to kick them over the threshold from inaction to action, they do not need either perfect information or complete prediction to kick them into preventive action before an impending tragedy has become an actuality. They are not only able to act before the "horse is out of the barn," but are not emotionally paralyzed into inaction because they will never have ideal or perfect information. They realize instinctively that while one can neither predict nor prevent disasters such as earthquakes, one can think and prepare ahead to blunt their worst effects.<sup>10</sup>

Those in yet another group can be identified as *Daredevils*, *Challengers*, and *Gamblers*. They are motivated only by high risks. As soon as something becomes clear (perfect information, perfect predictions), they lose interest and move on to the next challenge. Indeed, they are motivated *only* by the Big Challenge and by the desire to beat others to the punch, not by the need to deal with the phenomenon of corporate tragedies.

A final group consists of *Early Acknowledgers*. These are exceedingly rare individuals and organizations. They need almost little or no information to attend to the phenomenon of tragedies. Unlike the *Challengers*, however, their interest remains constant; it does not wane as more information comes in. They are the first to recognize the phenomenon and they stay committed to deal with it throughout its entire history.

We are not recommending that all organizations in their entirety be *Early Acknowledgers*. We are recommending that every organization create a permanent crisis management unit (CMU) which includes *Early Acknowledgers* in its ranks. What we are also recommending in no uncertain terms is that all organizations be at a minimum *Appropriate Responders*, able to learn

from the experiences of those organizations that have already gone through one of the five types of crises described earlier. What we are decrying is the fact that too many organizations remain too long in the *Immobilizer* group, even after a tragedy has occurred.

2. What can be done? Exhibit B delves to the heart of the matter. It shows "technical" versus "people" actions a company can take and the short-term versus long-term actions that are possible. The overriding, dominant point of view of this article is that the phenomenon of corporate tragedies is so critical that it requires simultaneous action in all four "cells" shown on the

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*'Corporations need to develop early-warning mechanisms capable of monitoring the environment for bizarre acts committed against any organization.'*

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chart if a company is to do all that can humanly be done to contain the potential impact of tragedies.

No one would deny the value of such short-term technical actions as better package design, tightening plant safety, better plant-operator controls, manufacturing standards, and the like, but they simply are not enough in today's world. Corporations also need to bring in outside experts on terrorism and psychopathology to give lectures on recognizing the profiles of groups that might strike and to encourage the most radical, creative brainstorming sessions to produce novel, free-wheeling ideas for containing the multitude of stakeholders that can now impact on organizations. *Outside experts need to be brought in to assist in the design of the most interdisciplinary crisis management units within organizations.* Outside experts also need to be brought in to ensure that the widest possible stakeholder analyses will be performed to analyze the potential impact on the cause of as many parties as possible and to recommend measures for the containment of all conceivable tragedies.<sup>11</sup>

Corporations and other organizations must recognize once and for all the existence of psychopathic behavior. They must learn to develop the capability to think like psychopaths and terrorists. They must learn to ask themselves how their company looks when viewed from the vantage point of a psychopath/terrorist. What are the company's strengths and weaknesses when examined from that perspective? How can the company be protected?

The near-total consensus of the law enforcement officials and the executives of security management firms with whom we have talked is that before they actually experience a crisis, very few corporations are willing to call in crisis management and security consultants to engage in preventive planning. The best clients, unfortunately, are those who have already been burned.

EXHIBIT B

Responding to Crises: Actions Organizations Can Take

- Preventive packaging
- Better detection
- Tighten security
- Tighten internal operations
- Better operator/management controls
- Tighten design of plants/equipment
- Chain of command
- Crisis management units

Technical

- Expert monitoring systems
- Hold "continual" planning workshops
- Bring in outside experts
- Design stores of the future
- Systems-wide monitoring
- Develop profile of psychopaths and terrorists
- Command centers
- Crisis management units
- Organization redesign

Short-Term

Long-Term

- Emotional preparation
- Psychological counseling for employees
- Security training
- Recognition
- Detection
- "Buddy groups"

People

- Establish hot lines
- Sponsor community watch groups
- Consumer education
- Political action groups
- Sponsor mental-health programs
- Counseling groups
- Re-examine one's organizational culture

Very few corporations—very, very few—take a *total* look at their organizations through the eyes of a terrorist or a psychopath to see how vulnerable they are to widespread attacks. Very few call in experts in security management before a crisis has occurred to see how vulnerable they are to attacks, breakdowns and catastrophes of all kinds from the perspectives of outsiders not emotionally involved with the corporations. Very few hold regular and repeated crisis-simulations, workshops, exercises and training seminars to prepare key executives to cope with the myriad of tasks they will be called on to perform during the heat of nervous exhaustion and extreme anxiety. We know of almost no organizations which hold repeated brainstorming sessions that encourage their executives to come up with the most creative ideas they can for coping with every one of the five generic kinds of tragedies we have identified.

Unbelievably, even among those organizations that have already been hit by tragedies, there are very few that have permanent, in-place, 24-hour crisis management units that are prepared to think about each of the five kinds of crises before it has occurred.

### **Must Monitor for Bizarre Acts**

Corporations need to develop early-warning, environmental-scanning mechanisms capable of monitoring the environment for bizarre acts committed against any kind of organization. Very few psychopaths and terrorists walk up and directly announce either their presence or their intentions to companies. But all human behavior is generally contagious; all human beings are to an extent influenced by the actions of others, for good or for evil. Disturbed persons are even more susceptible to influence by others. Thus, the fact that even one organization has been attacked is likely to call forth destructive tendencies in others, especially those who are just on the borderline of controlling their destructive impulses, e.g., copycat killers.

At a minimum, each corporation needs to develop an inventory of the kinds and frequency of evil acts committed against organizations inside and outside their industry. Not all acts committed against organizations are the result of psychopaths, saboteurs and terrorists, but a significant proportion of such acts can be understood by understanding psychopathic (i.e., deviant) behavior.

It may come as a surprise that of all the types of the unthinkable, the case of Procter & Gamble's logo (i.e., undesired projection) is the most treatable of all.<sup>12</sup> If organizations were willing to hire as consultants such highly unorthodox experts as specialists in mythology and religious symbolism, they could probably predict those very aspects of their logos that are most susceptible to misinterpretation by religious fanatics. The reason? Of all the categories of the unthinkable, the one for which there exist the most detailed guides for thinking about it is that of undesired projection. The authors have in fact used these guides with success to get MBA students to peruse corporate logos and symbols of all kinds to ferret out Satanic signs. (It is amazing how

many logos contain pentagrams of some kind.)

In a different vein, new schemes have been developed which also allow one to think more comprehensively than ever about the full range of technological hazards that can develop in products. These schemes greatly facilitate thinking about cases such as the Rely tampon *before* they can occur.<sup>13</sup>

In addition, companies need to develop "intellectual skunk works." The culture needs to set up and reward groups whose full-time preoccupation is thinking about the unthinkable. Participation in such groups needs to be regarded as an essential step up the corporate ladder. And, since evil is contagious, participants in such groups need special training to inoculate themselves against being overwhelmed by the very disease from which they are trying to protect the organization. For this same reason, the involvement of outsiders is necessary to help the corporation deal with the anxiety which the unthinkable inevitably arouses.

Since corporations increasingly have obligations to their consumers, to the communities in which they do business, and to their internal employees, they need to do specific, significant things as shown in the bottom half of Chart II. They need to sponsor nationwide hot lines which people who are "on the edge" can use—hot lines that can, if luck and skill are with the corporation, blunt urges to commit destructive actions against the companies. By the same token, corporations need to think seriously about establishing internal counseling or psychological support groups that can provide emotional preparation and support to those inside the company who will experience the psychological trauma of a crisis. For remember, the cost of a tragedy will be measured in more than lost dollars or market share. The tragedy will leave a deep psychological and emotional scar on the individuals within the organization and the organization as a whole.

### **The Key: Unceasing Vigilance**

Most important of all, coping with the unthinkable must be seen as part and parcel of a total, integrated program of strategic thinking about the entire range of issues with which the modern corporation must deal.<sup>14</sup> Every type of the unthinkable is in the first and last resort traceable to the failure to surface, critique, and revise a faulty set of assumptions held by the culture of the corporation.<sup>15</sup> No company today can afford the luxury of believing that the worst will not happen to it. Any company or organization that has such a head-in-the-sand attitude is literally begging for a tragedy to happen to it.

None of what we have said should be taken to imply that corporations are doing nothing. Some are spending more than ever to prepare their people to manage in an age of greater uncertainty. But there is an urgent need for an even greater emphasis on creativity, on thinking systematically about the full range of possible tragedies. There is an equally urgent need to constantly revise plans for coping with tragedies. Eternal vigilance must be the key, for worse than doing nothing at all is the erroneous belief that merely forming



a set of contingency plans is sufficient for all time. Companies must remain ever vigilant and must be highly creative in revising and adapting their plans in accordance with the most current intelligence.

Viewing the phenomenon of corporate tragedies, it must be said that the situation is not hopeless—if, and only if, companies will think broadly and innovatively about it. If they do not, Bhopal is merely the lull before the next storm. Worst of all, unless corporations as a whole learn to think and act very differently, tragedies will be the new and unfortunately grisly growth business of the next decade and beyond.

#### NOTES

1. See Ian I. Mitroff and Ralph H. Kilmann, *Corporate Tragedies: Product Tampering, Sabotage, and Other Catastrophies*, Praeger, New York, 1984; this *Public Affairs Review* article reports on what the authors have learned since writing that book.
2. See Russell L. Ackoff, *Creating the Corporate Future*, John Wiley, New York, 1981.
3. Peter Radetsky, "The Rise and (Maybe Not the) Fall of Toxic Shock," *Science* 85, Vol. 6, No. 1, 1985, pp. 72-79.
4. See Charles Perrow, *Normal Accidents*, Basic Books, New York, 1984, for an excellent discussion of how all of these factors can interact to produce tragedies across nearly every industry on which we depend in a modern, complex society.
5. See Mitroff and Kilmann, *op. cit.*
6. See Ackoff, *op. cit.*
7. See Mitroff and Kilmann, *op. cit.*
8. See Ralph H. Kilmann, *Beyond the Quick Fix: Managing Five Tracks to Organizational Success*, Jossey-Bass, San Francisco, 1984.
9. See Richard O. Mason and Ian I. Mitroff, *Challenging Strategic Planning Assumptions*, John Wiley, New York, 1981.
10. See James M. Gere and Haresh C. Shah, *Terra Non Firma: Understanding and Preparing for Earthquakes*, W. H. Freeman, New York, 1984.
11. See Mitroff and Kilmann, and Mason and Mitroff, *op. cit.*
12. See Mitroff and Kilmann, *op. cit.*
13. See C. Hohenemser, R. W. Kates, P. Slovic, "The Nature of Technological Hazard," *Science*, Vol. 220 (April 22, 1983), pp. 378-384.
14. See Mason and Mitroff, *op. cit.*
15. *Ibid.*