

CORPORATE DISPUTES THROUGH MEDIA LENS. A CRISIS COMMUNICATION CASE STUDY

JACEK BARLIK

Uniwersytet Warszawski
Wydział Dziennikarstwa i Nauk Politycznych

ABSTRACT

Through a case study analysis, this paper applies crisis communication theories and models to investigate how the vocal disputes and ownership controversies over the biggest Polish mobile operator were handled by Polish and international corporations. It specifically addresses such issues as necessity (or lack thereof) of maintaining open and unlimited communication with media and through media in crises, significance of media and their use by all parties involved, the role of the PR advisors during a major corporate conflict, and a self-bounded nature of communication during serious corporate controversies. The paper is aimed at bridging the gap between PR theory and practice, mainly by advising businesses how to handle crises and conflicts. The last notion on discrepancy between PR theory and practice is also based on an experience of the author, an academic and a seasoned PR practitioner, who participated in several crisis communication programs, including the one described in the study.

Key words: conflict, crisis communication, public relations, open communication

The overview of the case

On Friday, Mar 4, 2005, headquarters of the then Polish biggest mobile operator were literally conquered by the new management, supported by the company's security squad, who had switched alliances and surrendered to new authorities.

✉ Adres do korespondencji: Uniwersytet Warszawski, Wydział Dziennikarstwa i Nauk Politycznych, Krakowskie Przedmieście 3, 00-927 Warszawa, jbarlik@wlv.edu.pl.

It was the second attempt to enter the company's premises: a week earlier the new team had been deflected by the same security squad. Thus began a massive media exposure of the business dispute over assets worth around EUR 2 billion, called "one of Europe's biggest financial scandals".

It was hardly the beginning of the case, though, since it had commenced in 1999. Then Elektrim, a Polish industrial group and a major shareholder of PTC mobile operator, invited the French company Vivendi to invest in its telecommunication subsidiary, Elektrim Telekomunikacja (ET/Telco), set up as a special vehicle to own PTC shares. Elektrim established PTC in 1996 in partnership with Deutsche Telekom. Elektrim originally had a 51 pct. stake and DT – the rest.

By setting up a joint venture with Vivendi, Elektrim wanted to repay its bondholders (whom it owned several hundred million EUR) and cover other dues and debts. On the other hand Vivendi, hoping to access shares of the fast-growing PTC, invested several hundred million EUR (up to EUR 1.3 billion) in the Elektrim's subsidiary, ET/Telco.

No wonder that actions of Elektrim and Vivendi were contested by Deutsche Telekom, a minority shareholder, who had always wanted to buy out other partners. It filed a suit against Elektrim at an arbitration tribunal in Vienna, calling Vivendi's invitation to PTC ownership a breach of the company's statutes. It was another case when corporate alliance failed, in fact even half of them do, as it's proved by McKinsey & Company study, reported in "Harvard Business Review". These joint ventures are not profitable enough to yield returns above the cost of capital and some of them end up in bitter and lingering battles between disgruntled parties.²²

Despite ongoing arbitration procedures, PTC was efficiently managed by the team appointed by DT and Elektrim (or its subsidiary, ET/Telco), and became the no 1 cell phone company in Poland.

The situation evolved with changes at Elektrim's helm and its majority ownership in 2003. Also relations between Elektrim and Vivendi, mostly with respect to ET/Telco, turned a bit worse. In the meantime, all three parties involved (DT, Elektrim, and Vivendi) held talks on the eventual ownership structure and potential buyout, but without conclusions.

Finally, in November 2004 the Vienna arbitration tribunal ruled that PTC shares owned by Elektrim had been improperly transferred to ET/Telco back in 1999, and that ET/Telco was not covered by the tribunal's jurisdiction. Elektrim was given two months to recover PTC shares from ET/Telco, otherwise DT could exercise a call option on these shares and buy them for a book value (much less than their market value). Forced by a potential call option from DT, Elektrim teamed up with DT and in February 2005 managed to replace ET/Telco in PTC's shareholder registry (handled by a registry court in Warsaw) by Elektrim, which meant that Vivendi was left with nothing.

²² Kaplan, Norton, Rugelsjoen 2010, p. 114.

Consequently, PTC supervisory board was changed (with DT and Elektrim representatives, without anyone from ET/Telco or Vivendi), and it appointed a new management board, with two German members of the previous board, and three Elektrim's representatives (including the first CEO of PTC, again in the same capacity). Even though such a composition of the board suggested an advantage on the part of Elektrim, it was DT who took de facto control of the company in March 2005 and has been keeping it ever since.

From Mar 2005 on, when the new team stormed the firm, the conflict between "new" and "old" management boards got even fiercer. Both parties, supported by DT and Vivendi, resorted to many legal and PR measures, including: suits and countersuits, arbitrations, garnering support of potential allies, like Elektrim bondholders, media relations program in Poland and internationally, setting up a special website on the dispute, use of corporate advertising to address key matters, direct contacts with stakeholders (including employees) and other undertakings. The controversy between the biggest France and Germany's telecoms, both partially state-owned, was even brought into attention of the French president, Jacques Chirac, and German chancellor, Gerhard Schröder, who mentioned it to Polish politicians during state visits and talks in 2005.

Over the next 5 years the dispute has played out in a number of courts in Europe: in Poland, France, Germany, United Kingdom, Switzerland, Austria, and in the U.S. where Vivendi pursued grievances against DT and Elektrim under the Racketeer Influenced and Corrupt Organizations (RICO) Act. All parties hired several top-flying law firms to handle suits and counter-suits in courts, investment bankers, brokerages, management consultants, communication, PR and crisis experts, not to mention technical staff, security squads, and industrial investigators to stay in touch with developments at their rivals.

The legal actions were accompanied by ongoing talks between all parties. Finally, in December 2010 DT and Vivendi reached an agreement after 11 years of controversies. Vivendi received EUR 1.25 billion for the stake after consenting to end a long-running dispute with relinquishing any rights to PTC. The deal allowed DT to take full ownership of PTC. Elektrim was also included and even earlier had received payment from DT.

The dispute over PTC ownership was heated in 2005 and 2006, and its presence in Polish and – to a lesser extent – international media was significant. Later, due to ongoing negotiations, the case became less controversial and its exposure in media – less visible.

This study analyzes how parties involved in the controversy handled their corporate and crisis communication, how they presented themselves in media, employed media and other communication methods, how media perceived and reported the conflict, and whether the findings confirm applicability of PR theories and models, especially concerning crisis communication and litigation PR, in real-life situations.

Literature review

Media coverage and academic research of corporate and ownership disputes focus mostly on their financial, managerial, personal and legal consequences, leaving aside their PR aspects. Meanwhile, corporate conflicts create enormous challenges for PR people who handle them and for academics who try to grasp rules of real-life crisis communication and litigation PR. In addition to that, PR theory and practice have not established a viable exchange of ideas, despite academics' longings to improve quality of PR services.

As research shows, answer of the vast majority of PR practitioners to the question "Are crisis communicators practicing what we preach?", posed by their university-based colleagues, is "No".²³ Such a gap between PR as a business and academic body of PR knowledge is unsettling for media experts, observers, students of PR, communication, marketing, journalism, aspiring consultants, and for seasoned PR people.

Especially majority of PR scholars – in contrast to recent management theories that appreciate role of limited conflicts and tensions to keep companies "fit and lean" – tend to equate conflicts with communication mismanagement and insufficient preparation on the part of PR. The latter ones seem to disdain PR scholarly works on conflicts, and rather use proven media relations, internal communication and internet PR techniques instead.

In PR literature, based in large part on systems theory, conflicts and disputes are treated as unnecessary disturbances of "the moving equilibrium", that each organization strives to achieve. Even though seeking that equilibrium is ongoing, as is solving of new problems facing the organization, and PR practitioners have to adjust to new situations, embracing conflict as a viable management technique has never been seriously considered by decision makers and PR teams – according to eminent PR theorists²⁴.

Similarly, rhetorical scholars of PR have been conducting studies of corporate and organizational speech to explain its role in creating symbolic behaviors and influencing positive and mutually beneficial relationships between organizations and their audiences, through "sharing and evaluating information, shaping opinions and establishing norms for coordinated collective action".²⁵ Despite rhetorical scholars' call for "the wrangle in the marketplace" and assertion of self-interest, they are primarily concerned with achieving compliance, good will, understanding, and appreciation, evoking favorable images and managing reputation.²⁶ Also recent rhetorical studies suggest that collaboration, common decision making, nurturing positive relationships with MAPs (Markets, Audiences, and Publics)

²³ Kim, Avery, Larisey 2009, pp. 446–448.

²⁴ Grunig, Hunt 1984, p. 93.

²⁵ Toth 1992, pp. 3–4.

²⁶ Heath, Coombs 2006, pp. 17–18.

are valued highly, as they allow an organization to achieve its mission and vision. Authors point out that by analyzing zones of meaning, PR practitioners identify agreements, and disagreements or conflicts. Consequences of any disagreements and conflicts are perceived as negative and even harmful to the organization, since they not only constitute a rhetorical problem and disturb harmony, but also attract interest of potentially hostile media and turn an indifferent public into activists. Therefore, according to rhetorical PR scholars, conflicts and disputes affect bottom-line of a commercial organization (firm), ability of an association to raise money, affinity to a cause, or employees/members/alumni relationships. Such position is of little use for PR and crisis consultants, who are sometimes hired to handle long-lasting controversies or disputes that cannot be solved by better and more effective communication, or even by changes in their client's behavior.

In the same vein, unconditional protecting of reputation as one of the key corporate intangible assets is almost universally heralded by PR and management scholars, and practitioners.²⁷ The corporate reputation as such is defined as "the overall estimation in which a company is held by its consitutients"²⁸, which means that it represents the balanced emotional and affective reaction to the company's brand or name. Fombrun noted that the most-respected companies grow and maintain their reputations by practicing what he called *mundane management*, which is following consistently and reliably – also during crises and accidents – ways and methods that observers approve and respect, as they are rooted in values, systems, and processes that bring sound responses.²⁹

Growing confidence and faith in organization's actions and credibility among stakeholders strengthen its reputation and could bring sizable economic value (by higher stock's prices). This notion also refers to controversies faced by companies, that often result in crises: even if it is unlikely that during a crisis the company's stock value would grow, it could probably hold firm or decrease moderately, if the situation is handled properly.

It is worth mentioning that conflicting interests of stakeholders, especially during crises, have to be kept in a proper perspective: there are no universal solutions applicable to all crisis cases. Tendencies of PR departments to issue apologies to the parties and publics affected by a crisis are usually opposed by legal teams that are unwilling to assume any responsibility since it could invite legal actions against the company and could bring financial losses. Indeed, research shows that during a crisis the investor community expects a strong statement of denial from the company, rather than conceding and accommodating to opponents, and then – more importantly – stock value rather holds firm, while it usually nosedives after an admission of wrongdoing.³⁰

²⁷ Fombrun 1996; Hearit 2006; Dorley, Garcia 2007.

²⁸ Fombrun 1996, p. 37.

²⁹ Ibidem, p. 29.

³⁰ Hearit 2006, p. 42.

Major conflicts involving many parties sometimes evolve into public disputes, attracting media attention and affecting members of the public beyond the primary negotiators (that is opponents in the controversy). Public disputes often involve authorities: government bodies, lawmakers (at national or local levels), judiciary or regulators, due to complex nature of the original problem.³¹

Literature on crisis management and communication, starting from “Crisis Management”³² also stresses that solving any conflicts and controversies arising in corporate, government, and non-governmental sectors is highly advisable. Otherwise, any organization can suffer from instability, people’s problems, lack of credibility, and tarnished reputation, according to numerous authors – as reported in a comprehensive overview by a Polish scholar and PR practitioner.³³

PR practitioners do not treat controversies as business-as-usual, on the contrary – they would do almost anything to reduce their emergence in order to protect the organization’s reputation and prevent it from being embroiled in legal actions and suits. Such assumptions do not pertain to lawyers, also involved in everyday operations of any organization. Law is a field that thrives on conflicts, differences, blaming of the guilty (sometimes mutual), since the nature of the court is a juxtaposition of parties: plaintiff and defendant, prosecutor and defense attorney, under the rule of a judge.³⁴

A review of the literature points out to prevalent view of PR – even in crisis situations – as primarily concerned with eliminating any form of controversy, conflict or dispute, even if circumstances sometimes require that a dispute lingers on (due to its unsolvable character).

This paper presents a case study of one major corporate dispute focused around following research questions:

RQ1: How parties involved in a business dispute used media to present their position, and how media perceived, framed and reported the issues at stake (i.e.: ownership of shares)?

RQ2: Does communication during a controversy or conflict require to supply stakeholders and potential stakeholders with as much information as possible? Is it feasible?

In addition to these questions it is worth to ask about a role PR team plays during corporate fights in comparison to lawyers, management consultants, HR, and security experts.

³¹ Carpenter, Kennedy 2001, p. 4.

³² Fink 1986.

³³ Rydzak 2011.

³⁴ Parkinson, Parkinson 2006, pp. 49–50.

Methodology

For this paper, a case study method was employed as the most appropriate. A qualitative method as a case study was relevant for this type of investigation because it allowed – due to its flexibility – to select the most interesting elements of gathered raw data, focused mainly on subjects covered by above posed research question.

The case study falls within informal research methods. It could be approached – as Stacks noticed – from three angles: as the linear one, the process case study, and the grounded case study.³⁵ Each version has its advantages: the linear one is structured along the lines of ROPE (Research, Objectives, Programming, Evaluation) formula, and provides mainly historical case study perspective; while process case study follows similar steps, with additional feedback element at the end, thus presenting PR as an ongoing process, and – finally – the grounded case study, which is a combination of the previous versions, with more structured outcome.³⁶

Gathering data for a case study calls for variety of materials: original planning, executional and evaluating documents for the PR program, secondary sources of data (media reports, articles, broadcast, internet sources, legal and official papers pertaining to the situation), interviews and interactions with participants (possibly of different capacities, and in crisis situations – from all sides of the conflict), and actual participation of the researcher in the situation described.³⁷ Such a combination of methods in case study research allows to achieve the triangulation effect that is frequently called for by researchers and methodologists.³⁸ The situation described in the paper, due to nature of research questions posed, is better suited to employ qualitative methods, even though quantitative techniques would be also feasible (e.g. media content analyses).

Another obstacle limiting case study application in PR research is its descriptive, rather than normative character, while significant part of PR studies tend to treat PR practice as starting points to formulating theories, models, and rules aimed at its improvement.

Participative observation – obviously useful to enrich gathered data and provide additional insights – is rarely used in PR research, as active practitioners are usually unwilling to share intricacies of their assignments and “cookbooks” with academics or – even less likely – to let them observe events and PR work “on the go”. Besides, many issues must remain confidential (due to non-disclosure agreements with PR people) long after the events, notwithstanding the current relationship with a client or employer. In this instance, any formal ties of the author with the company had been terminated years ago, and the firm changed its status,

³⁵ Stacks 2002, p. 74.

³⁶ Ibidem, pp. 74–76.

³⁷ Ibidem, p. 78.

³⁸ Wimmer, Dominick 1994, pp. 47–48.

ownership structure, top management, its brand and name. Therefore, no threat of breach of contract or trust between a client and its PR consultant existed.

Since the author had a chance to participate in described events as an active member of PR team (not as a researcher) for almost two years (February 2005 – November 2006), he was able to personally collect opinions, documents, statements, media reports, articles and materials, and to interact with key players during the controversy. Other data used for the study included internal documents, minutes from meetings, periodical and general reports on PR and communication submitted to the CEO, institutional advertisements, corporate and single-issue websites (now mostly defunct), and photos. To triangulate data, the author spoke with other PR experts working on this case, with whom he's been having established relationships for an extended period, and analyzed e-mails exchanged during this period with PR people, journalists, telecom experts, key managers and advisors of the company.

Findings

Since purpose of this paper is bridging the gap between theory and practice of PR by presenting strategies and methods applied during a major corporate dispute (with focus on media use), the reception of these issues in media, showing different agendas of involved stakeholders, and evaluating the role of PR people among other advisors, it is advisable to follow a descriptive manner in answering research questions (1-2) posed earlier.

Media use and media views

This section discusses how media were employed by the parties involved in the dispute, and – on the other hand – how media reported developments in the conflict, presented nuances of relationships between companies embroiled in an issue, and what role business and other journalists played. For the sake of this analysis it is worthwhile to structure media into three categories: **earned** (usually by PR work and media relations), **owned** media (employing websites, blogs, either previously owned or especially established), and **bought** ones (in a form of corporate advertising, using print and other methods).

Earned or deserved media?

Prior to February 2005 coverage of controversies between owners of PTC was limited to economic columns of Polish dailies or – rarely – to business services. At that time Elektrim, a stock-listed company, was notorious for its efforts to maintain solvency, due to failed investments in new technologies, bond-issuing saga, frequent changes of CEOs, and for its complex financial engineering that

was not well received by the stock exchange and majority of business journalists. Only after decision of Viennese arbitration tribunal in November 2004, the legal actions involving PTC shareholders (DT, Elektrim, and Vivendi) attracted moderate interest (mostly business journalists, who followed telecom industry, and journalists of specialized telecommunication and IT media). Between November 2004 and February 2005 journalists analyzed how the Vienna verdict would be implemented in Poland and what it meant for PTC shareholders. The subject of PTC ownership did not make headlines of business sections nor was featured on TV economic news in Poland.

The situation took a sudden turn in February 2005 when – after changes in supervisory and management boards – the new PTC authorities, armed with documents from registry court and an access to the company’s bank accounts, planned to enter PTC premises to take its helm, and were not let in. This time, pictures of security guards defending the major Polish corporation to fend off its new top managers made headlines of economic sections of major Polish dailies and of business media. An example of coverage from *Gazeta Wyborcza* daily (Feb. 26-27, 2005) featured a photo of a strongly protected entrance to the firm, reported complex ownership situation, and correctly predicted that more events surrounding the mobile operator would be occurring in near future. Similar materials, with photos of security precautions, appeared in other dailies, like *Rzeczpospolita*, *Puls Biznesu*, *Parkiet*, and *Życie Warszawy*, and in telecom internet services.

As the first attempt to take over company premises failed, the new management team (including two members of the “old” board) relocated to a business center. In the meantime, many key PTC managers got in touch with their bosses “in exile” and consulted current business decisions. The new management board also granted selected journalists an access to their temporary offices and replied to media queries directly (or – rarely – referred them to lawyers) in order to present their point of view.

Both competing management boards paid a lot of attention to company’s staff: each PTC rank and file employee received e-mails on current situation from both management teams (as they both had an access to the intranet and e-mail systems). This correspondence was soon reported by media (mainly by business sections of dailies and internet telecom services), since journalists had working relationships with many PTC employees.

Before long, on the next Friday, March 4, 2005 in the afternoon, the new management team effectively took over the company headquarters from Vivendi-supported board, since it had convinced a security firm to switch sides and let the new team in. The whole operation – assisted by lawyers, recorded and observed by journalists – was conducted swiftly, smoothly and without any clashes between both parties and their security squads. This event was covered in detail by weekend and Monday papers and telecom internet services, even though Friday was deliberately chosen (for obvious reasons) to enter the company.

Media relations and crisis communication for the new PTC management was handled by four hired PR consultants. The external PR corporate team substituted PTC press office in responding to many corporate queries from Polish and international media. Handling these queries was responsibility of the spokesman of PTC's management board, an experienced PR consultant and a former journalist of the top Polish media. Permanent PTC press office's staff was asked to focus on product and marketing communication, which was also a challenge. It is worth mentioning that – generally – the conflicted parties left the product and service matters at PTC beyond the area of dispute.

The new PR corporate team, stationed at PTC headquarters, served as communication, advisory and analytical support for the management board, along with lawyers and financiers. PR consultants, mostly the PTC board's spokesman, responded to incoming media inquiries and frequent visits, also from international media, and proactively contacted influential journalists and specialists, mainly telecom and IT experts, to present PTC's point of view. They stayed in touch with PR teams from DT and Elektrim, PTC's shareholders, who even delegated their experts to work on the spot during key moments.

Moreover, handling questions by the board's spokesman reduced top managers' (also CEO's) exposure to media and prevented their being presented negatively. Due to nature of the dispute, frequent need for controversial statements, and attacking opponents on the part of the company's representative, such a negative associations would be inevitable.

Thus, PR team during this conflict did not use the oft-repeated advice that CEOs must follow suit of military leaders and fight in the trenches, instead of strategizing with staff. The rationale behind it is that leading a battle calls for a leader's ability to foresee, adapt and respond to change. Major events occur suddenly and threaten reputation, and have to be handled immediately. Thus CEO would play a key role in protecting the reputation, performing duties of Chief Reputation Officer, who addresses stakeholders, starting with employees or members, and showing corporate values and strategy³⁹.

On the other hand, experienced PR advisors and practitioners make some important caveats to using a CEO as spokesperson: there are numerous top managers who do not have strong verbal skills, which disqualifies them as spokespeople, running the crisis command center is the first responsibility of the CEO, and the CEO could serve as a last resort who could rectify the matter in case of any mis-handlings or misstatements by the organization's spokespeople.⁴⁰ Similar case is made by another expert who warns against knee-jerk reactions of many PR persons who push a CEO to handle media during crisis, forgetting that his or her presence would made headlines and bring additional scrutiny to an incident. What could have stayed below the radar screens of major media in such case would at-

³⁹ Morrissey 2011, p. 36.

⁴⁰ Braud 2010, p. 16.

tract interest of news-hungry journalists and bloggers: winning a press conference could mean losing a reputation battle.⁴¹

Such arguments for using the CEO were disqualified as ineffective in the PTC particular situation, and – even though the CEO could easily handle difficult media inquiries – the controversial matters were usually attributed to the spokesman and lawyers. As conflict began to be slowly extinguishing (at least in a public sphere, moving on rather to lawyers' offices than evening news or headlines of major portals) and media were losing interest, this approach to limited presence of CEO in media proved to be successful.

Finally, in answering the question posed in title of this section: in a major business controversy media coverage is both earned and deserved. It's earned since an importance of an issue makes it attractive for publics, and then journalists are receptive to leads and ideas presented by PR team. Media coverage of disputes is deserved, since controversial nature of the issue for media and their readers, listeners, viewers and recipients puts it in the limelight until it's surpassed by other, more vocal and newsworthy matter.

Effective bought media

Other method of using media during this controversy was to buy advertising space. It started on March 4, 2005, when the DT/Elektrim board fired a salvo on its opponents placing an open letter “to authorities, public opinion and PTC staff to defend rule of law, respect for ownership, and truth” as a paid advertisement in major dailies. In some dailies, like *Gazeta Wyborcza*, this ad was published near the major article on the PTC dispute (which was a questionable editorial practice, according to media managers and editors) and thus additionally attracted interest of readers, telecom and IT experts, and other stakeholders.

Such a measure, that is publishing ads with explanation of the current status of ongoing legal conflict, was undertaken on advise of lawyers to precisely describe the party's position on the issue. This advertisement also set an important precedent for further media use in the dispute. Instead of relying on media coverage, generated by PR teams and media relations, both parties resorted to fully-controlled and carefully-worded messages, which was understandable taking into account value of assets at stake (up to EUR 2 billion, as estimated by one side) and necessity to reach out to representatives of Polish government, telecom regulator, judiciary, courts, prosecutor's office, police, industry experts, peers, employees, media and other stakeholders (which would be impossible by other means).

Examples of employing media advertisements as conduits of important, positioning messages by conflicted parties were numerous. For instance, on May 17, 2005, two ousted management board members (supported by Vivendi) published

⁴¹ Rose 2008, p. 18.

a letter addressed to employees in two major dailies that called into question the legality of employment contracts signed by the new management, warning staff that their jobs could be in jeopardy, and promising re-hiring of any fired employees. Through the entire 2005 conflicted parties used advertisements to give their understanding of courts' decisions, legal opinions and different meanings of arbitration solutions.

One important caveat is that both parties attempted to block each other at advertising offices of Polish media, presenting themselves as the only rightful authority of the company and pointing out to their opponents lack of credentials to represent the firm. Other argument, used informally, was a hint about a connection between an advertising office's willingness to accept ads criticizing the company's board and further placing of profitable marketing or product ads. Such trials ended up with nothing, since major media could not be treated or blackmailed this way (at least at that point in the past).

Another method of bought media were mobile billboards, promoting especially designed website for the dispute. It was to present the Vivendi-supported board's standpoint and became a major tool in reaching out to employees and – to lesser extent – to media.

Own media – rather for attackers

Specially designed websites and blogs devoted only to an issue are suitable for building relationships with key publics during ongoing crises since they can explain their positions and gather proponents around presented news and ideas, and sometimes even release tension of interested parties.⁴² In this case only one side, that is the ousted management, set up a special, single-issue website and blog, since the other side (the new management team) was a part of a stable, major enterprise and should have behaved accordingly. The website and blog www.zar-zadptc.pl (now defunct) was used in 2005 and 2006 to show the former team's commitment to the company, its employees and to hammer out their opponents, mostly managers from Elektrim and – less so – from DT.

The website consisted of sections devoted to: future of the company, documents (legal matters, courts' rulings and arbitration tribunals' decisions, ads), archives (with articles on the dispute), bios of selected members of the board (supported by Vivendi), chat, FAQs, and contact data. Chat section often hosted the ousted PTC managers and their lawyers.

The site was frequently updated, even more often than weekly and carefully moderated to keep only opinions favorable to site's sponsors. Its main reason of existence was a willingness to gather supporters of the former management team, tell one side of the story during a lingering crisis and provide their stakeholders,

⁴² Kim, Liu 2012, p. 72.

primarily employees and media, with information and opinions that could influence their opinions, attitudes and behavior.

The site was regularly monitored by the opposing party, that is the PR, legal and security teams at PTC and served for them as an important source of information on planned undertakings and events, e.g. meetings of disgruntled employees. The site ceased to exist in 2007 when the dispute over PTC was shifted to courts, tribunals, and lawyers offices (with only two sides left, that is DT and Vivendi), and when media interest faded away.

Open communication?

Question mark is deliberately put here, since this particular case proved that long-lasting disputes are not served well by direct and open communication. It is difficult to agree with suggestions by a troubled General Motors' communication managers for other PR people, given in *The Public Relations Strategist*: "Go on every platform, every possible place that somebody might be listening to you – they're looking for information. The audience expects you to be there. Answer as many questions as possible. These are the people who are affected by what's happening".⁴³

This appeal for open communication certainly was not the case during the described PTC dispute. First of all: during legal procedures and ongoing trials of different nature, major corporate PR activities are usually consulted with, or sometimes cleared by legal advisors. The more senior and experienced PR people are, the less likely is that they would be obliged to discuss every motion with their lawyer colleagues. Despite traditionally perceived law – PR antagonism, it is critical that both experts work effectively in common to make the overall litigation and communication strategy a success.⁴⁴ The key factor in achieving this goal is an earnest and open relationship between lawyers and PR advisors, maintaining constant contact and sharing views and opinions. As soon as lawyers realize that PR people could provide interesting points of view and opinions expressed by journalists, industry experts, academics, other lawyers (sometimes their opponents) or stakeholders, they would become more willing to exchange data, interpretations, and commentaries with their PR peers. The author's experience suggests that such a rapport is easier to achieve with in-house lawyers, who are usually more involved (also emotionally) in a case, while senior advisors at law firms are less likely to work so closely with PR team. Another impediment for total openness and employing any available channel to communicate with publics is a lack of need to do so, since even potentially interested publics should not be

⁴³ Jacques 2010, p. 8.

⁴⁴ Haggerty 2003, p. 143.

bothered without reason, and even more so – they should be protected from any legal feud that affects their business partner or supplier.

Therefore, any ongoing and long-lasting business controversies should not be brought to attention of an average customer (cell phone user in this case): for him or her it is enough to know that their services are second to none and that any possible corporate problems (there is no reason to hide them) do not affect daily operations of the corporation.

PR people still have a lot to learn about managing disputes from lawyers, who are used to interacting with opponents and to fierce disputes in the courtroom, and to leaving negative feelings after hours. PR consultants usually experience at least ambiguity while switching loyalties, changing alliances, and getting over differences with their former foes.

Moreover, an official agenda pursued during most of business controversies differs significantly from the real one: rarely it is possible to defeat an opponent completely, and in many cases it is necessary – due to many reasons, mostly financial ones – to co-exist in the longer run, even as shareholders of the same entity, members of one board, or managers in one company. This situation can be compared to Herbert Simon's bounded rationality model, and can be called self-bounded nature of disputes.⁴⁵ Similarly to Simon's concept, PR managers and other participants of dispute often settle for less, even though they are aware that such option is not necessarily perfect: they know that pursuit of ideal is too difficult to achieve, too expensive, time-consuming, or too complex in terms of resources needed and future consequences to withstand.

Discussion

Self-bounded nature of corporate disputes and enormous role played by legal advisors to CEOs could become important hints for managers and PR experts who handle crises. Traditional management principles for public disputes⁴⁶ might not be sufficient for business-type crises, when situations more resemble zero-sum games than allow for employing principles of collaborative advocacy.⁴⁷

Old sage saying that manager sees guests so that everyone else can get their work done shows that employees need to be protected from disturbances, but is only half-true in the era of over-communication.⁴⁸ However, in the times of controversy, internal communication gains importance, especially among knowledge workers due to necessity of ensuring concentration on work and preventing distraction.⁴⁹

⁴⁵ Stoner, Wankel 1986, p. 157.

⁴⁶ Carpenter, Kennedy 2001, pp. 52–65.

⁴⁷ Spicer 2007, p. 37.

⁴⁸ Sutton 2010, p. 107.

⁴⁹ Ibidem.

Occurrence of a crisis usually catches an organization not prepared enough to handle real-time news cycle and address critical issues. Decision chains are longer than needed, and the institution lacks credibility among stakeholders, including media, bloggers, internet users, employees, vendors, business partners, and customers, unless it has established solid ties and relationships with its stakeholders. Therefore, relationships with stakeholders have to be built notwithstanding any controversies, conflict nor crises – ideally, well in advance of any upheaval so that the organization's side of the negative story is always listened to and – possibly – understood by publics that can be reached soon.⁵⁰

As a strategic rule, management should capitalize on the first-mover advantage in crisis communication whenever possible: whoever tells the story first, controls it. Therefore employees and members have to be informed before or – in the worst case – immediately after any public statements are announced to avoid anger, anxiety and confusion among the best organization's ambassadors. Despite widespread use of internet, intranet and social media, delivering of key information to internal publics should be as personalized as possible: face-to-face meetings, with Q&A sessions, regular updates by e-mail or intranet, intranet chats and informal gatherings with top management build confidence and trust among employees and create their bond with the organization.⁵¹

Ambassadorship services on the part of employees sprout from sense of belonging, partnership with their organization, shared values, and understanding of collective purpose and aspirations.⁵² In a world where a disgruntled blogger's statement or a negative tweet can undermine a brand, corporations have to unleash their employees to fight back.⁵³ The key factor in grooming employees to ambassadors is to get people innovate and behave independently without generating chaos.

Employees could also be encouraged and engaged in active support of media and social media work by PR and social media teams to locate possible sources of conflicts, point out to arising issues and weaknesses of an organization, mostly by alerting about what is happening at Facebook or other social media networks, where they can reach out through their "friends".⁵⁴

Number of corporate crises is on the rise – despite business' efforts to behave more responsibly and transparently. The global downturn provokes more conflict situations, implies difficult HR and business solutions, restructuration, layoffs, or shortage of resources. At the same time, new media and technologies allow a great number of people to hear about the crisis or scandal and react to it or share the news with others, so that traditional media (like newspapers, radio, TV, Internet portals) become slower and less relevant for crisis management teams. Such

⁵⁰ Wescott 2011, p. 33.

⁵¹ Greene, Walton 2008, pp. 26–29.

⁵² Ibidem, p. 29.

⁵³ Bernoff, Schadler 2010, pp. 95–101.

⁵⁴ Kane, Fichman, Gallagher, Glaser 2009/10, p. 142.

circumstances severely impair ability of any corporation to influence – not to say to control – its environment according to pre-tested and proven crisis books. Currently, more emphasis has to be put on having the crisis team ready, with enough resources and budget to cope with the current events, and a solid plan with contingencies to go through all nuances and complex matters of the crisis – and dynamic managers to implement this plan successfully.⁵⁵

Mark Twain observed: “If you’re looking for friends when you need them, it’s too late”. Organizations planning against worst-case scenarios should build relations and maintain a dialogue with their publics well in advance of any conflicts. Thus they would be able to garner much-needed support from credible third parties when bad things happen.

Conclusions and further research

Although the presented study provides some meaningful implications, it is also limited by several factors, mostly by inability to access all information sources (due to the author’s role as an active member of a crisis team working for one party involved in the case and self-imposed limitations of some of his PR peers, who were unwilling to discuss the matter and felt still bound by non-disclosure agreement with the client), and by employing rarely used methodology of participative observation. Other important factor is that analyzed case concerned stakeholders from different countries (Poland, Germany, France, Austria, Great Britain etc.), and probably additional scrutiny should be given to their cultural and national diversity, differences in business habits, national regulations and laws that could affect the way the crises were handled by the respective teams. It was one of the reasons, why some stakeholders have been deliberately left aside to avoid too complex picture of the dispute.

The study’s conclusions are far from being definitive and may not apply to comparable crises and corporate disputes. It is likely that widespread use of social media, along with enormous role played by “disclosure activists” (investors) has already changed the nature of corporate disputes, leveling the ground for all parties involved, large and small ones.

Although heated corporate disputes are not that common and usually are handled discreetly by PR people, lawyers and managers, the empirically-based recommendations could be interesting for academics, PR students, aspiring consultants, and even for matured practitioners who handle long-term, lingering, high-profile crises. More research is needed to examine role of social media, blogs, YouTube and other new media during crises, and their intertwining and mutual influence with traditional media (press, TV, radio, Internet).

⁵⁵ Tybout, Roehm 2009, p. 88.

As an experienced PR expert said: crisis managers are prejudiced with potential threats to the point of paranoia, and they often become vindicated later. Therefore, embracing devil's advocate point of view and employing it in crisis planning helps to avoid bitter apologies when an organization finds itself under fire of different stakeholders.⁵⁶

The ideas presented in this paper are meant to assist practitioners in handling controversies and disputes, especially the long ones, encompassing complex issues: questioned ownership, litigation in courts and arbitration tribunals, media exposure and scrutiny by industry experts, human resources uncertainty, conflicts of loyalty (due to management changes), and even attempts to take over the company's facilities by security teams.

They also could help PR practitioners analyze, design and implement an effective crisis communication program of their own, and benefit from lessons previously learned by other consultants, from their mistakes and mishandling of described controversies.

References

- Bernoff J., Schadler T. (2010). Empowered. *Harvard Business Review*, July-August, pp. 95–101.
- Braud G. (2010). The Tony Hayward Effect: Examining the role of the CEO during a crisis. *Public Relations Strategist*, vol. 16, no. 3, Summer, pp. 16–17.
- Carpenter S.L., Kennedy W.J.D. (2001). *Managing Public Disputes: A Practical Guide for Government, Business, and Citizens' Groups*. San Francisco.
- Choi Y., Lin Y.-H. (2009). Consumer responses to Mattel product recalls posted on online bulletin boards: Exploring two types of emotion. *Journal of Public Relations Research*, vol. 21, no. 2, pp. 198–207.
- Donnelly J. (2010). The small-ball elements of crisis management. *The Public Relations Strategist*, vol. 16, no. 3, Summer, p. 25.
- Dorley J., Garcia H.F. (2007). *Reputation Management: The Key to Successful Public Relations and Corporate Communication*. New York–London.
- Fink S. (1986). *Crisis Management: Planning for the Inevitable*. New York.
- Fombrun C.J. (1996). *Reputation: Realizing Value from the Corporate Image*. Boston.
- Greene B., Walton S.B. (2008). Showing the white sail: Making employee communication a priority in times of crisis. *The Public Relations Strategist*, Summer, pp. 26–29.
- Grunig J.E., Hunt T. (1984). *Managing Public Relations*. Fort Worth.
- Haggerty J.F. (2003). *In the Court of Public Opinion: Winning Your Case with Public Relations*. Hoboken.
- Hearit K.M. (2006). *Crisis Management by Apology: Corporate Response to Allegations of Wrongdoing*. Mahwah–London.
- Heath R.L. (1992). The wrangle in the marketplace: A rhetorical perspective of public relations. W: E.L. Toth, Heath R.L. (eds.). *Rhetorical and Critical Approaches to Public Relations* (pp. 17-36). Hillsdale–London.
- Heath R.L., Coombs W.T. (2006). *Today's Public Relations: An Introduction*. Thousand Oaks–London–New Delhi.

⁵⁶ Donnelly 2010, p. 25.

- Jacques A. (2010). From filing chapter 11 to opening a new chapter: General Motors manages crisis with social media. *The Public Relations Strategist*, Spring, pp. 6–10.
- Kane G.C., Fichman R.G., Gallagher J., Glaser J. (2009/10). Budowanie społeczności. *Harvard Business Review Polska*, XII/I, pp. 138–146.
- Kaplan R.S., Norton D.P., Rugelsjoen B. (2010). Managing alliances with the balanced scorecard. *Harvard Business Review*, I/II, pp. 114–120.
- Kim S., Avery E.J., Lariscy R. (2009). Are crisis communicators practicing what we preach? An evaluation of crisis response strategy analyzed in public relations research from 1991 to 2009. *Public Relations Review*, 35, pp. 446–448.
- Kim S., Liu B.F. (2012). Are all crises opportunities? A comparison of how corporate and government organizations responded to the 2009 flu pandemic. *Journal of Public Relations Research*, vol. 24, no. 1, pp. 69–85.
- Meyer C., Kirby J. (2010). Leadership in the age of transparency. *Harvard Business Review*, IV, pp. 39–46.
- Morrissey P. (2011). The evolving role of CEO as crisis manager. *The Public Relations Strategist*, Summer, pp. 36–37.
- Parkinson M.G., Parkinson L.M. (2006). Law for Advertising, Broadcasting, Journalism, and Public Relations: A Comprehensive Text for Students and Practitioners. Mahwah–London.
- Rose M. (2008). CEO as crisis spokesperson? Think again. *The Public Relations Strategist*, Fall, pp. 16–19.
- Rydzak W. (2011). Reputacja a działania informacyjne organizacji w sytuacjach kryzysowych i determinanty ich wyboru. Poznań.
- Sohn Y.J., Lariscy R. (2012). Resource-based crisis management: The important role of the CEO's reputation. *Journal of Public Relations Research*, vol. 24, no. 4, pp. 318–337.
- Spicer C.H. (2007). Collaborative advocacy and the creation of trust: Toward an understanding of stakeholder claims and risks. In: E.L. Toth (ed.). *The Future of Excellence in Public Relations and Communication Management: Challenges for the Next Generation* (pp. 27–40). Mahwah–London.
- Stacks D.W. (2002). *Primer of Public Relations Research*. New York–London.
- Stoner J.A.F., Wankel C. (1986). *Management*. London.
- Sutton R.I. (2010). The boss as human shield. *Harvard Business Review*, IX, pp. 106–109.
- Toth E.L. (1992). Case for pluralistic studies of PR. In: E.L. Toth, R.L. Heath (eds.). *Rhetorical and Critical Approaches to Public Relations* (pp. 3–15). Hillsdale–London.
- Tybout A.M., Roehm M. (2009). Let the response fit the scandal. *Harvard Business Review*, XII, pp. 82–88.
- Wescott D. (2011). What 'real-time' means for public relations in a crisis. *The Public Relations Strategist*, Fall, pp. 32–33.
- Wimmer R.D., Dominick J.R. (1994). *Mass Media Research: An Introduction*. Belmont.

STRESZCZENIE

Spory korporacyjne w oglądzie mediów. Studium przypadku kryzysowego

Artykuł stanowi oparte na modelach i teoriach komunikowania kryzysowego studium przypadku głośnych dyskusji i sporów właścicielskich wokół operatora telefonii komórkowej PTC Sp. z o.o., toczonych przez firmy polskie i międzynarodowe. Autor podejmuje takie kwestie, jak potrzeba (albo jej brak) utrzymywania otwartej i nieograniczonej komunikacji z mediami i przez media w trakcie kryzysów, znaczenie mediów i ich zastosowanie przez skonfliktowane strony, rolę specjalistów *public relations* i innych doradców, w tym prawników, a także samoograniczający się charakter komunikowania w trakcie poważnych kontrowersji korporacyjnych. Autor wskazuje na potrzebę ograniczenia rozbieżności między teorią a praktyką PR. Uwagi te wynikają m.in. z doświadczeń autora – akademika i praktyka PR, uczestnika wielu programów komunikowania kryzysowego, w tym opisanego w niniejszym artykule.

Słowa kluczowe: konflikt, komunikacja kryzysowa, *public relations*, komunikacja otwarta