

# Crisis: business fact of life

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"He (Agoe) was smooth and engaging, but he failed to tell the students on his argument that he had essentially won the battle," Meyer says in the book's introduction.

TOO MUCH systematic planning and structured management, Meyers stresses, have obscured ways of dealing with change and impending crisis. Tighter controls and more open communication are needed to deal with the nine crises he outlines: change in perception, sudden market shifts, product failures, management succession, cash drain, labor strife, outside attack, adverse international events, regulation or deregulation of an industry.

The book details good and bad corporate responses to crises, though the bad far outweigh the good. As the author acknowledges, know-how is sparse on the subject. Apparently most executives have acted accordingly.

Meyers praises Johnson & Johnson

**The nine crises Meyers outlines are: change in perception; sudden market shifts; product failures; management succession; cash drain; labor strife; outside attack; adverse international events; regulation or deregulation of an industry.**

for managing two crises involving deadly poison found in its Tylenol capsules, Chrysler Corp. for resolving its cash-flow crises, and Procter & Gamble for removing Rely tampons from the market, once executives conclusively linked the product to Toxic Shock Syndrome.

By contrast, Meyers claims A.J. Robins Co. allowed its attorneys to mishandle advice on tragedies that arose from its Dalkon Shield contraceptive device. Many women be-

came infected and miscarried, and some died, before the company withdrew the product from the market.

THE BOOK OFFERS concrete examples of how the nine crises can be handled before they threaten survival. Meyers delicately dissects one case after another, analyzing what went wrong and what could have been avoided with the proper preparation. He doesn't leave himself out of the crisis scenario, confessing how his ignorance of Russian customs

and U.S.-Soviet relations soured an AMC partnership he wanted to make with Russian auto officials.

A crisis can be lured before it endangers a company's survival, Meyers asserts. And the pain remedies can have other subtle side effects that include acceleration of needed change and development of new strategies and competitive edges.

Meyers engaged the writing services of John Holusha, Detroit bureau chief for the New York Times. The result is a smooth account with touches of humor and pathos, in a tone that is as dramatic and stirring as it is convincingly honest. Well organized and indexed, the book also is an easy, enjoyable read.

But it is not fiction. It will inflame guilt on the change-resistant manager, it will arouse unwanted emotions and feelings of failure. It will make every reader think. And thoughtful action is what the book is intended to elicit in the first place.

— Carolyn Smith

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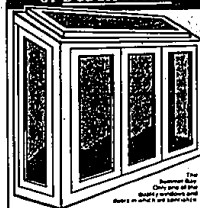
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## Troubled businesses probed

Continued from Page 1

"It's possible (Perot) tried (unsuccessfully) to resolve his problems internally. It's highly extraordinary for a trusted member of the board to make damaging statements about a firm he's trying to help. It is unbecoming of a board member."

GM is being viewed wrongly these days, Meyers charged. "It's perceived as a company that has lost its way, or whose executives don't know how to get where they're going. I know many top GM executives. They haven't lost their way. They know where they're going. What they're doing, Meyers said, is 'shaking their predictably powerful image of the GM organization to remain very big but hard-muscled and lean in a market demanding toughness.'"

GM is preparing for the 1990s when a "knock-down, drag-out race" for market penetration of vehicles surely will take place, Meyers predicted.

"We had maybe six competitors in the auto (manufacturing) market in the '70s. We'll have 25 to 30 of them in the 1990s, all well heeled and ready to grab any piece of the market they can. They'll be building in our own backyards and beating the hell out of the U.S. producer who can't shed costs or cut demands from unions."

FOREIGN-BASED automakers will continue to hire and train young workers in the U.S., free from pension expenses domestic car producers find so burdensome. Elimination of excessive labor and inefficiency will be a blessing in disguise, Meyers said. "We will get leaner and meaner."

On effects of deregulation of the airline industry, Meyers asked: "If

we end up with 10, maybe 15 or 20 airlines in this country, who are we to complain?"

The industry doesn't need heavy competition, he insisted. "The right to die is part of the free market. As long as we have healthy competition and free (market) entry, the airline industry is in good shape."

In the years just ahead, there will be a "mobility of labor and people,"

Meyers predicted. "Industrial manufacturing union (leadership) know there's a need to accommodate the new work and be more flexible to meet competition. The alternatives, especially continuing unemployment, are terrible."

Meanwhile, "all the auto companies are catching the same social disease. It's called 'Gone to Korea,'" Meyers said.

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— Gerald Meyers

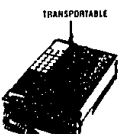
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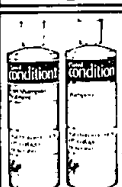
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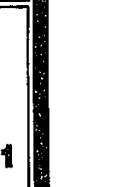
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