

CHAPTER SIX

Case: Johnson & Johnson and the Tylenol Murders

Before September 30, 1982, manufacturers felt that if they made a good product and dealt fairly with consumers, retailers, employees, and other publics, they could maintain a positive image and be considered consumer-friendly, a good company with which to do business.

Johnson & Johnson was one of those companies. It was an old and trusted company. With 165 companies in 53 countries throughout the world, it made baby products: baby powder, lotions, shampoos, cotton swabs, adhesive bandages, surgical instruments, Reach toothbrushes, Ortho-Novum birth control pills, and pharmaceuticals in the World Health Organization list of essential drugs. Johnson & Johnson was a household name.

The corporation also had a positive image among its employees. It was listed as one of the 100 best places to work. The company credo was written by the son of the company's founder in the 1940s (see. Fig. 6.1). The credo said that the company had four responsibilities in the following order of priority: (1) to the consumer, (2) to the employees, (3) to the communities, and (4) to the stockholders.

Our Credo

We believe our first responsibility is to the doctors, nurses and patients,
to mothers and fathers and all others who use our products and services.
In meeting their needs everything we do must be of high quality.

We must constantly strive to reduce our costs
in order to maintain reasonable prices.

Customers' orders must be serviced promptly and accurately.

Our suppliers and distributors must have an opportunity
to make a fair profit.

We are responsible to our employees,
the men and women who work with us throughout the world.

Everyone must be considered as an individual.

We must respect their dignity and recognize their merit.

They must have a sense of security in their jobs.

Compensation must be fair and adequate,
and working conditions clean, orderly and safe.

We must be mindful of ways to help our employees fulfill
their family responsibilities.

Employees must feel free to make suggestions and complaints.
There must be equal opportunity for employment, development
and advancement for those qualified.

We must provide competent management,
and their actions must be just and ethical.

We are responsible to the communities in which we live and work
and to the world community as well.

We must be good citizens — support good works and charities
and bear our fair share of taxes.

We must encourage civic improvements and better health and education.

We must maintain in good order
the property we are privileged to use,
protecting the environment and natural resources.

Our final responsibility is to our stockholders.

Business must make a sound profit.

We must experiment with new ideas.

Research must be carried on, innovative programs developed
and mistakes paid for.

New equipment must be purchased, new facilities provided
and new products launched.

Reserves must be created to provide for adverse times.

When we operate according to these principles,
the stockholders should realize a fair return.

Johnson & Johnson

FIG. 6.1. The Johnson & Johnson credo that guided the company's crisis team through the ordeal of saving the company's image, even as news accounts reported that the company's Tylenol product was killing consumers. (Source: Reprinted with permission from Johnson & Johnson.)

The company also had continually good relationships with the media. Little did it realize just how crucial those relationships would become.

September 30 began like any other workday at the headquarters in New Brunswick, NJ. Then a fateful telephone call came in.

A reporter from the *Chicago Sun-Times* telephoned a public relations staff member asking such questions as "How long has Tylenol been on the market?" and "What is Tylenol's share of the market?"

The reporter did not know why he was asked to prepare background information on Tylenol. Someone else was writing the story. An editor had merely assigned him to do background research to use in the main story. The Johnson & Johnson staffer, who then alerted most of the department, thought the call was a bit strange and reported it to Public Relations Director Robert Kniffin. Kniffin called Arthur Quilty, an executive committee member who had responsibility for McNeil Consumer Products Corporation, a subsidiary. Quilty alerted James Burke, CEO. The reporter later called back and explained there had been reported deaths from the intake of Extra Strength Tylenol.

Corporate Vice President Lawrence Foster, who was on vacation, called in, as was his daily practice, and when he learned what had happened, he immediately returned to the office and took charge of the public relations activities.

The corporation had no specific crisis communications plan—few companies did at the time. It did have an emergency plan and call list for such incidents as plant fires. The first step was to notify the chain of command.

There was an immediate meeting in Burke's office with top executives, including Lawrence Foster, head of public relations; David Clare, president and chairman of Johnson & Johnson's executive committee; Joseph Chiesea, president of McNeil Consumer Products Company; and David Collins, chairman of McNeil.

At that meeting, Foster dispatched Kniffin to McNeil's headquarters nearby. Collins, who had been president of McNeil Pharmaceuticals and knew the subsidiary well, was sent to McNeil by Burke. This would actually have been the next step in a crisis communications plan—had there been such a plan.

The executives all said that it was a period of great fear. There were no warnings, no prodromes. Nothing like this had ever happened to them or any other company that provides products for human consumption. What was going on? Was there a psychopathic murderer in the plant?

When the story ran in the media, the public also was afraid. The very idea that a person could take a capsule for a headache and die was terrorizing. People were saying, "I have a terrible headache, but I'm alive." Even con-

sumers outside the Chicago area were afraid of Tylenol capsules, if not also afraid of all over-the-counter pain medications.

Collins immediately set up a 7-member crisis team. The team's first task was to find out what sickness it was actually facing. Then it would determine how to go about the healing process. The crisis team handled decisions in the area of communications and was in charge of all strategies and tactics. With Burke's approval, the team decided to recall all Tylenol capsules from stores in the Chicago area.

The recalled batch was tested and two additional cyanide-laced capsules were discovered. Still, the team and company were uncertain of how the cyanide got into the capsules. It indeed hoped that the criminality was not in the company, but there was no certainty.

Johnson & Johnson had one overriding priority: Warn the public. The company did just that by being completely open and cooperative with the media in getting the news out.

Foster said he believed that three points marked the reason Johnson & Johnson was successful in coping with the crisis:

1. The company was open to the media.
2. It was willing to recall the product no matter what that meant to the company.
3. It appealed to the American sense of fair play and asked for the public's trust.

Foster was responsible for the communications aspect of the crisis team's work. The team was concerned with aiding police and the FBI in finding the responsible party and in dealing with the Food and Drug Administration (FDA).

First, the crisis team identified its key publics:

1. Consumers (through the media)
2. The medical profession
3. Employees and other internal groups
4. The FDA

All publics were notified initially, and the team kept in touch with them throughout the crisis.

The first story appeared in the morning edition of the *Chicago Sun-Times* on October 1. The *Chicago Tribune* ran a story that same afternoon under a banner headline:

5 Deaths Tied to Pills Fear Killer Put Cyanide in Tylenol

A study of the *Tribune's* coverage revealed that the newspaper was as supportive of Johnson & Johnson as it could have been in the telling of the bad news, especially considering the usual "in-your-face" coverage of crises in the 1990s. The opening pages of two *Tribune* stories are shown in Figs. 6.2 and 6.3. The company's executives, the police, the FBI, and the newspapers knew from the start that the tampering could possibly have happened at the plant. Nevertheless, there was no insinuation of this in the *Tribune's* coverage.

The name Johnson & Johnson was not mentioned on page 1. In the continuation of the story on page 2, nearly buried in the middle of 12 column inches of copy, was the following statement:

A spokesperson for Johnson & Johnson, parent firm of the company that makes Tylenol, said Thursday evening his firm "launched an investigation this morning to track down the capsules."

The spokesman, Robert Andrews, and two other Johnson & Johnson officials met for an hour and a half with Elk Grove Village detectives and evidence technicians.

He said his firm is "collectively shocked." (Houston & Griffin, 1982, p. 2)

There were four *Tribune* stories about the Tylenol crisis in that one issue. Other than in the preceding quoted passage, all other mentions of the company were of McNeil Consumer Products Company, not as familiar a name to consumers as Johnson & Johnson.

The captions for the related photographs on pages 1 and 2 of the *Tribune* also did not mention the company. The caption on page 2 indicated that medical examiners believed "the capsules were tampered with after leaving the manufacturer's plant in Pennsylvania" (Shanker & Grady, October 1, 1982).

On Saturday, October 2, the headline in the *Chicago Tribune* was "Stewardess is 7th Capsule Poison Victim." The page-1 headline was not the dominant headline on the page. A bomb explosion that had killed hundreds of people in Tehran, Iran, took that honor. There were two other stories about the Tylenol crisis: one about the efforts to track the source of the poison, and another about funeral services for the victims.

On Sunday, October 3, the *Tribune's* front-page banner headline, "Shoplifter Is Sought in Poisoning Probe," referred to a story about a man who had been arrested a couple of months before for stealing Tylenol. The story continued on page 4 with excerpts referring to the Johnson & Johnson plants. The first excerpt read as follows:

Other remedy may be safe, but customers don't buy it

CHICAGO TRIBUNE

Dust is collecting on some drugstore shelves in the Chicago area, and people apparently are learning to live with headaches in the wake of last week's tragedy involving Extra Strength Tylenol laced with cyanide.

An informal survey of drugstores throughout the Chicago area showed that sales of most acetaminophen products have dropped while sales of aspirin have increased slightly. Acetaminophen is the nonaspirin substance used in Tylenol and other pain relievers.

"In general acetaminophen products are not selling. Point blank. Done in. Dead. Aspirin products are picking up a bit, but the scare seems to have spread through the shelves," said pharmacist Paul Bablak of the Hinsdale Medical Center Pharmacy. "We're collecting a lot of dust on our shelves. People are scared, and you really can't blame them."

If the fear of cyanide poisoning can be measured by the still-packed medication shelves at drugstores, then the fever is spreading through the metropolitan area, several other pharmacists

said.

"I think everybody's walking around with headaches," said Jerry Denny, a pharmacist at Family Pharmacy in west suburban La Grange. "All the acetaminophen products are just sitting on the shelves. Even generic acetaminophen is moving slowly."

The slow sales were found not only in smaller, private drugstores but also in chain stores. Jane Armstrong, director of consumer affairs for the Jewel Foods Co., which operates almost 200 Jewel grocery stores and Osco drugstores in the Chicago area, said, "It's too early to tell what's happening to other acetaminophen products. We have noticed an increase in aspirin sales, although it's not a groundswell at this point."

The results have been the same for major drug wholesalers in the area. Drug buyers from several large wholesalers said they expect orders to increase for aspirin and the substitute acetaminophen products once fear subsides, but they added that it is too soon to accurately measure the effect of the tragedy on drug sales.

FIG. 6.2. One of four news stories appearing in the *Chicago Tribune* on October 1, 1982, the first day of news coverage of the Tylenol crisis. Note that the story did not mention Johnson & Johnson. (Copyrighted Chicago Tribune Company. All rights reserved. Reprinted with permission.)

Stores around nation pull Tylenol capsules

BY BARBARA MAHANEY
CHICAGO TRIBUNE

Stores nationwide quickly ordered personnel Thursday to strip their shelves of Extra-Strength Tylenol capsules and hospital spokesmen reported rashes of phone calls after cyanide-tainted capsules were linked in three deaths and possibly two others in suburban Chicago.

The nation's largest grocery chain, Safeway, in Oakland, Calif., ordered all stores to remove bottles of the over-the-counter pain killer in the 96,000-bottle lot--MC 3000--which was recalled by McNeil Consumer Products Co., of Fort Washington, PA.

All 1,000 Revco Discount Drug Centers and 400 CVS pharmacies in New England pulled every bottle of Extra-Strength Tylenol. "We have pulled it off our shelves completely," said Bernie Thomas of Perry Drug Stores, Inc., which operated 124 stores in five states, including 98 in Michigan.

Meanwhile, poison centers and hospitals were reported swamped with thousands of calls from worried consumers, many of whom said they took Tylenol capsules from the recalled lot, but apparently suffered no ill effects.

"We've had questions ranging from 'Do you know anything about Tylenol being contaminated' to 'Oh my God, I just took Extra-Strength Tylenol, am I going to die?'" said Cathy Piccillo of the Indiana Poison Center, which received 50 phone calls.

FIG. 6.3. Another of the four stories appearing in the *Chicago Tribune* on the first day of coverage of the Tylenol crisis. Again, there was no mention of Johnson & Johnson. (Source: Copyrighted Chicago Tribune Company. All rights reserved. Reprinted with permission.)

Consumers nationwide were urged to stop using Extra Strength Tylenol capsules. Johnson & Johnson, parent company of the painkiller's manufacturer, announced it is recalling all Extra Strength Tylenol in the Chicago area (Shanker & Grady, 1982, p. 4)

The second excerpt took the following form:

Investigators have been unable to determine how and where the cyanide capsules were placed in any of the suspect containers—whether the killer infiltrated the drug company's sophisticated manufacturing and distribution system at some point between plants in Pennsylvania and Texas and warehouses elsewhere or whether the killer removed and replaced containers once they had been placed on the shelves of local stores.

Stein said he could not rule out "factory error" because of the reported disclosure by Lawrence Foster, a spokesman for Johnson & Johnson.

Foster said potassium cyanide is used in chemical tests at some of McNeil's laboratories, but not in the manufacturing process. The labs are remote from the manufacturing areas and cyanide would be detected even if someone tried to introduce it during manufacturing, he said ... (Shanker & Grady, 1982, p. 4)

There was another front-page story in the October 3 *Tribune*, this one about a 12-year-old who had died from the poison 4 days before.

Johnson & Johnson installed 33 telephones to communicate with publics during the crisis. Pretaped statements were placed on special toll-free telephone lines to expedite news gathering. The messages were regularly updated. A full-page advertisement was placed in major Chicago newspapers offering consumers an exchange of Tylenol capsules for Tylenol tablets.

During the first week of the crisis, Kniffin handled the media from McNeil, whereas Foster was in charge at headquarters. Approximately 180,000 news stories ran in newspapers nationally. The story was at the top of television and radio newscasts.

Two thousand telephone calls were taken from the media. Thirty thousand calls from consumers came in during the first months following the deaths.

Still there were glitches.

During the first 3 days, as the *Chicago Tribune* articles showed, Foster issued a statement to reporters that there was no cyanide in the manufacturing plants. A few days later, the Associated Press heard that there was cyanide in the plants and called Foster to confirm the report. After checking again, Foster discovered that indeed a small amount of cyanide was used in the manufacturing plant for quality-assurance testing of some kind.

However, the cyanide was kept in a completely separate facility from the production line. Also, none of it was missing. There was no way that it could have gotten into the capsules accidentally. Even if it had, it would have been so dispersed as to be harmless.

Foster called the Associated Press and told it the truth. He has a reputation for being honest, fair, and ethical. He could not afford a cover-up. When he told the wire service that there was no way the cyanide could have gotten into the capsules, the reporters believed him and agreed not to run the story—unless some other news outlet got the information, too.

Sure enough, the *Newark Star-Ledger* got word of the information, called Johnson & Johnson for confirmation, and again Foster said, "Trust me." The reporter agreed.

Keeping his promise to the Associated Press, Foster called and told the wire service that the *Newark Star-Ledger* had the information but had also agreed not to run it. The Associated Press agreed once more not to run the story unless still another newspaper or TV station got the information. After all, the *Star-Ledger* was basically a neighbor to the company.

However, when the *New York Times* got the information, Foster decided to give up. He called both the Associated Press and the *Star-Ledger* and asked them to use discretion in running the story. The resulting stories had very little impact. They were run in insignificant places in the Sunday newspapers, and the facts were not blown out of proportion (as had happened with other crises). The newspapers merely reported the information as Foster had revealed it.

With this Foster realized that his positive dealings with the media over the years had paid off. The story could have made front-page headlines everywhere, but it did not because the media trusted the public relations professional from their past dealings with him.

The FBI and the FDA never found any evidence of tampering at the two Johnson & Johnson plants. They found that the contaminated capsules had come from both plants—one in Texas, the other in Pennsylvania—but for the first time, there was basic proof that the tampering was not an inside job. The finger now pointed to some external, malicious psychopath who bought the Tylenol, laced it with cyanide, and placed it back in the containers and on the selves of stores.

After the crisis team discovered what had transpired, its members were relieved to be assured that the contamination could not have occurred in the plants. The task of the team now turned to saving Tylenol and restoring sales. The team was not worried that Johnson & Johnson would go under because of the company's diversified product line. Sales were not down for other Johnson & Johnson products. There was no boycott against the company. However, there was a fear of Tylenol capsules. The future of Tylenol was at stake.

To reach the employees who had been on pins and needles while the company battled the crisis, CEO Burke spoke to an assembly at McNeil and promised that Extra Strength Tylenol was coming back. Employees wore "We're Coming Back" buttons. Those employees who had been manufacturing Tylenol were given other temporary jobs. Videotaped reports of activities were shown to employees explaining what was going on with the crisis.

Information packages were sent electronically—fax, telegram, other methods—to major distributors who, in a short time, notified half a million retailers and medical professionals.

Up to this point, there was a debate over whether to recall the product. The FBI and the FDA advised against a recall because it would mean giving in to the terrorists.

The decision not to recall would have flown if it had not been for a copycat crime that took place in northern California on October 5. The company decided then that removing the product from all stores was the only way to show the public that it was concerned about the welfare of its customers. On October 5, all Tylenol products were removed from stores nationwide.

Later, there were approximately 250 copycat reports, all of which were found to be groundless.

During the recovery period, a decision was made to repackage the product. A 60-second television commercial featuring the medical director at McNeil notifying consumers of the upcoming return of Tylenol aired in October and November to an estimated 85% of U.S. television households.

The triple-seal safety package devised for the product was announced at a November 11 news conference transmitted by satellite to 29 different sites where reporters were gathered. Burke also announced the availability of coupons that could be used toward the purchase of any Tylenol product and a special toll-free telephone number through which consumers could learn about the special promotion. More than 200,000 calls came in to the toll-free information number. Coverage of the press conference in the *Kansas City Times* applauded Burke and the company for their efforts and described the new Tylenol safety package as having "glued flaps ... which must be forcibly opened. Inside, a tight plastic seal surrounds the cap and an inner foil seal wraps over the mouth of the bottle" (Goodman, 1982). Johnson & Johnson could not have paid for better news coverage.

Johnson & Johnson executives did interviews with network television shows, such as "Donahue," "60 Minutes," and "Nightline," as well as with major newspapers and magazines, such as the *Wall Street Journal* and *Fortune*.

As a result of the crisis, all Tylenol capsules were discontinued, as were capsules of other brand names. Tamper-proof, triple-sealed safety containers were swiftly placed on the shelves of retailers 10 weeks after the withdrawal. Other manufacturers followed suit.

The crisis cost the company more than \$100 million. Tylenol regained 100% of the market share it had before the crisis. Seven people died. Other lives were saved by the company's decision to recall all the capsules in the Chicago area. The Tylenol murderer was never found. A \$100,000 reward offered by Johnson & Johnson still remains unclaimed.

An October 11 *Washington Post* front-page article praised Johnson & Johnson's crisis response: "Johnson & Johnson has effectively demonstrated how a major business ought to handle a disaster... what executives have done is communicate the message that the company is candid, contrite and compassionate, committed to solving the murders and protecting the public" (Knight, 1982).