

Writing Bad-News Messages

After studying this chapter, you will be able to

1 Apply the three-step writing process to bad-news messages

2 Show how to achieve an audience-centered tone and explain why it helps readers

3 Differentiate between the direct and indirect organizational approaches to bad-news messages and discuss when it's appropriate to use each one

4 Discuss the three techniques for saying no as clearly and kindly as possible

5 Define defamation and explain how to avoid it in bad-news messages

6 List three guidelines for delivering bad news to job applicants and give a brief explanation of each one

7 Outline the main purpose of performance reviews, give three ways to accomplish that purpose, and list five guidelines to follow when giving negative reviews

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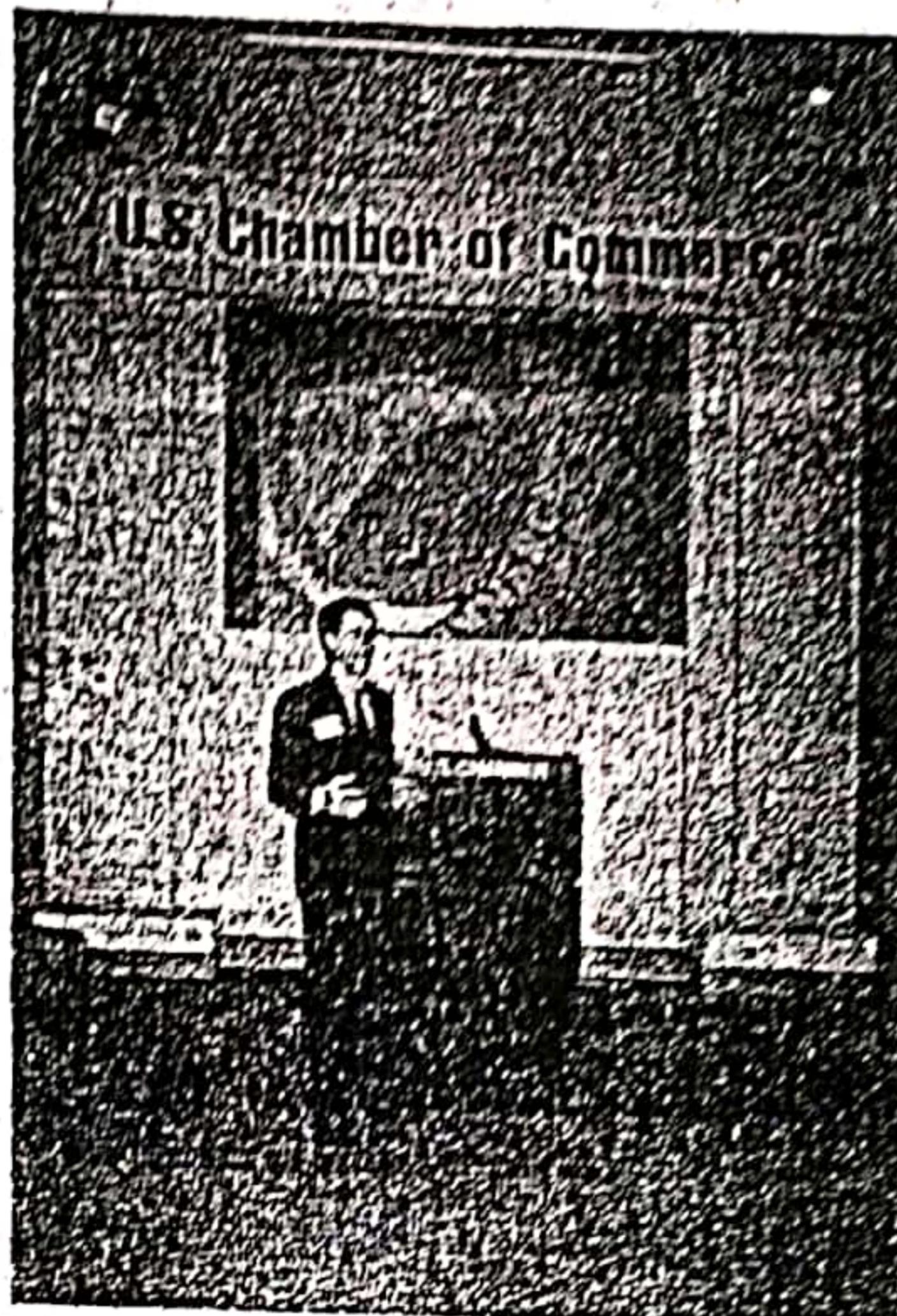

Employee layoffs, product recalls, tainted fast food—bad news in the business world comes in all shapes and sizes. But even though bad news may be commonplace, Jeffrey Caponigro has observed that most businesspeople don't know how to communicate this type of news effectively. "They convince themselves that it's far better to bury their heads in the sand and hope the problem won't be exposed," says Caponigro, president and CEO of Caponigro Public Relations in Detroit, Michigan. "Also, they're fearful of the damage bad news can cause—poor employee morale, lost customers, reduced revenues, litigation, and other unpleasant effects."

But hiding from bad news doesn't make it go away, Caponigro cautions. Working in public relations for over 20 years, Caponigro has helped dozens of companies communicate bad news on such topics as plant closings, product-related lawsuits, criminal investigations, and other unfavorable situations. "The worst mistake is the tendency to clam up and pull back from communicating, rather than recognizing the need to communicate with even greater efficiency and effectiveness," he explains.

To establish an effective tone for bad-news messages, Caponigro first considers the audience. "Put yourself in the shoes of those who will receive the bad news," he advises. "How does this news affect them? What will they be concerned about? What will they want to know? What questions can we answer in advance? Thinking it through will help organize the presentation of the bad news and make it more effective to communicate and to understand."

When planning bad-news messages, Caponigro focuses on keeping the audience informed by developing a small number of key messages to communicate first. "Show your audience that you have the situation under control and recognize their need to know the facts as soon as possible. If it's a decision that you know will be seen as bad news—such as laying off a large number of people in your company—describe how you arrived at the difficult decision," he says. Caponigro often advises clients to explain the options that they considered, how they attempted to avoid the bad-news decision, their concern and sensitivity for the situation, and why they believe they've acted in the company's best interest. "In many cases," he explains, "it's important for the customer to know how the bad news occurred, what lessons were learned from it, and what is being done to ensure it won't occur again."

To maintain goodwill with an audience, Caponigro sticks with the facts and avoids speculation in bad-news communication. "First and foremost, a company needs to be seen as honest, trustworthy, and credible. A great deal of damage can be caused by misleading someone—even if it was done unintentionally," he says. Which means you should carefully consider your choice of words for bad-news messages. In written messages, "you have a better opportunity to carefully wordsmith what you are saying and how you are saying it." Still, Caponigro cautions clients to use "the same principles and thought process when communicating bad news to someone in person."



Jeffrey Caponigro, president of Caponigro Public Relations, advises clients to focus on the audience's information needs, and concerns when delivering bad news.

Of course, communicating bad news isn't always easy, but the proper tone and approach can help people accept and understand your message. As Caponigro advises clients, "Most people will forgive just about anything if you admit to it, take responsibility for it, explain how it happened, and tell what you're doing to ensure it won't occur again."¹

USING THE THREE-STEP WRITING PROCESS FOR BAD-NEWS MESSAGES

As Jeffrey Caponigro can attest, nobody likes bad news. People don't like to get it, and they don't like to give it. Saying no to an idea from an employee, a proposal from a shareholder, a request from a customer, or even a suggestion from your boss can put knots in your stomach and cost you hours of sleep.

The word *no* is terse and abrupt, so negative that a lot of people have difficulty saying it. And for most, it's the toughest word to hear or understand. The delivery can be far more damaging than the answer itself. But the most damaging *no* is usually the one you don't explain.² That's why you must be careful whenever you deliver bad news. The three-step process can help you write bad-news messages that are more effective and less damaging.

Step 1: Planning Your Bad-News Messages

When your message is a negative one, analysis becomes extremely important. If your purpose is specific, you are able to word it in the best possible way. You want to be sure that a bad-news message should indeed be sent and should definitely be sent in writing (versus communicating it face-to-face or in a quick phone call). And more than ever, you need to know how your audience will receive your message. Do readers prefer to receive negative news up front, without delay? Or would they accept the news more readily if you explained your reasons first?

Any investigation or research must yield reliable, unmistakable facts that will support your negative decision. You'll want to be sure that you have all the facts your audience will need. After sending your bad news, you don't want to face a barrage of questions from confused readers.

Learning Objective 1
Apply the three-step writing process to bad-news messages

Analysis, investigation, and adaptation help you avoid alienating your readers.

Finally, you'll want to pay particular attention to maintaining a good relationship with your audience. Be sure to adapt your medium and tone to your audience. Careful attention to adaptation can help you avoid alienating your readers.

The appropriate organization helps readers accept your negative news.

Step 2: Writing Your Bad-News Messages

In a bad-news message, your main idea is a refusal, a rejection, or a negative announcement, so you want to be careful to define that main idea and to cover relevant points thoroughly and logically. Choosing between the direct and indirect approaches takes on added importance in bad-news messages. You need to know whether it will be better to open with the bad news or to prepare your readers with a cogent explanation before giving them the negative bits. You also need to pay special attention to word choice so that you can create sentences and paragraphs that are tactful and diplomatic.

Step 3: Completing Your Bad-News Messages

Revision is as important as the other steps in the writing process; it helps you make sure that your bad-news messages are organized properly, that they say what you want them to say, and that they do so concisely and clearly. You'll want to make sure that your design is appropriate for the bad news and contributes to your effort to be sensitive. And as always, proofreading bad-news messages guarantees that misunderstandings won't arise from typos, errors in spelling, or problems with mechanics.

DEVELOPING STRATEGIES FOR BAD-NEWS MESSAGES

It's bad news when you refuse to grant a claim, encounter problems filling an order, announce that quarter profits are down, or give an employee a negative performance review. Whatever the details of your particular message, when you have bad news, you want your readers to feel that they have been taken seriously and to agree that your news is fair and reasonable.

When delivering bad news, you have five main goals: (1) to convey the bad news, (2) to gain acceptance for it, (3) to maintain as much goodwill as possible with your audience, (4) to maintain a good image for your organization, and (5) to reduce the need for future correspondence on the matter. Accomplishing so many goals in a single message is not easy. But you can make your bad-news messages effective by following these guidelines: First, adopt an audience-centered tone. Second, organize your message to meet your audience's needs and expectations by using either the direct approach, which presents the main idea before the supporting data (first described in Chapter 7), or the indirect approach, which presents the supporting data before the main idea.

Creating an Audience-Centered Tone

You've heard it before: It's not *what* you say but *how* you say it that counts. This adage couldn't be truer with bad-news messages. Your tone contributes to your message's effectiveness by helping your readers

- Accept that your bad-news represents a firm decision
- Understand that, under the circumstances, your decision was fair and reasonable
- Remain well disposed toward your business
- Preserve their pride

Dr. Robert Buckman, a breast cancer specialist, has delivered more than his share of bad news. Now Buckman teaches doctors and other business executives how to deliver bad news effectively. Communicators can adopt an audience-centered tone by listening to the audience first instead of talking, advises Buckman. "You

Learning Objective 2

Show how to achieve an audience-centered tone and explain why it helps readers

When establishing tone, strive for

- Firmness
- Fairness
- Goodwill
- Respect

TABLE 8.1 Choosing Positive Words**Avoid a Negative Tone**

I cannot understand what you mean.
 The damage won't be fixed for a week.
 There will be a *delay* in your order.
 You are clearly *dissatisfied*.
 Your account is in *error*.
 The breakage was not our *fault*.
Sorry for your inconvenience.
 We *regret* the misunderstanding.
 I was *shocked* to learn that you're unhappy.
 Unfortunately, we haven't received it.
 The enclosed statement is *wrong*.

Use a Positive Tone

Please clarify your request.
 The item will be repaired next week.
 We will ship your order as soon as possible.
 We are doing what we can to make things right.
 Corrections have been made to your account.
 The merchandise was broken during shipping.
 The enclosed coupon will save you \$5 next time.
 I'll try my best to be more clear from now on.
 Your letter reached me yesterday.
 It hasn't arrived yet.
 Please recheck the enclosed statement.

build trust by letting people say what they feel first," says Buckman. "Eventually it will be time for you to talk." Buckman emphasizes that because bad news involves emotions, you must acknowledge these emotions in your communication. A good empathetic response acknowledges someone's feelings. But, notes Buckman, "you can't let those emotions interfere with your message. If you've got to fire somebody, you can't *not* fire him because he's crying."³

Of course, if you are delivering bad news in writing versus communicating it orally, you may not be able to "listen" to your audience first. But you can certainly do your research up front and learn as much as possible about your audience so that you can demonstrate in your written communication that you are aware of your audience's needs, concerns, and feelings. Experts suggest that you adopt an audience-centered tone by paying attention to these techniques:

- **Use the "you" attitude.** Using the "you" attitude is crucial to every message you write, but it's especially important in bad-news messages. For example, point out how your decision might actually further your audience's goals. Convey concern by looking for the best in your audience. And assume that your audience is interested in being fair, even when they are at fault.
- **Choose positive words.** As Jeffrey Caponigro can tell you, wording and tone conspire to make a letter either offensive or acceptable. You can ease disappointment by using positive words rather than negative, counterproductive ones (see Table 8.1). Just be sure that your positive tone doesn't hide the bad news behind difficult language.⁴ Remember, you want to convey the bad news, not cover it up.
- **Use respectful language.** When you use language that conveys respect and avoids an accusing tone, you protect your audience's pride. For instance, when refusing an adjustment or a claim, try using third-person, impersonal, passive language to explain your audience's mistakes in an inoffensive way. This approach downplays the doer of the action because the doer is not specified. Say, "The appliance won't work after being immersed in water" instead of "You shouldn't have immersed the appliance in water." When your audience is at fault, the "you" attitude is better observed by avoiding the word *you*.



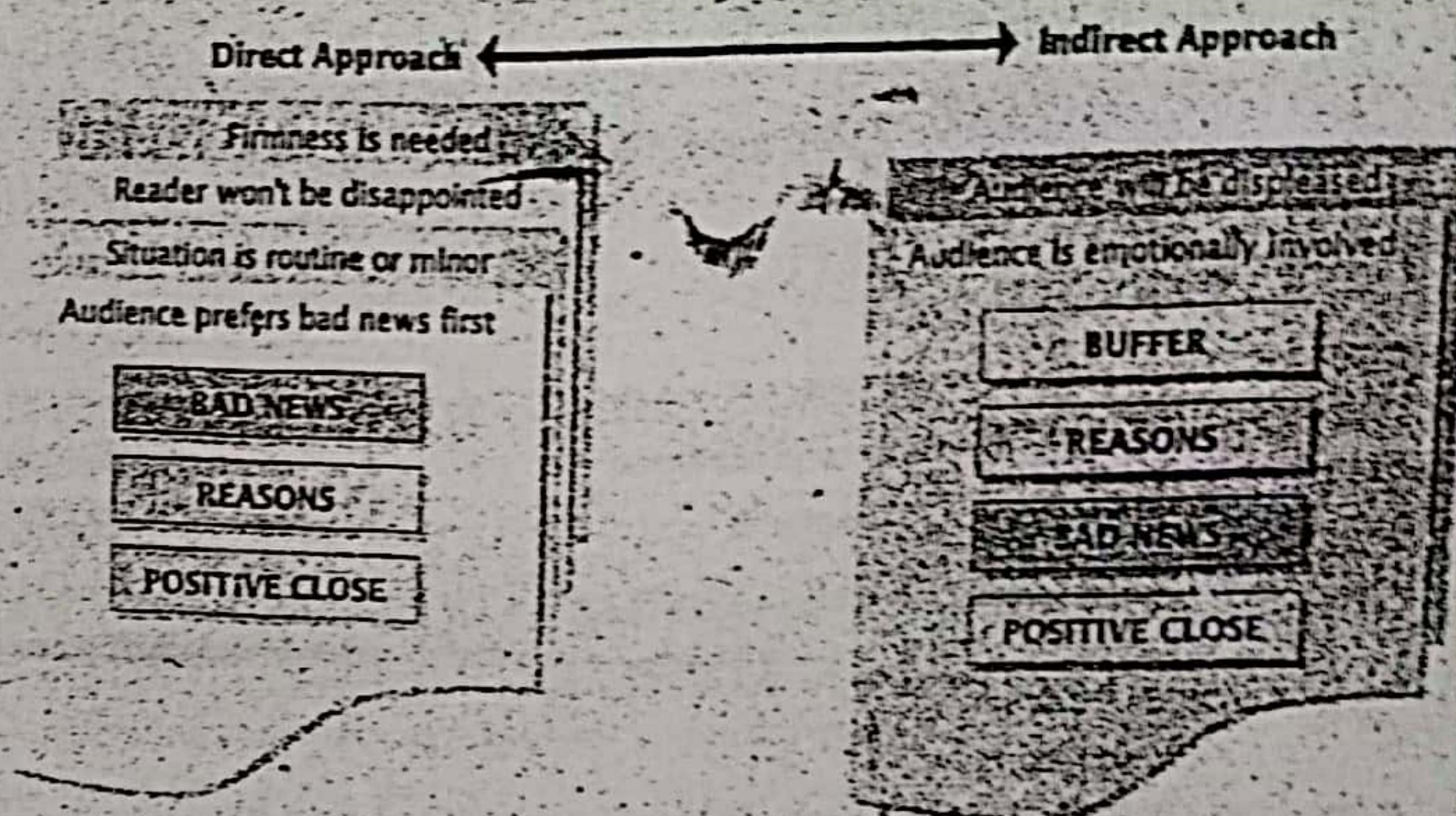
Carly Fiorina, CEO of Hewlett-Packard, builds and maintains strong relationships with customers, employees, and investors by focusing on audience feelings. She explains the reasons for any bad news and tries to focus on the positive aspects of a negative situation.

The "you" attitude is especially important in bad-news messages.

Use positive rather than negative phrasing in bad-news messages.

Sometimes the "you" attitude is best observed by avoiding the word *you*.

FIGURE 8.1 Differences Between the Indirect and Direct Organizational Plans for Bad-News Messages



Learning Objective 3

Differentiate between the direct and indirect organizational approaches to bad-news messages and discuss when it's appropriate to use each one.

Audience analysis is crucial for determining organization of bad-news messages.

Using the Direct Approach

As with most business messages, the key to choosing the best approach for bad-news messages is to analyze audience members first. Try to put yourself in their shoes. What is their likely reaction to the news? How important is the message? How well do you know them? Some people like to know the bad news right away. Similarly, some situations are more appropriate for directness than others. If you know that your audience is likely to prefer the bad news first, or if the situation is minor and the news will cause your audience little pain or disappointment, use the direct approach.

A bad-news message organized using the direct approach starts with a clear statement of the bad news, proceeds to the reasons for the decision (perhaps offering alternatives), and ends with a positive statement aimed at maintaining a good relationship with the audience (see Figure 8.1). Stating the bad news at the beginning can have two advantages: (1) It makes a shorter message possible, and (2) the audience needs less time to reach the main idea of the message, the bad news itself.

Memos are often organized so that the bad news comes before the reasons. Some managers expect all internal correspondence to be brief and direct, regardless of whether the message is positive or negative. Routine bad-news messages to other companies often follow the direct approach, especially if they relay decisions that have little or no personal impact. The indirect approach can actually cause ill will in people who see bad news frequently (such as people searching for employment).⁵ In addition, you'll sometimes know from experience that your audience simply prefers reading the bad news first in any message. The direct approach is also appropriate when you want to present an image of firmness and strength; for example, the last message in a debt collection series (just before the matter is turned over to an attorney) usually gets right to the point.

You may want to use the direct approach in a variety of circumstances, saving your positive comments for the close. Even so, remember that a tactful tone and a focus on reasons will help make any bad-news message easier to accept.



When the City of New York (property owner) informed vendors of New York City's Mart 125 in Harlem that the property was being redeveloped for more "profitable" uses, the letter got right to the point. Orlar Fall (vendor) received the eviction notice and immediately began packing up his merchandise for sale.

Use the direct approach when your negative answer or information will have little personal impact.

Using the Indirect Approach

Beginning a bad-news message with a blunt "no" could well prevent people who prefer an explanation first from reading or listening to your reasons. For such audiences, the

indirect approach is appropriate. This approach eases the audience into your message by explaining your reasons before delivering the bad news. Presenting the reasons first increases your chances of gaining audience acceptance by gradually preparing readers for the negative news to come. The indirect approach follows a four-part sequence (as shown in Figure 8.1): (1) Open with a buffer, (2) continue with a logical, neutral explanation of the reasons for the bad news, (3) follow with a clear but diplomatic statement of the bad news (emphasizing any good news and de-emphasizing the bad), and (4) close with a positive, forward-looking statement that is helpful and friendly.

Use the indirect approach when some preparation will help your audience accept your bad news.

Begin with a Buffer

The first step in using the indirect approach is to make a neutral, noncontroversial statement that is closely related to the point of the message; this statement is called a buffer. A good buffer is tricky to write. Some critics believe that using a buffer is manipulative, dishonest, and thus unethical. In fact, buffers are unethical only if they're insincere. Breaking bad news with kindness and courtesy is the humane way. Consideration for the feelings of others is never dishonest, and that consideration helps your audience accept your message.

A good buffer expresses your appreciation for being thought of, assures the reader of your attention to the request, compliments the reader, or indicates your understanding of the reader's needs. A buffer must not insult the audience with insincere flattery or self-promoting blather. Because it sets the stage for the bad news to follow, it must be both sincere and relevant so that readers don't feel they are being set up or "snowed." For example, in a memo telling another supervisor that you can't spare anyone from your staff for a temporary assignment to the order fulfillment department, you might begin with a sentence like this:

Our department shares your goal of processing orders quickly and efficiently.

If possible, base your buffer on statements made by the person you're responding to. This type of buffer shows the person that you have listened well. If you use an unrelated buffer, you will seem to be avoiding the issue; that is, you'll appear manipulative and unethical, and you'll lose your audience's respect.

Another goal when composing your buffer is to avoid giving the impression that good news will follow. Building up your audience's expectations at the beginning only makes the actual bad news even more surprising. Imagine your reaction to the following openings:

Your résumé indicates that you would be well suited for a management trainee position with our company.

Your résumé shows very clearly why you are interested in becoming a management trainee with our company.

The second opening emphasizes the applicant's interpretation of her qualifications rather than the company's evaluation, so it's less misleading but still positive. Here are some other things to avoid when writing a buffer:

- Avoid saying no. An audience encountering the blunt refusal right at the beginning usually reacts negatively to the rest of the message, no matter how reasonable and well phrased it is.
- Avoid using a know-it-all tone. When you use phrases such as "you should be aware that," readers expect your lecture to lead to a negative response, so they resist the rest of your message.
- Avoid wordy and irrelevant phrases and sentences. Sentences such as "We have received your letter," "This letter is in reply to your request," and "We are writing in response to your request" are irrelevant. Make better use of the space by referring directly to the subject of the letter.

A buffer is a neutral lead-in to bad news.

Use a buffer that is

- Neutral
- Relevant
- Not misleading
- Assertive
- Succinct

To write an effective buffer, avoid giving the impression that good news will follow.

TABLE 8.2

Buffer	Strategy	Example
Agreement	Find a point on which you and the reader share similar views.	We both know how hard it is to make a profit in this industry.
Appreciation	Express sincere thanks for receiving something.	Your check for \$127.17 arrived yesterday. Thank you.
Cooperation	Convey your willingness to help in any way you realistically can.	Employee Services is here to smooth the way for all of you who work to achieve company goals.
Fairness	Assure the reader that you've closely examined and carefully considered the problem, or mention an appropriate action that has already been taken.	For the past week, we have carefully monitored those using the photocopying machine to see whether we can detect any pattern of use that might explain its frequent breakdowns.
Good news	Start with the part of your message that is favorable.	A replacement knob for your range is on its way, shipped February 10 via UPS.
Praise	Find an attribute or an achievement to compliment.	Your résumé shows an admirable breadth of experience, which should serve you well as you progress in your career.
Resale	Favorably discuss the product or company related to the subject of the letter.	With thick heavy-duty, full-mission hardware and fine veneers, the desks and file cabinets in our Montclair line have become a hit with value-conscious professionals.
Understanding	Demonstrate that you understand the reader's goals and needs.	So that you can more easily find the printer with the features you need, we are enclosing a brochure that describes all the Panasonic printers currently available.

- Avoid apologizing. Unless warranted by extreme circumstances, an apology only weakens the explanation of your unfavorable news that follows.
- Avoid writing a buffer that is too long. Be brief. Identify something that both you and your audience are interested in and agree on before proceeding in a businesslike way.

Table 8.2 shows several types of buffers you could use to open a bad-news message tactfully.

After you've composed a buffer, evaluate it by asking yourself four questions: Is it pleasant? Is it relevant? Is it neutral, saying neither yes nor no? Does it provide for a smooth transition to the reasons that follow? If you can answer yes to every question, you can proceed confidently to the next section of your message.

Follow with Reasons

Present reasons to show that your decision is reasonable and fair.

Focus on how the audience might benefit from your negative message.

If you've done a good job of composing the buffer, the reasons will follow naturally. Cover the more positive points first; then move to the less positive ones. Provide enough detail for the audience to understand your reasons, but be concise; a long, roundabout explanation may make your audience impatient. Your goal is to explain *why* you have reached your decision before you explain *what* that decision is. If you present your reasons effectively, they should convince your audience that your decision is justified, fair, and logical.

One way to be tactful when giving your reasons is to highlight how your negative decision benefits your readers (rather than focusing on why the decision is good for you or your company). For example, when denying a credit request, you can show how your decision will keep the person from becoming overextended financially. Facts and figures are often helpful in convincing members of your audience that you're acting in their best interests.

Avoid hiding behind company policy to cushion the bad news. If you say, "Company policy forbids our hiring anyone who does not have two years' management experience," you seem to imply that you haven't considered the person on her or his own merits. Skilled and sympathetic communicators explain company policy (without referring to it as "policy") so that the audience can try to meet the requirements at a later time.

Similarly, avoid apologizing when giving your reasons. Apologies are appropriate only when someone in your company has made a severe mistake or has done something terribly wrong. If no one in the company is at fault, an apology gives the wrong impression. For example, suppose you're refusing the application of a management trainee. A tactfully worded letter might give these reasons for the decision not to hire:

Because these management trainee positions are quite challenging, our human relations department has researched the qualifications needed to succeed in them. The findings show that the two most important qualifications are a bachelor's degree in business administration and two years' supervisory experience.

The paragraph does a good job of stating the reasons for the refusal:

- It provides enough detail to make the reason for the refusal logically acceptable.
- It implies that the applicant is better off avoiding a program in which he or she would probably fail, given the background of potential co-workers.
- It explains the company's policy as logical rather than rigid.
- It offers no apology for the decision.
- It avoids negative personal expressions ("You do not meet our requirements").

Jeffrey Caponigro has learned that even though specific reasons help audiences accept bad news, reasons cannot always be given. Don't include reasons when they involve confidential, excessively complicated, or purely negative information or when they benefit only you or your firm (by enhancing the company's profits, for example). Instead, move directly to the next section.

Well-written reasons are

- Detailed
- Tactful
- Individualized
- Unapologetic
- Positive

Sometimes detailed reasons should not be provided.

State the Bad News

When the bad news is a logical outcome of the reasons that come before it, the audience is psychologically prepared to receive it. However, the audience may still reject your message if the bad news is handled carelessly. Three techniques are especially useful for saying no as clearly and as kindly as possible. First, de-emphasize the bad news:

- Minimize the space or time devoted to the bad news.
- Subordinate bad news in a complex or compound sentence ("My department is already shorthanded, so I'll need all my staff for at least the next two months"). This construction pushes the bad news into the middle of the sentence, the point of least emphasis.
- Embed bad news in the middle of a paragraph or use parenthetical expressions ("Our profits, which are down, are only part of the picture").

Second, use a conditional (*if* or *when*) statement to imply that the audience could have received, or might someday receive, a favorable answer ("When you have more managerial experience, you are welcome to reapply"). Such a statement could motivate applicants to improve their qualifications.

Third, tell the audience what you did do, can do, or will do rather than what you did not do, cannot do, or will not do. Say, "We sell exclusively through retailers, and the one nearest you that carries our merchandise is . . ." rather than "We are unable to serve you, so please call your nearest dealer." By implying the bad news, you may not need to actually state it ("The five positions currently open have been filled with people whose qualifications match those uncovered in our research"). By focusing on the positive and implying the bad news, you soften the blow.

Learning Objective 4

Discuss the three techniques for saying no as clearly and kindly as possible

To handle bad news carefully

- De-emphasize the bad news visually and grammatically
- Use a conditional statement
- Tell what you did do, not what you didn't do

Don't let the bad news get lost by overemphasizing the positive.

When implying bad news, be sure your audience understands the entire message—including the bad news. It would be unethical to overemphasize the positive. So if an implied message might leave doubt, state your decision in direct terms. Just be sure to avoid overly blunt statements that are likely to cause pain and anger.

Instead of This

I must refuse your request.

We must deny your application.

I am unable to grant your request.

We cannot afford to continue the program.

Much as I would like to attend . . .

We must reject your proposal.

We must turn down your extension request.

Use This

I will be out of town on the day you need me.

The position has been filled.

Contact us again when you have established . . .

The program will conclude on May 1.

Our budget meeting ends too late for me to attend.

We've accepted the proposal from AAA Builders.

Please send in your payment by June 14.

End with a Positive Close

After giving your audience the bad news, your job is to end your message on an upbeat note. You might propose an attainable solution to the audience's problem ("The human resources department has offered to bring in temporary workers when I need them, and they would probably consider doing the same for you"). In a message to a customer or potential customer, an off-the-subject ending that includes resale information or sales promotion may also be appropriate. If you've asked readers to decide between alternatives or to take some action, make sure that they know what to do, when to do it, and how to do it with ease. Whatever type of close you choose, follow these guidelines:

- **Keep it positive.** Don't refer to, repeat, or apologize for the bad news, and refrain from expressing any doubt that your reasons will be accepted (avoid statements such as "I trust our decision is satisfactory").
- **Limit future correspondence.** Encourage additional communication *only* if you're willing to discuss your decision further (avoid wording such as "If you have further questions, please write").
- **Be optimistic about the future.** Don't anticipate problems (avoid statements such as "Should you have further problems, please let us know").
- **Be sincere.** Steer clear of clichés that are insincere in view of the bad news (avoid saying, "If we can be of any help, please contact us").
- **Be confident.** Don't show any doubt about keeping the person as a customer (avoid phrases such as "We hope you will continue to do business with us").

If you are the one who has to reject the applicant for the management trainee position, you can observe these guidelines by writing a close like this:

Many companies seek other qualifications in management trainees, so I urge you to continue your job search. You'll certainly find an opening in which your skills and aspirations match the job requirements exactly.

Keep in mind that the close is the last thing the audience has to remember you by. Try to make the memory a positive one.

Modifying Your Approach for Cultural Differences

Even though bad news is unwelcome in any language, the conventions for passing it on to business associates can vary considerably from country to country. For instance, all French business letters are very formal and writer-oriented (without reference to audience needs or benefits). Moreover, when the news is bad, French writers take a direct approach. They open with a reference to the problem or previous correspondence and then state the bad news clearly. While they don't refer to the audience's needs, they often do apologize and express regret for the problem.⁶

In contrast, Japanese letters traditionally open with remarks about the season, business prosperity, or health. When the news is bad, these opening formalities serve as a buffer. Explanations and apologies follow, and then comes the bad news or refusal. Japanese writers protect their reader's feelings by wording the bad news ambiguously. Western readers may even misinterpret this vague language as a condition of acceptance rather than as the refusal it truly is.⁷ In short, if you are communicating across cultures, you'll want to use the tone, organization, and other cultural conventions that your audience expects. Only then can you avoid the inappropriate or even offensive approaches that could jeopardize your business relationship.⁸ For a reminder of the strategies for delivering bad-news messages, see this chapter's "Checklist: Bad-News Messages."

WRITING BAD-NEWS MESSAGES

In the course of your business career, you will write various types of bad-news messages, from refusing credit to giving negative performance reviews. Many of the messages that you'll be writing will probably fall into three major categories: negative answers to routine requests, negative organizational news, and negative employment messages.

CHECKLIST: BAD-NEWS MESSAGES

A. Overall strategy

1. Use the direct approach when the situation is routine (between employees of the same company), when the reader is not emotionally involved in the message, when you know that the reader would prefer the bad news first, or when you know that firmness is necessary.
2. Use the indirect approach in all other cases.
3. Adopt an audience-centered tone by being sincere, using the "you" attitude, choosing positive words, and using respectful language.
4. Modify your strategy for cultural differences.

B. Buffer

1. Express appreciation, cooperation, fairness, good news, praise, resale, or understanding.
2. Introduce a topic that is relevant to the subject and that both you and the reader can agree on.
3. Avoid apologies and negative-sounding words (*won't, can't, unable to*).
4. Be brief and to the point.
5. Maintain a confident, positive, supportive tone.

C. Reasons

1. Check the lead-in from the buffer for a smooth transition from the favorable to the unfavorable.
2. Show how the decision benefits your audience.
3. Avoid apologies and expressions of sorrow or regret.

4. Offer enough detail to show the logic of your position.

5. Include only factual information.
6. Include only business reasons, not personal ones.
7. Carefully word the reasons so that readers can anticipate the bad news.
8. Work from the general to the specific.

D. Bad News

1. State the bad news as positively as possible, using tactful wording.
2. De-emphasize bad news by minimizing the space devoted to it, subordinating it, or embedding it.
3. Emphasize what the firm did do or is doing rather than what it can't or won't do.

E. Positive, friendly, helpful close

1. Remind the reader of how his or her needs are being met.
2. Keep the close as positive as possible by eliminating any reference to the bad news, avoiding apologies and words of regret, and eliminating words suggesting uncertainty.
3. Suggest actions the reader might take.
4. Keep a positive outlook on the future.
5. Be confident about keeping the person as a customer.

Sending Negative Answers to Routine Requests

The businessperson who tries to say yes to everyone probably won't win many promotions or stay in business for long. Occasionally, your response to routine requests must simply be "no." It's a mark of your skill as a communicator to be able to say no clearly yet not cut yourself off from future dealings with other people.

Refusing Requests for Information

Use either the direct or the indirect approach to tell someone you cannot provide what has been requested.

When people ask you for information and you can't honor the request, you may answer with either the direct approach or the indirect approach. Say that you've asked a company to participate in your research project concerning sales promotion. However, that company has a policy against disseminating any information about projected sales figures. You receive the following letter, which uses the direct approach even though you are outside the company and may be emotionally involved in the response. This letter would offend most readers:

The writer hides behind the blanket "company policy," a policy that the reader may find questionable.

Tone is unnecessarily negative and abrupt.

The offer to help is an unpleasant irony, given the writer's unwillingness to help in this instance.

First Draft

Our company policy prohibits us from participating in research projects where disclosure of disclosure of information might be necessary. Therefore, we decline your invitation to our sales staff to fill out questionnaires for your study.

Offer is supportive and appreciative.

Bad news is implied, not stated explicitly.

Body fully explains reason for decision without falling back on a blanket reference to company policy.

Close is friendly, positive, and helpful.

As Jeffrey Caponigro can tell you, wording and tone conspire to make a letter either offensive or acceptable. The letter that follows conveys the same negative message as the previous letter but without sounding offensive:

We at Qualcomm Corporation appreciate and benefit from the research of companies such as yours. Your study sounds interesting.

Our board requires strict confidentiality of all sales information until quarterly reports are mailed to stockholders. We release press reports at the same time the quarterly reports go out, and we'll be sure to include you in all our future mailings.

Although we cannot release projected figures, we are more than willing to share information that is part of the public record. I've enclosed several of our past earnings reports for your inspection. We look forward to seeing the results of your study. Please let us know if there is any additional way we can help.

As you think about the different impact those two letters might have on you, you can see why effective business writers take the time and the effort to give negative messages the attention they deserve.

Refusing Invitations and Requests for Favors

When turning down an invitation or a request for a favor, consider our relationship to the reader.

When you must say no to an invitation or a requested favor, your use of the direct or the indirect approach depends on your relationship with the reader. For example, suppose the president of the local community college asks your company to host graduation on your corporate grounds, but your sales meetings will be taking place at the same time. If you don't know the president well, you'll probably use the indirect approach. See Figure 8.2, in which May Yee Kwan delivers this bad news in a helpful and supportive way. If you are friends with the president and work frequently on projects for the college, you might use the direct approach:

Sandra, thanks for asking us to host your graduation. You know we've always supported the college and would love to do this for you. During this same time, though, our annual

1 Planning**Analyze**

Gauge audience's reaction to refusal; gear level of formality to reader familiarity.

Investigate

Collect information on possible alternatives.

Adapt

For a more formal response, letterhead is best. Maintain the relationship with the "you" attitude, and focus on the reader's problem.

2 Writing**Organize**

Main idea is to refuse a request. Respect your reader by showing that the request received serious consideration. Use an indirect approach.

Compose

Make your style conversational but keep it businesslike. Keep the letter brief, clear, and helpful.

3 Completing**Review**

Maintain friendly tone by eliminating overly formal language.

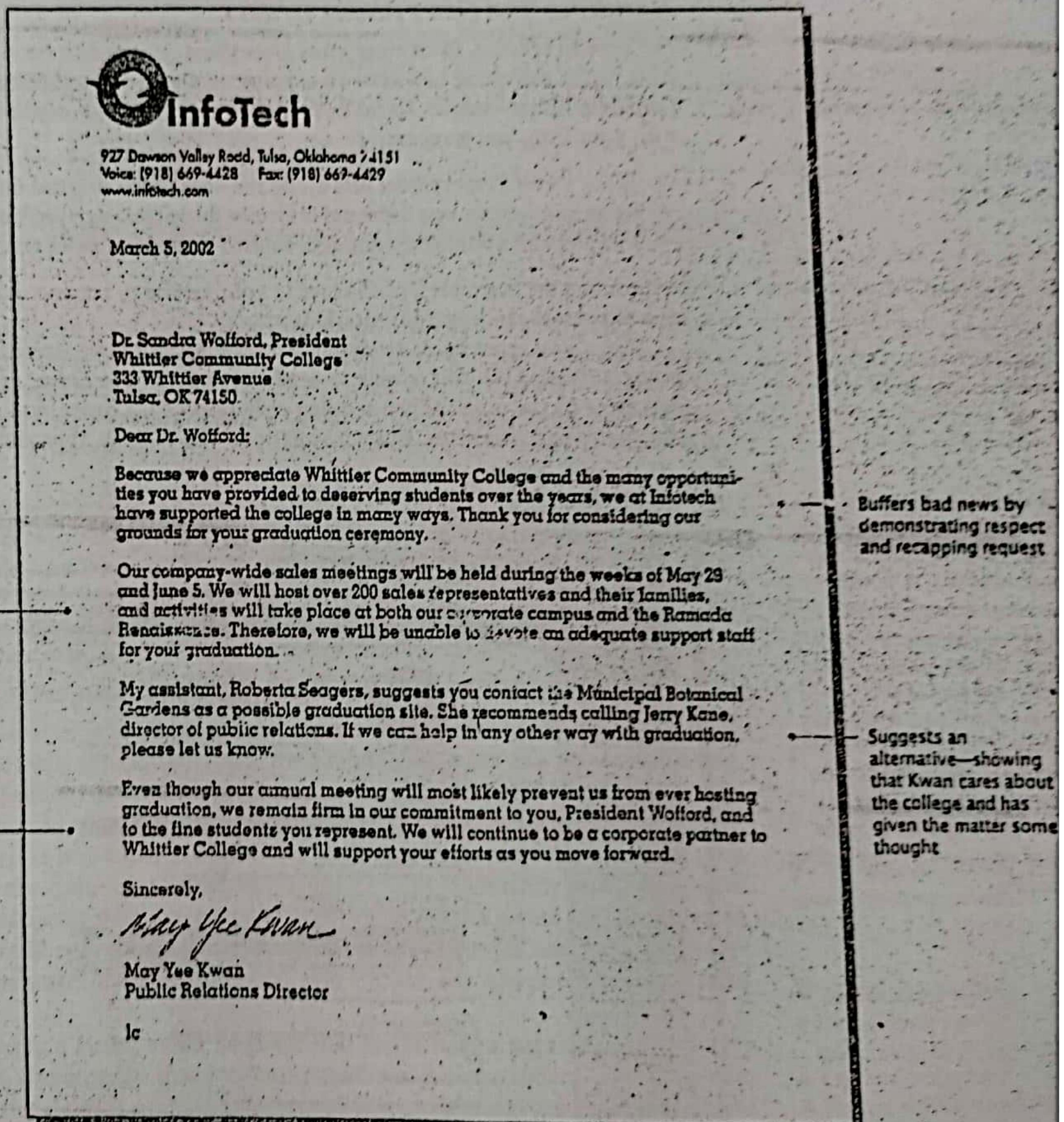
Produce

The letter is a formal document.

Proofread

Be careful to leave for accuracy, spelling, and mechanics.

FIGURE 8.2 In-Depth Critique: Letter Declining a Favor



company sales meeting will be taking place. Our special events staff will be devoting all of their time to logistics pertaining to the meeting.

Have you called Jerry Kane over at the Botanical Gardens? I can't think of a prettier site for graduation. Roberta in my office volunteers over there and knows Jerry. She can fill you in on the details, if you'd like to talk to her first.

Thanks again for considering us. Let's have lunch in mid-June to plan our involvement with the college for the next school year. You can think of all kinds of ways to make me sorry I had to say no! I look forward to seeing you and catching up on family news.

This letter gets right to the point but still uses some blow-softening techniques: It complements the person and organization making the request, suggests an alternative, and looks toward future opportunities for cooperation.

Handling Bad News About Orders

The basic goal of a bad-news letter about orders is to protect or make a sale.

For several reasons, businesses must sometimes convey bad news concerning orders. Also, when delivering bad news to existing or would-be customers, you have an additional challenge—resale. To make readers feel good about continuing to do business with your firm, you want to

- Work toward an eventual sale along the lines of the original order
- Keep instructions or additional information as clear as possible
- Maintain an optimistic, confident tone so that your reader won't lose interest

Reinforcing the customer's confidence in your service or product is an effective way to meet the resale challenge. Just don't overdo it.

When you must back-order for a customer, you have one of two types of bad news to convey: (1) You're able to send only part of the order, or (2) you're able to send none of the order. When sending only part of the order, you actually have both good news and bad news. In such situations, the indirect approach works very well.

Problems are opportunities in disguise—at least that's how Lands' End sees it. Whether the customer is being notified about an out-of-stock item, a partial shipment, or a delivery delay, Lands' End uses the communication to strengthen customer loyalty. The company does so by clearly stating the facts, by letting the customer know that it intends to make things right, and by responding promptly.

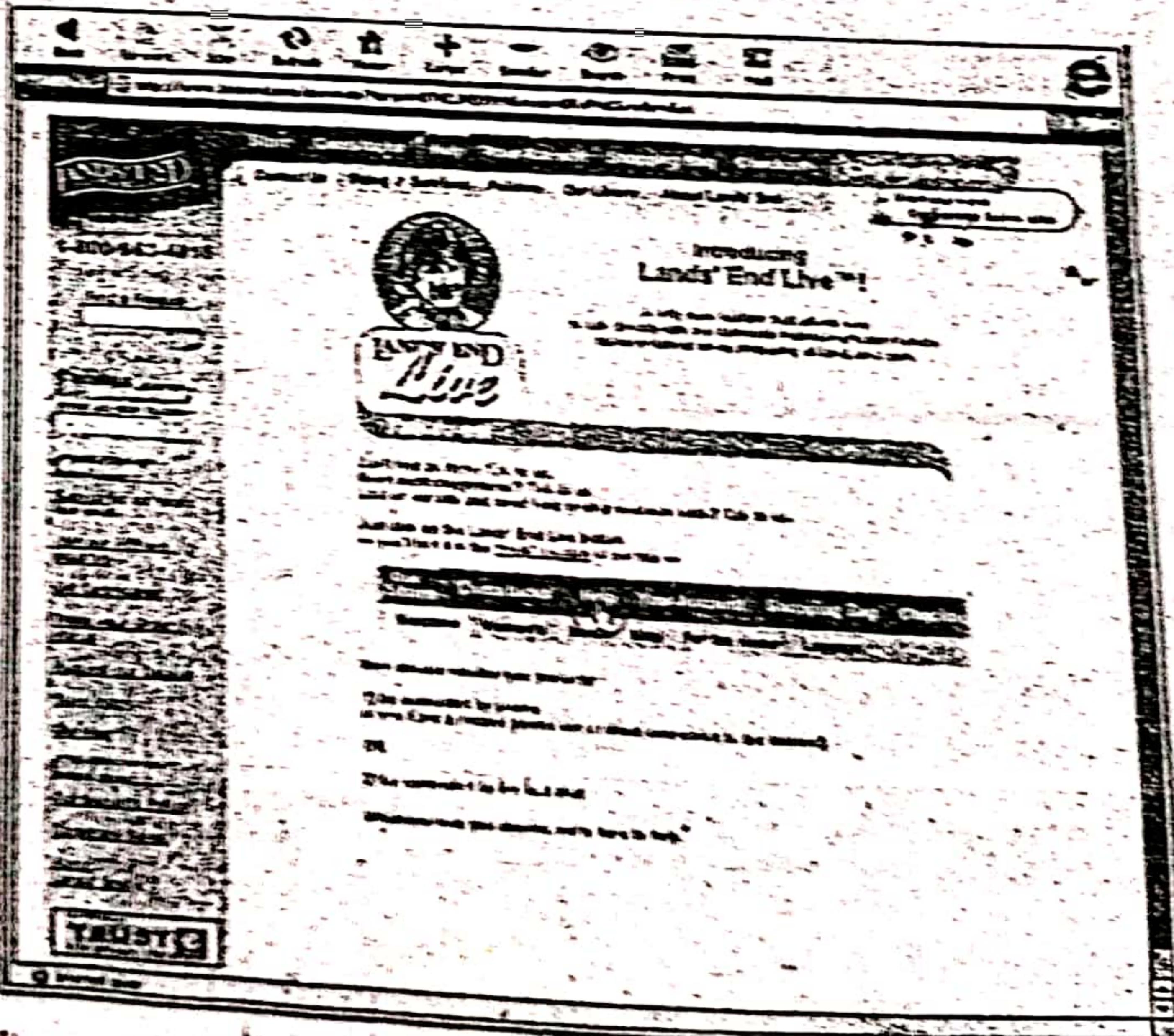
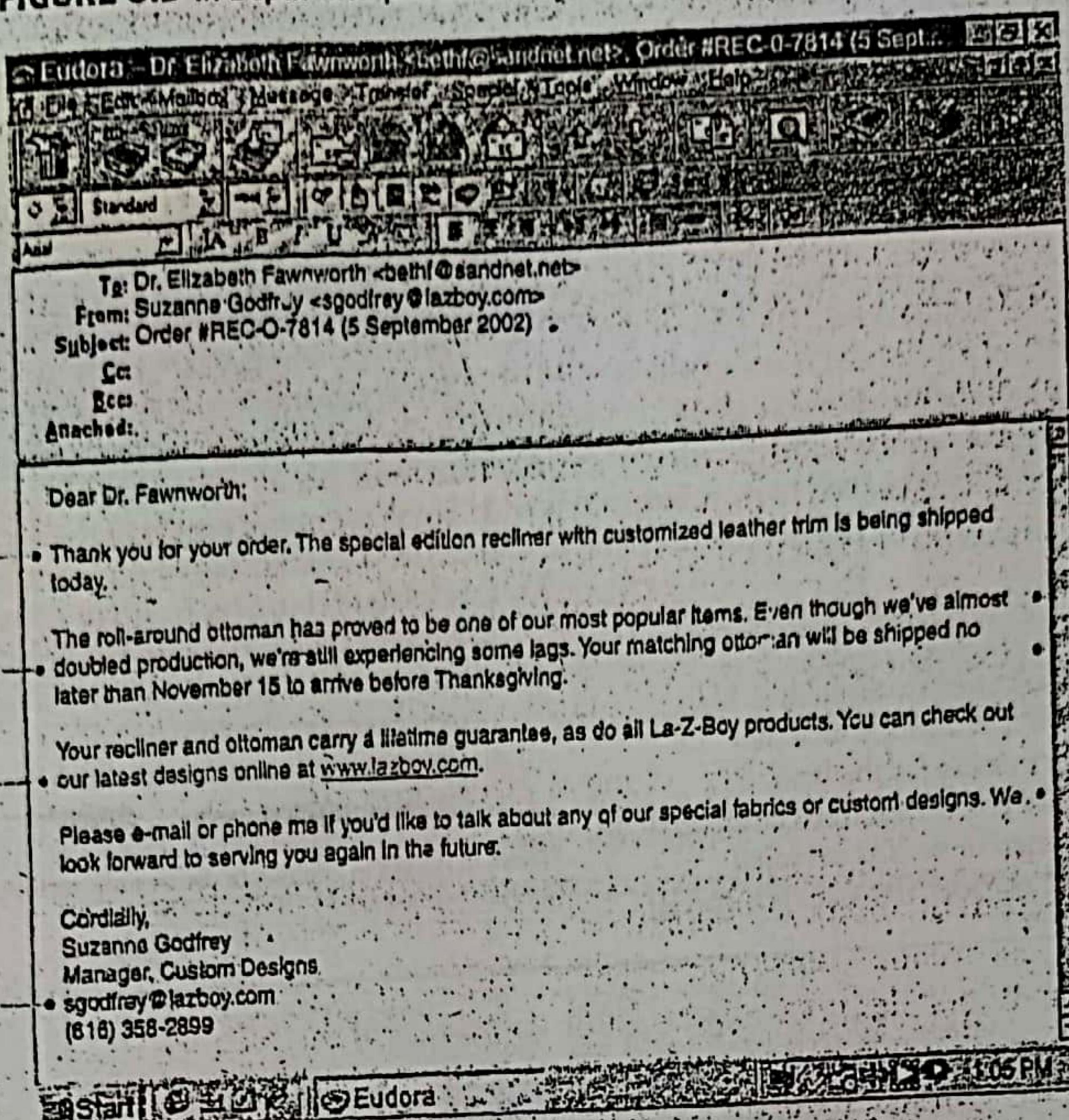


FIGURE 8.3 In-Depth Critique: E-Mail Advising of a Back Order

The buffer contains the good news (that part of the order is en route) along with a resale reminder of the product's attractiveness. After the buffer come the reasons for the delay of the remainder of the shipment. A strong close encourages a favorable attitude toward the entire transaction. For a customer whose order for a recliner and ottoman will be only partially filled, your e-mail message might read like the one in Figure 8.3.

When you're unable to send the customer any portion of an order, you still use the indirect approach. However, because you have no good news to give, your buffer only confirms the sale, and the explanation section states your reasons for not filling the order promptly. For a brief outline of back-order tasks, see this chapter's "Checklist: Bad News About Orders."

Use the indirect approach for both types of bad news about orders.

Refusing Claims and Requests for Adjustment

Almost every customer who makes a claim is emotionally involved; therefore, the indirect method is usually the best approach for a refusal. Your job as a writer is to avoid accepting responsibility for the unfortunate situation and yet avoid blaming or accusing the customer. To steer clear of these pitfalls, pay special attention to the tone of your letter. Keep in mind that a tactful and courteous letter can build goodwill even while denying the claim. For example, Village Electronics recently received a letter from Daniel Lindmeier, who purchased a digital video camera a year ago. He wrote to say that the unit doesn't work correctly and to inquire about the warranty. Lindmeier believes that the warranty covers one year, when it actually covers only three months (see Figure 8.4).

When refusing a claim, avoid language that might have a negative impact on the reader. Instead, demonstrate that you understand and have considered the complaint. Then, even if the claim is unreasonable, rationally explain why you are refusing the

Use the indirect approach in most cases of refusing a claim.

When refusing a claim

- Demonstrate your understanding of the complaint
- Explain your refusal
- Suggest alternative action

CHECKLIST: BAD NEWS ABOUT ORDERS*

A. Buffer

1. Include any details identifying the order.
2. Extend a welcome to a new customer.
3. Use resale information on the ordered merchandise to build the customer's confidence in the original choice (except for unfillable orders).
4. For partial shipments, include the good news about the fulfilled part.

B. Reasons

1. State the facts without laying blame.
2. Specify shipping dates.
3. Explain why the item is out of stock, such as high popularity or exceptional demand, which may stimulate the customer's desire for the item.
4. Reinforce the customer's confidence (for consumers, emphasize resale information such as personal attention, credit, repair services, free delivery, special

discounts, telephone shopping, and other services; for dealers, emphasize free counter and window displays, advertising materials, sales manuals, factory guarantees, and nearby warehousing).

C. The bad news

1. Stress the reader benefit of the decision to buy.
2. Offer a substitute product, if available.

D. Positive, friendly, helpful close

1. Adopt a tone that shows you remain in control of the situation and will continue to give customers' orders personal attention.
2. Use resale information to clinch the sale, especially for back orders.

*These items are in addition to the material included in the "Checklist: Bad-News Messages."

Learning Objective 5

Define defamation and explain how to avoid it in bad-news messages.

Avoid defamation by not responding emotionally.

request. Remember, don't apologize and don't rely on company policy. End the letter on a respectful and action-oriented note.

You may be tempted to respond to something particularly outrageous by calling the person responsible a crook, a swindler, or an incompetent. Resist! If you don't, you could be sued for defamation, a false statement that tends to damage someone's character or reputation. (Written defamation is called *libel*; spoken defamation is called *slander*.) Someone suing for defamation must prove (1) that the statement is false, (2) that the language is injurious to the person's reputation, and (3) that the statement has been "published."

If you can prove that your accusations are true, you haven't defamed the person. The courts are likely to give you the benefit of the doubt because our society believes that ordinary business communication should not be hampered by fear of lawsuits. However, beware of the irate letter intended to let off steam: If the message has no necessary business purpose and is expressed in abusive language that hints of malice, you'll lose the case. To avoid being accused of defamation, follow these guidelines:

- Avoid using any kind of abusive language or terms that could be considered defamatory.
- If you wish to express your own personal opinions about a sensitive matter, use your own stationery (not company letterhead), and don't include your job title or position. Take responsibility for your own actions without involving your company.
- Provide accurate information and stick to the facts.
- Never let anger or malice motivate your messages.
- Consult your company's legal department or an attorney whenever you think a message might have legal consequences.
- Communicate honestly, and make sure that what you're saying is what you believe to be true.

For a brief review of the tasks involved when refusing claims, see this chapter's "Checklist: Refusing Claims."

Refusing to Extend Credit

Credit is refused for a variety of reasons, all involving sensitive personal or legal considerations. When denying credit to the applicant with a proven record of delinquent payments and to the applicant with an unstable background, you would probably be

aware that credit is a legally sensitive subject.

1 Planning

Analyze

Purpose is to explain that the warranty has expired and to offer repairs that the reader can pay for.

Investigate

Briefly gather information on product warranties, terms for repair, and resale information.

Adapt

Use letter format and focus on customer relationship.

2 Writing

Organize

Main idea is that you're offering repairs, even though the warranty has expired. Use the indirect approach to help reader accept your message.

Compose

Make the style conversational. Choose your words carefully, and enclose a catalog to encourage future business.

3 Completing

Revise

Review for logical order and tone. Be clear but friendly.

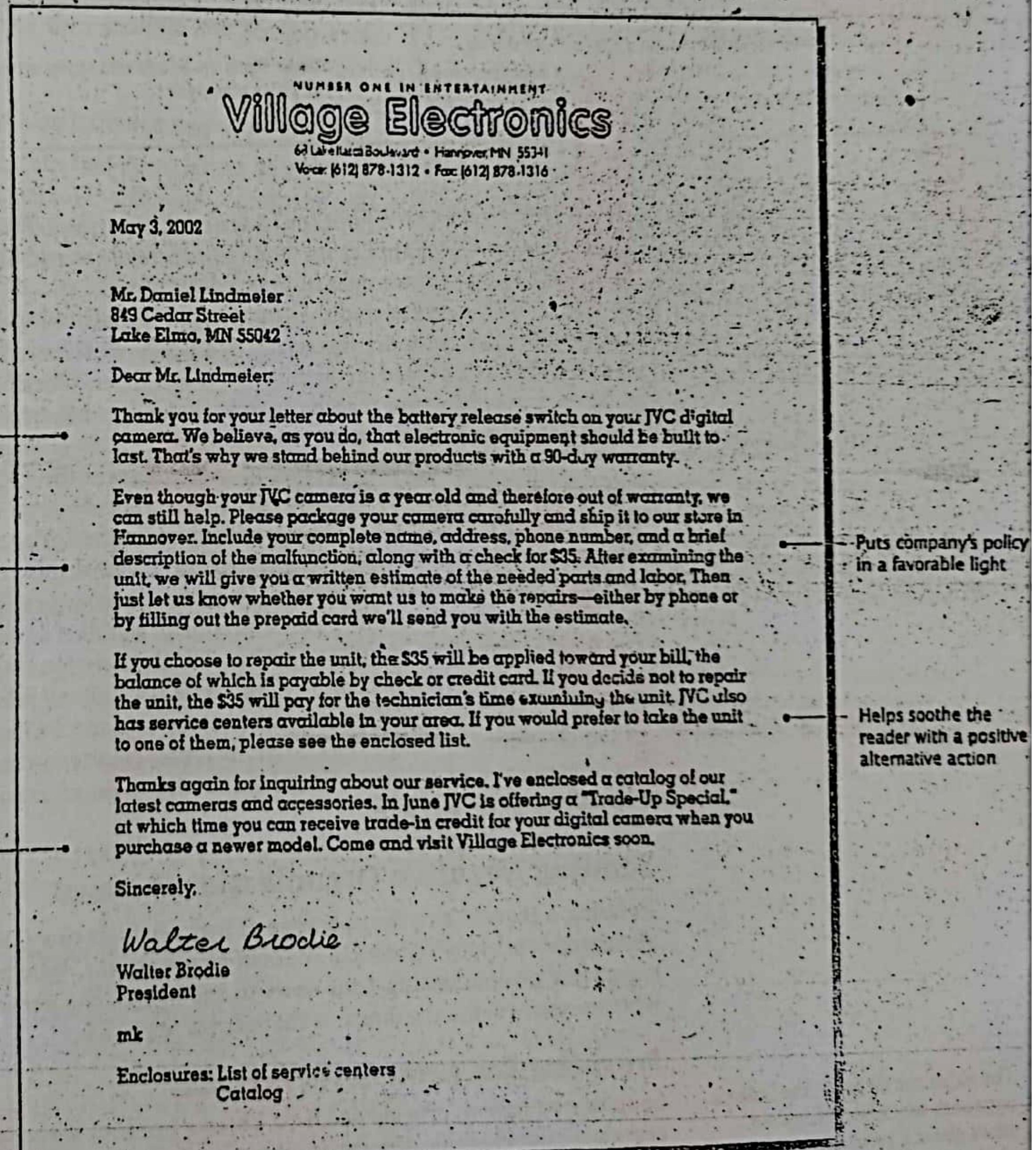
Produce

Use a clear letter format or letterhead.

Proofread

Review for accuracy and correctness. Before to include promotional enclosure.

FIGURE 8.4 In-Depth Critique: Letter Refusing a Claim



CHECKLIST: REFUSING CLAIMS**A. Buffer**

1. Indicate your full understanding of the nature of the complaint.
2. Avoid all areas of disagreement.
3. Avoid any hint of your final decision.

B. Reasons

1. Provide an accurate, factual account of the transaction.
2. Emphasize ways things should have been handled, rather than dwelling on reader's negligence.
3. Avoid using a know-it-all tone.
4. Use impersonal, passive language.
5. Avoid accusing, preaching (*you should have*), blaming, or scolding the reader.
6. Do not make the reader appear or feel stupid.

C. The bad news

1. Make the refusal clear, using tactful wording.
2. Avoid any hint that your decision is less than final.
3. Avoid words such as *reject* and *claim*.

4. Make a counterproposal, offer a compromise, or make a partial adjustment (if desirable).
 5. Make your tone willing, not begrudging, in a spirit of honest cooperation.
 6. Include resale information for the company or product.
 7. Emphasize a desire for a good relationship in the future.
 8. Extend an offer to replace the product or to provide a replacement part at the regular price.
- D. Positive, friendly, helpful close**
1. Make no reference to your refusal.
 2. Refer to enclosed sales material.
 3. Make any suggested action easy for readers to comply with.

*These items are in addition to the material included in the "Checklist: Bad-News Messages."

In a letter denying credit to a business:

- Be more factual and less personal than in a letter to an individual.
- Suggest ways to continue doing business.

Denials of business credit, as opposed to denials of individual credit, are less personally sensitive but more financially significant. Businesses have failed because major suppliers have suspended credit at inconvenient times. When refusing to extend credit to a business, explain your reasons as factually and as impersonally as possible (perhaps the firm's latest financial statements don't meet your criteria, or its credit rating has fallen below an acceptable minimum). Also, explain the steps that must be taken to restore credit. Emphasize the benefits of continued dealings on a cash basis until the firm's creditworthiness has been established or restored. You might offer discounts for cash purchases or assistance in cooperative merchandising to reduce the firm's inventory and increase its cash flow. Third-party loans are another possibility you might suggest.

Whether denying credit to consumers or to business customers, you need to exercise good judgment to avoid legal action. A faulty decision may unfairly damage a person's reputation, which in turn may provoke a lawsuit and other bad publicity for your company. Handling credit denials over the phone instead of in writing is no guarantee of avoiding trouble; companies that orally refuse credit must still proceed with caution. For a summary of the tasks involved in this type of message, see this chapter's "Checklist: Credit Refusals."

Sending Negative Organizational News

Refusing a request isn't the only type of bad news. At times, you may have bad news about your company's products or about its operations. Whether you're reporting to a supervisor or announcing your news to the media, the particular situation dictates whether you will use the direct or the indirect approach.

Providing Bad News About Products

Suppose you have to provide bad news about a product. If you were writing to tell your company's bookkeeping department about increasing product prices, you'd use the direct approach. Your audience would have to make some arithmetical adjustments once the increases are put into effect, but readers would presumably be unemotional about the matter. On the other hand, if you were writing to convey the same information to customers or even to your own sales department, you would probably use the indirect

Use either the direct or the indirect approach when providing bad news about a product.

CHECKLIST: CREDIT REFUSALS**A. Better**

1. Express appreciation for the credit request.
2. Please refer to avoid misleading reader.

B. Reasons

1. Explain your general credit criteria.
2. Carefully present reasons for the refusal.
3. Avoid a condescending lecture about how credit is earned.
4. Avoid relying on unexplained company policy.
5. Stress the benefits of not being overextended.

C. The bad news

1. Make the refusal clear to the reader.
2. Offer only honest encouragement about considering the credit application at a later date, if future approval is realistic.

3. Avoid negative words, such as must decline.
4. For consumers, suggest positive alternatives, such as cash and layaway purchases.
5. For businesses, describe cash discounts or offer promotional and marketing aid.

D. Positive, friendly, helpful close

1. Encourage the reader to look to the future, when the application may be approved.
2. Suggest alternative financing sources.

"These items are in addition to the material included in the "Checklist: Bad-News Messages."

approach. Customers never like to pay more, and your sales reps would see the change as weakening your product's competitive edge, thereby threatening their incomes and possibly even their jobs.

Handling Bad News About Company Operations

In these situations require bad-news letters about company decisions or performance: (1) a change in company policy or future plans that will have a negative effect on the reader, (2) problems with company performance, and (3) controversial or unpopular company operations. In trying situations, apologies may be in order. If an apology is appropriate, good writers usually make it brief and bury it somewhere in the middle of the letter. Moreover, they try to leave readers with a favorable impression by closing on a positive note.

Companies that produce unpopular products or have controversial operations can find themselves caught in a political crossfire. In such cases, your general strategy might be to explain the reasons your company is manufacturing the controversial item or providing the unpopular service. You want to show that reason and logic are behind your operation (not villainy, carelessness, or greed).

When a change in company policy will have a negative effect on your audience, state the reasons for the change clearly and carefully. The explanation section of the message convinces readers that the change was necessary and, if possible, explains how the change will benefit them. For example, if your company decided to drop orthodontic coverage from its employee dental plan, you could explain the decision this way:

By eliminating the infrequently used benefit we will not have to increase the monthly amount withheld from your paycheck for insurance coverage.

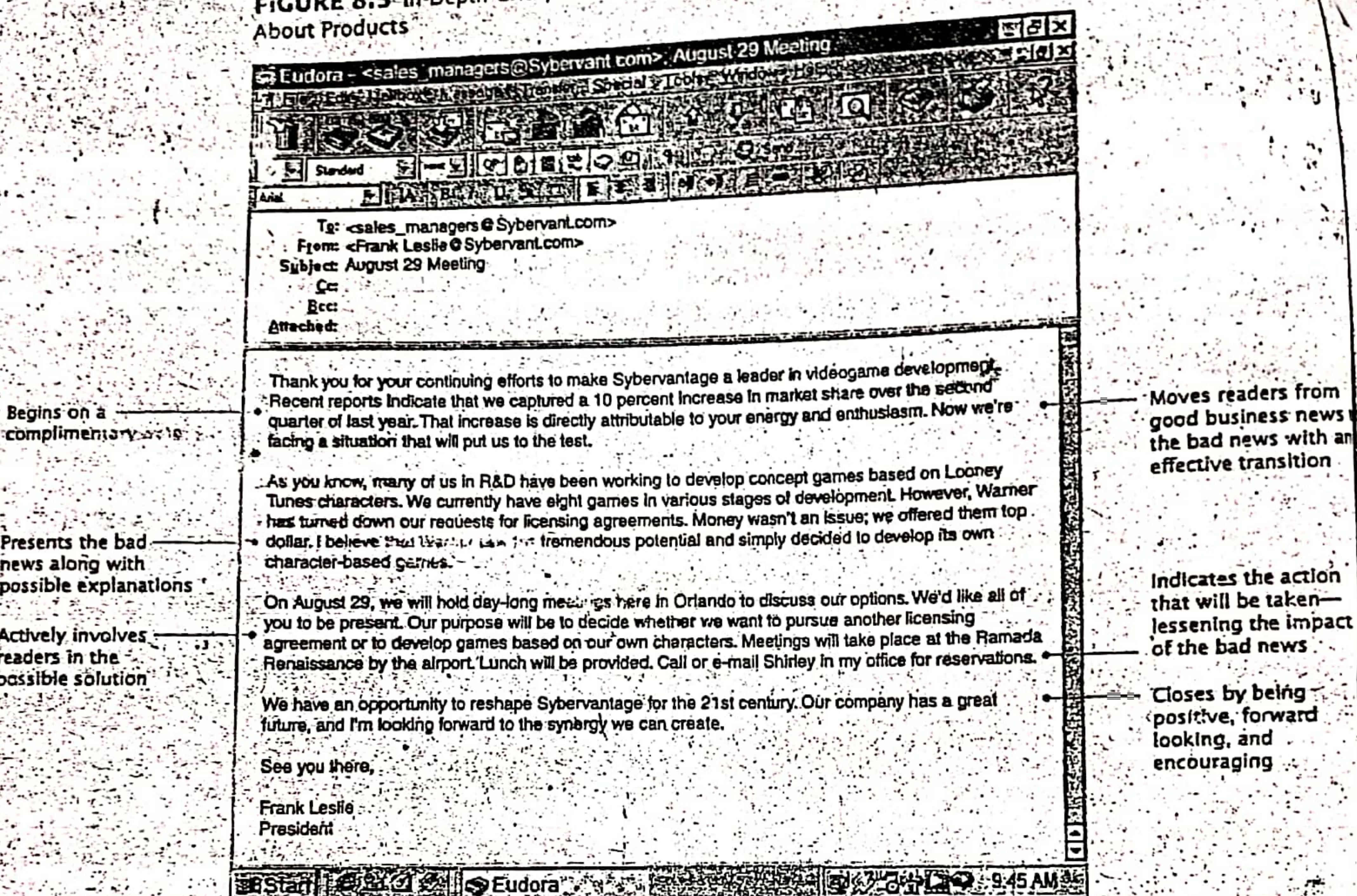
If your company is having serious performance problems, your customers and shareholders want to learn of the difficulty from you, not from newspaper accounts or from rumors. Even if the news leaks out before you announce it, counter with your own explanation as soon as possible. Business is based on mutual trust; if your customers and shareholders can't trust you to inform them of your problems, they may choose to work with someone they can trust. When you do inform stakeholders, use your common business sense and present the bad news in as favorable a light as possible.



When Webvan closed up shop, management had the difficult task of informing customers of the bad news. In these delicate situations, it's best to stick to the facts, state them clearly, and provide the audience with all the details they might need to know—such as, how their outstanding orders will be handled or how to process a claim.

When conveying bad news about your company, focus on the reasons and on possible benefits.

FIGURE 8.5 In-Depth Critique: E-Mail Message Providing Bad News About Products



If your company lost a major business customer or if an important deal fell through, you could present the bad news as an opportunity to focus on smaller growing businesses or on new products, as the e-mail in Figure 8.5 does. In this example, Sybervantage pursued licensing agreements with Warner and expected to enter into a mutually profitable arrangement. But when Warner rejected the deal, Sybervantage had to notify its sales force. Rather than dwell on the bad news, the company focuses on possible options for the future. The upbeat close diminishes the effect of the bad news.

Sending Negative Employment Messages

Use the direct approach when giving readers bad news about someone else's job; use the indirect approach when giving readers bad news about their own jobs.

Most managers must convey bad news about people from time to time. You can use the direct approach when communicating with other companies, sending a negative reference to a prospective employer, or writing to job applicants. But it's best to use the indirect approach when giving negative performance reviews to employees, because they will most certainly be emotionally involved. In addition, choose the media you use for these messages with care. (See "Focusing on Ethics: Should Employers Use E-Mail to Deliver Negative Employment Messages?")

Refusing Requests for Recommendation Letters

Even though many states have passed laws to protect employers who provide open and honest job references for former employees, legal hazards persist.⁹ That's why many former employers still refuse to write recommendation letters—especially for people

Should Employers Use E-Mail to Deliver Negative Employment Messages?

Most people are more comfortable delivering bad news via e-mail than in person or on the phone. But is it appropriate to avoid the dreaded task of explaining layoffs and spending cuts in person by using e-mail to break such bad news? Some think it is.

Few executives advise using e-mail in extremely personal situations such as firing an employee, but some think using e-mail is perfectly fine for other uncomfortable scenarios such as job cuts, travel restrictions, hiring freezes, and significant spending changes. Consider these examples:

- Amazon.com called an in-person meeting to announce job cuts, but telecommuters who couldn't attend the meeting were informed via e-mail. "I want you to know that this was a very difficult decision for the company to make... we know this must be very painful to hear," the e-mail read.
- Discovery Communications used e-mail to alert Discovercom workers that staffing changes would take place before announcing layoffs of some of its dot-com full-time employees.
- Motorola sent e-mail to employees in its semiconductor sector explaining layoffs and other cost-cutting steps. Workers being let go were told in person, but word of what was happening went out electronically.

Ameritrade online brokerage notified more than 2,000 call-center workers of layoffs via e-mail.

Employers who use e-mail to deliver bad news claim that it's a quick and effective way to get information to all employees—especially those in remote locations or home offices. With face-to-face or even voice-to-voice communication, people have a tendency to tune out the worst and sugarcoat the bad news. But delivering bad news via e-mail lets people be more honest. E-mail facilitates straight talk because senders don't see the discomfort of their recipients.

However, critics cry foul when companies break job-related bad news via e-mail. As they see it, e-mail is too impersonal. "The only advantage is that it gives management an opportunity to duck and dodge angry employees," says one communications expert. If you want to maintain good relationships with your employees, "these kinds of things should be done in person."

Career Applications

1. Do you think employers should deliver negative employment messages via e-mail? Explain your answer.
2. Why does e-mail facilitate straight talk?

whose job performance has been unsatisfactory. When sending refusals to prospective employers, your message may be brief and direct:

According to guidelines from our human resources department, we are authorized to confirm only that Yolanda Johnson worked for Tandy, Inc., for three years, from June 1999 to July 2001. Best of luck as you interview the administrative applicants.

This message doesn't need to say, "We cannot comply with your request." It simply gets down to the business of giving readers the information that is allowable.

Letters to the applicants themselves are another matter. Any refusal to cooperate may seem a personal slight and a threat to the applicant's future. Diplomacy and preparation help readers accept your refusal:

Thank you for letting me know about your job opportunity with Coca-Cola. Your internship there and the MBA you've worked so hard to earn should place you in an excellent position to land the marketing job.

Although we send out no formal recommendations here at PepsiCo, I can certainly send Coke a confirmation of your employment dates. For more in-depth recommendations, be sure to ask the people you worked with during your internship to write evaluations of your work performance, and don't forget to ask several of your professors to write evaluations of your marketing skills. Best of luck to you in your career.

In letters informing prospective employers that you will not provide a recommendation, be direct, brief, and factual (to avoid legal pitfalls).

In letters telling job applicants that you will not write a recommendation, use the utmost tact.

This letter deftly and tactfully avoids hurting the reader's feelings, because it makes positive comments about the reader's recent activities, implies the refusal, suggests an alternative, and uses a polite close.

Rejecting Job Applications

It's also difficult to tactfully tell job applicants that you won't be offering them employment. But don't let the difficulty stop you from communicating the bad news. Rejecting an applicant with silence is unacceptable. At the same time, poorly written rejection letters do have negative consequences, ranging from the loss of qualified candidates for future openings to the loss of potential customers (not only the rejected applicants but also their friends and family).¹⁰ When delivering bad news to job applicants, follow three guidelines:¹¹

- Open with the direct approach. A recent study by the *Journal of Business and Technical Communication* shows businesses fare better when they reject applicants up front.¹² Job applicants know that good news will most likely come by phone and that bad news will most likely come by letter. If you try to buffer the bad news that your reader is expecting, you will seem manipulative and insincere.
- Clearly state why the applicant was not selected. Make your rejection less personal by stating that you hired someone with more experience or whose qualifications match the position requirements more closely.
- Close by suggesting alternatives. If you believe the applicant is qualified, mention other openings within your company. You might suggest professional organizations that could help the applicant find employment. Or you might simply mention that the applicant's résumé will be considered for future openings. Any of these positive suggestions may help the applicant be less disappointed and view your company more positively.

A rejection letter need not be long. Remember, sending a well-written form letter that follows these three guidelines is better than not sending one at all. After all, the applicant wants to know only one thing: Did I land the job? Your brief message conveys the information clearly and with tactful consideration for the applicant's feelings. After Carol DeCicco interviewed with Bradley & Jackson, she was hopeful about receiving a job offer. Everything went well, and her résumé was in good shape. The e-mail in Figure 8.6 was drafted by Marvin Fichter to communicate the bad news to DeCicco. After reviewing the first draft, Fichter made several changes to improve the communication (see Figure 8.7). The revised e-mail helps DeCicco understand that (1) she would have been hired if she had more experience, and (2) she shouldn't be discouraged.

Giving Negative Performance Reviews

A performance review is a manager's formal or informal evaluation of an employee's performance. Few other communication tasks require such a broad range of skills and strategies as those needed for performance reviews, whether positive or negative. The main purpose of these reviews is to improve employee performance by (1) emphasizing and clarifying job requirements, (2) giving employees feedback on their efforts toward fulfilling job requirements, and (3) guiding continued efforts by developing a plan of action, with its rewards and opportunities. (See "Sharpening Your Career Skills: Mastering the Art of Constructive Criticism.") In addition to improving employee performance, performance reviews help companies set organizational standards and communicate organizational values.¹³

Positive and negative performance reviews share several characteristics. The tone is objective and unbiased, the language is nonjudgmental, and the focus is problem resolution.¹⁴ Also, to increase objectivity, more organizations are asking their employees feedback from multiple sources. In these "360-degree reviews," employees get feedback from all directions in the organization: above, below, horizontally,¹⁵

Learning Objective 6

List three guidelines for delivering bad news to job applicants and give a brief explanation of each one.

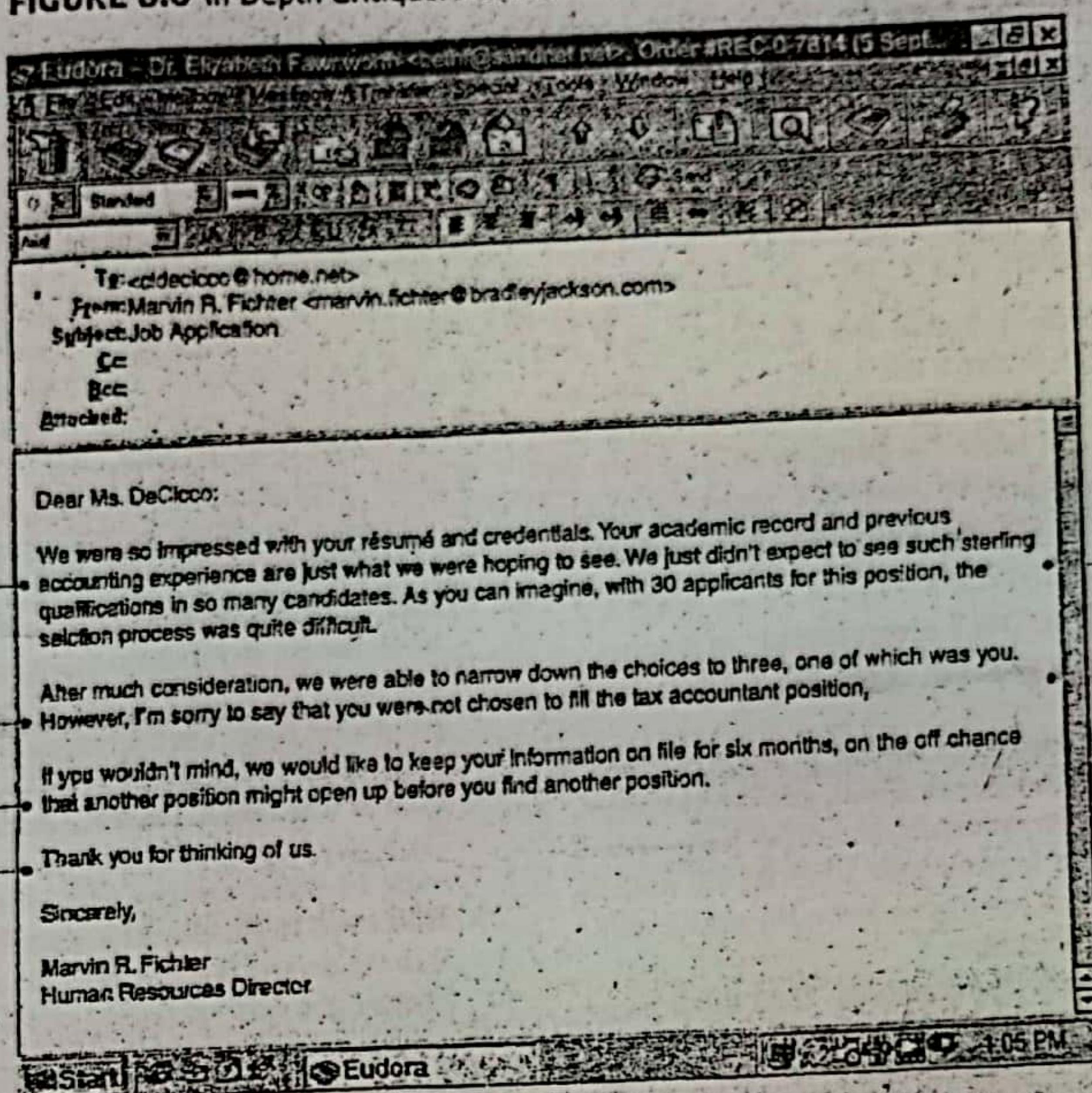
In a letter turning down a job applicant, treat the reader with respect; by applying for a job, he or she has complimented your company.

Learning Objective 7

Outline the main purpose of performance reviews, give three ways to accomplish that purpose, and list five guidelines to follow when giving negative reviews.

In performance reviews, say what's right as well as what's wrong, and explain how the employee can improve performance.

FIGURE 8.6 In-Depth Critique: Ineffective E-Mail Rejecting a Job Application



Opens using the indirect approach—leading the candidate on and building her expectations before disappointing her

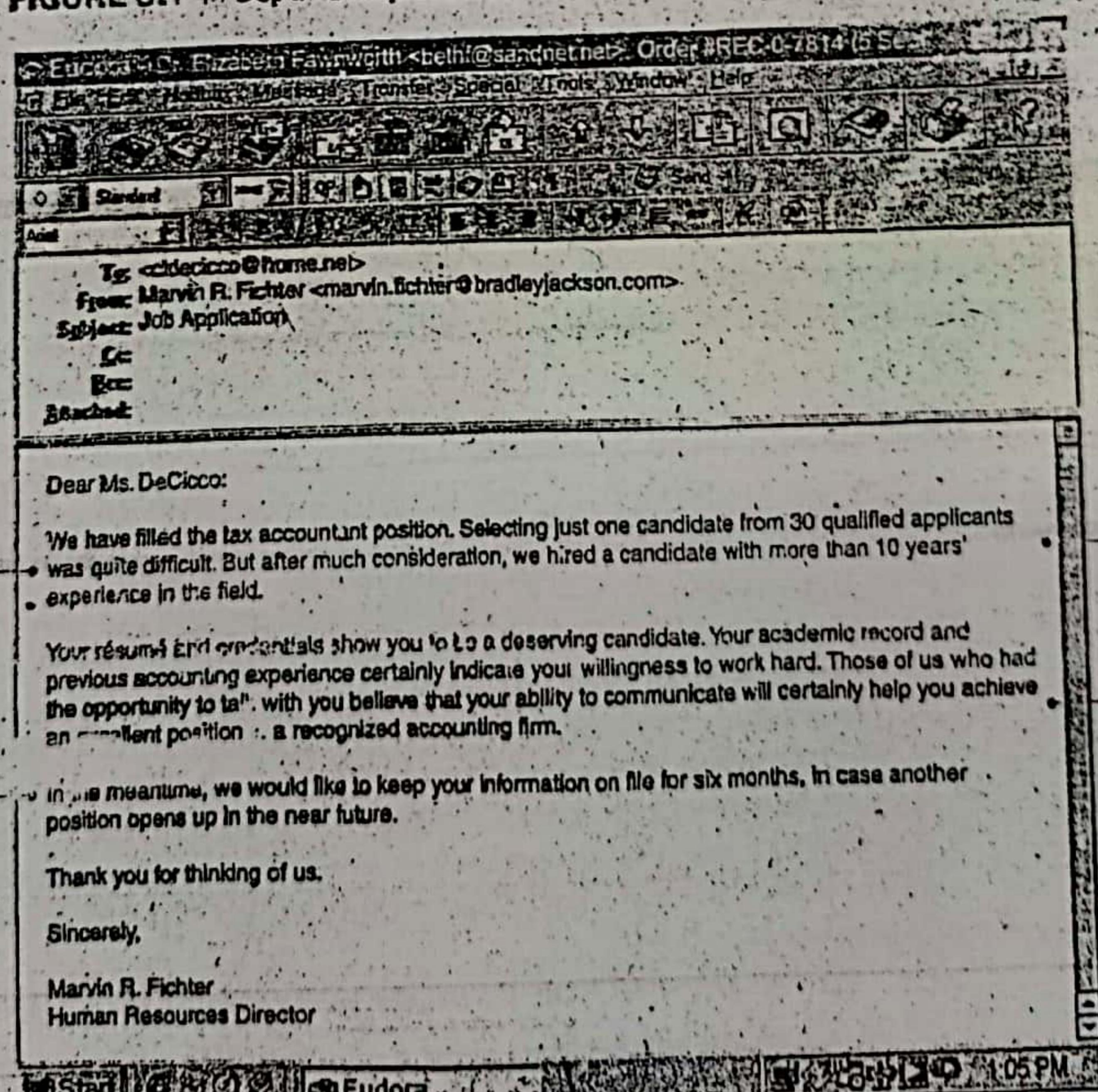
Finally states the bad news, but does so bluntly, with an apology that makes the reader feel worse than necessary

Closes positively, but asking to keep reader's records on file sounds insincere after handling the rejection so badly

Begins to hint at the bad news rather than just coming out with it

Gives no reasons for why someone else was chosen, leaving the candidate to ponder whatever personal characteristics she might regard as her shortcomings.

FIGURE 8.7 In-Depth Critique: Effective E-Mail Rejecting a Job Application



Opens with the direct approach by not postponing the bad news that the applicant expects

Closes positively by asking to keep information on file

Implies the bad news and emphasizes that the deciding factor was experience, not poor qualifications

Follows the bad news with further encouragement, offering specific ways to help the candidate finish the message with her self-confidence intact

Sharpening Your Career Skills

Mastering the Art of Constructive Criticism

To become better writers, people need to be evaluated, but taking criticism from others is often difficult. The way you tell someone "You did it wrong" can destroy goodwill and cooperation, or it can build the relationship and help the person learn from the mistake, improve performance, and retain self-esteem. To criticize more constructively, follow these suggestions:

- **Get all the facts first.** Don't accept hearsay or rumors. Find out specifically who did or said what, when, where, why, and how.
- **Don't act in haste.** Never act while you're angry. Think things out before you write or speak, and then explain your criticism calmly, rationally, and objectively.
- **Phrase your remarks impersonally.** Criticize the mistake, not the person. Focus your remarks on the action only, and analyze it thoughtfully.
- **Never criticize in an offhand manner.** Treat the situation seriously. Take the time to state the problem in detail, explaining what was wrong and why.
- **Avoid an abusive tone.** Ridiculing someone, talking down to a person, or using sarcasm prevents people from accepting what you have to say.
- **Make the offense clear.** Don't talk in generalities. Be specific about exactly what was done wrong.
- **Preface the criticism with a kind word or a compliment.** Start with a few words of praise or admiration, saying how much you value the person. First the good news, then the bad.
- **Supply the answer.** Explain how to do things right. Don't dwell on the mistake; emphasize how to correct it and how to avoid repeating it.

- **Ask for cooperation.** Don't demand cooperation. Asking makes the person feel like a team member and provides an incentive to improve.
- **Limit yourself to one criticism for each offense.** Don't dredge up or rehash past mistakes. Focus on the current problem.
- **End on a friendly note.** Don't conclude by leaving things up in the air, to be discussed again later. Settle them now, and make the close friendly. Give the other person a pat on the back. Let the last memory of the matter be a good one.
- **Forgive and forget.** Once the criticism has been made, let the person start with a clean slate. Avoid looking for more mistakes, and give the person a chance to improve.
- **Take steps to prevent a recurrence.** Follow up to make sure the person is acting on your suggestions and doing things right.

If you follow these guidelines, constructive criticism can benefit you, your company, and—most important—the person you're criticizing.

Career Applications

1. Think back over the lessons you've learned in life. How did you benefit from someone telling you the truth about something you were doing wrong?
2. With a partner, role-play a situation in which one of you is the boss and the other an employee. The boss is angry because the employee repeatedly arrives late for work, takes long lunches, and leaves 5 to 10 minutes early. However, the employee's work is always excellent. After the role-play, analyze what the boss did right and what could be improved.

Be aware that employee performance reviews can play an important role in lawsuits. It's difficult to criticize employees face-to-face, and it's just as hard to include criticism in written performance evaluations. Nevertheless, if you fire an employee for incompetence and the performance evaluations are all positive, the employee can sue your company, maintaining you had no cause to terminate employment.¹⁶ Also, your company could be sued for negligence if an injury is caused by an employee who received a negative evaluation but received no corrective action (such as retraining).¹⁷ So, as difficult as it may be, make sure your performance evaluations are well balanced and honest.

When you need to give a negative performance review, follow these guidelines:¹⁸

- **Confront the problem right away.** Avoiding performance problems only makes them worse. The one acceptable reason to wait is to allow you time to calm down and regain your objectivity.
- **Plan your message.** Be clear about your concerns, and include examples of the employee's specific actions. Think about any possible biases you may have, and get

feedback from others. Collect and verify all relevant facts (both strengths and weaknesses).

- **Deliver the message in private.** Whether in writing or in person, be address the performance problem privately. Don't send performance reviews by e-mail or fax. If you're reviewing an employee's performance face-to-face, conduct that review in a meeting arranged expressly for that purpose, and consider holding that meeting in a conference room, the employee's office, or some other neutral area.
- **Focus on the problem.** Discuss the problems caused by the employee's behavior (without attacking the employee). Compare the employee's performance with what's expected, with company goals, or with job requirements (not with the performance of other employees). Identify the consequences of continuing poor performance, and show that you're committed to helping solve the problem.
- **Ask for a commitment from the employee.** Help the employee understand that planning for and making improvements are the employee's responsibility. However, finalize decisions jointly so that you can be sure any action to be taken is achievable. Set a schedule for improvement and for following up with evaluations of that improvement.

Even if your employee's performance has been disappointing, you would do well to mention some good points in your performance review. Then you must clearly and tactfully state how the employee can better meet the responsibilities of the job. If the performance review is to be effective, be sure to suggest ways that the employee can improve.¹⁹ For example, instead of only telling an employee that he damaged some expensive machinery, suggest that he take a refresher course in the correct operation of that machinery. The goal is to help the employee succeed.

Terminating Employment

When writing a termination letter, you have three goals: (1) present the reasons for this difficult action, (2) avoid statements that might involve the company in legal action, and (3) leave the relationship between the terminated employee and the firm as favorable as possible. For both legal and personal reasons, present specific justification for asking the employee to leave.²⁰

Make sure that all your reasons are accurate and verifiable. Avoid words that are open to interpretation, such as *untidy* and *difficult*. Make sure the employee leaves with feelings that are as positive as the circumstances allow. You can do so by telling the truth about the termination and by helping as much as you can to make the employee's transition as smooth as possible.²¹ To review the tasks involved in this type of message, see this chapter's "Checklist: Negative Employment Messages."

Carefully word a termination letter to avoid creating undue ill will and grounds for legal action.

Best of the Web

Protect Yourself When Sending Negative Employment Messages

A visit to CCH's Business Owner's Toolkit can help you reduce your legal liability, whether you are laying off an employee, firing an employee, or contemplating a company-wide reduction in your workforce. Find out the safest way to fire someone from a legal standpoint before it's too late. Learn why it's important to document disciplinary actions. Discover why some bad news should be given face-to-face and never by a letter or over the phone.

www.toolkit.cch.com/scripts/sehotoc.asp

CHECKLIST: NEGATIVE EMPLOYMENT MESSAGES**A. Rudder**

1. Identify the applicant or employee clearly when writing to a third party.
2. Express the reasons for writing—clearly, completely, and objectively.
3. Avoid inaccurate expressions of regret.
4. Avoid impersonal business clichés.

B. Reasons

1. Avoid terms with legal definitions (deadlines, warranties).
2. Avoid negative terms with imprecise definitions (lazy, sloppy).
3. Whenever possible, embed negative comments in favorable or semifavorable passages.
4. Avoid generalities, and explain the limits of your observations about the applicant's or employee's shortcomings.
5. Eliminate secondhand information.
6. Stress the confidentiality of your letter.
7. Avoid negative personal judgments.
8. For letters refusing to supply a recommendation to job seekers, suggest another avenue for getting a recommendation.

9. For rejection letters, emphasize the positive qualities of the person hired rather than the shortcomings of the rejected applicant.
10. For performance reviews, describe the employee's limitations and suggest methods for improving performance.

C. The bad news

1. Imply negative decisions whenever possible.
2. Avoid statements that might involve the company in legal action.

D. Positive, friendly, helpful close

1. For refusals to supply recommendations and for rejection letters, extend good wishes.
2. For performance reviews, express a willingness to help further.
3. For termination letters, make suggestions for finding another job, if applicable.

*These items are in addition to the material included in the "Checklist: Bad-News Messages."

COMMUNICATION CHALLENGES AT CAPONIGRO PUBLIC RELATIONS


Since founding Caponigro Public Relations, President and CEO Jeff Caponigro has helped dozens of companies convey bad news to employees, shareholders, the general public, and the media. As each challenge arises, he relies on well-trained and loyal employees to develop strategies and to provide solutions for clients who are faced with the task of delivering bad news.

Individual Challenge: Ten customers who picked up their dry cleaning in the last two days have complained to Mason Dry Cleaners about experiencing skin irritations after wearing their newly cleaned garments. Now owner Mark Mason has discovered that a new employee mixed the wrong combination of chemicals when making the cleaning solution for the garments. Mason has hired Jeff Caponigro's firm to draft a bad-news form letter to his customers to explain the situation and to emphasize that the problem has been addressed and corrected. Caponigro has asked you to

compose the first draft for his review. The letter will convey an offer to reclean the garments for free and include a coupon for another free cleaning. But before you draft your bad-news letter, list your objectives and major points, then plan how you will open your communication. How will you end on a strong, positive note?

Team Challenge: Drawing on recent events from newspapers or from your own experience, think about some instances in which you thought bad news was delivered improperly and discuss these situations with your classmates. As a group, decide how you would have improved each situation. Be sure to consider the following elements of the message:

- Organizational approach
- Adequacy of actual information and detail
- Positive close
- Choice of words and tone

SUMMARY OF LEARNING OBJECTIVES

1 Apply the three-step writing process to bad-news messages. Because the way you say no can be far more damaging than the fact that you're saying it, planning your bad-news messages is crucial. Make sure your purpose is specific, necessary, and appropri-

ate for written media. Find out how your audience prefers to receive bad news. Collect all the facts necessary to support your negative decision, and adapt your tone to the situation as well as to your audience. Bad-news messages may be organized according to

the direct or the indirect approach, and your choice depends on audience preference as well as on the situation. In addition, carefully choose positive words to construct diplomatic sentences. Finally, revision, design, and proofreading are necessary to ensure that you are saying exactly what you want to say in the best possible way.

Show how to achieve an audience-centered tone, and explain why it helps readers. To create an audience-centered tone, be a good listener, do your research, and acknowledge your readers' feelings and concerns. Use the "you" attitude, choose positive words, and use language that is respectful in your communications. Adopting this tone helps your readers accept that your decision is firm, understand that your decision is fair and reasonable, remain well disposed toward your company, and preserve their pride.

Differentiate between the direct and indirect organizational approaches to bad-news messages, and discuss when it's appropriate to use each one. The direct approach to bad-news messages puts the bad news up front, follows with the reasons (and perhaps offers an alternative), and closes with a positive statement. On the other hand, the indirect approach begins with a buffer (a neutral or positive statement), explains the reasons, clearly states the bad news (de-emphasizing it as much as possible), and closes with a positive statement. It's best to use the direct approach when you know your audience prefers receiving bad news up front or if the bad news will cause readers little pain or disappointment. Otherwise, the indirect approach is best. Be sure to modify your approach for cultural differences.

4 Discuss the three techniques for saying no as clearly and kindly as possible. To say no and still be diplomatic, use three techniques. First, de-emphasize the bad news by minimizing the space (or time) devoted to it, subordinating it in a complex or compound sentence, or embedding it mid-paragraph. Second, relate the bad news in a conditional (*if* or *when*) statement to imply that readers could have received or might someday receive a favorable answer. Third, imply the bad news by saying what you will do, not what you won't do.

5 Define *defamation*, and explain how to avoid it in bad-news messages. Defamation is a false statement that is damaging to a person's character or reputation. When written, defamation is called libel. When spoken, it's called slander. To avoid being accused of defamation, (1) never use abusive language, (2) express personal opinions without involving your company (using your own personal letterhead and excluding your title or position); (3) stick to the facts, (4) never write a message in anger, (5) seek legal advice about questionable messages, and (6) communicate honestly.

6 List three guidelines for delivering bad news applicants, and give a brief explanation of each. When rejecting job applicants, follow three guidelines: (1) Use the direct approach. Your readers probably assume that a letter from you is bad news, so don't build their suspense. (2) State clearly why your reader was not selected. This explanation can be specific without being personal if you explain that you hired someone with more experience or with qualifications that more closely match position requirements. (3) Suggest alternatives. Perhaps your company has other openings or you would be willing to consider the applicant for future openings.

7 Outline the main purpose of performance reviews, give three ways to accomplish that purpose, and list five guidelines to follow when giving negative reviews. The main purpose of a performance review is to improve employee performance. To accomplish this purpose, be sure to emphasize and clarify job requirements, give feedback on employee efforts, and develop a plan of action to guide continuing efforts. When giving negative reviews, confront the problem immediately, plan your message carefully, deliver your message in private, focus on the problem (not on the employee), and ask for a commitment from the employee.

TEST YOUR KNOWLEDGE

1. What are the five main goals in delivering bad news?
2. Why is it particularly important to adapt your medium and tone to your audience's needs and preferences when writing a bad-news message?
3. What are the advantages of using the direct approach to deliver the bad news at the beginning of a message?
4. What is the sequence of elements in a bad-news message organized using the indirect approach?
5. What is a buffer, and why do some critics consider it unethical?
6. When using an indirect approach to announce a negative decision, what is the purpose of presenting your reasons before explaining the decision itself?
7. What are three techniques for de-emphasizing bad news?
8. What is defamation, and how does libel differ from slander?
9. What are three guidelines for writing rejection letters to job applicants?
10. When giving a negative review to an employee, what five steps should you follow?

APPLY YOUR KNOWLEDGE

1. Why is it important to end your bad-news message on a positive note? Explain.
2. If company policy changes, should you explain those changes to employees and customers at about the same time, or should you explain them to employees first? Why?
3. If the purpose of your letter is to convey bad news, should you take the time to suggest alternatives to your reader? Why or why not?

4. When a company suffers a setback, should you soften the impact by letting out the bad news a little at a time? Why or why not?
5. Ethical Choices Is intentionally de-emphasizing bad news the same as distorting graphs and charts to de-emphasize unfavorable data? Why or why not?

PRACTICE YOUR KNOWLEDGE

Documents for Analysis

Read the following documents; then (1) analyze the strengths and weaknesses of each sentence and (2) revise each document so that it follows this chapter's guidelines.

Document 8.A: Providing Bad News About Products

Your spring fraternity party sounds like fun. We're glad you've again chosen us as your caterer. Unfortunately, we have changed a few of our policies, and I wanted you to know about these changes in advance so that we won't have any misunderstandings on the day of the party.

We will arrange the delivery of tables and chairs as usual the evening before the party. However, if you want us to set up, there is now a \$100 charge for that service. Of course, you might want to get some of the brothers and pledges to do it, which would save you money. We've also added a small charge for cleanup. This is only \$3 per person (you can estimate because I know a lot of people come and go later in the evening).

Other than that, all the arrangements will be the same. We'll provide the skirt for the band stage, tablecloths, bar setup, and, of course, the barbecue. Will you have the tubs of ice with soft drinks again? We can do that for you as well, but there will be a fee.

Please let me know if you have any problems with these changes and we'll try to work them out. I know it's going to be a great party.

Document 8.B: Refusing Requests for Claims and Adjustments

I am responding to your letter of about six weeks ago asking for an adjustment on your fax/modem, model #PN59Z. We test all our products before they leave the factory; therefore, it could not have been our fault that your fax/modem didn't work.

If you or someone in your office dropped the unit, it might have caused the damage. Or the damage could have been caused by the shipper if he dropped it. If so, you should file a claim with the shipper. At any rate, it wasn't our fault. The parts are already covered by warranty. However, we will provide labor for the repairs for \$50, which is less than our cost, since you are a valued customer.

We will have a booth at the upcoming trade fair there and be to see you or someone from your office. We have many new models of office machines that we're sure you'll want to see. I've enclosed our latest catalog. Hope to see you soon.

Document 8.C: Rejecting Job Applications

I regret to inform you that you were not selected for our summer intern program at Equifax. We had over a thousand resumes and cover letters to go through and simply could not get to them all. We have been asked to notify everyone that we have already selected students for the 25 positions based on those who applied early and were qualified.

We're sure you will be able to find a suitable position for summer work in your field and wish you the best of luck. We deeply regret any inconvenience associated with our reply.

Exercises

For live links to all websites discussed in this chapter, visit this text's website at www.prenhall.com/boeve. Just log on and select Chapter 8, and click on "Student Resources." Locate the name of the site or the URL related to the material in the text. For the "Exploring the Best of the Web" exercises, you'll also find navigational directions. Click on the live link to the site.

8.1 Selecting the Approach Select which approach you would use (direct or indirect) for the following bad-news messages:

- A memo to your boss informing her that one of your key clients is taking its business to a different accounting firm
- An e-mail message to a customer informing her that one of the books she ordered over the Internet is temporarily out of stock
- A letter to a customer explaining that the tape backup unit he ordered for his new custom computer is on back order and that, as a consequence, the shipping of the entire order will be delayed
- A letter from the telephone company rejecting a customer's claim that the phone company should reimburse the customer for the costs of a new high-speed modem (apparently, the phone lines will carry data at only half the modem's speed)
- A memo to all employees notifying them that the company parking lot will be repaved during the first week of June and that the company will provide a shuttle service from a remote parking lot during that period
- A letter from a travel agent to a customer stating that the airline will not refund her money for the flight she missed but that her tickets are valid for one year
- A form letter from a U.S. airline to a customer explaining that they cannot extend the expiration date of the customer's frequent flyer miles even though the customer was living overseas for the past three years
- A letter from an insurance company to a policyholder denying a claim for reimbursement for a special medical procedure that is not covered under the terms of the customer's policy
- A letter from an electronics store stating that the customer will not be reimbursed for a malfunctioning cell phone still under warranty (the terms of the warranty do not cover damages to phones that were accidentally placed in the freezer overnight)
- An announcement to the repairs department listing parts that are on back order and will be three weeks late

Teamwork Working alone, revise the following statements to de-emphasize the bad news. (Hint: Minimize the space devoted to the bad news, subordinate it, embed it, or use the passive voice.) Then team up with a classmate and read each other's revisions. Did you both use the same approach in every case? Which approach seems to be most effective for each of the revised statements?

- a. The airline can't refund your money. The "Conditions" segment on the back of your ticket states that there are no refunds for missed flights. Sometimes the airline makes exceptions, but only when life and death are involved. Of course, your ticket is still valid and can be used on a flight to the same destination.
- b. I'm sorry to tell you, we can't supply the custom decorations you requested. We called every supplier and none of them can do what you want on such short notice. You can, however, get a standard decorative package on the same theme in time. I found a supplier that stocks these. Of course, it won't have quite the flair you originally requested.
- c. We can't refund your money for the malfunctioning lamp. You shouldn't have placed a 250-watt bulb in the fixture socket; it's guaranteed for a maximum of 75 watts.

8.3 Using Buffers Answer the following questions pertaining to buffers:

- a. You have to tell a local restaurant owner that your plans have changed and you have to cancel the 90-person banquet scheduled for next month. Do you need to use a buffer? Why or why not?
- b. Write a buffer for a letter declining an invitation to speak at the association's annual fundraising event. Show your appreciation for being asked.
- c. Write a buffer for a letter rejecting a job applicant who speaks three foreign languages fluently. Include praise for the applicant's accomplishments.

8.4 Internet Public companies sometimes have to issue news releases announcing or explaining downturns in sales, profits, demand, or other business factors. Search the Web to locate a company that has issued a press release that recently reported lower earnings or other bad news, and access the news release on that firm's website. Alternatively, find the type of press release you're seeking by reviewing press releases at www.prnewswire.com or www.businesswire.com. How does the headline relate to the main message of the release? Is the release organized according to the direct or the indirect approach? What does the company do to present the bad news in a favorable light?

8.5 Ethical Choices The insurance company where you work is planning to raise all premiums for health-care coverage. Your boss has asked you to read a draft of her letter to customers announcing the new, higher rates. The first two paragraphs discuss some exciting medical advances and the expanded coverage offered by your company. Only in the final paragraph do customers learn that they will have to pay more for coverage starting next year. What are the ethical implications of this draft? What changes would you suggest?

EXPAND YOUR KNOWLEDGE

Exploring the Best of the Web:

Protect Yourself When Sending Negative Employment Messages, p. 249

Reduce your legal liability before you discipline or fire an employee for misconduct by paying attention to the advice at the CCH Business Owner's Toolkit. Log on, read, and then answer these questions.

1. What should a manager communicate to an employee during a termination meeting?
2. Why is it important to document employee disciplinary actions?
3. What steps should you take before firing an employee for misconduct or poor work?

Exploring the Web on Your Own

Review these chapter-related websites on your own to learn more about the bad-news issues human resources departments are facing today.

1. Workforce magazine online, www.workforce.com, has the basics and the latest on human resource issues such as recruiting, laws, managing the workforce, incentives, strategies, and more. Read the current edition online.
2. HR.com, www.hr.com, is the place to go to read about workplace trends, legislation affecting employers, recruiting, compensation, benefits, staffing, and more. Log on and learn.
3. BusinessTown.com, www.businesstown.com/people/Reviews.asp, has the latest lowdown on how to conduct a performance review.

LEARN INTERACTIVELY

Interactive Study Guide

Visit "My Companion Website" at www.prenhall.com/boeve. For Chapter 8, take advantage of the interactive "Study Guide" to test your chapter knowledge. Get instant feedback on whether you need additional studying. Read the "Current Events" articles to get the latest on chapter topics, and complete the exercises—as specified by your instructor.

This site offers a variety of additional resources: The "Research Area" helps you locate a wealth of information to use in course assignments. You can even send a message to online research experts, who will help you find exactly the information you need. The "Study Hall" helps you succeed in this course. "Talk in the Hall" lets you leave messages and meet new friends online. If you have a question, you can "Ask the Tutor." And to get a better grade in this course, you can find more help at "Writing Skills," "Study Skills," and "Study Tips."

Grammar Diagnostic Tests

Review and reinforce your grammar and language skills by taking one of the four online diagnostic tests offered at our companion website, www.prenhall/boeve.com. The four tests cover a variety of topics, including spelling, capitals, punctuation, verbs, pronouns, adjectives, adverbs, sentence structure, sentence punctuation, clarity, word choice, style, organization skills, proofreading, and more. Submit your test and assess your competency. Then focus on improving areas where you are weak as you complete the exercises in this chapter.

APPLYING THE THREE-STEP WRITING PROCESS TO CASES

Apply each step to the following cases, as assigned by your instructor.



1) Planning Cases

1. What's your main idea?
2. What do you want the reader to do?
3. Who are your readers? (Who is the primary audience?)
4. What's the purpose of the message?
5. What does the reader already know about the topic?
6. What will you say to make credibility?



2) Writing Cases

Organize

1. What's your main idea?
2. Will you use the direct or indirect approach? Why?

Compose

3. Will your tone be informal or more formal?
4. Draft the message as discussed in the "Your task" section of the case.



3) Completing Cases

Revise

1. Use the "Checklist for Revising Business Messages" on page 155 to edit and revise your message for clarity.

Produce

2. Use the steps in "Producing Your Message" on page 155 to produce your message.

Proofread

3. Read your message for errors in layout, spelling, and punctuation.

NEGATIVE ANSWERS TO ROUTINE REQUESTS

1. No deal. Letter from Home Depot to new vendor manufacturer. At least this year there were indoor baseballs. You remember a time when vendor boycotts at Home Depot's biannual product-line review weren't granted that immunity in their quest to become one of the huge retail chain's 15,000 North American suppliers. This year the manufacturers' representatives were herded into a cavernous, unheated, metal barn in Fort Worth, Texas. Still, they did their best to win, keep, or expand their spot in the Home Depot product lineup, in individual meetings with a panel of regional and national merchandisers for the chain.

As assistant to the vice president of sales for Arkansas-based Home Depot, you were pleased that last week's review was held at Tropicana Field in St. Petersburg, Florida. The 45,000-seat indoor baseball stadium not only had bathrooms, it smelled better than the reviews you attended at the Kansas City Stockyards immediately after a rodeo, where the fibers hadn't yet settled and the odor was not of fresh palm and plywood. You often wonder if these other locations aren't chosen to keep vendors off guard during negotiations. But whenever they're held, the weedling product review sessions are heavily attended.

Product suppliers know that Home Depot holds all the cards, so if they want to play, they have to follow its rules, offering low wholesale prices and swift delivery. Once chosen, they're constantly re-evaluated—and quickly dropped for infractions such as requesting a price increase or planning to sell directly to

consumers via the Internet. They'll also hear sharp critiques of their past performance. These are not to be taken lightly.

A decade ago, General Electric failed to keep Home Depot stores supplied with lightbulbs, causing shortages. Co-founder Bernard Marcus immediately stripped GE of its exclusive, 20-foot shelf-space and flew off to negotiate with its Netherlands competitor, Phillips. Two years later, after high-level negotiations, GE bulbs were back on Home Depot shelves—but in a position inferior to Phillips's.

Such combative tales aren't lost on vendors. But they know that despite tough negotiations, Home Depot is always looking for variety to please its customers' changing tastes and demands. The sales potential is so enormous, the compromises and concessions are worthwhile. If selected, they get immediate distribution in more than 1,000 stores (a number Home Depot plans to double in the next few years).

Still, you've seen the stress on reps' faces as they explain product enhancements and on-time delivery ideas in the review sessions. Their only consolation for this grueling process is that, although merchandisers won't say yes or no on the spot, they do let manufacturers know where they stand within a day or two. And the company is always willing to reconsider at the next product-line review—whatever it's held.

Your task: You're drafting some of the rejection letters, and the next one on your stack is to a trailer manufacturer, Brightway Manufacturing, 133 Industrial Avenue, Gary, IN 46406. "Too expensive," "substandard plastic handles," and "a design not likely to appeal to Home Depot customers."

say the panel's notes. (And knowing what its customers want has put Home Depot in the top 10 of the Fortune 500 list, with \$40 billion in annual sales.) Find a way to soften the blow in your rejection letter to Brightway. After all, consumer tastes do change. Direct your letter to Pamela Wilson, operations manager.²²

2. Bad timing: Letter from AFM Ventures denying an e-commerce firm start-up financing WebTaggers had all the right ingredients for start-up success:

- Three young graduates of New Mexico Tech University who put their heads together and came up with a plan for an e-commerce start-up, based on software they designed
- An experienced chief executive whose presentations to investors were skilled, professional, and convincing
- An initial investment of \$1 million from AVLabs to get the ball rolling
- A top law firm investigating patents
- A feature story about their capital-raising efforts in *The New York Times*
- An accountant from Virtualcfo, a financial advising firm, who claims WebTaggers was generating revenue and was expected to turn a profit within a few months

The only thing WebTaggers didn't have was good timing.

The venture capital firm you preside over, AFM Ventures based in Austin, Texas, was impressed by the 10-minute presentation WebTaggers' chief executive, 45-year-old David Chevalier, made at the Texas Venture Capitalist Conference in May. Your investor group liked his style and confidence. Moreover, they liked WebTaggers' product, a software application developed by company co-founders Rudy Rouhana, 24, and Sean McCullough, 25. The program allowed online retailers to track customers' movements around their websites and record their preferences, automatically changing the product information presented to them to reflect their personal interests. Brilliant, your investors agreed. And six months previously, you'd have laid down some of the \$10 million WebTaggers was seeking.

But now AFM has qualms. Online retailers have been disappearing from the Internet like dandelion puffs all year long, and WebTaggers caters to that e-commerce crowd. Who will be left to buy WebTaggers' product?

Despite their olive-drab trousers, T-shirts, and nose studs, you genuinely admire the talents of Rouhana, McCullough, and his twin brother, Craig, founders of WebTaggers. And with his history as a vice president for Dell Computers who led six other start-ups to success, the business-suited Chevalier seemed an excellent choice to run the company. You know they've got a deadline to raise the \$10 million or their doors will shut, and you've heard rumors that other investment companies are turning them down as well. But you just can't argue with the economic realities. After all, your investment group has to look out for its own interests.

This is a tough year for tech talent, but you're pretty certain these young inventors will turn up again with a new idea before too long. They had such a good beginning! As Travis Fuller, their accountant at Virtualcfo, told you, "Sometimes you can do all the right things, and it still doesn't work."

Your task: As president of AFM Ventures, you're the one who must write to WebTaggers, 6120 Lamar Boulevard, Suite 3, Austin, TX 78704, denying their request for funding.

Use whatever positive elements you can offer to buffer the bad news. Reflect their own informality in your style, addressing the letter, "Dear Rudy, Sean, Craig, and David."²³

3. Disappearing soaps: E-mail from Craftopia.com

At Craftopia.com, based in West Chester, Pennsylvania, orders for the Seaside Soaps kit have been flying in faster than you can fill them. Consumers are ordering the kit over your 800 line and from your website, through the SSL (Secure Socket Layering) encrypted ordering service. The frenzy started with a national magazine ad campaign—Craftopia's first:

The print ad for the "soap-making" kits featured a luscious summer beach scene with a sun-drenched little girl playing in the surf. Next to this warm image, an inset photo displayed the translucent blue, yellow, and green "sea-life" soaps spilling from a bucket onto the sand like colored ice cubes. The kit includes molds (for conch and scallop shells, bubbles, starfish, and a porpoise), a two-pound block of glycerine soap (enough for 52 soaps), lavender scent, color dyes, and eye-droppers. Although your site sells some 75,000 products for creative crafts projects, the soap kit is the biggest seller the company has had since its springtime launch by former QVC executive Harold Poliskin.

With deep-pocketed funding from an impressive array of investors, Craftopia.com offers an extensive variety of products for the growing number of crafters now shopping online. "We're seeing people order 50 of something at once," Poliskin proudly told *The Philadelphia Inquirer* shortly after Craftopia's debut. "A lot of stores wouldn't have that much in stock."

At www.craftopia.com, consumers can read Craftopia's online magazine, share tips and ideas with others on the bulletin board, search for projects by level of skill required, and read instructions and tips for using the products they order. If they're reluctant to transmit credit card information over the Internet, they can call 1-800-373-0343, Monday through Friday, 9 A.M. to 5 P.M. ET, and speak to an operator.

Yarn, ribbon, candles, stencils—you name it, Craftopia.com can deliver it to your door. Everything a creative dabbler could ask for—except for those cool Seaside Soap kits so enticingly displayed on your website "for the hot price of just \$39.00." You've just been informed by your supplier, which drop-ships the merchandise directly, that the stock has run out. Regardless of the scramble to speed up production, the new kits won't be ready to ship until six weeks from today.

Your task: As customer service supervisor (www.hsn.com/customer_service), you've been asked to break the bad news in an e-mail message notifying customers of the delay. Craftopia will offer refunds or merchandise credit to customers who make such a request. Also, because the soap kits are hitting kind of numbers that investors want to see, your message will be reviewed by CEO Poliskin before it's released. Better than it your best work.²⁴

4. Cyber-surveillance: Memo refusing claim of Silent Watch victim

Next week you're going to write a thank-you letter to Roy Young of Adavi, Inc., makers of Silent Watch software, for solving an impossible management problem. But right now you've got an employee's claim on you, and you're trying to calm yourself before you reply.

Your business is called Advertising Inflatables, and your specialty is designing and building the huge balloon replic

for advertising atop retail stores, tire outlets, used-car lots, fast-food outlets, fitness clubs, etc. You've built balloon re-creations of everything from a 50-foot *King Kong* to a "small" 10-foot pizza. When your business grew from 2 employees to 25, you thought your biggest concern would be finding enough workers to support them.

Your fame spread after local newspapers wrote about your company building giant soft drink "cans" for a Pepsi Superbowl commercial, set in outer space with real cosmonauts. The commercial never aired, but your business boomed. You hired more designers, salespeople, customer service reps, and additional painters and builders to work in the shop. Today, even design work is done on computers, and it turns out the hardest part of your job is managing the people who run them.

As business increased, you started spending your days outside the office, attending business events and making presentations. That's when productivity began to slip. If you showed up at the office unexpectedly, you noticed computer screens suddenly switching to something else. You got suspicious.

You decided to install the "cyber-surveillance" software, Silent Watch, to record your employees' every keystroke. You sent around a memo informing your staff that their computer use should be limited to work projects only and that their e-mail should not include personal messages. You also informed them that their work would be monitored. You didn't tell them that Silent Watch would record their work while you were gone or that you could now monitor them from a screen in your office.

Sure enough, Silent Watch caught two of your sales staff spending between 50 and 70 percent of their time surfing Internet sites unrelated to their jobs. You docked their pay accordingly, without warning. You notified them that they were not fired but were on probation. You considered this extremely generous, but also wise. When they work, both of them are very good at what they do, and talent is hard to find.

Now salesman Jarod Harkington is demanding reinstatement of his pay because he claims you "spied on him illegally." On the contrary, your attorneys have assured you that the courts

almost always side with employers on this issue, particularly after employees receive a warning such as the one you gave your workers. The computer equipment is yours, and you're paying a fair price for your employees' time.

Your task: Write a memo refusing Mr. Harkington's claim.²⁵

5. No nukes: Letter from SDG&E refusing adjustment request "I will not support nuclear power and I demand that you remove this 'nuclear decommissioning' charge from my bill," wrote Walter Wittgen to the president of San Diego Gas and Electric Company (SDG&E). The president has turned the letter over to you.

As a supervisor in customer service, your life has recently been filled with stress, overtime, and pressure from above. Between angry customers on overloaded phone lines and company directors under pressure from the news media, Mr. Wittgen is a minor problem. But he's part of your job. And his letter came to you all the way from President Edwin A. Guiles.

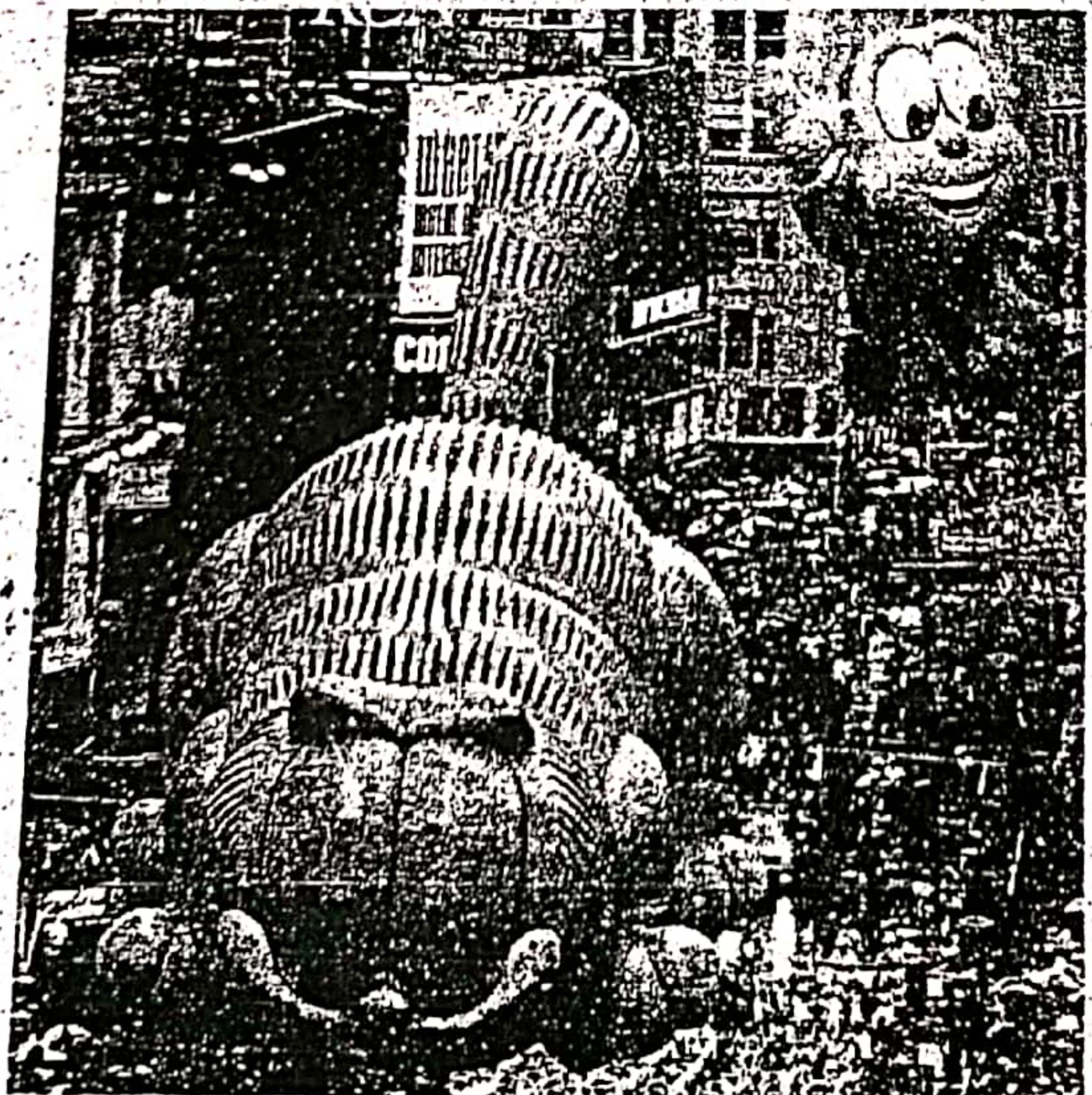
The larger crisis began when summer heat struck California. As the first former power monopoly in the country to fulfill deregulation requirements, SDG&E was required by law to pass on actual electricity costs to its customers. SDG&E no longer produces or prices electricity but purchases it from a new, open-market Power Exchange (PX). Prices fluctuate with supply and demand, and they had doubled with the heat wave. Customer bills doubled and just kept climbing. Even worse, SDG&E had failed to warn the public, so customers were stunned and angry.

The media descended, and politicians responded. With similar deregulation planned throughout the country, the governor and even the president of the United States have gotten involved, but no solution has emerged yet. Too late, SDG&E's marketing department tried to publicize that the utility's operations are still controlled by a government agency, the California Public Utilities Commission (CPUC). The new laws meant that SDG&E became only an "energy delivery service provider," selling off its generating plants. It passes on but does not set prices. Nevertheless, people saw SDG&E's name on huge bills, and a few started attacking employees and destroying property.

Then Mr. Wittgen called. Your phone operators pointed out the explanation for "nuclear decommissioning" charges on the back of his bill: "This charge pays for the retirement of nuclear power plants." The wording, like the fee itself, was ordered by the CPUC. When Wittgen called again, he was told that SDG&E bills more than a million customers every month, using a sophisticated software system. It would take a highly paid specialist more than an hour to hand-calculate Wittgen's bill every month, given all the complex line items and formulas involved. For a 50-cent charge, that's unreasonable; plus, it could introduce errors that would cost him more. And the PUC requires that you charge him this fee.

How you handle the smallest customer problem in this volatile atmosphere could easily make tonight's news. It wouldn't be the first time.

Your task: Write a polite refusal to Mr. Walter Wittgen (732 La Cresta Boulevard, El Cajon, CA 92021), explaining why his bill will not be adjusted. SDG&E asks employees to word and sign their letters personally. Your contact number is 1-800-411-SDG&E (7343).²⁶



6. Not this time: Letter to Union Bank of California customer denying ATM debit adjustments. The ATM Error Resolution Department at Union Bank of California (where you work as an operations officer) often adjusts customer accounts for multiple ATM debit errors. It's usually an honest mistake: A merchant will run a customer's check debit card two or three times through the credit-card machine, thinking the first few times didn't "take," when in fact the machine was working. Problem is, customers don't discover they've paid multiple times for one purchase until they receive a bank statement at the end of the month. And then they hit the roof.

The bank's teleservices operators calmly take their information, give them a claim number, and explain that they must send your department a signed, dated claim letter, describing the situation and enclosing receipt copies if they have them. They'll be notified of your decision within 10 to 20 business days.

The routine is usually a credit to their account to correct the error. But this time, your experience and your intuition have made you suspicious about a letter from a Margaret Caldwell. She maintains several hefty joint accounts with her husband at Union Bank of California.

It is true that three debits indicated on her checking account statement were processed on the same day, using her card (not her husband's), and were credited to the same market, Wilson's Gourmet. The debits even carry the same transaction reference number, 1440022-22839837109, which is what got her attention. While that number does indicate time, it changes daily, not hourly. So purchases made on the same day but from different stores can carry the same number, as can different purchases from the same store.

Mrs. Caldwell's statement indicates debits for different amounts: \$23.02, \$110.95, and \$47.50. That doesn't strike you as a multiple-card-swap situation. And no receipts are enclosed. Mrs. Caldwell writes that the store must have been trying to steal from her by reusing her card numbers, but you doubt it.

You've contacted Wilson's Gourmet, and their statements corroborate your suspicions. The manager, Ronson Tibbits,

claims that he's had no problems with his equipment, so it was unlikely that either customer or clerk was able to run a card more than once. He also mentioned that it's common for food shoppers to return at different times during the day to make additional purchases, particularly for highly consumable products, such as beverages, or to pick up merchandise they forgot the first time, perhaps to complete a recipe. Some will stop in during a work break to buy a deli lunch, then return after work to do their shopping. And so on.

You're convinced this was neither a bank error nor an error on the part of Wilson's Gourmet. Whether Mrs. Caldwell is trying to commit an intentional fraud is not going to concern you. It could be that she is merely mistaken or has a memory problem. She might even be an elderly woman on medication. In a situation like this, bank rules are clear: Deny the request politely.

Your task: Write to Margaret Caldwell, 2789 Aviara Parkway, Carlsbad, CA 92008, explaining your denial of her claim #7899. Remember, you don't want to lose this wealthy customer's business.²⁷

7. Too anomalous: E-mail declining an invitation from the Disclosure Project. As president of the Mid-State Flying Club, your job is to entice pilots to join your organization, which offers discounts on flying lessons and small plane rentals. Like most pilots, you're interested in anomalous aerial phenomena. But two Mid-State members who've become volunteers for the Disclosure Project are now pressuring you to sponsor the nonprofit research organization's free public "Campaign for Disclosure" event in Phoenix next week. You're worried about the club's reputation. Last thing you want to hear is airport scuttlebutt about "those kooks over in Hangar 5."

The Disclosure Project is a high-profile endeavor founded by Dr. Steven Greer, an emergency room physician who gave up his doctor's salary to pursue a course he believes to be vital to our future. Greer and volunteers have documented more than 400 "top-secret military, government, and other witnesses to UFO and extraterrestrial events," from the United States, Britain, Russia, and other countries, and from the armed services, the CIA, NASA, and other agencies, according to the book of transcripts your two members showed you. They also sent the club's name to Greer's Virginia headquarters, so now you've received an e-mail from him, inviting Mid-State to sponsor next week's local event.

Your members, both retired military pilots, insisted that you watch the Disclosure Project videotape. You had to admit it was intriguing to see witnesses with impressive titles and affiliations discuss UFOs they've encountered, secret government "black projects" they know about, and amazing technologies they've witnessed. Their mutual goal is to convince Congress to hold open hearings on the subject. They also want to encourage legislation banning space-based weapons in favor of peaceful cooperation with all cultures, since they say previous encounters prove that "ETs are not hostile." And they want a release of all information on "extraterrestrial technologies" allegedly captured and duplicated by the "black projects." They say these technologies could save the environment and provide new energy sources, and therefore should belong to the public, not private interests.

You watched military and civilian pilots, astronauts, FAA investigation chiefs, air traffic controllers, Air Force



intelligence officers, and even a space missile defense consultant and former spokesperson for Werner von Braun on the tape. Some say they're speaking out despite death threats to remain silent. No wonder your two members sympathize! You've heard them telling their own tales of UFO encounters during airborne military maneuvers—events they were also advised to forget.

In private meetings, congressional representatives, presidential advisers, and military officials have all professed sympathy but concluded with the same statement: They cannot instigate disclosure hearings without an overwhelming public mandate. Considering that Greer's news conference at the National Press Club attracted 250,000 viewers to its simultaneous webcast (the NPC's largest ever), Greer might be closer to achieving that mandate than they suspect.

Your task: You're impressed by this businesslike effort to treat anomalous aerial phenomena seriously, but you know how people are. You don't want your business to become a laughingstock. Keeping your personal views private, write a courteous, appropriate e-mail to Dr. Steven Greer, inquiries@disclosureproject.org, refusing the sponsorship invitation.²⁸

NEGATIVE ORGANIZATIONAL NEWS

8. More layoffs: Memo to Motorola employees
"Success is a journey, not a destination," Motorola chairman and chief executive Christopher B. Galvin said famously a few years ago. That was when the battered company his grandfather started in 1928 first began its yo-yo pattern of rises and falls in profitability, reflecting big upsets in the markets it serves as manufacturer of semiconductors, cellular telephones, and other communications equipment.

Galvin turned the company upside down to keep it alive. You weren't a vice president at the Schaumburg, Illinois, headquarters at the time, but you are now—the result of much restructuring, plant closings, layoffs, and determined analysis of the world markets for high-tech communications in the late 1990s. You were one of the lucky ones. Instead of being laid off, you rose to become director of technology and manufacturing. Others weren't so lucky. In one year alone, Galvin's company cut more than 30,000 jobs in its quest to modernize, streamline, and bring inventories down to realistic levels.

Galvin's first move was to reinvent Motorola's corporate culture. To keep up with competitors and respond quickly to changing consumer demand, he saw a need to transform the company's notoriously cutthroat internal rivalry among executives working in separate departments. He eliminated, combined, and laid down the law, molding a new internal culture by rewarding what might be called "cooperation for survival."

But when consumers stopped buying cell phones in record numbers in late 2000, Motorola, as well as its competitors and business partners in the high-technology industry (companies like Nokia, Cisco Systems, 3Com, and others) all felt the crunch. They'd overestimated demand and the market was flooded with semiconductors. Profits fell again as consumer demand slowed—and Motorola's designs weren't first choice to begin with (Nokia and Samsung were winning in the cell phone markets). Galvin's urgent quest now is to cut production, cut operating budgets, reduce inventory, close and consolidate plant operations, make fewer but better products, and ultimately, eliminate jobs.

The good news is that it appears Galvin's strategies are working. More promisingly, the cell phone business has begun to rebound, a sign that indicates Motorola may return to profitability soon. With Motorola striving to improve its market responsiveness, especially with cell phones designed for Internet access, financial analysts are hopeful. It may still be a roller-coaster ride for a while, but bets are on that Motorola will rise again.

Your immediate task, however, is unavoidable. You must announce another round of closings: two wafer fabrication lines at the Mesa, Arizona, plant. The phase-out will take place over the next two years, shutting down the MOS-6 line and Bipolar Manufacturing Center and affecting 1,200 employees. Many of them will be offered positions at other Motorola plants in the Phoenix area—but not all. It's all part of the continuing "manufacturing renewal process to improve asset management by investing in advanced technologies and consolidating older production facilities." That's what you're planning to tell the financial media.

Your task: Write the memo to employees in the Mesa, Arizona, plant. Use all the good communication techniques you can muster to make this difficult reality more palatable. Unfortunately, decisions about who will lose their jobs and who won't aren't currently available. Such details will be released slowly over the next few months, on a case-by-case basis.²⁹

9. Goodbye, Four Seasons: E-mail about budgetary cutbacks at Black & Decker "They aren't going to like this at all, are they, Boss?" you say to Peter Buchheit, director of travel and meeting services for Black & Decker Corp. He's watching you read a memo from upper management.

He nods. "And that 50 percent cut in the travel budget is twice as deep as the one I helped to engineer back in '94, and much worse than the one that got us through the recession in '91."

It was 1998 when you went to work in Buchheit's department for the power tool and home-improvement product manufacturer. The economy was booming, revenues were high, and companies were fighting over talented employees. Black & Decker encouraged its executives to enjoy their travel duties. So they booked costly flights at the last minute, upgraded their lodgings from an ordinary Hilton to a premium Four Seasons, and returned with fat wads of receipts, which your department processed without question. Lavish dining, client entertainment—whatever they wanted to get the job done. Now you quail at the thought of telling these pampered travelers that the gravy days are over.

On the other hand, who knows better than they that the company is enduring hard economic times? As profits slip, salaries, employee benefits, and travel budgets are where most companies start cutting corners.

"So how do we meet these numbers? And who's going to tell them?" you ask Buchheit.

He says nothing, but winks at you and disappears into his office. Two hours later he emerges with a hand-scribbled list of brainstormed ideas about things to cut and things to try, in no particular order:

- Four-star hotels
- Gourmet dining
- Cheaper fares (coach class vs. business), weekend flights, suburban airports

- Hit hotel chains for discounts, based on our repeat business volume
- Buy nonrefundable airline tickets (cheaper)
- Consider company's videoconferencing facility
- Compose e-mail offline/save hotel surcharges on phone usage
- Gas up rental cars at cheaper stations before returning them
- Use imagination to save, save, save

"And this is just the beginning," Buchheit says as he plops these scrambled notes on your desk.

Your task: Buchheit says you'd better send out an e-mail message warning executives about the budget cuts. He asked you to write it so that they feel as if finding cheaper options—such as choosing video over face-to-face meetings—will be voluntary sacrifices they'll make for the company's financial health. Be sure to ask them to get creative.³⁰

10. Proud goodbye: Letter to customers from Internet grocer Webvan Group Inc. The only vans you see around Webvan headquarters these days are moving vans. You're surrounded by fast-emptying offices and stacks of moving boxes—the debris of a dying dot-com experiment. Your office is littered with clippings trumpeting your company's demise.

"Webvan Checks Out," announced the *San Francisco Chronicle*. "Traditional Grocers Feel Vindicated," said *The Wall Street Journal*. And worst of all, *Business Week's* analysis of your failure, "Webvan Left the Basics on the Shelf," and *The Wall Street Journal's* cautionary tale for managers, "Why Webvan Went Bust."

"The failure was the most spectacular dotcom disaster so far," crowed *Internetweek*.

Not so long ago Wall Street loved you and investors leaped on board. You took a job as assistant to CEO Robert Swan late in the game, but you were also caught up in the Webvan excitement. Hailed as the biggest online retail venture yet, Webvan spent some \$1.2 billion in investment capital to carve out a new niche in the grocery business. The concept was to sell groceries over the Internet to consumers too busy to shop in brick-and-mortar stores. A poll indicated, 41 percent of consumers said they... liked shopping.

With traditional supermarket chains watching nervously but skeptically, Webvan spent three years building an expensive infrastructure of high-tech warehouses and distribution centers, served by custom-built Unix software for online ordering, warehousing, and delivery logistics. The service was rolled out ambitiously in several major cities, but sales never met Webvan's projections and a slowing economy dried up potential cash rescues from new investors. Too bad those polls hadn't asked if consumers wanted to change their shopping habits.

In San Francisco, 7 percent of the population gave the new service a try—once. It's not that Webvan didn't deliver the goods; it was that consumers too busy to shop were also too busy to wait for the delivery van. And waiting for webpages to display products for selection apparently did not have the same appeal as the social and sensual pleasures of shopping in a bustling market.

Webvan also erred by absorbing a \$30-\$35 cost per order for something consumers willingly did for free: picking and delivering their own groceries. With a typically thin, 1 percent

profit margin in the grocery industry, that was a killer. The company also ignored a history lesson: Consumers gave up home deliveries offered by mom-and-pop grocers back in the 1960s because lifestyles had changed. Working women could easily swing by a market after work as men had always done—but no one was home anymore to receive perishable deliveries.

So now you're one of the last company survivors, helping Swan wrap things up. One of the CEO's biggest regrets publicly admitted was that customers took a backseat in the last days of Webvan. For instance, the company switched to lower-quality produce suppliers to cut expenses. Swan says the least he can do for them now is to express a gracious farewell.

Your task: You're to draft a courtesy letter to customers announcing Webvan's closure, which Swan will sign. Most already know, so use a direct approach and focus on thanking them for their loyalty and their pioneering spirit. As Swan says, "In a different climate, I believe that our business model would prove successful . . . however, the clock has run out on us."³¹

11. The check's in the mail—almost: Letter from Sun Microsystems explaining late payments You'd think that a computer company could install a new management information system without a hitch, wouldn't you? The people at Sun Microsystems thought so too, but they were wrong. When they installed their own new computerized system for getting information to management, a few things, such as payments to vendors, fell through the cracks.

It was embarrassing when Sun's suppliers started clamoring for payment. Terence Lenaghan, the corporate controller, found himself in the unfortunate position of having to tell 6,000 vendors why Sun Microsystems had failed to pay its bills on time—and why it might be late with payments again. "Until we get these bugs ironed out," Lenaghan confessed, "we're going to have to finish some of the accounting work by hand. That means that some of our payments to vendors will probably be late next month too. We'd better write to our suppliers and let them know that there's nothing wrong with the company's financial performance. The last thing we want is for our vendors to think our business is going down the tubes."

Your task: Write a form letter to Sun Microsystem's 6,000 vendors explaining that bugs in their new management information system are responsible for the delays in payment.³²

12. Everything old is new again: E-mail message reporting polyester findings Polyester got a bad rap in the 1980s. Now it's making a comeback in both fashion and food. What? Eat and drink from polyester containers? It's an idea whose time has come, according to chemical companies ranging from Dow to Amoco. An ice-cold Coke sipped from a polyester container may be tough for some Americans to swallow, but experts predict that a new generation of plastic may solve many of the problems, such as carbonation loss and heat sensitivity, caused by the containers now being used.

Today's drink bottles use a plastic called PET (polyethylene terephthalate). When stressed by heat, PET is too porous to contain the "fizz." But PET can now be mixed with a recently developed polyester called PEN (polyethylene naphthalate) to create a new generation of tougher plastic. Shell Chemical's director of polyester research and development, David Richardson, believes

in the product. "In a few years, I'll be able to fix you a nice meal, and everything in it will come out of a plastic container."

"Plastic is less deadly than glass when you throw it as a soccer match," says Richard Marion, an executive at Amoco Corporation's Amoco Chemical Company. Airlines like it because it's lightweight. Their little jelly containers used in first-class will weigh less. Consumers like it because it's clear, resealable, lightweight, and easily recycled. Polyester is definitely making a comeback. But one segment of the population is proving resistant to the trend: young adults. In a market research study, students preferred aluminum cans. Of all the container materials, aluminum ranked highest, achieving an 84 percent acceptance rate.

According to the study, students like the feel of the aluminum cans (plastic feels slippery and is harder to hold) and believe that aluminum keeps drinks colder. They also believe that aluminum keeps the carbonation longer, creating a "mouth buzz," whereas plastic lets the fizz out. And finally, they think that aluminum cans look "cool" and that plastic containers look "dorky."

Your market research team has come up with a couple of ways to deal with these perceptions. One approach would be an ad campaign showing "cool" young adults drinking from plastic bottles. Another would be ads showing that new technology is helping the plastic containers to hold in the "fizz."

Your task: As assistant director of marketing for Coca-Cola, write an e-mail message to your boss, Tom Ruffenbach, TomRuf@marketing.coca-cola.com, in which you report your findings and suggest ways to overcome this consumer bias.³³

13. Product recall: Letter from Perrigo Company to retailers about children's painkiller Discovering that a batch of your company's cherry-flavored children's painkiller contains more than the label-indicated amount of acetaminophen was not a happy occasion around Perrigo Company. But such errors do happen, and the best move is immediate, direct, and complete honesty with retailers and the public—so say your superiors in the Customer Support and Service Department. Full and prompt disclosure is especially crucial when consumers' health is involved, as it always is in your line of business.

Perrigo is the leading manufacturer of store-brand, over-the-counter (OTC) pharmaceuticals and nutritional products, producing more than 900 products. These are the items found beside brand-name products such as Tylenol, Motrin, Aleve, Benadryl, NyQuil, Centrum, or Ex-Lax, but they're packaged under the name of the store customers are shopping in. They're priced a bit lower and offer "comparable quality and effectiveness," as your sales literature proclaims.

For retailers, selling Perrigo products yields a higher profit margin than name brands. For consumers, buying the store brands can mean significant savings.

As of this morning, your marketing department calculates that 6,500 four-ounce bottles of the "children's nonaspirin elixir" (a Tylenol look-alike) are already in the hands of consumers. That leaves some 1,288 bottles still on store shelves. The problem is that the acetaminophen contained in the painkilling liquid is up to 29 percent more than labels state, enough to cause an overdose in the young children the product is designed for. Such overdoses can cause liver failure. No one is telling you how

this error happened, and it's only been found in lot number 1AD0228, but frankly, finding a guilty party is not so important to your job. You're more concerned about getting the word out fast.

The painkiller has been sold under the Kroger label at stores in Alabama, Arkansas, Georgia, Illinois, Indiana, Kentucky, Louisiana, Michigan, Mississippi, Missouri, North Carolina, Ohio, South Carolina, Tennessee, Texas, Virginia, and West Virginia. It was sold under the Hy-Vee label in Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, and South Dakota, and under the Good Sense label at independent retail chains throughout the United States. Perrigo needs to notify consumers throughout the United States that they should not give the product to children, but check the lot number and return the bottle to the store they bought it from for a refund if it's from the affected batch.

Your task: Perrigo's corporate communications department is sending out immediate news releases announcing the product recall to all media, but as customer service supervisor, you must notify retailers. They've already been told verbally, but legal requirements mandate a written notification. That's good, because a form letter to your retail customers can also include follow-up instructions. Explain the circumstances behind the recall, and instruct stores to pull bottles from the shelves immediately for return to your company. Refunds they provide to consumers will, of course, be reimbursed by Perrigo. Questions should be directed to Perrigo at 1-800-321-0105—and it's okay if they give that number to consumers. Be sure to mention all that your company is doing, and use resale information.³⁴

14. Safe selling: Memo from The Sports Authority headquarters about dangerous scooters You're not surprised that the Consumer Product Safety Commission (CPSC) has issued a consumer advisory on the dangers of motorized scooters. You've tried them yourself, as a merchandiser for The Sports Authority's 198-store chain. You've still got the scars to prove it! You made a mistake too many parents are making: You skipped the elbow pads.

The electric or gas-powered scooters, which feature two wheels similar to in-line skates, travel 9 to 14 miles per hour. Sales have been growing steadily—with a comparable rise in statistics for broken arms and legs, scraped faces, and bumped heads. Over a six-month period, the CPSC says 2,250 motorized scooter injuries were reported by emergency rooms around the country, as well as three deaths.

It's that last figure that disturbs you most. Your stores sell a wide selection of both the foot-powered (\$25 to \$150) and motorized scooters (\$350 to \$1,000). Children and adults alike are hopping on to try them out, get from here to there, or learn new tricks. Unlike a motorcycle or bicycle, a scooter can be mastered by first-timers almost immediately, so the temptation is to jump on and go. For you, it was only while you were in that slow-motion moment before hitting the cement that you thought about safety gear, with serious regret.

What's bothering you now is that all three of the fatal accidents could have been prevented. In each case, the rider died from a head injury. None of them were wearing helmets, a \$26 item for adults, \$24 for children. One victim was 6 years old (fell off), one was 11 (ran into a truck), and one



was 46 (hit by a car). You've decided that if Sports Authority is to continue selling scooters, you've got to address the safety issue. Embrace the bad news and turn it into a public campaign. And as merchandise manager, you have the authority to get things rolling.

Some states already require helmets, or restrict motorized scooters to children over 16. The CPSC advisory urges helmets, knee and elbow pads, sturdy, closed-toe shoes, riding only during daylight, and avoiding public roads or elaborate stunts. The commission also suggests that children under 12 shouldn't ride the motorized scooters at all, and children under 8 should only ride foot-powered scooters with adult supervision. Your plan is, for The Sports Authority, largest full-line sporting goods retailer in the United States, to publicly support the CPSC safety guidelines. It's not only the right thing to do—helping to make scooters safe to enjoy will also support future sales.

First, you compose a "Scooter Safety Rules" brochure to be given to customers and posted on The Sports Authority website. Now you must educate your 12,000 employees, starting with news about the negative consumer advisory and the three preventable fatalities. You will mandate a staff meetings to teach employees to include safety issues in their sales pitch. Contented, safe customers are your best business. You want to see increased sales of reflective gear (\$6-\$15), helmets (\$24), and elbow and knee pads (\$19)—not to improve on your \$1.5 billion annual revenue, but to save lives.

Your task: Draft a bad-news memo to store managers, informing them of the CPSC advisory and the steps you expect them to take. Ample copies of "Scooter Safety Rules" will be sent to stores in two weeks.³⁵

NEGATIVE EMPLOYMENT MESSAGES

15. Reverse hiring: Form e-mail breaking bad news to Intel's campus recruits When a company stops hiring to fill vacancies, starts closing plants, defers pay-

ment of management raises for six months, and splits the rank-and-file raises into "half now, half in six months," you know times are tough. That's what Intel has done, while human resources strives to hit the numbers management has targeted for a large and immediate reduction in staff and salary expenses. But others' sacrifices are going to be small consolation to the talented college graduates Intel recruited last winter. They're about to become the latest victims of a soft economy.

As a human resources manager at Intel, you truly despise certain aspects of your job. De-hiring college recruits is one of the worst. The only consolation is that it's happening everywhere, particularly among your high-tech partners and competitors. A short time ago, recruiting new talent was so crucial to your success that companies were competing to hire the best college graduates in hot-and-heavy, on-campus recruiting sessions—and then figuring out later what jobs to place them in. Now you'll be gently rescinding job offers you made to campus recruits while they were in the last half of their last semester. It's too late for them to take other offers or to re-experience the job-fair atmosphere. They'll have to go out on the streets looking for something new on their own.

Worst of all, they'll be competing with hundreds of thousands of newly unemployed, but more experienced workers laid off from nearly every segment of industry during the economic slump. Add the retirees trying to get back into the workplace after a sliding stock market devalued their retirement funds and the moms returning to work to help the family budget, plus last year's college graduates who fell under "last-in, first-out" layoff policies, and you would not be in these grads' shoes for anything. But of course, you might be, if things don't pick up soon.

At least Intel plans to offer the grads a "reverse hiring bonus" of two months' salary for the jobs they'd been promised if they agree not to come to work now. They can also retain any signing bonuses they were granted. By making this offer, Intel is trying avoid legal problems while hitting its job-reduction goals. Meanwhile, the company wants to preserve its reputation on campuses as an excellent employer, which will be as important as ever when the economy rebounds (it always does). Since company recruiters thought enough of these graduates to offer them jobs in the first place, you will do so again when you're able. You want them to maintain a good opinion of Intel.

If the recruits don't accept the offer to dismiss all claims against the company in exchange for the bonus, they can still come to work at Intel now, but you can't promise they'll have the jobs they were originally offered. The new job will likely be much further down the employment ladder than they were expecting, and that job could soon be "redeployed" as other Intel positions have been in recent weeks. Then they'll wind up in a waiting pool with other workers whose jobs were eliminated, waiting their turn for another position.

Your task: Write a form e-mail to break the news to Intel's college recruits. Explain the options, and give them an address for reply and a time limit of two weeks.³⁶

16. Survive this: Recommendation refusal at Bank of America Rogan Halliwell is highly intelligent, quick with his work, handsome, accurate, and one of the most conceited individuals you've ever met. As manager of a Bank of America branch office, you've never had an employee irritate you like Halliwell. But he charmed his way through

the interview with agile diplomacy, and you made the mistake of hiring him.

You were dazzled at first, like his co-workers. But in the eight months he worked for you, you had to call him in three times and remind him of new harassment laws, which prohibit any behavior that distracts or irritates others. Among the complaints about him was one from a woman who said he kept calling her "Babe."

"But a 60-year-old woman should be flattered!" he argued.

Most of his co-workers complained as well: His overbearing ego disgusted them and his steady chatter about his personal life ruined their days. He made jokes about customers behind their backs, and he amused himself by stirring up conflicts among employees. Morale was rapidly disintegrating.

The problem was that, despite his abysmal interpersonal skills, Halliwell was a good teller. His cash drawer almost always balanced perfectly. He was fast, he was charming to customers while they were present, and he learned quickly. You got so many compliments about that "nice young man" from older customers that you couldn't believe they were talking about the same Roger Halliwell. How could you fire him?

One bright morning, Halliwell solved your problem. "I've decided to move to Hollywood," he announced, loudly enough for his co-workers to hear. "I think they're ready for me." You said a silent "Thank you" as you accepted his notice.

Today you received a letter from Halliwell. He writes that he expects to be hired by one of those *Survivor*-type reality TV shows. He wants a character reference.

You blanch. He may have the right qualities to make reality TV interesting, but listing them would sound dangerous coming from a bank manager. Moreover, you can't in good conscience recommend that anyone work with him. Yet his demonstrated skill makes it risky for you to refuse.

Your task: Using techniques you've learned in this chapter, write a refusal that won't expose you or Bank of America to legal repercussions. Send it to Roger Halliwell, 2388 Pitt Avenue, Apt. 4, Hollywood, CA 90028.³⁷

17. Cost sharing: Memo to Bright Manufacturing employees announcing additional employee costs for health insurance benefits

 As benefits manager in the human resources department of Bright Manufacturing in Tustin, California, you've never before asked employees to share the cost of their health-care coverage. But those costs have been skyrocketing for years. You've seen statistics saying that, nationwide, employer-sponsored medical plan costs are rising 10 to 20 percent per year.

Your provider, Blue Cross of California, has announced a monthly cost increase of 40 percent next year. They say the increase is necessary because, in addition to the rising costs of medical care, claims from your workers and their dependents have been high. Although Bright has paid its employees' health-care expenses since its founding in 1946 as a manufacturer of architectural hardware, this is more than the company can afford.

Last year you were able to juggle costs by working with Blue Cross to modify benefits and raise office visit copayments, or "copays" (the amount employees and dependents pay at each appointment, which rose last year from \$5 to \$8). This time, you'll have to further modify benefits, raise the office copay to \$10, raise emergency room copays from \$35 to

\$50; in addition to collecting 20 percent of the cost of their health insurance from employees' paychecks each month, Bright will pay the remainder, including 10 percent of the cost increase. This year, you will absorb prescription drug increases (23 percent); next year, maybe not.

In light of these escalating costs, you've been working long hours to develop an alternative for employees. If they opt to switch to a new Blue Cross HMO plan (assigned doctors) instead of their former, pick-your-own-doctor Blue Cross Plus plan, Bright will pay the entire cost. That's because the HMO plan costs much less.

Employees can make this change during the Open Enrollment period, the only time during the year that they can make alterations to their health coverage. This year, that will be between November 20 and December 1. Forms to fill out are available in your office. If employees submit no changes, their coverage will remain Blue Cross Plus, and the 20 percent will be deducted monthly from their paychecks, beginning January 1.

How much will that be in dollars? That depends on the number of dependents and other factors. You're setting up a benefits information line to answer these and other questions. You expect to be deluged with calls about this confusing subject, so you're assigning extra staff to handle the phones. Employees will also find more information on the company's intranet. Plus, you're going to give them the Blue Cross website address, www.bluecrossca.com, for general information on health-care coverage.

All in all, your workers aren't so bad off. Many companies have required health care contributions for years; with the recent increases, those companies are now asking employees to pay an even larger portion of the expense.

Your task: Write a memo to all employees informing them of the increased health plan copay costs and the new payroll deduction for health insurance. Be sure to explain the reasons for these changes. Then inform employees of the HMO option at no cost to them, remind them of the Open Enrollment period, and highlight the ways they can obtain more information. You'll also be sending them a company-produced booklet with charts and tables detailing health insurance costs, options, and alternatives. Soften the blow by emphasizing what Bright has done in the past and present for its employees.³⁸

18. Too much teléfono: Negative performance review letter to Pacific Bell employee

Because doing business in San Diego is a multicultural proposition, Pacific Bell tries to be savvy about its diverse workforce. For example, the company does not condone behaviors that interfere with the tasks at hand, no matter who commits them or why. That the offender in this case happens to be your 22-year-old nephew, and that his offense is likely due to his Mexican American heritage, is not going to get him off the hook, even though you may understand it better than anyone. You long ago joined your culture to his, via marriage to his mother's sibling.

You are supervisor of the billing adjustments department for Pacific Bell, where you and your staff make certain that the millions of phone bills sent out are calculated correctly by your computer programs and fulfill changing government tariffs (written regulations and requirements) imposed on phone companies. You didn't personally hire Jorge Gutierrez. That was done by a man named Jim, who found Gutierrez work-

ing as a temporary in another department and gave him a try, with your approval.

You were both amazed and pleased by his fast learning skills and innate understanding of the customer accounts associate job that's been almost impossible to fill. Few employees could enter, verify price changes, and test computerized price calculation formulas with the accuracy and speed that Gutierrez, an extremely intelligent and skilled mathematician, could. With over 1 million customers, even tiny mistakes can be costly. Gutierrez was a real find—except for one problem he hasn't been able to surmount.

The man who hired him, now his supervisor, tells you that every morning your nephew receives a phone call from his Mexican American mother, who wants to be sure he's made it to work safely. Often his father also calls. Afternoon calls are from his baseball buddies—the ones he plays with in the Mexican league on weekends—and other family members. Then it's his girlfriend, also Mexican American. In one month's time, he asked permission to leave for "family emergencies" to (1) change his girlfriend's flat tire on the freeway, (2) deliver an extra car key because she locked herself out, and (3) defend her from an aggressive and unsavory boss at a job she quit that afternoon.

Gutierrez is fully aware of the problem these calls are causing at work and has asked friends and family not to call his office number—so they dial his cell phone instead. He still lives with his parents, which may be why they seem insensitive to his appeals.

Both you and his supervisor have given Gutierrez verbal warnings. You really can't afford to lose him, so you're hoping that stepping up the pressure with a written, negative review will give him greater incentive to persuade friends and relatives. You'll deliver the letter in a meeting and help him find ways to resolve the issue within a mutually agreed-upon time frame.

As an "adopted" member, you fully understand that Mexican American families tend to remain close-knit. Still, after six months on the job, Gutierrez should be doing better at balancing his family with his career.

Your task: Write the letter, using suggestions in this chapter and details in this case to help you put the bad news in a constructive light. Avoid culturally biased remarks or innuendo. Culture isn't really the issue; maturity is.

19. Cell phone violations: E-mail message to associates at Wilkes Artis law firm "Our policy is that personnel are not to conduct business using cell phones while on the road unless they pull over and stop or use a hands-free device," David Fuss reminds you. He's a partner at the law firm where you supervise human resource issues, Wilkes Artis in Washington, D.C.

"Yes, I know that," you say, wondering why he's quoting to you a policy you yourself drafted, posted, and personally issued

to everyone in the firm after that horrible incident involving another Washington law firm.

But he insists again that you need to be sure the new policy is enforced. Apparently, one of the associates used a cell phone to issue orders to his secretary while driving back from a client meeting. He reminds you of what happened to that 15-year-old girl a couple of years ago.

You shudder. "Yes, sir. I'll see to it."

"It's a commonsense safety concern," he adds. Finally, he leaves you to brood.

The incident he mentioned reverberated throughout the business community. As a result, more companies are adopting no cell phone policies for employees who drive, and several states have passed laws banning their use by drivers. Statistics support the move. The National Highway Transportation Safety Administration has issued figures indicating that 20 to 30 percent of all driving accidents can be related to cell phone usage, whether handheld or not. With an expected 1.26 billion cell phones in use worldwide by 2005, it's no wonder that states are considering bans and that Japan, Israel, Portugal, and Singapore are just a few of more than two dozen countries restricting drivers' use of cell phones.

But statistics pale beside the story of 15-year-old Naeun Yoon and attorney Jane Wagner from the Washington firm of Cooley Godward. Wagner was driving back from a meeting in Tysons Corner, Virginia, late one spring night, talking on her cell phone. She felt her car hit something, thought it was a deer, and kept driving. The next morning she heard news reports of a hit-and-run driver who'd killed the teenaged Yoon. With horror, Wagner realized she was the driver. She turned herself in, eventually serving a year's sentence at a work-release program. She and her firm were sued by Yoon's family in a \$30-million wrongful death action.

The lawsuit definitely played a role in forging "no cell phone" policies at many companies, but it was Yoon's death that drove the issue home: Someone could die or be seriously injured, simply because a business call "couldn't wait."

The National Safety Council says talking on the phone causes driver distraction because of the cognitive engagement it requires. Even a dropped phone can be lethal. A broker with Salomon Smith Barney ran a red light and killed a motorcyclist while leaning down to find his phone. His firm, Salomon Smith Barney, admitted no guilt in a subsequent lawsuit but settled out of court with the victim's family for \$500,000.

No one knows if the new no-use policies will shield employers from legal liability—but everyone knows they will protect human beings from harmful accidents.

Your task: Fuss insists that you write an e-mail message to all employees, announcing a new penalty for a first violation of the cell phone policy: suspension without pay, unless the cause was a genuine traffic or health emergency.³⁹