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“What Is Our Story?” Philip Morris’s Changing Corporate Narrative

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**Objectives.** We sought to learn how employees reacted to changes in the corporate narrative of Philip Morris Companies (PMC) in the late 1990s and early 2000s.

**Methods.** We analyzed archival internal tobacco industry documents about PMC’s creation of a new corporate story.

**Results.** In response to litigation and public opprobrium, PMC replaced its market success–oriented corporate narrative with a new one centered on responsibility. Although management sought to downplay inconsistencies between the old and new narratives, some employees reportedly had difficulty reconciling them, concerned that the responsibility focus might affect company profitability. However, others embraced the new narrative, suggesting radical ideas to prevent youth smoking. These ideas were not adopted.

**Conclusions.** PMC’s new narrative was unconvincing to many of its employees, who perceived it either as a threat to the company’s continued profits or as incongruous with what they had previously been told. As it had done with the public, PMC misled its employees in explaining a narrative repositioning that would help the company continue business as usual. Moving toward a tobacco endgame will require ongoing discursive and symbolic efforts to disrupt this narrative.

Corporate storytelling is “the process of developing and delivering an organization’s message by using narration about people, the organization, the past, visions for the future, social bonding, and work itself…to create a new point-of-view or reinforce an opinion or behavior.”

Understanding a company’s values, challenges, past, and vision for the future helps foster employee trust and support and may enhance a company’s internal reputation. Corporate stories may thereby enhance corporate social responsibility efforts by creating greater employee acceptance of the company’s responsibility claims and willingness to promote this reputation to external audiences.

In contrast to other work that has examined its external image repair strategies, we explore the internal corporate storytelling of Philip Morris Companies (PMC) (now Altria) during the late 1990s and early 2000s, when PMC was the parent company of Philip Morris USA (PM USA), Philip Morris International, Kraft Foods, and Miller Brewing. This was a time of unprecedented public relations pressures, with PMC (and other tobacco companies) facing litigation, whistleblower accounts of wrongdoing, regulation threats, and plummeting public opinion. In response, PMC reconstructed its corporate narrative for internal and external audiences, with social responsibility as a key theme. We analyzed PMC’s efforts to convince its employees to adopt the “new” narrative and regard it as consistent with the “old” narrative.

**METHODS**

Litigation against the tobacco industry has resulted in the release of more than 14 million previously undisclosed industry documents now archived at the University of California, San Francisco, in a full-text searchable electronic repository. We used a snowball sampling method to search the archives, beginning with broad search terms (e.g., corporate responsibility) and
using retrieved documents to identify more specific search terms. We identified 200 Philip Morris documents, most from 1999 to 2002. More detailed information on Web sites and search strategies has been previously published.\textsuperscript{13,15,16}

We analyzed documents via an interpretive approach,\textsuperscript{17–20} a type of historical analysis that focuses on meaning by drawing out “‘taken for granted’ assumptions and viewpoints of the author[s]” of documents.\textsuperscript{21(p151)} Consistent with this analytic tradition, we relied on no preanalytic conceptual schema.\textsuperscript{22–24} To develop this interpretive account, the first author reviewed all documents and took detailed notes, and both authors reviewed selected key documents. Iterative reviews and discussions of documents and notes were used to identify common themes and “clusters of meaning.”\textsuperscript{21}

Our study has limitations. The sheer size of the document databases means that we may not have retrieved every relevant document. Some may have been destroyed or concealed by tobacco companies\textsuperscript{25}; others may have never been obtained in the legal discovery process.

RESULTS

In the early and mid-1990s, PMC’s corporate “story” focused exclusively on the company’s financial and litigation strengths. PMC executives emphasized the company’s position as market leader\textsuperscript{26} and its ability to win legal battles, because, according to then-CEO Geoff Bible, “If you’re right, and you fight, you win!”\textsuperscript{27–29} PMC’s stated mission was “to be the most successful consumer packaged goods company in the world.”\textsuperscript{30} It operationalized this mission by being “unyielding” in its efforts to sell its products.\textsuperscript{31}

However, in 1996, in the midst of increasing litigation from multiple states and sinking public opinion, PMC began discussing the need to reposition the company as responsible.\textsuperscript{32–35} Doing so was considered essential to ensure continued profitability and regain public credibility.\textsuperscript{32–34,36} Employees were considered a “critical” audience for repositioning efforts, with Corporate Affairs senior vice president Steve Parrish noting that “[i]f we are going to communicate credibly a message of change and adaptation to societal expectations, we have to communicate [sic] and motivate our own internal audience.”\textsuperscript{37} If employees did not accept repositioning messages, neither would the public, and success hinged on “reengag[ing]” employees.\textsuperscript{38} PMC wanted employees, the public, the media, and elected officials to see the company as ethical, honest, and socially responsible.\textsuperscript{39}

To help inform repositioning efforts, PMC hired consultants to assess employees’ “internal attitude.”\textsuperscript{40} Initially focus groups and individual interviews with 401 operating company employees were held,\textsuperscript{41} exploring perceptions of PMC’s values, leadership, and image.\textsuperscript{42} A summary of findings indicated that although employees respected CEO Geoff Bible, they gave low ratings to senior management’s trustworthiness and credibility.\textsuperscript{41} In addition, items that
employees rated as important but not especially descriptive of PMC included honesty, trustworthiness, social responsibility, caring about customers, integrity, and ethics.\(^{39,41}\)

Focus groups were followed by a survey assessing employees’ views of each operating company.\(^{43}\) In contrast to focus group participants, who included non–tobacco company employees, surveyed PM USA employees considered the company strong in terms of social responsibility, ethics, and honesty (Table 1 [ID]TBL1[/ID]). However, as with their focus group counterparts, they considered the company weak in terms of senior management credibility and believability, suggesting that repositioning messages delivered by senior management could face skepticism and that employee morale was low.

Corporate Affairs launched its corporate repositioning program in 1999 under the banner “Philip Morris in the 21st Century.”\(^{7,35}\) It introduced a new PMC narrative to employees (and the public), reversing the narrative of the tenacious fighter focused solely on market and courtroom successes and presenting PMC instead as a responsible corporate citizen. It provided employees who may have already viewed PMC as socially responsible with a specific story to share with others.\(^{46}\) The new narrative was summarized in the tag line “Working to make a difference. The people of Philip Morris.”\(^{47,48}\) A longer version explained how the company made a difference:

Philip Morris is a family of companies. We are parents, neighbors, friends and involved citizens in communities around the nation and around the world. We are dedicated to our jobs, our families, our communities and to helping others. We have a long history of giving to community activities, including hunger, the Arts, job training, education, domestic violence and disaster relief. We are committed to working with a variety of groups to improve the quality of life in our communities.\(^{49}\)

As a presenter at a Corporate Affairs workshop explained to employees, PMC’s “‘story line’ will help you make clear what we stand for as a company that produces, among other things, cigarettes. You can think of this as the philosophical basis on which a company can manufacture and market a dangerous product in a responsible way.”\(^{50}\) Employee communications, including speeches from PMC executives and the employee newsletter, expanded on the narrative, discussing the company’s openness and accessibility, diverse product offerings, history of philanthropy, youth smoking prevention efforts, and willingness to adapt to societal expectations and to work constructively with critics.\(^{38,47,51-54}\) An example of the latter 2 qualities was PMC’s 2000 acknowledgment, after decades of denial, that cigarette smoking caused disease and that nicotine was addictive.\(^{55}\)

PMC’s narrative of a socially responsible company trying to meet society’s expectations blended old and new. PMC could, for example, point to a history of corporate philanthropy centered on the arts\(^{56}\) and to occasional “youth smoking prevention” initiatives.\(^{57}\) However, its
stated willingness to adapt to societal expectations ("societal alignment") and to work constructively with critics ("constructive engagement") was the exact opposite of its approach to society up to that point, creating significant inconsistency with the previous corporate narrative. If PMC hoped to establish greater internal credibility, an explanatory bridge was needed. Thus, PMC developed a narrative about its new story that offered some continuity between the new friendly and responsible company and the old fighter.

Under this “meta-narrative,” constructive engagement was not a complete break with PMC’s combative past; instead, employee communications explained that PMC would simply “pick our fights carefully” and, when approaching critical groups, find “common ground” first and leave “disagreements for later.” Societal alignment represented a new approach to PMC’s traditional “vigilance for our business”; as Steve Parrish explained, “We have spent a lot of years with our fists up; we need to help employees see how vigilance for our business also involved compromise and solutions.” Compromise was necessary because, as senior executives explained to employees, “in a very real sense, society gives an organization permission to operate—and society can take that permission away.”

Aligning with society by acknowledging that smoking caused disease was also not a complete break with past denials to employees (and the public). Instead, Corporate Affairs explained, PMC’s views had evolved. Previously, PMC had focused on “the little not known about tobacco and disease”, for example, a 1979 employee manual with a section on “Smoking and Health—The Open Question” asserted that “statistical associations between smoking and disease…cannot establish a cause-and-effect relationship.” Now, however, PMC had shifted its focus to what was known, “accepting the judgment that what is known is enough” to establish that smoking caused disease.

**Encouraging Employees to Adopt the New Narrative**

PMC considered it important for employees to embrace this new narrative, in part because they were the company’s “best ambassadors”; they knew PMC best and could help spread the news about the company’s new story. Telling this new story would help “open doors that have previously been closed” to the company or keep other doors “from closing altogether.” Employee acceptance of the new narrative would also help change PMC’s internal culture so that the corporate story was not simply a story but a way of doing business. PMC spread the word internally through various communications platforms, including speeches by senior PMC executives, a “constructive engagement” module in PMC manager training, new employee orientation, employee newsletters, a “Philip Morris in the 21st Century” intranet site, and videotaped segments on PMC television.

**Explaining Why Change Was Necessary**
A key element of the new story was explaining to employees why change was necessary. Was it simply for public relations purposes, or had the company discovered something amiss in its former corporate culture? PMC identified 2 aspects of its former corporate culture that had contributed to its current difficulties. The first was “falling out of step” with the American public (or society more generally). To fall out of step with society is to no longer be in harmony with what others are thinking or doing. PMC did not always explain to internal and external audiences why or how it had fallen out of step with the public, simply stating it as fact or offering the minimalist elaboration that it had fallen out of step with the public’s “expectation of us.” Occasionally, a PMC executive might specify that these expectations concerned “critical issues about risks, marketing and regulation of tobacco” or “standards of responsibility.”

The second identified flaw was the development of a “bunker mentality.” A bunker mentality is “an attitude of (excessive) defensiveness resulting from the perception of being under attack.” Until 1999, PMC publicly rejected the idea that it viewed the world from an isolated bunker. In notes from 2 separate interviews with journalists in 1991 and 1996, PM USA’s Corporate Affairs vice president Ellen Merlo denied that there was a “bunker mentality” at the company. In the 1996 interview, vice president of external relations Vic Han concurred, stating that “It wasn’t a thought that occurred to me. Because that is not the type of environment we are talking about.”

However, in 1999, PMC changed its story, stating that it had, in fact, developed this bunker mentality in the 1990s and claiming that this had caused PMC to stay silent, allowing it to be defined by its critics. According to Steve Parrish, not responding had been part of company culture: “Keep your head down, operate in quiet ways, and stay out of the paper.” In late 2000, company executives described the problem with the bunker mentality less defensively, stating that it had resulted in a failure to listen to society.

By 2004, the storyline that explained why change at PMC was necessary—now labeled “what went wrong”—was more fully developed. In a speech to an external audience, communication and media affairs director Peggy Roberts explained that “Over time, society’s expectations and opinions about our product changed…. We didn’t listen very well. And we made some mistakes…. [W]e went into a bunker…. It became clear we had a choice to make. We could keep doing business as usual and risk getting put out of business. Or we could change. We chose change.” This story was repeated in 2005, in a report to employees, and in 2007 at new employee orientation sessions.

Youth Smoking Prevention as Evidence of Responsibility

One aspect of the new “responsibility” narrative that PMC was eager for employees to accept was the company’s commitment to youth smoking prevention (YSP). In the past, PM USA had participated in several tobacco industry–sponsored education and prevention programs directed toward youths, parents, and retailers, all with the ostensible goal of reducing youth smoking.
April 1998 PM USA established its own YSP department headed by Carolyn Levy, formerly senior vice president of marketing and sales information.\textsuperscript{98} Although a primary purpose of the department was to build external credibility,\textsuperscript{36,99} another was to increase employee pride in the company’s “commitment to [YSP]”\textsuperscript{100} (i.e., to promote the “responsibility” narrative).

The department and its activities were advertised extensively to employees. PM USA’s CEO sent a company-wide e-mail announcement about the program and an informational booklet to all employees.\textsuperscript{101} The YSP department made factory and company headquarters site visits and gave presentations at employee orientations, national sales meetings, and a government affairs conference.\textsuperscript{101-103} All employees received by mail a copy of the YSP-produced brochure “Raising Kids Who Don’t Smoke.”\textsuperscript{104}

The YSP department also encouraged employees to submit their own ideas for reducing youth smoking, offering $250 and a plaque to those whose ideas were implemented.\textsuperscript{105} Between 1999 and 2002, the department received between 180 and 240 ideas\textsuperscript{106} but gave just 3 awards, one for a suggestion to sponsor a television documentary on “Raising Resilient Children,” a second for a suggestion to place ads in \textit{Education Week} for a YSP curriculum that PM USA supported (life skills training),\textsuperscript{107} and a third for a suggestion to provide YSP materials to religious organizations.\textsuperscript{106} All others, including several policy changes suggested by PMC employees echoing policy proposals currently advocated by the public health community,\textsuperscript{108} were apparently rejected, most because they were deemed “currently out of scope”\textsuperscript{109} (Box 1 [ID]BOX1[/ID]). (We were unable to determine why.)

**Employee Acceptance of the New Narrative**

Steve Parrish anticipated possible employee resistance to the new narrative.\textsuperscript{122} One potential source of resistance was the perception that the new narrative represented PMC’s defeat by its enemies, a “rollover strategy” that “says whatever [the company’s critics] want, we give.”\textsuperscript{122} Another possible source of resistance was cynicism about the new narrative’s staying power, a view that “this too will pass and we will get back to the ‘good old days.’”\textsuperscript{122} Parrish’s concerns were well founded. After one year of promoting PMC’s new narrative, he summarized results from a Corporate Affairs survey by noting that “We have a great deal of work to do with Philip Morris employees…. [M]ost of you still do not feel that there is full ‘buy in’ by managers and employees to [the] core concepts of Societal Alignment and Constructive Engagement.”\textsuperscript{123}

A stumbling block for employee acceptance of societal alignment may have been the new alignment between PMC and society on smoking’s disease effects. In 1999, employees were reportedly “confused about PM[C]’s official stance on health issues”\textsuperscript{68}, in 2001, Corporate Affairs planning notes referred to a lack of understanding among employees of the company’s positions (presumably including those on health) and lack of confidence in communicating them.\textsuperscript{124,125} Employee focus group responses to a PMC-produced television advertisement highlighting that light cigarettes were no safer than regular cigarettes also suggested discomfort
with PMC’s new “public health” approach. Most focus group members disliked the ad, seeing it as another instance of the company “badmouthing its product.” One asked “Why are you trying to get rid of our customers?” Employees recommended a more positive ad that highlighted PMC’s responsible activities, such as YSP, and framed smoking as a “choice.” Largely unchanged versions of the ad ran on television between 2003 and 2005.

In 2001, a newly formed corporate responsibility task force, charged with defining corporate responsibility and recommending socially responsible practices, commented on employees’ lack of engagement with the corporate narrative. Task force members noted that employees had difficulty reconciling the old story with the new and understanding “how we evolved our positions and why.” The task force concluded that employees needed help “connect[ing] the past to our present and future; how did we get from there to here? What is our story?” Task force members advised senior management that

> [t]here is a fading “old story” to PM USA and an emerging “new” story. Many of our people are far more familiar with the old than the new—few are conversant with the “big picture.” Integrating and living the new story cannot evolve without honoring our past and understanding the path we’ve traveled to where we are today.

The task force saw “building the story” as “a critical piece of moving forward” and advised senior management to do so. Although members of senior management explained why change was necessary (as described earlier), they did not incorporate a fuller explanation of the company’s past into the corporate narrative.

The following year, as part of PM USA’s corporate responsibility efforts, a consultant, Business for Social Responsibility, interviewed 25 senior-level employees about what corporate responsibility meant to them and what challenges the company faced in that arena. Several interviewees stated that lower-level employees (particularly hourly workers) did not understand or had doubts about PM USA’s focus on responsibility, some were concerned that, if successful, youth smoking prevention would put the company out of business. Interviewees suggested that more communication was needed about why corporate responsibility was necessary. One suggested that the notion of responsibility itself had not been fully integrated into PMC’s story: “We have to articulate where we are going to go and why we are going there. Adding this to the story—not just that we are a great company, highly profitable and with hugely talented people but that we are responsible.”

Clearly, refining the “new narrative” and trying to ensure its acceptance by employees was an ongoing process. We found no more recent documents touching on the topic, and thus it is unclear whether this process succeeded. An examination of PM USA’s current Web site suggests that the new narrative (or at least its key elements) remains in use. For example, the site indicates...
that responsibility is an integral part of the company’s mission, operationalized primarily through a vague description of stakeholder engagement and societal alignment: “At PM USA, we approach responsibility by understanding our stakeholders’ perspectives, aligning our business practices where appropriate and measuring and communicating our progress. Our approach to corporate responsibility helps us understand what stakeholders expect of the company and the actions we can take to respond to those expectations.”

**DISCUSSION**

Good corporate stories can help create employee loyalty and enhance corporate social responsibility programs by increasing the likelihood that employees will effectively promote a company’s claims of responsibility.

As it sought to reposition itself, PMC communicated to employees a complex corporate narrative that attempted to elide contradictions between the “old” and “new” PMC stories.

Some aspects of the narrative were patently false, including the claimed gradual “evolution” of PMC’s beliefs about the hazards of cigarette smoking, when PMC had recognized for 50 years that it caused disease and death, and the claim that PMC’s difficulties stemmed from responding to attacks with silence when it had, in fact, continually communicated its interests by lobbying policymakers, challenging regulatory efforts, and creating scientific “controversy” about its product. Another aspect of PMC’s internal narrative—its reliance on YSP as evidence of its responsibility—appeared disingenuous, given that the company dismissed most of its employees’ suggestions for effective ways to reduce youth smoking. Thus, in creating its new corporate narrative, PMC misled both its own employees and the public.

The new narrative may not have fully convinced employees: in the first 3 years after its introduction, some expressed confusion and skepticism, particularly regarding “responsibility” as a key narrative element. But clearly it succeeded in forestalling public outcry and reassuring employees. PMC’s core tobacco business remains fundamentally unchanged since the turbulence of the 1990s. Producing and aggressively marketing the cigarette, the single most deadly consumer product ever made, is taken for granted as a continuing facet of modern life.

Moving toward a tobacco endgame, as called for by the recent US surgeon general’s report on the health consequences of smoking, will require ongoing discursive efforts to disrupt the “new narratives” of PMC and other tobacco companies. A key disruptive element is a focus on industry deception. The California Tobacco Control Program, one of the nation’s most successful in reducing smoking prevalence and denormalizing tobacco, has long had as one of its themes “the tobacco industry lies.”

More widely publicizing, perhaps in mass media campaigns, portions of the 2006 federal court ruling that PMC and other tobacco companies had deceived the public about the link between smoking and disease could be useful. Implementation of the federal judge’s 2006 order
(still under appeal almost 10 years later) that PMC (now Altria) and other tobacco companies publish “corrective statements” in a variety of media stating that they “deliberately deceived the American public” would also offer an invaluable opportunity to highlight industry lies. Ultimately, our study shows that even tobacco company employees sensed the fundamental contradiction between the new “responsibility” narrative and the continued aggressive promotion of deadly products.

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**Contributors**

P.|A. McDaniel conceptualized the study, collected and analyzed data, and wrote the first draft of the article. R.|E. Malone reviewed and analyzed data and edited all article drafts.

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**Human Participant Protection**

Institutional review board approval was not needed because no human research participants were involved.

**References**


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Available at: http://legacy.library.ucsf.edu/tid/yhs94g00. Accessed May 15, 2015.


### TABLE 1—Selected Results of 1998 Philip Morris USA (PM USA) Employee Survey

<table>
<thead>
<tr>
<th>Statement</th>
<th>Average Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM USA is socially responsible</td>
<td>3.8</td>
</tr>
<tr>
<td>PM USA is ethical</td>
<td>3.7</td>
</tr>
<tr>
<td>PM USA senior management is ethical</td>
<td>3.6</td>
</tr>
<tr>
<td>PM USA is honest</td>
<td>3.4</td>
</tr>
<tr>
<td>The company is adhering to the highest standards of ethics and integrity</td>
<td>3.3</td>
</tr>
<tr>
<td>PM USA senior management is trustworthy</td>
<td>3.2</td>
</tr>
<tr>
<td>PM USA senior management is believable/credible</td>
<td>3.1</td>
</tr>
<tr>
<td>When senior management says something, you can believe it's true</td>
<td>2.8</td>
</tr>
<tr>
<td>There is good morale in the company</td>
<td>2.3</td>
</tr>
</tbody>
</table>

*a = 1 = not at all, 5 = absolutely. Senior management considered a score of 3.8 or above as a strength and 3.2 or below as a weakness.*
BOX 1—Rejected Youth Smoking Prevention Suggestions From Philip Morris USA (PM USA) Employees, 2001

- Publicly support legislation to make the minimum legal smoking age 21 years throughout the country.\textsuperscript{109-110}

- Concept for advertisement depicting that “dating is cool, smoking is not.” Ad would let kids know that kissing a smoker is like kissing an ashtray.\textsuperscript{111}

- Develop “Tobacco Card” to be issued by state or federal government (picture identification costing $3–$5 and expiring every 3–5 years). Consumers must use card to purchase tobacco products, and only people who are “of age” will be issued a card. Applicants must sign a waiver that they will not hold tobacco companies responsible for any health risks and that their family members also cannot sue tobacco companies because the smoker understood the risks.\textsuperscript{112}

- Set up youth smoking prevention booth at community events. Elements of booth could include informational pamphlets, skeleton comparing bad lungs and healthy lungs, amnesty box where kids could deposit cigarettes, survey with kids to see why kids smoke and what would make them quit, and balloon game using darts to find balloons without cigarettes in them.\textsuperscript{113}

- Scholarship program for nonsmoking youths. Publish names of youths who were not eligible for a scholarship because they smoke in local paper.\textsuperscript{114}

- Fine retailers caught selling to underage customers and suspend their right to sell tobacco products.\textsuperscript{115}

- Produce a television commercial showing a child being offered a cigarette. As the child contemplates the offer, he sees his life progress as a smoker, ultimately showing him using an oxygen tank. As a result, he refuses the cigarette.\textsuperscript{116,117}

- New advertising campaign regarding retail access: “You Fake It. We Take It.” Retailers confiscate fake identification presented for purchase of cigarettes.\textsuperscript{118}

- Develop “No Smoking Contract” for kids to pledge not to smoke. Parents would also sign and promise to keep the child informed on the dangers of smoking.\textsuperscript{119}

- Develop program to reward kids who do not smoke. Kids earn points for remaining smoke free (validated through nicotine testing). Points can be redeemed for clothes, gifts, and college expenses.\textsuperscript{120}

- Stop producing cigarettes and shut down plants.\textsuperscript{121}