

Crisis Control Newsletter



Crisis Control Newsletter from RQA, Inc.—A Catlin Preferred Provider to Foodservice, Food Processing and Consumer Products Industries

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Whoops, That Better Not Happen to Us!

There are many interesting stories about contamination incidents and recalls where everything goes well and customers and reputations are unharmed. There is also a long list of mishaps, ranging from bad luck to lack of experience that can lead to a disaster. These are not usually discussed, much less published, for a variety of reasons. Frankly, a contamination or product failure requiring a recall is not the kind of thing that most companies have handled more than once or twice. Hopefully never! Other than a simulation exercise, lack of experience is normal, yet we are required to respond like experts.

Sometimes the best lessons are those we take from the experience of others. Watching someone else burn their hand on the stove should be enough to help you remember that it's hot! I have listed a few examples of items that went wrong during an actual incident that could have caused serious risk to the public or reputational damage. There is no shame in learning from the mishaps of others.

A client has an incident with a certain kind of product and called its consultant. After a few days of working together, the client discovers this consultant had no experience with this type of product or relevant government agency. Ask your consulting firm specific questions about their experience within your industry. And demand that you are kept up to date with changes in personnel.

An incident occurs and a company called the hotline of their outsourced Crisis Management firm and found it had called a wrong number. Because this did not happen on a weekend or after normal hours, there was no harm done. Check your consultant's hotline number periodically. And while you are at it, update your own phone tree.

A perfectly executed recall. Contaminated product delivered to a destruction/disposal company and the product is stolen with the goal of selling the product to the public on the black market. Audit the process of destroying the recall product. This is a relatively minor expense when compared to the potential damage caused by bad products being put back on the market after a recall.

A potentially contaminated product was brought to a lab for testing for an intentional contamination. After a week the lab showed no evidence of a pathogen. When asked about chemical contamination, the client was informed that the lab did not have that capability. When creating your crisis plan, make sure you have a laboratory with the ability to test for both chemical contaminants and pathogens or build a relationship with 2 separate labs and plan to get a sample to each if necessary.

Crisis Communications is a very important skill to have available during an incident. Check to make sure your internal and external resources have the requisite skills and experience. Marketing and Crisis Communications are difference skills. Ask your consultant about their specific Crisis Communication experience.

Lastly, fair or not, your response during a crisis will be taken as a reflection of your company's reputation and in many cases the executives themselves. Tensions are peaking and the stakes could not be higher. In many cases, if things don't go well, a scapegoat will be found. A little extra homework to avoid common mistakes will go a long way in preserving ones reputation.

By: .William Harrison, Managing Director, Product Recall Practices, Marsh

Lessons to Be Learned

History gives us plenty of examples of recalls gone wrong. And when recalls are not handled properly, the consequences can be devastating.

In one example of a company that did not have a recall plan, they waited three weeks after receiving consumer complaints to take any action. This company received over 300,000 consumer complaints. They had poor traceability systems which resulted in expanding the scope of the recall several times which led to more media coverage and bad press. Three days after the recall, the company's stock price plummeted nearly 50%. This recall cost the company \$42 million not including lawsuits and lost sales. A \$100 million class action lawsuit was filed against the company.

One of the first lessons we can learn from this example is to have a well established recall plan. Testing the plan can uncover gaps that can be addressed before an actual incident occurs. A simulation exercise can test the plan, people, process and systems in a safe and non-threatening environment. An assessment of the simulation allows a company to take corrective measures and solidifies confidence in the team's ability to work their way through a recall action.

Another important lesson from this example is to act quickly and efficiently when the company is notified of problems through consumer complaints or other sources. Ignoring the problems or waiting too long to take action increases the liability and financial risk and can have a devastating impact on the company's reputation and livelihood.

Because this company had poor traceability systems, they had to increase the scope of the recall more than once. Each time causing additional bad press and a negative hit to the brands and the company's reputation. Effective traceability systems are essential in the ability to track and trace products through the supply and demand chains. During a recall, being able to scope the issue and ensure that all effected product is taken out of the market is vital in protecting the consumer and the company. A good traceability system allows a company to minimize the scope of recalls, manage risks quickly and accurately, and improve food safety and security.

While we can learn from the experiences of others, the best plan is to be prepared by having a recall plan in place, having the recall team know their roles and responsibilities, and testing the plan on a regular basis.

By: .RQA, Inc.


Food and Drug Administration Recalls (www.fda.gov)

Product: Organic Olives Stuffed with Almonds
Incident: Possible Health Risk—*Botulism*

The FDA and a Watertown, MA distributor in conjunction with the manufacturer/packer located in Italy, is voluntarily recalling and warning consumers not to eat a specific brand of organic olives stuffed with almonds. Health authorities in Europe have reported two cases of botulism in Finland involving hospitalization. The consumption of these organic olives stuffed with almonds from the Italian manufacturer have been linked to these illnesses. Reports have indicated that samples of this product have tested positive for Botulinum toxin, which causes botulism. Botulism is a serious, potentially fatal illness which can attack the nervous system and can cause respiratory failure. The affected products were distributed to retailers in Massachusetts. Consumers who have purchased the affected products should discard or return the products to the place of purchase. Consumers and media with questions should contact the distributor directly.

Product: Raw Cheddar
Incident: Possible Health Risk—*Listeria monocytogenes*

A Bow, WA firm has announced a voluntary recall of their raw cheddar because it has the potential to be contaminated with *Listeria monocytogenes*. *Listeria monocytogenes* can cause serious and sometimes fatal infections in young children, frail or elderly people, and others with weakened immune systems. So far, no illnesses have been reported. Approximately 20 pounds of the raw cheddar were distributed to some retail stores in Washington state, as well as the company's on-farm store between Sept. 22—Nov. 5, 2011. The packages range in size from 1/4 to 1/2 pound pieces and are random weight cuts. The recall was a result of a surveillance sample collected and analyzed by the Washington State Dept. of Agriculture which was found to be positive for *Listeria monocytogenes*. The company has ceased production and distribution of the product until further investigation reveals what has caused the problem. Consumers with further questions should contact the company for more details.


United States Department of Agriculture Recalls (www.usda.gov)

Product: Beef Jerky Products
Incident: Possible Health Risk—*Salmonella*

A Johnson City, TX establishment has recalled approximately 126 pounds of beef jerky products because these products may be contaminated with *Salmonella*. Consumption of food contaminated with *Salmonella* can cause salmonellosis, one of the most common bacterial foodborne illnesses. *Salmonella* infections can cause serious and sometimes fatal infections in young children, frail or elderly people, and others with weakened immune systems. So far, FSIS has not received any consumer complaints or reports of illness. The problem was identified by FSIS as a result of a routine testing by the agency. FSIS determined the products were shipped by the firm before testing results were confirmed. The products were produced on Oct. 31, 2011 and distributed to convenience stores in west Texas and at the company's retail operation. Consumers and media with questions should contact the company's owner directly.

Product: Dumplings
Incident: Possible Health Risk—*Misbranded*

A Brooklyn, NY establishment is recalling approximately 63 pounds of veal dumpling products because the dumplings are misbranded in that they may contain pork, which is not declared on the label. The 16 oz. packages were packaged on Oct. 27, 2011 and were distributed to retail stores in Pennsylvania. The problem was discovered by an FSIS inspector that collected a sample for species analysis. That sample tested positive for pork and beef. FSIS and the company have received no reports of illness or adverse reactions due to consumption of these products. Individuals concerned about an adverse reaction should contact a physician. Consumers and media with questions should contact the company with any further questions.


Consumer Product Safety Commission Recalls (www.cpsc.gov)

Product: Chin Straps
Incident: Hazard—*Laceration*

A Baltimore, MD retailer is voluntarily recalling about 541,000 chin straps for football helmets. The chin straps were manufactured in China and sold in the following colors: white and black, red, midnight, navy and royal. They have a nylon shell, a padded chin area and a plastic strap. The chin straps have metal clasps that tighten the straps and attach them to the helmet. The metal strap that connects the chin strap to the helmet has sharp edges, posing a laceration hazard when the user's metal snap comes into contact with another player. The company has received six reports of injuries that required stitches. The chin straps were sold at sporting good stores and the company's outlet stores nationwide from Jan. 2008 through Sept. 2011. Consumers should immediately stop using the recalled chin straps and contact the company for a free replacement. For more details, contact the company or visit the company's website.

Product: Magnetic Sketchboards
Incident: Hazard—*Choking*

A Plattsburgh, NY distributor in cooperation with the CPSC and Health Canada are recalling approximately 95,000 units of magnetic sketchboards in the US (4,300 units in CA). The magnetic sketchboards, manufactured in China, have a white plastic writing surface bordered by either a red or brown plastic frame and a bean bag type backing. It has four animal shapes across the top and a multicolored magnetic pen affixed to the front of the sketchpad. The magnetic tip of the drawing pen can dislodge from the pen, posing a choking hazard to children. The company has received 19 reports of the magnetic tip separating from the pen. No injuries have been reported. The sketchboards were sold at a retailer nationwide from March 2010 to May 2011. Consumers should immediately take away the recalled sketchboards from children and contact the company for a free replacement. For more details, contact the company directly.

Crisis Control is a newsletter jointly published by RQA, Inc. & Catlin Group.

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