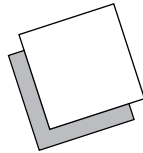


**An executive summary
for managers and
executives can be found
at the end of this article**



On achieving exoneration after a product safety industrial crisis

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Keywords Crisis management, Industrial marketing, Organizational policy, Product management, Product recall, Responsibility

Abstract Deals with the management of industrial crises, low-probability, high-impact events which typically affect companies involved in them, negatively. Specifically examines the role of three important factors, i.e. company's reputation, the organizational response that it selects to adopt in order to deal with the crisis, and external effects that are faced during a product safety crisis. Emphasis is placed on determining the effects of an industrial crisis (caused by a harmful product) on the consumers' attributions of company responsibility. It is shown that high reputation companies have generally an easier time dealing with industrial crises. In addition, companies faced with positive external effects and having voluntarily recalled the defects, are held the least responsible for the harm by consumers. Managerial implications are presented for high and low reputation companies involved in product safety crises, with emphasis placed on crisis prevention rather than mere reaction to it.

**Increasing occurrences
of product harm**

Introduction

Modern industrial and business environments are increasingly complex, changing, hostile, and therefore, dangerous to both the public and the firm. During recent years, there is an ever-increasing number of occurrences of product harm. Consumers sue manufacturers for injuries, loyal customers desert products, and federal lawmakers file injunctions against manufacturers. From the point of view of the manufacturer, the firm is involved in an industrial crisis. The firm is accused of social irresponsibility; it faces legal actions against it, the costs associated are enormous, but above all, the firm's reputation is ruined if it does not respond to the crisis appropriately. Serious survival problems arise due to the crisis. The negative effects on the sales of the harmful product may extend to other company products, since the entire corporate image may be negatively affected. In general, sudden changes in the way the firm's system operates are experienced.

In order for the company to be able to effectively manage an industrial crisis caused by product harm (i.e. a product harm crisis), some form of immediate action(s) is necessary. These actions aim at bringing the customers and distributors back to purchasing and carrying the company's products. The firm attempts to regain pre-crisis market share, by openly communicating with its customers, intermediaries and the general public, describing what the problem with the product exactly is. In addition, in most product harm crises, the company withdraws the product from the market, either after its own initiative or after a public agency orders the company to do so. The product may be withdrawn for good, or may be reintroduced in the market after, of course, it is redesigned so that it becomes safer and ensures that the same harm is not caused ever again.

Reintroduction of a harmful product to the market not only requires the company engineers' ability to redesign and make the product safer, but also requires consumers' desire for it, as well as distributors' acceptance. However, as soon as a crisis occurs, consumer attitudes toward the harmful

product and the manufacturers change. It is up to the company to persuade consumers that it is willing to take all necessary actions to make the product safe again. The company has to start with communicating to them exactly what the problem is and how it is ready to correct it.

Examples of industrial crises

Johnson & Johnson (J&J), for example, recalled Extra-Strength Tylenol capsules at a cost of \$100 million. In addition, J&J invested \$1 million in TV commercials over a four-day period. When the Tylenol crisis occurred in September 1982, because of product tampering, the company informed the public of the danger, recalled the product, redesigned Tylenol's packaging making it much safer than before, and reintroduced it in the market. Tylenol's market share dropped dramatically as soon as the crisis erupted. Tylenol regained its pre-crisis market share nine months later, thanks to a very successful management of the crisis.

The Union Carbide Corporation was unsuccessful in dealing with the industrial accident in the Bhopal, India, disaster, in which 2,500 people lost their lives, and the company suffered over half a billion dollar losses, and forced itself into a restructuring that reduced the company's size by one half. Other examples of very well-known industrial crises were that of Johns-Mansville Co., which led it to bankruptcy and product liability claims that cost US businesses over \$6 billion annually, and the Exxon Valdez oil spill in Alaska, in 1989 (Shrivastava and Siomkos, 1989).

Nor was Perrier successful in dealing with the crisis it faced in 1990, when traces of benzene were found in a Perrier sample tested in a biology laboratory. The crisis was so pervasive that Perrier was forced to recall hundreds of millions of bottles and lost \$200 million. In the Perrier case, the management of communications broke down so that conflicting messages regarding the company's efforts to handle the crisis confused the public and the rest of the company stakeholders, and resulted in unintentional damage to its reputation. Perrier was not ready to deal with a crisis; the company did not have a formal procedural way to handle crises, like a Crisis Management Team (CMT) (Kurzban and Siomkos, 1992).

Applying marketing in industrial crisis management

During a crisis, consumers can blame any of the following as being responsible for the harm: the manufacturer, the marketer, the distributor, or the end-user (i.e. misuse of the product). Consumers combine their causal attributions with the actions that the company takes to handle the crisis, and finally decide whether or not the firm involved in the product harm crisis was successful in dealing with it. Consumers express approval of the organizational responses, by repurchasing the reintroduced product, after this is safely redesigned. In other words, surviving an industrial crisis due to product-harm, it is essential that consumers be persuaded that the product is safe again, or that the company has done everything possible to overcome the crisis.

The purpose of this article is to examine the role that consumer attitudes and perceptions play in determining success of organizational responses to product-harm crises. More specifically, the study concentrates on examining the attributions that consumers make regarding who is to be blamed for the harm. Specific recommendations for crisis management executives are presented based on where responsibility for the crisis lies.

Industrial crisis

A need for safer products and production processes

Industrial crisis literature review

A company can be hit by an industrial crisis which can be due to any of several types of triggering events. These different triggers indicate the specific type of a crisis a company is faced with. Therefore, industrial crises could be spurred by industrial accidents, occupational health issues, hostile takeovers, environmental pollution incidents, terrorism, or harm caused by a product (Barton, 1990; Miller, 1988). Crises are the results of complex systemic interrelationships among many different variables. Research has concluded that any particular crisis could be often triggered by a multitude of other factors of crisis or other triggers (Pauchant and Douville, 1993; Pauchant and Mitroff, 1992; Shrivastava, 1993).

Industrial crisis researchers (D'Aveni, 1990; Mitroff and Pauchant, 1990; Mitroff *et al.*, 1989; Roberts, 1990) have established several common characteristics which are found in "crisis-prone" as well as in "crisis-prepared" organizations. The first type of organizations are also called "failing firms" and the second type called "high reliability systems". In addition, Pauchant and Mitroff (1992) recommend that managers should audit their organizations in terms of their specific cultural, psychological, structural and strategic characteristics, thus to become able to determine and correct their degree of crisis proneness. Recommendations for developing the necessary conditions for individuals and their cultures to become more "crisis-prepared" or "highly reliable" are offered by other students of industrial crises (Lagadec, 1991; Miller, 1990; Richardson, 1995).

The social and ethical responsibilities of organizations, the management of misconduct in many of them, and the effect of a crisis and its management on the legitimization of companies and their industries have also been examined (Pauchant and Mitroff, 1992; Sethi and Steidlmeier, 1991; Siomkos, 1989), as well as the strategic impact of industrial crises on the firms and their industries (Siomkos and Shrivastava, 1987). The need for the design and development of safer products and production processes and the need for specialized "crisis management teams" (CMTs) or CM "units" were addressed from a strategic perspective (Kabak and Siomkos, 1990; Mitroff *et al.*, 1988; Siomkos and Kurzbard, 1994).

Another important area of crisis management that attracted a great deal of research attention is the necessary development of communication strategies for both inside and outside the organization. It should be noted, however, that there exist different information requirements for different stakeholders of the organization (Fink, 1986; Shrivastava and Siomkos, 1989).

Of equal importance to the previous industrial crisis themes is the one that deals with the interrelationships which exist among the various stakeholders of the organization (e.g. intermediaries, other competitor companies, various publics, employees, and so on). The special interests, perceptions and actions among these stakeholders are different (Kunreuther, 1988). Other related issues examined are crisis effects on diverse stakeholders (Kabak and Siomkos, 1990), and the significant role of coalitions, group interests and political forces with respect to crisis management (Smith, 1990). Finally, Pauchant *et al.* (1990) particularly emphasize the need for balanced attention on the internal and external environments of the company-in-crisis.

More recent research in marketing dealt with the ethical dimensions of target marketing with respect to the role of product harm and consumer vulnerability (Smith and Cooper-Martin, 1997), with such examples in-focus

Three major factors in industrial crisis

as RJR's Uptown and Dakota cigarettes, and Heileman's PowerMaster malt liquor.

In general, much of the relevant work on product harm appearing in the marketing literature deals with either product safety issues related to physical harm and social responsibility (e.g. Laczniaak and Murphy, 1993), or the ethics of targeting vulnerable consumers with harmful products (Laczniaak and Murphy, 1993; Smith and Quelch, 1993).

Factors influencing management of an industrial crisis

Research has identified three major factors in an industrial crisis which involves product harm, namely:

- (1) the company's reputation;
- (2) the company's response to the crisis; and
- (3) the external effects during and after the crisis.

Although interested readers can find relevant presentation of these factors in Mowen *et al.* (1980), Mowen and Ellis (1981), Siomkos (1989), Shrivastava and Siomkos (1989), and Kabak and Siomkos (1990), some basic definitions are presented below.

Definitions

A. Company's reputation: the degree to which a company is successful in dealing with the crisis, is significantly affected by the image and reputation of the company. Research supported that well-known companies are better able to successfully overcome crises than less well-known, or low-in-reputation companies. Company's reputation for the purpose of this study can take either of two levels; it can be either high or low.

B. Organizational responses: the company that is hit by an industrial crisis has to react to it, i.e. take some action so that the crisis is overcome. This factor can take any of the four levels which form a continuum of organizational responses. These are – from least to most favorable to the consumer:

- (1) *Denial* – the company denies that harm has been done. It does not accept responsibility for the harm, and downsizes the impact of the harm. The company chooses not to show any concern with consumers' welfare.
- (2) *Involuntary regulatory compliance* – the company chooses to take action only after a regulatory agency orders it to do so. The company simply complies with the minimum legal requirements. It does nothing more nor less than what it is supposed to do by law.
- (3) *Voluntary compliance* – the company takes initiative voluntarily and adopts actions that meet regulatory requirements. The company exhibits responsibility and concern with customer welfare and public safety. It discloses information regarding the crisis, on a regular and frequent basis.
- (4) *Super effort* – the company attempts really hard to communicate a very positive and responsible image through its actions. It controls the technical damage aggressively, recalls the harmful product immediately, and provides relief to the victims. As a result, the company rapidly recaptures its lost business (market) share, informing the customers about what to do with the harmful product, how to return it and how to

Shaping public opinion

get compensated; being in constant contact with them. In general, the company attempts to build its customers' trust again.

C. External effects: external factors, such as the press, government agencies and special interests consumer groups that closely monitor the crisis, influence the company's ability to use and communicate certain actions over others; the company's willingness to take strong actions is not enough. These organizations shape public opinion and communicate to the consumers the company's responses in a favorable or unfavorable manner. External effects can be either positive or negative.

Hypotheses

Research has shown that a product harm crisis effect on a well-known company with a positive image may be minimal, and the effect can be devastating for unknown or less well-known companies. External effects (i.e. the press, regulatory agencies, special interest groups) during a crisis can be either positive or negative, and influence a company's success in dealing with the product harm crisis. When the press, for example, reports that a company involved in a crisis is acting in a socially responsible way by recalling the harmful product, the specific negative external effects of the crisis may be mitigated. Finally, responses to a crisis may greatly vary (continuum of responses). The easier the company makes things for the consumer of the harmful product, the better able it will be to overcome the crisis successfully.

The following three hypotheses are tested in this paper:

- [H1] In a product-harm crisis which involves a high-reputation and well-known company, as opposed to a crisis involving a low-reputation company, consumers will hold the company less responsible for the defect and its associated effects.
- [H2] The more positive the external effects (by the government, agencies, and the press) are to the company's responses during a product-harm crisis, the more consumers will hold the company exempt for the defect and its associated effects.
- [H3] Given the same levels of a product-harm crisis, and the higher the organizational response is, consumers will hold the company less responsible for the defect and its associated effects.

Factors could be combined

Methodology and sample

The three factors previously presented, each with its respective levels, could be combined and define 16 ($16 = 2 \times 4 \times 2$) treatments or manipulations (Appendix). Two industrial crises were described in scenarios for two products (a defective hair-drier model – called here “product 1”, and a harmful apple juice product – called “product 2”). The scenarios described pre-crisis and post-crisis characteristics through the manipulation of the levels of the three major factors presented herein. Each respondent was randomly assigned to one of the 16 treatments presented with the corresponding crisis scenario. After carefully reading the scenario, a respondent would answer eight questions which are presented in the Appendix.

The instruments used were analytic written descriptions of the 16 possible scenarios. Specifically, in order to minimize subject bias, fictitious company and brand names were used to refer to the two selected products. Written scenarios were used to manipulate the three major factors. Each described

A broad range of the general population

pre- and post-crisis characteristics through the manipulation of the appropriate variables. Eight paragraphs were developed for each product. Specifically, two paragraphs described high/low company reputation, four paragraphs described the four different levels of company response to the crisis, and two paragraphs described positive/negative external effects.

The sample comprised 384 consumers-respondents. The participants represented a broad range of the general population and were selected from a research subject pool maintained by a large university on the east coast of the USA. Criteria for participation in the study included only those consumers who had used either one or both products (i.e. apple juice and hair-drier) within the last two years, or were currently regular users of either one or both products. Special care was taken to maintain a fair representation of diverse sex and age groups within the respondent pool. Specifically, the breakdown between male and female participants were 49.5 percent to 50.5 percent, and 47.9 percent to 52.1 percent for the hair drier and the apple juice scenarios, respectively. In terms of age group representation, for the hair-drier case 69.3 percent of the sample belonged to the 18-30 age category, and 30.7 percent belonged to the 30-60 age category. For the apple juice case, the corresponding percentages were 54.7 percent and 45.3 percent for the 18-30 age group and the 30-60 age categories, respectively.

A principal components analysis was used to analyze responses to the items, which extracted two factors for both cases (for a discussion of this method see Churchill (1991, pp. 902-3).

Analysis of variance

Analysis and results

The degree to which consumers hold a company responsible for the crisis and its associated effects was examined in the study. Analysis of variance results appears in Table I and suggests the following.

Results for reputation are stronger and more important in influencing the degree to which consumers hold the company responsible than either response or external effects. Both response and external effects factors are practically identical in the size of their associated F-ratios. Each one is

Source of variation	Product 1				Product 2			
	SS	DF	MS	F-Ratio	SS	DF	MS	F-Ratio
Main effects								
REPUTAT.	48.9	1	48.9	6.5 ^b	42.0	1	42.0	7.0 ^b
RESPONSE	10.5	3	3.5	0.5	61.5	3	20.5	3.4 ^b
EXTERNAL	24.4	1	24.4	3.2 ^c	10.2	1	10.2	1.7
2-way interactions								
REPUTAT. × RESPONSE	44.1	3	14.7	1.9	19.6	3	6.5	1.1
REPUTAT. × EXTERNAL	4.4	1	4.4	0.6	2.4	1	2.4	0.4
RESPONSE × EXTERNAL	2.5	3	0.8	0.1	61.2	3	20.4	3.4 ^b
3-way interaction								
REPUTAT. × RESPONSE × EXTERNAL	37.9	3	12.6	1.7	7.8	3	2.5	0.4

Notes:

^a $p < 0.005$

^b $p < 0.05$

^c $p < 0.10$

Table I. ANOVA results: responsibility for harm

Voluntary product recall

statistically significant for one of the two scenarios, while reputation is significant for both scenarios and has much larger F-ratios.

Companies are more likely to be held responsible for the harmful product if they are low in reputation, or if they face negative external effects during a crisis. Thus, hypotheses *H1* and *H2* are supported. Cases involving the apple juice product suggest that reputation and response main effects are significant, therefore supporting *H1*. As far as supporting *H3*, the latter case (product 2 – apple juice) suggests that it is supported, to the extent that the company uses either a voluntary recall or a super effort, in which case the company is held less responsible than in the case of using a denial or an involuntary recall response. An interesting fact is that consumers hold a company the most responsible if it uses the involuntary product recall organizational response (Figure 1), and not the denial response, as might be perhaps expected.

ANOVA for the second product case (i.e. apple juice) revealed a significant two-way interaction; that of (response) X (external). In Figure 1, the greatest difference in responsibility scores lies with the case of a company using voluntary product recall to get out of the crisis. If that company faces positive external effects, it will be held the least responsible for the harmful product ($R = 6.85$). On the other hand, a company will be held the most responsible, if it faces positive external effects and uses an involuntary product recall for responding to the crisis in this case ($R = 9.91$). Finally, a company that faces negative external effects during a crisis should use a super effort if it is to minimize its responsibility for the crisis ($R = 8.24$).

Major findings

The current study and hypotheses testing led to the following clearly statistically significant findings:

- (1) In a product-harm crisis which involves a high-reputation and well-known company, compared to a product-harm crisis case which involves a low-reputation and less well-known company, consumers will hold the company less responsible for the defect and its associated effects. In addition, consumers will be more likely to attribute the reason for the defective product to other factors, not controllable by the company.

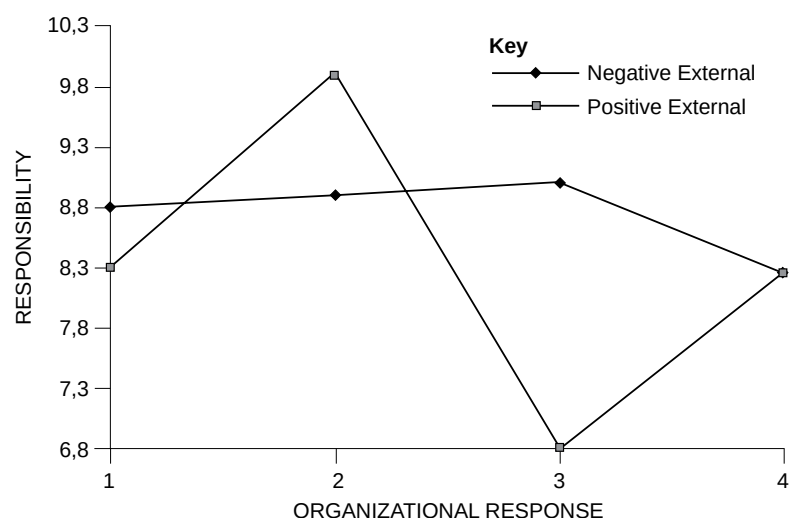


Figure 1. Interaction: (RESPONSE) $\times$ (EXTERNAL)

**The consumer is the
ultimate judge**

- (2) In addition, it was shown that the more positive the external reactions by regulatory agencies and the press are to the company's responses during a product-harm crisis, the more consumers will hold the company exempt from blame for the crisis.
- (3) If, given the same levels of a product-harm crisis extent, and various external effects, the company employs either a voluntary product-recall, or a "super effort" as its response, consumers will tend to hold the company less responsible for the defect and its associated effects.
- (4) In terms of the interactions examined, it was shown that a company which faces positive external effects during a crisis and voluntarily recalls the defective product will be held the least responsible for the harm by the consumers. On the other hand, a company will be held the most responsible for a product harm, if it faces positive external effects and uses an involuntary product recall in responding to the crisis. In the case of negative external effects, the company should use a super effort response in order to minimize its responsibility for the harm.

Conclusions

Responsibility for harm and industrial crisis management

In an industrial crisis, the consumer is the ultimate judge of whether the company-in-crisis has successfully, handled it, or not. If the consumer perceives that the troubled company took the appropriate measures to deliver a safe product in the market, then the company will be held less or not responsible for the harm caused. Responsibility for the harm, as judged by the consumers, is therefore instrumental in determining a company's success in managing a crisis.

In terms of managing a crisis, a company has indirect control over the external effects factor that it will face, and direct control over company reputation and the organizational responses which will be decided so that the company overcomes the crisis. The consuming public attributes responsibility for product harm to factors outside the company's control, when the company is rated high in reputation. This implies that company reputation is a controllable factor that can mitigate indirectly associated negative effects of a product harm crisis.

Many companies during recent years are paying serious attention to crisis management, developing crisis management plans, crisis management teams, environmental safety programs, and so on.

Emphasis on prevention of industrial crises

In the past, companies were merely attempting to recapture their lost market share after eruption of a crisis. Their target was merely to return to pre-crisis market share levels, product and production schedules and business conditions. Today, it seems that more and more companies perceive crises as presenting an opportunity for overall organizational transformation and improvement. They are, or should be, using crises as opportunities for changing business focus, production systems, environmental and safety practices, as well as consumers' perceptions and attitudes toward the company. Industrial crises are opportunities for improving a company's image, especially if that company is initially not well-known.

Companies have recently improved their crisis prevention procedures through the establishment of risk management programs, environmental safety and health programs, and backup systems. They have become more

Companies should avoid denial

responsive to their responsibilities to the various groups of stakeholders by adopting cleaner technologies, redesigning products and packaging to improve product safety, reducing emissions, and managing waste disposal. Therefore, the recent trend is for companies to develop in-house capacity to prevent and manage crises, rather than relying on outside consultants to help them respond to a crisis after this erupts.

Managerial implications

Of extreme importance for a company is to invest high levels of its resources in developing or improving further its image. A company's favorable reputation and image with consumers may act as a preventive device against negative consequences of a future crisis, starting with more favorable attributions for responsibility for the product harm, as the present study has shown. At the same time, a company should pay greater attention to how consumers perceive it and should focus on polishing and enhancing its image even before a crisis erupts. The best way for a company to achieve this is to act in a socially responsible manner even before a crisis erupts.

In order to improve their overall image and enhance their social responsibility image, companies should expand their crisis management tasks to include important tasks such as technological damage control, victim relief and rehabilitation, organizational improvements, conflict resolution and business recovery. Companies create distinctive images on social issues facing them, such as environmental protection, consumer safety, occupational safety and health, technological hazards, to name a few. They achieve all these by instituting open marketing communications with all stakeholders and the media. A company which, during a product harm crisis, attempts to prove its social responsibility, concern and honesty with consumer welfare, can actually enhance its reputation and image.

Companies should avoid denying their responsibility for a crisis incident. This is particularly important for those companies low in reputation. Eventually, issues of responsibility regarding product harm will be settled through inquiries, negotiations and law suits. However, no amount of denial would convince consumers of the company's innocence if, of course, the company is really responsible for the harm. In general, denial is perceived by consumers as a defensive, narrow and even, in some cases, selfish reaction on the part of companies involved in product harm crises.

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Appendix

Methodology and Principal Components Analysis

Sixteen treatments (scenarios) defined as combinations of the following factors and their levels:

Company's reputation	(high – low)
Organizational response	(denial – involuntary compliance – voluntary compliance – super effort)
External effects	(positive – negative)

Respondents answered the following eight questions on a 7-point scale [1 = extremely agree; 7 = extremely disagree]:

- (1) I hold [Company] responsible for the product harm.
- (2) I perceive [Company] as instrumental in producing the effects.
- (3) I hold [Company] responsible, because it could have foreseen the effects, no matter whether it had or did not have any intentions to produce them.
- (4) [Company] is responsible for the foreseen and intended results.
- (5) [Company] is responsible only to the extent that it cannot justify its behavior.
- (6) [Company] was simply associated with the event.
- (7) [Company] committed the event.
- (8) [Company] intended the event.

The Principal Components Analysis yielded two factors for both product cases. Specifically, for “product 1”, the first factor consisted of the first seven items [1-7 above] and accounted for 39.4 percent of the variance. The eighth item [8] carried the most weight in the second factor, and was negatively correlated with the rest of the items. Therefore, the dependent variable, i.e. “Responsibility for Harm” denoted with “R”, is defined as follows:

$$R = a_{11} X_1 + a_{21} X_2 + a_{31} X_3 + a_{41} X_4 + a_{51} X_5 + a_{61} X_6 + a_{71} X_7 + a_{81} X_8$$

where X_1 to X_8 represent the values of the responses to the eight items (questions), and the a 's denote the characteristic vector, or the first eigenvector. The values of a_{11} to a_{81} are derived by dividing the factor correlations by the square root of the first eigenvalue. It is assumed that the dependent variable R is a linear combination of the responses to the eight questions, which are known as the manifest variables.

For the first crisis case:

$$R = (0.43)X_2 + (0.39)X_7 + (0.39)X_4 + (0.39)X_3 + (0.38)X_1 - (0.34)X_6 - (0.28)X_5 + (0.16)X_8$$

Similarly, for the second crisis case:

$$R = (0.42)X_2 + (0.41)X_4 + (0.38)X_3 + (0.37)X_7 + (0.37)X_1 - (0.34)X_5 + (0.22)X_8 - (0.26)X_6$$



This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present

Executive summary and implications for managers and executives

Crisis? What crisis?

Manufacturers are expected to produce safe goods. Because of this requirement – and the associated consumer expectation – safety failures represent a serious crisis for any manufacturer. Under such circumstances the firm's survival is at stake – there are plenty of examples of firms that have folded as a result of a serious product safety issue.

Despite the seriousness of product harm crises many businesses do not have in place a strategy to deal with such a problem when it arises. Put simply, they are not prepared and that lack of preparedness means that, when the crisis occurs, the management panics.

Siomkos looks at the way in which consumer perceptions of the organization – before, during and after a crisis – are crucial influences on whether the problems are successfully handled. We can summarise Siomkos' findings as follows:

- *Firms held in high regard by consumers are “protected” during a crisis by the strength of their public image.*
- *During a crisis the attribution of responsibility by external influencers (press, government, courts, etc.) can exempt the company from blame.*
- *A company facing a crisis must be seen to make a “superhuman effort” to address the problem and avoid current or future harm from using the product.*

We can safely assume that the reverse of these actions – poor image, bad press and no apparent concern – result in disaster emerging from the crisis.

The challenge for management is to ensure that the crisis management process addresses these concerns. We can set out a “checklist” of considerations during a product harm crisis:

Physical concerns

- (1) *Ensure the product cannot do any further immediate harm probably by immediate withdrawal and/or recall.*
- (2) *Establish the cause of the problem and set in place a process to remedy this problem.*

Communications issues

- (1) *Be clear, honest and straightforward about the problem.*
- (2) *Make sure your public spokesperson is well briefed, trained and aware of the issues.*
- (3) *Ensure that all directors and senior managers know what the problem is, what caused it and what the company is doing to remedy the situation – the message must be consistent.*
- (4) *Establish easy access for the media – they can be your worst enemy if you don't allow them this access.*
- (5) *Manage press contact and don't let them talk to just anybody.*
- (6) *Don't elaborate on the message to the media – get the story straight and stick to it.*

Dealing with the public and your distribution channels

- (1) Set up a means for your customers to contact you and find out about the problem and remedy first hand – don't rely on the press to tell them.*
- (2) Don't give medical advice – send customers to their doctor or the hospital.*
- (3) Provide a simple brief on the problem for concerned consumers – make sure this accords with what you tell your customers and the press.*

The authorities

- Remember that government has a duty to act in the interests of consumer safety.*
- Know who to contact within local and national government departments and tell them the minute the problem arises.*
- When officials identify a problem don't try to wriggle out of it – co-operate.*

Be prepared

- Don't wait until it happens.*
- Have your strategy ready with key people in place from the moment the problem arises.*

This checklist is not exhaustive but it sets out the main areas to concern yourselves with both before any crisis arises and during the crisis itself. If you are ready then the management of any crisis becomes a question of putting a plan into action – your managers are good at this and it's far better than blind panic!

After the problem is resolved you need to:

- Demonstrate why the solution works to the press, the authorities and other key stakeholders.*
- Assess the damage done to the business's normal operations, the brand and your reputation.*
- Prepare a marketing plan to address the problems of corporate reputation, product image and market share.*

You don't want a crisis but they can occur in even the best organizations – incidents of product tampering, machinery breakdown, human error and much more besides can contribute to creating a serious problem. You should be ready with the right tools to address any situation that arises. It won't be pleasant but if you've set the right strategies, invested in your corporate image and developed the trust of your customers and consumers then you should be able to get through the crisis. As British beef farmers will tell you, however, if you're not ready for a crisis, think it will go away if you ignore it and deny there even is a problem, then you deserve the disaster that will hit you.

(A précis of the article "On achieving exoneration after a product safety industrial crisis". Supplied by Marketing Consultants for MCB University Press.)