

Total recall: Remember these things



ANN MINZNER CONLEY

Twenty-six years ago, Johnson & Johnson set the gold standard for product recall risk management in its response to the Tylenol cyanide scare. Today the lessons learned from that episode are more important than ever.

Whether it's the ability to quickly identify and trace product through the supply chain, investigate and determine vulnerabilities, implement corrective actions or take the initiative in communications with regulators and the public, companies in today's global economy must have a robust toolkit to prevent and respond to the types of events that trigger product recalls.

The Consumer Product Safety Commission says deaths, injuries and property damage from incidents related to consumer products cost U.S. businesses more than \$700 billion each year. Faulty items can crop up almost anywhere; recent recalls have ranged from baby goods, toys and jewelry to electronics, furniture and pet food.

Any firm, be it a small or a large link in a worldwide supply chain, ultimately shares responsibility for the end product. A company must count product integrity as a core component of its value. Having a comprehensive, updated product-recall plan lets firms respond rapidly to critical product integrity issues, thereby ensuring consumer safety and maintaining public confidence.

Companies should prepare for the worst by drawing up a clear and effective product-recall strategy. This may include written product safety and product recall policies, reviewed regularly, that detail who is responsible.

A document management policy should cover design decisions and changes, purchasing requirements, testing results and consumer surveys. It's important to establish communications systems that allow product safety/recall information to reach employees who can affect the program. Membership in industry associations and trade groups may provide updates on design enhancements, loss information, safety issues and ongoing recalls.

If questions surface about a company's product, it's crucial to identify the source of the concern right away. An effective surveillance program can monitor product-safety Web sites and news service reports to pick up any comments or complaints linked to a specific item or type of product.

Ideally, companies should have modern systems to trace and document the affected products in the supply/distribution network and to communicate information quickly internally and to customers and the general public. A product-recall plan should engage senior managers, marketing and sales personnel, engineering and design employees as well as company spokesmen trained in media communications, to steer the process.

There are a number of ways that organizations can initiate post-sale corrective actions. If a flaw is detected when a product is not yet on the market, the company may pull the product back without alerting the public. Especially for industrial products with high traceability, post-sale actions may include retrofitting a machine or distributing labels to help users employ the

machine appropriately and safely.

The most extreme reaction is a full recall, with the product retrieved and destroyed or reworked, either voluntarily or at the behest of a government agency. The goals are: first, to eliminate or minimize the potential for product-related illness or injury to people and damage to property, in part, by removing the affected product from the marketplace; and second, to correct the problem.

Whatever forms these recalls or corrective actions take, anyone in the chain of manufacture and distribution can become involved. These days, consumers and governments throughout the world are placing a greater responsibility on manufacturers. Product-liability laws are expanding the scope of post-sale duties that a manufacturer must assume.

Without a clearly thought-out plan, the costs of post-sale corrective actions can escalate quickly. The worst-case scenario is an ineffective recall, meaning companies are not thorough enough in their efforts and leave problematic products on the market, putting consumers at risk, opening themselves up to litigation and damage to their credibility.

Sometimes, a recall is unavoidable. Businesses should prepare by creating a strategy that includes formal, written product-safety and product-recall policies that define a strong corporate commitment as well as interdepartmental and individual responsibilities.

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