

How can BestBaby
bring its PR crisis
under control?

Four commentators offer
expert advice.

When No News Is Good News

by Bronwyn Fryer

A celebrity's baby is severely injured when her stroller tips over. Was it user error or a faulty product? The media go wild—and BestBaby faces a PR disaster.

HBR CASE STUDY

When No News Is Good News

by Bronwyn Fryer

Greg James punched the button on the Lexus's stereo, scanning the stations for the morning news story he didn't want to hear. Sure enough, 101.7 was in mid-broadcast, playing that scratchy, dramatic 911 recording. "Help! The baby!" a young woman shrieked. "She's—oh, she's hurt her head! She's bleeding all over! Oh, my God—it's not my fault!"

A fresh wave of nausea hit Greg as he forced himself to listen for an update on the situation. "As we reported yesterday evening, the injured child is Avery Nelkin, the three-month-old daughter of Academy Award winners Nick Nelkin and Celia Winston. She remains in critical condition, and doctors are uncertain whether she will recover from injuries sustained when her stroller rolled down the driveway of the Nelkins' Laurel Canyon home."

The broadcast continued as Greg turned into the BestBaby parking lot. "Caught by reporters this morning at the hospital, Mr. Nelkin contin-

ued to lay blame for the incident on the manufacturer of the stroller—BestBaby Corporation of Des Moines, Iowa—and implied he will initiate legal action against it. So far, the company has not commented. We will continue to update you throughout the day."

Greg winced and clicked off the radio. It was all like a bad dream. Throughout the previous evening, that horrible 911 recording—and Nelkin's threatened lawsuit—had been inescapable headline news. Greg sighed wearily as he eased into the reserved parking spot. "It's obvious that I'll make some kind of announcement today," he said to himself. "But what should I say?"

Greg found Jane Benson, the company's public relations manager, waiting for him in the lobby. She wondered whether he'd heard about the recall demands. She grabbed his elbow. "Greg, we've got a *huge* problem here," she said in a low, tense voice. "My phone's been ringing

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off the hook. CNN and ABC News have both left messages on my voice mail. Their crews are on the way. They've asked for a statement from you. I haven't returned any calls yet." She paused briefly, gauging Greg's deepening frown. "And I—I've been checking the Web. Three sites are running headlines calling us 'WorstBaby.' This morning, Consumerwatch posted something on its Web page, asking users whether they think we should recall the stroller. It's already logged more than a hundred responses saying we should. People are swapping stories about accidents with our strollers. We simply have to come up with a response, and pronto."

"Call an all-hands emergency meeting," Greg responded. "I want all executive staff in the boardroom in an hour. We'll give everyone a full briefing. Don't worry," he said compassionately, scanning Jane's worried expression. "We'll get this under control."

What Went Wrong?

"Everything's happening so fast," Greg thought as the elevator doors closed. "The Nelkin accident occurred yesterday evening. Now all these angry people are coming out of the woodwork with broken-stroller stories. Funny they didn't say anything before." He pursed his lips. "I haven't even had time to figure out what's happened, let alone consider a recall. And now," he thought bitterly, "it looks like the Consumer Product Safety Commission may make that decision for me."

Greg searched his memory. In the ten years he'd spent running BestBaby, he had never confronted a bona fide PR crisis. Indeed, as far as public relations was concerned, the company had always had a good track record. In 1975, the company's cofounder and former CEO, Simon Levison, had asked him to join BestBaby as head of sales, handpicking Greg from a raft of brilliant candidates. After serving as vice president of sales and marketing and later as COO, Greg found himself in the CEO spot when Levison kicked himself upstairs to the chairmanship.

After 20 years at BestBaby, Greg had been overjoyed to take on the position. He loved children; he and his wife had three grandchildren. He felt like he'd trained his whole life to run a company that catered to little ones. Greg knew the 1,200-employee company intimately after having spent so many years running sales

and operations. He felt that BestBaby was really his baby: he took personal pride in the company's excellent reputation as a manufacturer of cribs, car seats, strollers, and toys. Distributors and retailers were unflaggingly loyal and stockholders supportive. The ads, with their tag line "BestBaby—Best for Your Baby!," were familiar elements in parenting magazines. Product reviews were generally good, and the media were friendly. Although overall sales had remained relatively flat during the past few years, the company had been buoyed by strong sales from a recent line of collapsible jogging strollers introduced in 1997 and regularly updated with trendy colors like raspberry, blueberry, and tangerine.

What about consumers? "We haven't had more than the usual number of consumer complaints, especially after we instituted that satisfaction guarantee and five-year warranty a few years ago," Greg mused. Of course, the last few years had also produced their share of management challenges. There was that painful moment in November 1998 when Greg had had to order those cost-cutting measures. He'd had to lay off dozens of part-time workers and offer early retirement to more than a few full-time ones. He'd worked closely then with the new COO, Keith Sigismund, to streamline and consolidate BestBaby's supply chain. Following the winnowing process, one particular supplier, Arzep Enterprises, emerged as the chief provider of materials, furnishing BestBaby with 80% of its plastic, rubber, and metal parts; nylon cords; and other equipment.

Keith had proven himself serious, hardworking, and wholly dedicated, although his authoritarian, no-nonsense manner occasionally rankled managers and employees, especially those who worked in the manufacturing facility. Lisa Ronell, a popular, good-humored woman who headed up human resources, had fielded several complaints about Keith's apparent obliviousness to the shop-floor and warehouse personnel. During a meeting with Greg early last year, Lisa mentioned that one employee in particular—outspoken Donna Di Meola, who wore "Union: Yes!" buttons—had complained that Keith routinely ignored her when issues came up.

"Donna says that Keith doesn't really listen to her," Lisa had told Greg. "She says he's obviously preoccupied and cuts her off if she brings problems to his attention. I suggested that if

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that's the case, she should write up her communications as memos and bring issues to his attention that way. And keep copies." During Keith's last performance evaluation, Greg had urged him to brush up on his listening skills, without specifically mentioning Donna's complaints.

Suddenly, Greg also remembered Keith's saying that Arzep had recently switched suppliers, going with cheaper materials in an effort to shave expenses of its own. "Keith said that the new material isn't as sturdy as the previous brand, but he's never reported a diminishment in quality," Greg thought.

He resumed his mental inventory of corporate difficulties. "The only real mark against us was that liability suit six years ago, which we settled," he said to himself. "After that, I hired Robert Howe as corporate counsel. Boy, Robert did a great job on that stroller case last year, when he showed that our product didn't fail and that the nanny hadn't fastened the seat belt."

Point the Finger?

As the crisis meeting convened, Jane placed copies of the latest news clippings before each place at the conference table. Lisa pulled Greg aside as the senior managers found their seats. "Greg, I've had several people call this morning, wanting to see me," she worried. "Two managers in manufacturing told me they want to quit. So does Donna."

Greg nodded, taking in the bad news. "Lisa, do your best to keep people calm. Beg them not to quit. I'm planning on making a speech to the company after our meeting. Please ask them to hang on at least until the end of the day. And tell Donna I want to meet with her as soon as possible."

"Sure, Greg, I'll try," Lisa responded grimly. "But this whole Nelkin thing has really upset her. The only person around here who can do any persuading is you."

Lips tight, Greg moved to his place at the head of the conference table and cleared his throat. "Good morning. First things first: there's been no update on the condition of Avery Nelkin," Greg announced to the group. "I know you share my concern about this child. Of course, we all know we make a great product, but we're facing a real public relations crisis here. We have not yet answered calls from the media, but I agree with Jane that we

should make some kind of announcement, and soon. So before we leave this room, we need to have a complete disclosure of everything we know about this issue," Greg waved his pile of clippings, "and a plan of action. Jane, you start by filling us in on the news reports."

Jane stood up. "Well, I'm assuming you all watched the news last night." She looked around the table, and several heads nodded. "Nelkin told reporters that his 14-year-old daughter, Sophie, was taking the baby out for a late-afternoon jog. Sophie claimed to have set the brake on the stroller while it was in the driveway. Then she went back to the house to lock the door, but while she was doing that, the stroller rolled down the driveway and fell on its side, and the baby's head hit the concrete." Jane paused. "So she called 911—that's the phone call all the radio stations keep playing. No one claims to have seen the incident, but Nelkin insists that this accident is not Sophie's fault. He says, quote, 'She's absolutely trustworthy and responsible, and this incident has traumatized her. It's clear that the brake on the stroller didn't work.'"

Keith sat through Jane's summary with a scowl on his face. When she was finished, he stood up and pulled what looked like a copy of a memo from his leather notebook. "I don't remember reading this at the time it was written, and I couldn't find it in any file, but Donna handed this to me this morning," he said grimly. "She's that union organizer in machining who likes to send me alarming memos on a weekly basis. I usually look into them, but so far they haven't unearthed any serious problems.

"Anyway, Donna told me this morning that she keeps copies of all her memos. This one is dated January 15, 2000." Keith cleared his throat and read aloud: "New Arzep brake fittings don't grab the front wheels as easily as previous ones. If the brakes actually fail, a child in the stroller could be hurt."

Everyone in the conference room gasped in unison. Simon Levison was visibly angry. He pounded his fist on the table. "Well, if that's true, then this is absolutely not our fault!" he fumed. "The problem is with Arzep's brake fittings, not our manufacturing. We can't be held responsible. I think we should put out a press release saying that we are looking into problems at Arzep."

Greg shook his head. "Simon, any kind of

We have a great product. But in cases like this, the public has already determined our company's guilt because of the celebrity of the victim.

denial of the charges will certainly make things look worse. Besides," he pointed out, "if this memo has been leaked outside the company, it will look like a smoking gun." An uncomfortable silence fell over the room.

"Well, I definitely think we should issue a press release saying that we are investigating this matter, but we have to do more than that," said Jane finally. "Greg, you're going to have to go on TV and give some kind of profuse and public apology to Nick Nelkin, Celia Winston, and their family."

"He should absolutely do no such thing," snapped the lawyer, Robert Howe. He stared hard at Jane, who shifted uncomfortably. "No one saw the accident, and this very well could have been the teenager's fault. An apology will look like an admission of guilt."

Keith spoke up. "We have a great product and an airtight reason for pursuing Arzep. But in cases like this," he added with audible bitterness, "the public has already determined our company's guilt because of the celebrity of the victim."

Jane insisted that the company's chief concern at this moment was how to spin the story. "The public's memory is short," she said. "Is there any way we can undertake a totally separate PR campaign in a few months, to clean up the company's image? There may be an opportunity in this, depending on how we handle it. Maybe if we do some pro bono work and get the word out, in six months we'll look like Mother Teresa."

"Well, one thing is certain," said Greg. "This negative publicity is highly damaging and needs to be nipped in the bud. We have to be very careful in communicating with everyone—our own employees, the news media, the public, and the Nelkin family." He searched the faces at the table.

How can BestBaby bring its PR crisis under control? • Four commentators offer expert advice.

See [Case Commentary](#)

Case Commentary

by John R. Hall

How can BestBaby bring its PR crisis under control?

As a former CEO who went through a similarly harrowing experience, I can certainly sympathize with Greg James. Like him, I received a lot of conflicting advice from different people within my organization, yet I had to make the right decision for everyone, both inside and outside the company. And like Greg, I had to deal with some very unpleasant facts about which I was previously unaware. In the case of Ashland's 1988 oil spill, I learned to my horror that the storage tank that had collapsed was not a new model but a "recycled" one. To make matters worse, the engineers who had reconstructed the used tank had failed to pay sufficient attention to standard industry procedures.

Although it's possible that the incident involving the Nelkin baby was truly an accident, Greg has to assume that it wasn't, because that is the public's perception. Nor is it constructive to lay blame on anyone. Only by holding his company fully responsible can Greg ultimately restore the public's faith in BestBaby.

In Ashland's case, we reclaimed our good name as a corporate citizen by acting quickly and decisively to disclose all the facts, engage an outside investigator, and pay whatever price was necessary to clean up the mess. The price we paid for the cleanup was, in the end, money well spent. As a result of our aggressive actions, the press articles following the terrible incident were largely positive.

Greg should call a news conference as rapidly as possible. In it, he should apologize to the Nelkin family for any deficiency that may have existed in the stroller. He should offer the family his and the company's best wishes for their daughter's speedy and complete recovery. And he should announce a series of decisive actions. He should say that, as a first order of business, BestBaby will immediately recall all strollers of this type for investigation and possible modification of the brakes.

Second, Greg should openly state all the

facts—including the change of suppliers and the warning memo from an employee—because leaving them for a reporter to discover later will be extremely damaging. In addition, he must say that the company is appointing a reputable, independent outside investigator to conduct a full review of the accident; he must promise that the conclusions of the investigation will be made public upon its completion. The investigation should include an evaluation of materials provided by all component suppliers. This is particularly important since BestBaby had made changes to its supply chain and since the change to new materials had been questioned by at least one employee. Once the study is complete, BestBaby should make it available to the baby stroller industry at large so that all companies involved in the manufacture of strollers might benefit from it. Finally, Greg should pledge full cooperation with all interested parties, including government agencies, the media, and the company's customers and suppliers.

During this press conference and subsequent statements, Greg should emphasize BestBaby's long history as a supplier of products for children and the company's reputation for superior product quality. He should clearly state his determination to find the exact cause of the problem and to modify the stroller to be certain that a similar incident will never occur. And finally, of course, BestBaby must deliver on all of Greg's promises, down to the finest detail. By doing all these things, it is entirely possible for Greg's company to emerge stronger and healthier.

John R. Hall is the retired chairman of Ashland Incorporated in Covington, Kentucky. As chairman from 1981 to 1997, he presided over his company's response when an Ashland storage tank collapsed in January 1988, spilling diesel fuel into the Monongahela and Ohio Rivers.

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Case Commentary

by Ian Mitroff

How can BestBaby bring its PR crisis under control?

This is not just a public relations crisis; it's a management crisis. The earlier lawsuits and the memos from Donna signaled the existence of ongoing problems at the company. The fact that Greg, Keith, and other executives ignored or minimized these early warning signs shows just how short-sighted BestBaby is. Had an effective crisis-management team been in place to pay attention to these signs, the current situation might have been avoided.

Unfortunately, the question of liability is already moot. Even if Robert, the attorney, were able to prove in a court of law that BestBaby isn't at fault, he's already lost the bigger, much more important case. In the emotionally volatile court a baby's injuries are the only admissible evidence, and there is no defense. Any attempt to deflect responsibility—as we have seen so clearly in the recent Ford and Firestone debacle—will only sink BestBaby more deeply into the quagmire. Nor should Greg blame anyone within the company. Rather, he will need to ask himself: what illness existed within our corporate structure that allowed this to happen? To treat the illness, BestBaby will have to swallow bitter medicine.

Besides bracing for a class action suit, Greg must now face the hard fact that he has only one real choice. He can pay once now for his company's mistakes or pay for them later on an ongoing basis. If he pays now, he has a much stronger chance of controlling the damage and reviving the company's public image. Therefore, like it or not, BestBaby must assume complete and total responsibility for the Nelkin accident and all others involving its products.

Greg's first task must be to find out the awful truth about unreported and unheeded product and supply problems before the media do. He should immediately hire an independent investigator to interview Donna and other employees privately and confidentially. The investigator will have to unearth the history of any problems and report all findings directly to Greg on a daily basis. Greg will also want to hire a crisis management expert who will be charged with setting up and training a permanent, internal crisis-management team comprising people from the operations, mar-

keting, IT, security, and legal departments. The team will need to meet regularly with employees and report on and address issues on a monthly basis. Greg should definitely consider assigning Donna to the team.

At the press conference, Greg will have to cross his personal Rubicon. He will have to look right into the cameras and say, "We violated the trust of consumers." He must be absolutely sincere and contrite. He must make a frank apology to the Nelkins and anyone else whose children have been injured by BestBaby products, and he must offer to pay all their medical expenses. He must truthfully lay out all the facts as he understands them. Greg keeps an upper hand only by airing the facts on his terms; he can be sure that, if they haven't already, the media will find out about Donna's memo. He must also lay out an aggressive plan of action, detailing how and when his company will fix organizational and operational problems. He should introduce the members of his new crisis-management team. And he must schedule another press conference in three days to update the public.

In the following months and years, BestBaby will have to repair its public image by consistently demonstrating to the media and the public how the company has redefined itself. Executive management should review all company business practices and key assumptions and reject or revise those that have brought BestBaby to this pass. The company should open its facilities to inspection, showing how it has changed its operations for the better. Greg and his staff will need to think outside the business-as-usual box and identify with children and parents. They will have to make amends through some highly visible, charitable acts to prove that BestBaby can rise to an ethical standard far beyond that of the bottom line.

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In the emotionally volatile court of public opinion, a baby's injuries are the only admissible evidence, and there is no defense.

Case Commentary

by Robin Cohn

How can BestBaby bring its PR crisis under control?

Greg and Jane are correct in wanting to get out a media statement, but they have waited too long already. In the early stages of a crisis, the faster the story is out, the more quickly it can be contained and the more forgiving the public is willing to be. The crisis meeting should have been called as soon as the company heard about the accident, and Greg should have issued a statement that same evening.

The minute this meeting is over, Greg should personally call the Nelkin family. He should offer to meet with them privately and to provide whatever assistance possible, including paying the medical bills. Such a meeting should not be publicized. Then Greg should issue a voluntary recall before the U.S. Consumer Product Safety Commission asks for one. He should require the company's distributors to stop selling jogging strollers until further notice. He and Keith should also apologize to Donna.

With these orders of business out of the way, Greg should address the employees. His statement can serve as a rehearsal for the public one. He should say something like: "I know all of you are shocked by the Nelkin baby accident. We've always prided ourselves on making the best equipment, yet something here went terribly wrong, and we have to fix it immediately. I am about to hold a press conference. On behalf of all of us, I will apologize to the Nelkin family as well as to our other customers. I will announce a product recall; I will also stress that we are developing new quality-control procedures to see that this never happens again. We will be discussing these steps with you before releasing them to the media." Greg should also tell the staff that Donna tried to alert management about the problem and that he has apologized to her.

Greg's statement to the media will have to accomplish several simultaneous objectives. It's important to stress his company's concern for its customers and to show that it has nothing to hide. He should not assign blame. The public does not care about what's legally acceptable. It cares only about what's morally acceptable, which is that BestBaby is responsible for the safety of its products. If the company appears to deny responsibility, respond too slowly, cover up, or put its own interests first,

the public will lash out—and damage to BestBaby's reputation could be irreparable.

Aside from expressing sincere concern for the Nelkin baby and other children injured in stroller accidents, Greg will have to state all the facts as he knows them. He won't have complete information at the time of the press conference, so he should say that the company is working to determine the cause of the accident and to fix it and that BestBaby will continue to provide information as it becomes available. He should add that the company is voluntarily recalling its jogging strollers and stress that it will work with the Consumer Product Safety Commission. Finally, he should introduce Jane Benson as the future spokesperson. It will be Jane's unenviable job to make absolutely sure that the public stays apprised of the results of the investigation.

Greg should open up the floor to the tough questions that reporters will ask and address each one as candidly as he can. If, for example, someone mentions the employee memo, Greg will have to admit its oversight and emphasize that the company is investigating the matter. If questions arise about the brakes, he should not yet mention Arzep's name since the cause of the accident, although suspected, has not been determined.

Unfortunately, even the most deftly conducted press conferences are not enough to begin rebuilding customer loyalty. This can only be accomplished one consumer at a time. BestBaby will have to surpass public expectations. Greg should ask himself: "If I owned a jogging stroller like this, what's the most fair and generous thing BestBaby could do for me?" The company might, for example, replace the recalled strollers with top-of-the-line models. Certainly, such replacements would come at a substantial cost. But a response like this would go a long way toward heading off public anger—and, in the end, cost far less than the price the company would pay for belated action or additional inaction.

Robin Cohn is a New York-based crisis-management consultant and the author of *The PR Crisis Bible* (St. Martin's, 2000). She directed the response of Air Florida after the fatal crash of its Flight 90 in the Potomac River in 1982.

The faster the story is out, the more quickly it can be contained and the more forgiving the public is willing to be.

Case Commentary

by Alan H. Schoem

How can BestBaby bring its PR crisis under control?

BestBaby is in trouble, but its situation is not hopeless. The most effective way for the company to address its defective brake problem and restore consumer confidence in its name is to work cooperatively with the U.S. Consumer Product Safety Commission (CPSC; www.cpsc.gov) to recall its jogging strollers. If the company acts quickly in mounting a recall, it can demonstrate its commitment to its customers and to product safety.

In this unfortunate event, BestBaby even has a role model. On October 4, 1982, Johnson & Johnson announced a nationwide recall of 31 million bottles of Tylenol after seven people died from taking cyanide-laced Extra Strength Tylenol capsules. It was one of the most prominent product recalls in the United States, and the company's aggressive action went a long way toward restoring trust in its brand. In the end, Tylenol more than survived; Johnson & Johnson also raised the standard for consumer product packaging.

Greg and BestBaby will have to accept the fact that they are likely to be sued by Nelkin and others. The company should not allow that likelihood to interfere with its recall. Its goal should be to prevent other injuries or potential deaths. And it would serve BestBaby no useful purpose to blame its supplier for the problem. In the public's mind, BestBaby is responsible since it manufactures the strollers. Legal action against Arzep can always be pursued later.

BestBaby should immediately contact the CPSC's Office of Compliance and ask for help in conducting a recall under our Fast Track Product Recall Program. Under it, a company reports its problem to the CPSC and offers to conduct a recall. In exchange for this cooperation, the CPSC foregoes conducting a detailed evaluation of the product and making a preliminary determination that the item possesses a defect and is a substantial product hazard.

The company has a lot to do in a very short time. To avoid the commission staff's making a preliminary determination of hazard, BestBaby must initiate its recall within 20 working days. Issuing a recall requires more than simply sending out a press release; for the recall to be effective and acceptable to the CPSC, it must follow the specifications of the Fast Track program. Thus, before the official recall can begin, BestBaby must first work with the CPSC to determine the

scope of the recall by pinpointing exactly when Arzep changed the brake components; perhaps the recall can be limited to those strollers with inferior brakes. Second, BestBaby must determine the remedy it will make available to customers. Repairing and eliminating the brake problem would likely be the least expensive option. If a repair is not immediately available, the company could offer a refund of the purchase price or a replacement stroller.

Once the remedy is agreed upon, BestBaby must work with the CPSC to figure out the most effective ways to notify consumers of its efforts to remove the dangerous strollers from the marketplace. The company can also use this public notice to alleviate some of the negative publicity surrounding its product and the accident involving baby Nelkin. Greg might also wish to participate in the CPSC's press conference announcing this recall and to issue a joint press release with the CPSC. Because of the very real risk of serious injury and death as well as the negative publicity surrounding the company, BestBaby also would do well to announce the recall in paid advertisements. While the CPSC does not allow ads announcing a recall to be marketing tools, the agency would allow language expressing the company's commitment to its customers. BestBaby must also post the recall notice prominently on its Web site and place recall posters in retail stores that sold the strollers and in pediatricians' offices.

In the CPSC's experience, companies that are up-front with their customers—and that act quickly to prevent further injuries—can maintain or regain the loyalty and admiration of the public.

The comments by Mr. Schoem were made in his official capacity and are in the public domain; they do not necessarily reflect the position of the CPSC.

Alan H. Schoem is the director of the Office of Compliance of the U.S. Consumer Product Safety Commission in Washington, DC.

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