United Fresh: Managing Your Brand’s Reputation During A Crisis
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We Build Brands, Relationships and Reputations.
Caliber Group

Brand Development
Digital Marketing
Web
Social Media
Public Relations

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Crisis & Reputation Management

Produce Tampering, Foodborne Illness, Business Closure, Layoffs, Leadership Changes, Arson Fires, Undocumented Workers, Bankruptcy, Mergers & Acquisitions
SELECTED CLIENTS

Seashore Fruit & Produce Co.
Euro Fresh Farms
Superior Natural Oils International, Inc.
Valencia International
Harvest Sensations
Naturipe Farms
Pacific Brokerage Co.
PRO*ACT
Desert Whale Jojoba Company
Sooner or Later, Your Brand Will Be Challenged by a Major Crisis
Definition of a Major Crisis

Major crises are show-stopping, product-stopping, or reputation-defining situations that create victims and/or unplanned visibility that can put an organization out of business, make a brand obsolete or end someone’s career.

Anything less falls into the category of a serious problem or an issue.
Origins of Crises

Over the past ten years, more than half of all crises have been caused by someone in management.

- Executives and managers – 51%
- Employees – 30%
- Outside forces – 19%
The most common reasons organizations fail during a crisis…

• Lack of preparation/ Assumed readiness

• Failure to respond in the first few hours following a major crisis

• Failure to respond appropriately to victims

• Failure to address a minor incident that turns into a long-term, reputation-defining series of events (i.e. BP Oil)

• CEO/Top management not involved with managing the crisis

• Failure to appropriately deal with the media, critics, competitors and opportunists
Warning signs that may cause a crisis, or a major threat to an organization’s reputation

• Leadership that allows supervisors and top performers to overlook on-going bad behavior

• A culture that emphasizes “whatever it takes” to achieve financial goals

• Leadership that ignores or belittles whistleblowers
Case Studies:
How Not to Handle a Crisis
BP Oil

BP Oil was arrogant, and took too long to accept responsibility and remedy their problem. BP is still cleaning up the Gulf and pouring $Billions into making up for their mistakes...
Enron

Enron cooked their books and got caught. Their investors and the public lost confidence. Their stock went from $90 to $0 in 16 months...
Ryan Lochte

America’s Olympic athlete partied, then lied again and again, when evidence supported he was lying. He lost sponsors & his reputation...
Subway chose the wrong spokesperson...

Subway suspends relationship with spokesman Jared Fogle after FBI raids his Indiana home in child porn investigation

Slimmed-down Subway pitchman Jared Fogle is suddenly feeling the weight of a federal child-porn probe.

The formerly flabby Fogle’s 15-year business relationship with the fast-food chain was suspended following a shocking FBI raid at his Indiana home—
Chamberlain Farm’s
Chamberlain Farm’s denied responsibility when proof existed they were the source of produce contamination. They lost customer confidence...

Cantaloupe grower denies any link to outbreak

However, FDA inspectors find bad practices and salmonella at the Chamberlain Farm packing shed.

By Coral Beach
Staff Writer

Inspectors found “poor sanitary conditions” at his packing shed — and three types of salmonella on cantaloupes and equipment — but the owner of Chamberlain Farm Produce Inc. contends there isn’t any link between his fruit and an outbreak that has killed three.

“While we acknowledge that the FDA report notes certain conditions allegedly observed at Chamberlain Farms, there is nothing in the report to indicate the conditions are a source of or contributed to any reported illnesses,” owner Tim Chamberlain said in a written statement issued via his attorney Oct. 4.

The Centers for Disease Control and Prevention, however, reports 270 people in 26 states have been sickened by two strains of salmonella that are “indistinguishable” from the salmonella at the farm. The illnesses began July 6.

Also, the Kentucky Department of Health confirmed the match of one strain in August on Chamberlain Farm Produce cantaloupe collected at retail. The CDC later matched two strains on Chamberlain Farm cantaloupes and watermelons at the Owensville, Ind., farm to the outbreak strains.

The Food and Drug Administration released a report Oct. 3 on findings Aug. 14-31 at the farm. It details a variety of “poor sanitary conditions.” It is on file in the FDA’s Freedom of Information Act electronic reading room: tinyurl.com/Chamberlain-report.

The investigation is ongoing, FDA officials said Oct. 4, but agency policy bars them from discussing details.

Inspector Meisha Waters recorded numerous problems in her Aug. 14-31 report. She did the inspection while the packing shed was operating.

“I observed standing water in the packing shed on the floor … and on the drip table … This water appeared to have algae growing in it,” Waters wrote in the inspection report.

She reported that swabs of surfaces in the packing shed and on cantaloupe from the field and in a cardboard bin in the shed tested positive for three kinds of salmonella.

Waters also found multiple instances of standing water and buildups of debris and green, brown and black material on packing equipment. Rust and other dirt was found on multiple pieces of packing equipment.

The packing shed, which does not have walls on two sides, had porous food contact surfaces including wood and carpeting on the pack line, Waters reported, making it virtually impossible for the surfaces to be sanitized.

Water lines carrying well water to the packing shed were leaking and covered with rust.

“This water comes into direct contact with the cantaloupe,” according to the report.

The inspector reported no one was monitoring the effective levels of the chlorine sanitizer in the packing line water. Chamberlain could not provide any records regarding the water sanitizing process, according to the report.

Chamberlain said in August he began recalling his fruit Aug. 16, but officials characterized it as a “voluntary market withdrawal.” The FDA did not name Chamberlain Farm as the supplier until six days later. A list of wholesalers and retailers who received the fruit has still not been released. Chamberlain said the fruit did not have lot numbers for traceability.
Carnival Cruise Lines

And what about Carnival? Are you more or less likely to book a cruise on Carnival today?
How to Prepare for the Inevitable Crisis
Four Stages:

- Planning
- Identification & Containment
- Communication
- Correction
Before a Crisis –

The Planning Stage
The Crisis Planning Stage

Identify all possible threats to your organization:

• Operating & Non-Operating
  – Crime/ Litigation
  – Extortion
  – Workplace violence, accidents/ death
  – Foodborne Illnesses/Outbreaks
  – Terrorist attacks/ Threats
  – Demonstrations/ Protests
  – Stock price drop
  – Theft
  – Sabotage/Scandal
The Crisis Planning Stage

Identify all possible threats to your organization:
- Virtual
  - Web & security attacks, Porn, Anti-corporate blogs
  - Cyber bullying
  - Short selling
- Major Disasters
The Crisis Planning Stage

• Develop a crisis response plan and team for each crisis scenario

• Incorporate legal, compliance, government, security, safety, ethics & media guidelines into each crisis response plan
The Crisis Planning Stage

Identify the potential victims and stakeholders for each potential crisis and who should respond to each:

• Employees
• Customers
• Families/relatives of victims
• Public safety officials
• Healthcare professionals
• Government officials, politicians
• Utilities
• Shareholders
• Trade organizations
• Allies
• Vendors
• Media
The Crisis Planning Stage

• Identify each communication channel (traditional, social, earned and paid media) to best reach your target audiences
The Crisis Planning Stage

• Become your own publisher -- and don’t rely on the traditional media as your primary source of communication
The Crisis Planning Stage

- Build and direct multiple channels to your website / key messages
The Crisis Planning Stage

Build fans and followers before a crisis hits. You’ll need them!

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<thead>
<tr>
<th>Platform</th>
<th>Social Media Icons</th>
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The Crisis Planning Stage

• Identify media spokespersons for each potential crisis, and train them to talk to the media

• Identify possible first-response statements/ key messages tailored to each crisis

• Identify a crisis command center and communications protocol, including phone, Internet, data and office area requirements

• Build contact lists and keep them updated and accessible

• Test and develop website readiness to update critical information quickly during a crisis (i.e. create dark pages that can be hung quickly with contact info)

• Conduct staff crisis training and drills as needed
Case Studies:
Good Planning Before a Crisis
Domino’s Planned for a Crisis
Chobani Planned for a Crisis
EuroFresh Farm’s Planned for a Crisis

Cochise County
Eurofresh products safe in Salmonella outbreak

Crisis Response Plan
During a Crisis
The Identity & Containment Stage
The Identity & Containment Stage

- **Identify and analyze the problem, then resolve it quickly.**
  - Get the facts – know what happened, when, where and how many?
  - Victim safety is your top priority.
  - Are there any injuries or fatalities? If the problem is spreading or creating victims, deal with the underlying problem first above all other actions.
The Identity & Containment Stage

- Identify the victims
  - Victims can be people, animals, the environment and living systems.
The Communications Stage
The Communications Stage

The Golden Hour ---

• Each of the crisis communication steps must be activated in the first one to two hours following any crisis.

• The faster you can respond in a crisis, the sooner the crisis and impact on victims subsides, which means the sooner your organization can begin to return to some semblance of normalcy.
The Communications Stage

• Communicate with:
  – Victims and their families (Don’t release names until family are notified)
  – Employees
  – Public service and healthcare officials
  – The media, the self-anointed, and the self-appointed
    • The media will want to know what went wrong, who is responsible, who the victims are, and what you are going to do fix the problem

• Plan on nearly every crisis bringing out opportunists, because your crisis has activated their agendas
The Communications Stage

Words are Powerful During a Crisis…

• Your media spokesperson must stay on point, stick to the facts, show concern for those affected, and eliminate defensive words from their vocabulary.

• Examples of defensive and offensive media statements:

<table>
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<tr>
<th>Defensive</th>
<th>Offensive</th>
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<tbody>
<tr>
<td>“No comment”</td>
<td>“Circumstances prevent me from answering now”</td>
</tr>
<tr>
<td>“We can’t do that”</td>
<td>“Here is what we can do”</td>
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<tr>
<td>“That’s not our fault”</td>
<td>“This is what we are responsible for”</td>
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<tr>
<td>“I don’t know the answer”</td>
<td>“We can not speculate on a hypothetical question”</td>
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<tr>
<td>“Not that question again”</td>
<td>“Let’s move on”</td>
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</tbody>
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The Communications Stage

Understand your victims before you communicate.

- Victims seek validation, visibility (to describe their pain and warn others), vindication (resolution that prevents the victimization of others), and an apology.
The Communications Stage

Apologize.
To recover from a crisis in the shortest possible time, apologize to your victims.

*An apology is the single greatest act that may stop or lesson the severity of litigation following a crisis.*
• "There's no one who wants this thing over more than I do... I'd like my life back."

• BP CEO Tony Hayward – May 31, 2010
The Corrections Stage
The Corrections Stage

Clarify or correct inaccurate information that lives on the Internet forever.
After a Crisis
After a Crisis

• Declare an end to the crisis
• Conduct a formal debriefing with crisis response team. Learn from mistakes
• If necessary, fire members of your management team / employees
Case Study:
What We Can Learn From Chipotle
Chipotle’s Situation

- Plagued with E-coli and salmonella outbreaks that sickened about 500 people in 13 states from July 2015 through January 2016.

- Had a crisis plan in place, which they implemented quickly.

- CEO accepted responsibility and publicly apologized multiple times (on the Today Show and via an apology letter and food safety plan placed in 61 national newspapers).

- CEO committed to all victims and stakeholders that Chipotle would become a leader in food safety = near zero risk.
Chipotle’s Pro-Active Response

Chipotle Founder Steve Ells Addresses Series Of Outbreaks | TODAY

Published on Dec 10, 2015
Chipotle Today: Profits are still down.

Chipotle profits down 82% in wake of E. coli outbreaks

by Jackie Wattles  @jackiewattles
July 22, 2016, 8:04 AM ET

Chipotle has not recovered as much as investors expected after the chain’s E. coli woes.

The company, which posted its quarterly earnings update after the bell Thursday, said its profits were down 82% from last summer.

That drop comes after the company reported its first ever quarterly loss in April.
Chipotle Today: Stock prices and 25% of customers have not returned.

Chipotle Mexican Grill, Inc.
NYSE: CMG - Nov 10, 5:26 PM EST

391.83 USD ↑22.31 (6.04%)
After-hours: 391.83 0.00%

1 day | 5 day | 1 month | 3 month | 1 year | 5 year | max

Google Finance - Yahoo Finance - MSN Money

Disclaimer
What could Chipotle have done better?

Completed a farm to fork risk assessment, stepped up food safety practices to exceed industry regulations, and trained workers BEFORE their crisis occurred.
Summary
Summary: How to Avoid a Crisis

• Attention CEOs – Don’t Expect Your Marketing & PR Team to Put Lipstick on a Pig!

• Do the right thing from the beginning! Produce the best products, services, and food safety practices possible.
Summary: How to Lessen the Impact of a Crisis

• Be transparent / Tell the truth
• Communicate quickly, openly and accurately
• Be accessible and responsive
• Respond to all audiences
• Show empathy and real concern for the victims and all those affected
• Reduce the production of critics, enemies and victims
• Engage with challengers
• Clarify and correct
• Apologize/ Accept responsibility
Questions
Questions?

Get Brand Reputation & Crisis Tips Here:

CaliberGroup.com/Crisis-Tips