

The power of communication during a product recall

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Your reputation on the line


Sony battles to restore credibility after recall warning
Financial Times, 5 Oct, 2007

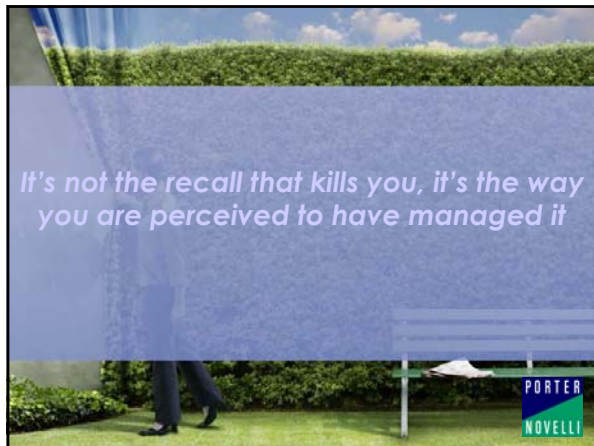


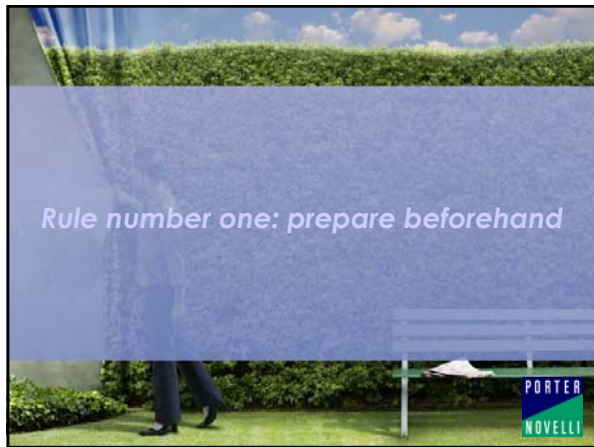
Recoverers and non-recoverers

The graph plots ValueReaction (%) on the y-axis (ranging from -20 to 20) against Event Trading Days on the x-axis (ranging from 1 to 251). Two lines are shown: a blue line for 'Recoverers' and a red line for 'NonRecoverers'. The blue line starts at 0, rises to about 10% by day 50, and fluctuates between 10% and 25% thereafter. The red line starts at 0, drops to about -10% by day 50, and fluctuates between -10% and -15% thereafter.

Event Trading Days	Recoverers (%)	NonRecoverers (%)
1	0	0
51	10	-10
101	15	-12
151	20	-13
201	15	-14
251	10	-15







Why is preparation so important?

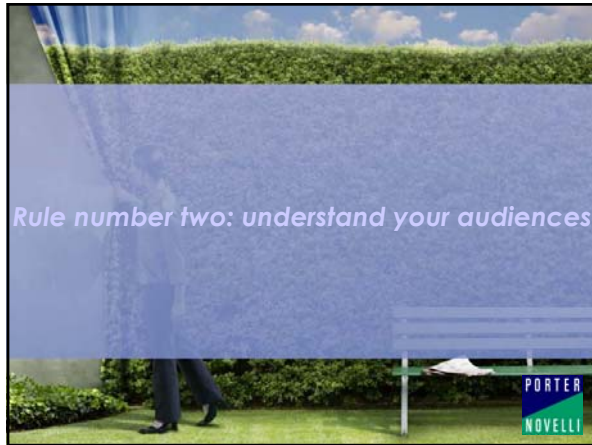
- Speed of interest
- Scale of interest
- Surfeit of 'experts' and 'commentators'
- Spread of bad news
- Word of mouth – blogs etc
- Perceptions form and harden quickly

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Preparing the communications arsenal

- Stakeholder map
- Corporate/product facts and figures
- Positioning papers
- Holding statements
- Spokespeople
- Communications procedures and processes
- Communications capability – call centres, website, Intranet, design agency etc.
- Monitoring capability






Rule number two: understand your audiences



Stakeholder mapping

- Develop stakeholder map – who is impacted, who has influence?
- Prioritise accordingly - focus on high impact and/or high influence
- Messages – what do they need to know and/or do?
- Develop communications tactics that meet the need of each stakeholder group
- Identify and mobilise allies



The media likes a good crisis, especially..

- Conflict
- Someone to blame
- Controversy
- Mixed messages
- "No comment" – it means you're guilty!

- But they can help



So...

- Communicate proactively as early as is practicably possible
- If you don't communicate, they will get the story from other sources
- Delays in responding position you as irresponsible, unconcerned, incompetent and confused



Understand the agenda

- What happened?
- Why did it happen?
- What are you doing about it?



Who is to blame?





