

Key elements of a successful product recall

Stefan Lenze

Munich 19 June 2008



Lovells

The objectives and how to achieve them

- Objectives: safety, reputation, finances
- Acting quickly
- Communicating effectively
 - *safety*: consumers, suppliers, distributors
regulatory authorities
 - *reputation*: consumers, media
 - *finances*: insurers, investors



Practical steps

- Plan effectively
- Decide whether to take corrective action
- Take corrective action
- Learn from experience



Dealing with the regulators



Establish a relationship with the regulators

- Go beyond compliance -- if it doesn't hurt
- Phone calls or personal meetings
- Involve external lawyers who know the regulators



Notification obligation

“Where producers and distributors know or ought to know ... that a product [is unsafe] they shall immediately inform the competent authorities of the Member States.”



Risk assessment guidelines by the European Commission

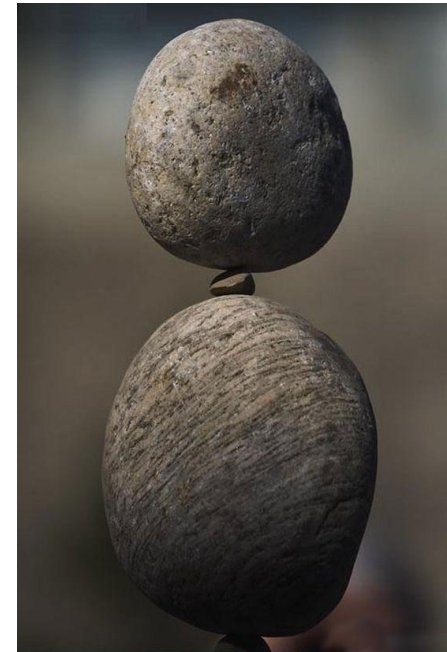
- Old risk assessment guidelines
- New risk assessment guidelines
 - Separate assessment of potential injury scenarios
 - More sophisticated approach to the assessment of identified product risks
 - Put in context very remote risks associated with the product

http://ec.europa.eu/consumers/cons_safe/prod_safe/gpsd/notification_dang_en.pdf

http://ec.europa.eu/consumers/safety/committees/ra_guidelines_workshop11122007.pdf

Get the balance right

- Authorities need sufficient information to assess the adequacy of the proposed action
- Too much detail can:
 - result in misunderstandings
 - prompt unnecessary inquiries
 - with the effect that corrective action may be delayed
- Information needs to be effective



Getting the products back



Lovells

Corrective action notice

- Information sources
 - Notice to distributors
 - Instore posters
 - Website notices
 - Newspapers
- Consistency
- Litigation and PR perspective



Safety Recall

12" Sulley with Boo Plush Doll
purchased in the year 2002

The doll's pink pony tail holders may detach creating a potential choking hazard for young children.



UPC# 4 12022 24048 5
12" Sulley with Boo Plush Doll

Guests should immediately remove and discard the two pink ponytail holders and two rubber bands from the Boo Doll's hair or return the doll to any Disney Store for a full refund.

**For information call:
1-800-566-3161**

Disney Store, Inc.
Glendale, CA 91203

Recovering the products

- Tracing the products: serial number, bar code, batch numbers
- Tracing the owners: sales records, guarantee cards, payback cards, credit cards, GPS
- Data protection laws



Three take away points

- Don't leave it too long to address a safety issue
- Control the message
- Informed clear strategy

