

*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.

When

No News

IS Good

News

by Bronwyn Fryer

REG JAMES punched the button on the Lexus's stereo, G 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 re-

mains 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 continued 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 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 'Worst Baby: 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

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HBR's cases present common managerial dilemmas and offer concrete solutions from experts. As written, they are hypothetical, and the names used are fictitious.

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 untaggingly 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 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

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

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.

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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

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 denial of the charges will certainly make things look worse. Besides;" he pointed out, "if this memo has been

"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.

TES ANALISA KASUS
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Pertanyaan : - Beri kesimpulan terhadap masalah utama yang sedang terjadi.
- Apa yang seharusnya dilakukan oleh perusahaan.

Catatan : - Tulislah jawaban anda dalam bentuk analisa yang jelas, rinci dan sistematis.

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