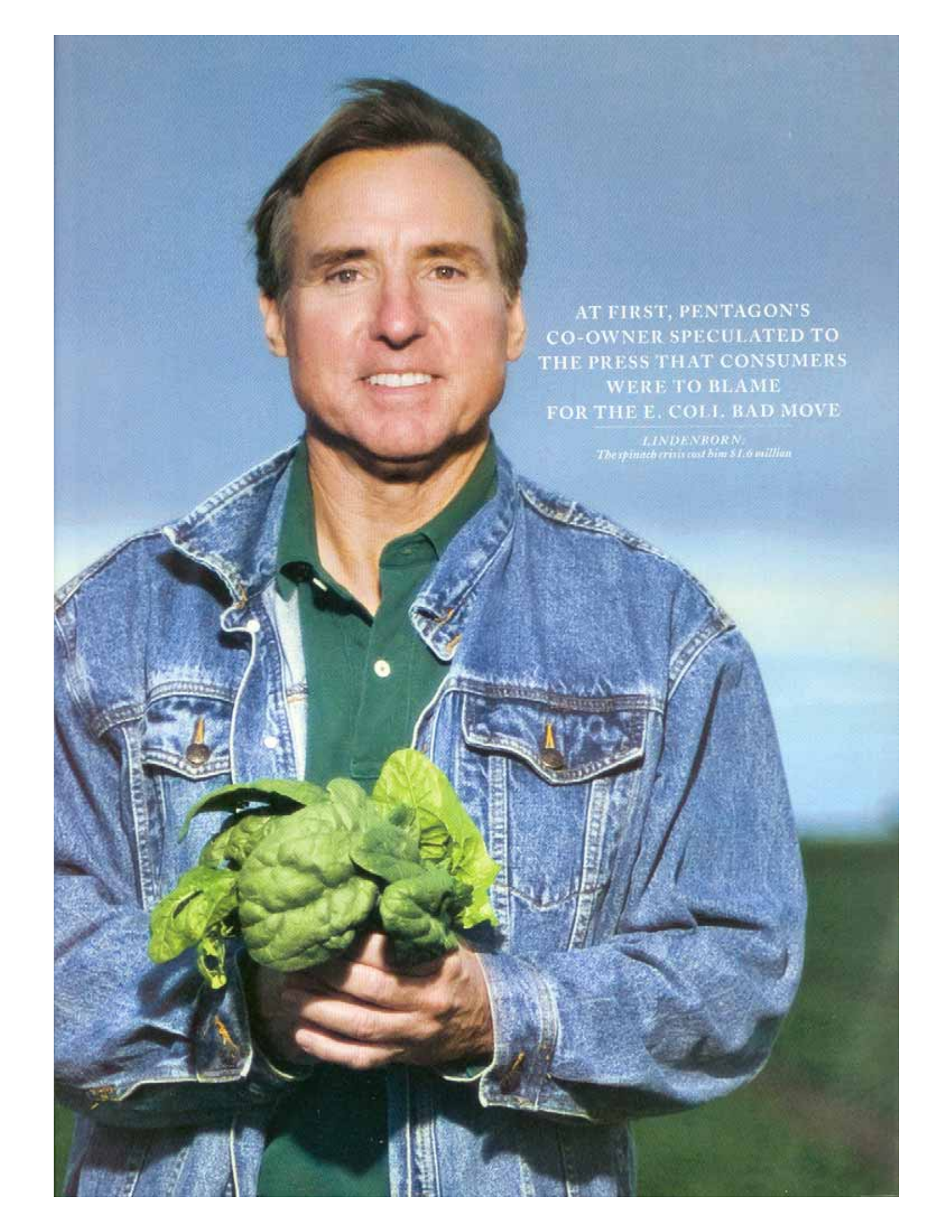


*Bad news can explode into a full-blown crisis.  
Having a plan in place is an excellent first line of defense.*

# HANDLE WITH CARE

BY AMY BARRETT  
PHOTOGRAPHY BY RAY NG

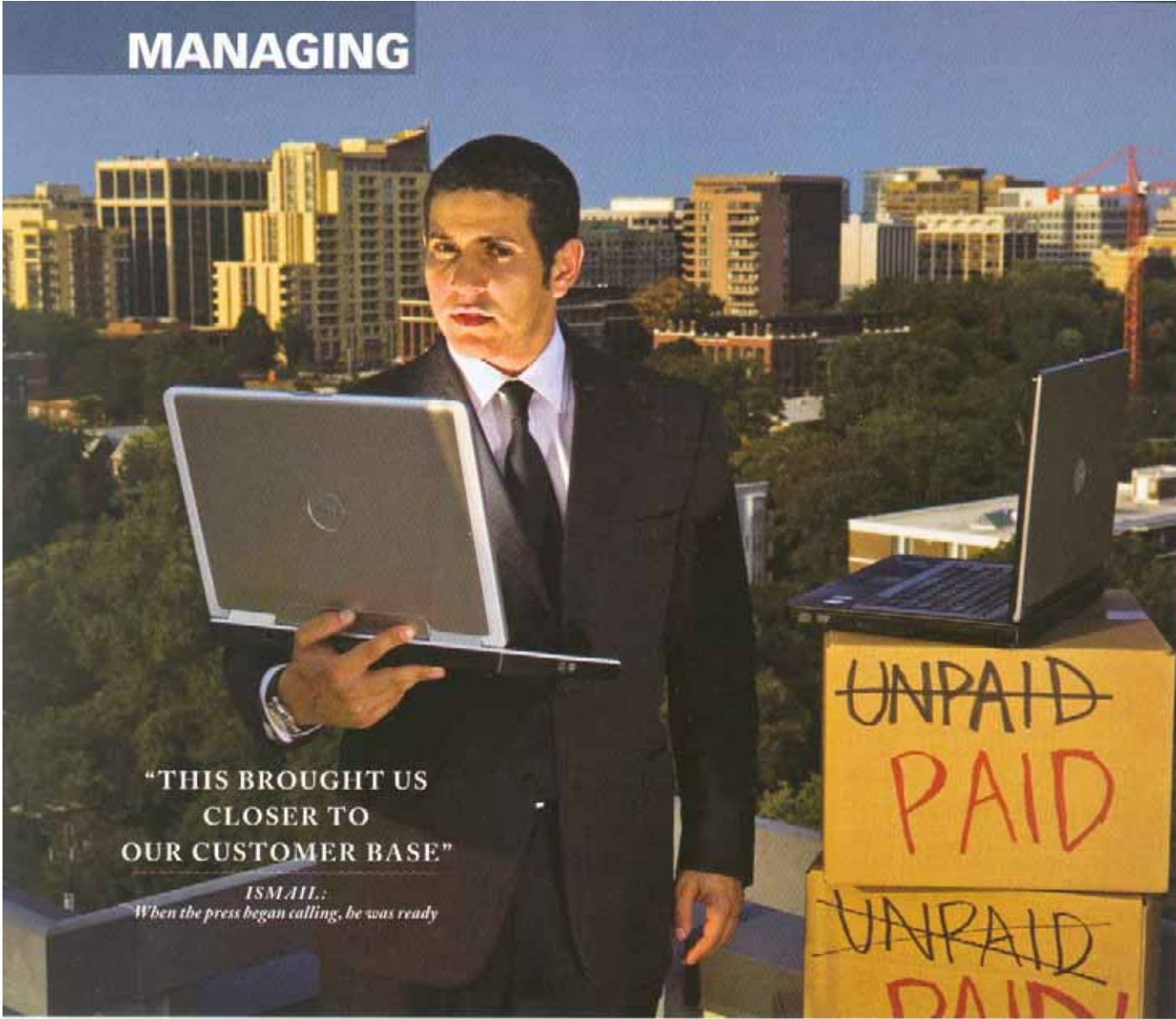
**THE PHONE** started ringing on Sept. 14, 2006. First a trickle, then a steady flow of reporters were calling Dondee Lindernborn, co-owner and vice-president of spinach grower Pentagon Produce, to ask about a Food & Drug Administration warning that consumers should avoid bagged spinach due to an outbreak of E. coli. Lindernborn was knocked off guard. He gave long, rambling responses and complained that the FDA wasn't giving him enough information. And he filled the vacuum with his own speculation, even suggesting that consumers may have inadvertently contaminated the spinach after buying it. "I had been in this business 30 years, and nothing like this had ever come up," Lindernborn says. "Before that I had only spoken to a reporter once."

A man with short brown hair, wearing a blue denim jacket over a green polo shirt, is smiling and holding a large bunch of fresh spinach leaves in front of him. The background is a clear blue sky with a hint of a green field at the bottom. The text is positioned in the upper right quadrant of the image.

AT FIRST, PENTAGON'S  
CO-OWNER SPECULATED TO  
THE PRESS THAT CONSUMERS  
WERE TO BLAME  
FOR THE E. COLI. BAD MOVE

LINDENBORN:  
*The spinach crisis cost him \$1.6 million*

## MANAGING



"THIS BROUGHT US  
CLOSER TO  
OUR CUSTOMER BASE."

*ISMAIL:*  
When the press began calling, he was ready

The FDA determined the problem was spinach from California, not the variety Lindenborn's company grew in Arizona, Colorado, and Texas. But in the 11 days before that announcement, Lindenborn answered nearly 100 press calls. With business slow to rebound, the crisis cost his five-employee, \$4-million Uvalde (Tex.) company about \$1.6 million.

Pentagon recovered, but other small businesses caught in a firestorm haven't been as lucky. Most entrepreneurs give no more than a passing thought to the catastrophic events that might overwhelm them. And far fewer have a plan to handle a public-relations emergency. "Small companies spend more time planning the company picnic than preparing for a crisis that might run them out of business," says Katherine Heavside, president of Epoch 5 Public Relations, a Huntington (N.Y.) communications and crisis management firm. Says Susan Finco, owner and president of Leonard & Finco Public Relations in Green Bay, Wis.: "How you respond to a crisis can make or break your business."

Having a crisis plan in place can go a long way toward keeping bad news from sinking your company. Start your preparation by recruiting a crisis management team from

among your key executives. Then gather the information they'll need when emergencies arise, and decide who'll say what to the press and customers. Do some serious thinking about problems that could erupt, even the unthinkable. People understand that companies make mistakes and that sometimes events overtake them. If you show your customers that you know what to do when something goes wrong, they'll feel more secure doing business with you.

**BEFORE YOU CAN** decide how you'll respond to a crisis, you'll have to consider everything that can wreak havoc. Some weak points are easy to spot. Run a restaurant? Food contamination should be high on the list. Others are less obvious. If you have a thriving online business, a hacker could steal your customers' credit-card information. Taking a hard look at your vulnerabilities might also lessen the chance of something going wrong in the first place. Finally, as an early warning system, someone should always keep an eye on popular industry blogs. Posts there are often the first sign of trouble (page 70).

You'll next want to form a crisis team, typically five to seven

people. Although the CEO should respond to most press questions, you may be too busy to do every interview. It is a good idea to charge one member of the team with handling all media requests, typically your public-relations executive, or if you don't have one, the head of marketing or human resources. You'll also need to assign people to speak with employees, customers, and public safety officials. You can divvy up those tasks among your team, which should include the general counsel or outside attorney, the head of security at your facilities, and your manufacturing and sales chiefs.

Put your plan in writing, and include a list of team members with their responsibilities and emergency contact information. Everyone on the team should keep a copy in the office and at home. Don't forget to give a copy to the receptionist so calls are directed to the right people. And send a memo to all employees explaining whom they should contact in the event of a crisis and where they should direct calls from the press. You should also collect documents you might have to distribute during an emergency, including biographies of key executives, blueprints of your facilities, and a brief description—one page is plenty—of your company and the products you sell. Have a list of contacts in law enforcement and government handy.

Mohamed Ramzi Ismail was ready when the phone rang at 3 a.m. one morning in October, 2006. Ismail is co-founder of ReliaBid, an 18-employee, \$250,000 Arlington (Va.) startup that helps individuals and small businesses collect payments for goods sold on eBay and other online auction sites. The company had hired a consultant to upgrade the software on its customers' e-commerce sites. Yet a glitch occurred during implementation, and before the IT managers realized what was happening, the eBay listings of about 70 ReliaBid clients were erased, wiping out the records for nearly 1,000 products. But when they founded the company in 2004, Ismail and his partner, Jonathan Rosen, figured that with online fraud becoming prevalent, they might have a problem at some point. They put together a plan stating that if an incident affected customers, the company would be transparent with them and the press and would, if possible, be the first to notify customers of any problems. Rosen, the CEO, was designated to handle media calls; Ismail, the company's president, would reach out to customers.

So that night, Ismail called Rosen, and they quickly arrived at the company's offices. They e-mailed the affected customers to explain what happened, then followed up with phone calls when those businesses opened in the morning.

They also promised to compensate clients by paying them an amount based on typical sales during the time their sites were down (only two clients took them up on it). Ismail readied a press release, figuring that angry customers might discuss the problem on message boards, triggering press calls. But that never happened. Ismail has no doubt that the company's prompt response averted a PR mess. "This was an experience that brought us closer to our customers," he says now. "If we didn't have that plan in place, there is no way I'd be saying that."

## MEETING THE PRESS

To get a crisis under control, you'll need a smart way to work with the press. Here's how to get out your story.

- 1** Answer every press call, even if all you say is that you can't comment at this time.
- 2** Give reporters a number where they can reach you after hours for last-minute questions.
- 3** If you want to keep a conversation off the record, tell the reporter before you answer any questions.
- 4** Keep a log of whom you spoke to and when, and what the conversation was about.
- 5** If the issue is complex, it may help to refer reporters to experts in your industry, whether from a trade group or from academia, who can further explain the situation.

As ReliaBid found, when a crisis strikes, you've got to be ready to move right away. Assemble your crisis team and nail down all you know about the current state of play. If reporters call, don't go into hiding. "If you shy away from it and refuse to give information, people will suspect there are bigger issues," says Finco. Put out a statement as soon as your attorney can sign off on it, and call reporters back even if you know you won't be able to answer all their questions. When you're stumped, simply say you're trying to get the information they want. Take a lesson from Pentagon's Lindbergh and never, never speculate. If time permits, have your attorney and PR person hold a mock press conference or interview to prepare you for the real thing.

**IF THE CRISIS** might lead to a lawsuit, keep your lawyer nearby during interviews and press conferences. When you stray onto dangerous ground, the attorney can be the bad guy who jumps in and says you simply can't answer that question. Your lawyer will likely attend meetings of the crisis team, but what is said at those meetings isn't necessarily protected under attorney-client privilege, so it could become public. Ask your counsel to clarify what is covered in your state. And although some attorneys

warn that apologizing can appear to be an admission of guilt, others say offering a heartfelt expression of sorrow for any harm caused is a good idea. "The humanity of simply saying, 'We are sorry this happened,' can be the start of a healing process," says Paul Thomson Jr., a principal at Woods Rogers, a Roanoke (Va.) law firm. If you know your company was at fault and may be on the hook for big damages, it makes sense to issue a statement. But make sure you get the word out on what you are doing to help those who were harmed by the incident. You also want to communicate about the steps you're taking to prevent the problem from recurring.

If the crisis is a big one, such as a product recall, or if the problem drags on, it may help to call in an outside expert. A

crisis specialist can take the heat off the CEO and free managers to spend their time fixing the problem and running the business. You can often find one by talking to local businesspeople who've weathered a crisis. Your lawyer might also be a good source of referrals. Expect to pay anywhere from \$200 to \$550 an hour, depending on your city and the agency. Total costs can range from \$1,000 for a short engagement to hundreds of thousands of dollars for an extended run. And you don't have to put an expensive PR firm on retainer just in case. Instead, arrange a lunch or a get-to-know-you meeting with a few specialists in your city. Later, if something does go wrong, you won't be making midnight calls to strangers. "It's a really bad time to call someone after the car crashes," says Richard Levick, a lawyer and the CEO of Levick Strategic Communications in Washington, D.C.

A pro can also help smooth jagged edges. Throughout the crisis, staying calm, at least in public, is critical. As the spinach crisis continued, Lindenborn began to realize his anger wasn't helping the situation. "Being mad at the FDA or other agencies wasn't constructive," he says. He took the advice of officials at the agriculture departments in Colorado and Tex-

as to focus on how his product was different from the ones implicated in the outbreak. He explained that his company didn't grow spinach in California and that none of its fields were near feedlots, a suspected cause of the contamination.

**SOMETIMES YOU** can preempt a media assault by calling the press first. In May, 2001, Al Feucht, owner of 24-employee, \$2.5 million Brandon Meats & Sausage in Brandon, Wis., was shuttered for a time after routine product testing by regulators found *Listeria* bacteria in some of his hot dogs. Feucht says he feared that customers would think he ran a dirty shop. And after seeing some of the coverage in the local press, he felt the public might believe his company had sold a large amount of tainted meat. So he contacted local reporters and a radio station to explain that the hot dogs were safe if cooked and that little of the meat recalled after the finding—less than 80 pounds—had actually been sold. "I think that helped," Feucht says. "You have to get your side of the story out." And if you can, you should be able to stick around to tell people more positive stories about your company. **SB**

**SB** For a related story, see [businessweek.com/go/sb/prcrisis](http://businessweek.com/go/sb/prcrisis)

## WHEN BLOGGERS BLOVIATE

**SOMETIMES ALL IT TAKES TO START A PR WILDFIRE IS A SINGLE NEGATIVE** post on a blog. Of course, some posts disappear as quickly as they appeared. "Just because someone is blogging doesn't mean anyone is listening," says Richard Levick, president and CEO of Levick Strategic Communications in Washington, D.C. But if a lot of people are paying attention, one slam can do serious damage to your reputation.

**Y**ou'll be far better prepared to respond to an attack if you know which blogs have a following in your industry. With more than 100 million blogs worldwide as of November, according to Technorati, that's a daunting task. For help, set up a free account on Google or Technorati and you'll get information on blogs that mention your company or product. Both services also track how many other sites or blogs are linking to those blogs, which gives you an idea of how many people read a post. For about \$12,000 a year, San Francisco-based BuzzLogic will identify and follow blogs that are most influential among your competitors and customers.

If a negative post about you appears on a blog that doesn't get much traffic, your best strategy may be to continue to monitor the blog, but do nothing. A popular blogger may cause

more trouble, but you don't want to respond to a detractor with a blistering reply on your own blog or on the blogger's page. That sort of back-and-forth is likely only to draw more attention to the original post and provoke more aggressive responses from your critic. "You don't want to end up in a dogfight," says Levick. "It'll just come back to bite you."

**I**f you can remain calm, you may want to talk to the blogger about your differences. That worked for Elliott Masie. Last year the founder of the Masie Center, a \$3.5 million, 13-person company that provides research and conferences on employee training, found himself on the receiving end of an attack by Tom Giovanetti, president of the Institute for Policy Innovation in Lewisville, Tex., a nonprofit that advocates, among other

things, a simplified tax code and less intrusive government. Giovanetti posted an entry on his personal blog saying Masie's Saratoga Springs (N.Y.) organization was not a think tank, as Masie describes it, but a vehicle for self-promotion. And Masie's photo on the site? "A vanity picture like a Hollywood star would have taken," wrote Giovanetti.

Masie called Giovanetti and explained why he felt the criticism was unfair. "You want to de-escalate this thing and take the venom out by talking one to one," Masie says. It worked: Giovanetti posted a new blog entry saying that while he didn't think his original post was inaccurate, "perhaps a different target would have been wiser."

**O**f course, if the blogger has a legitimate complaint, try to resolve it. Chances are the blogger will then post something positive about how you addressed the problem. If all else fails, talk to an attorney about filing a lawsuit. But be warned: Libel and slander suits are expensive and tough to win. And they're likely to lead to a lot more attention online. —A.B.