

SPECIAL REPORT: **CRISIS MANAGEMENT**

# Prepare for a crisis before one runs you over



**OPERATORS TAKE BUSINESS RISKS  
IF THEY FAIL TO PREPARE THEIR EMPLOYEES  
TO RESPOND TO THE SUDDEN, SURPRISING AND  
JUST PLAIN WEIRD EVENTS THAT CAN SPARK A  
WILDFIRE OF NEGATIVE PUBLICITY AND RUIN A  
RESTAURANT'S HARD-WON REPUTATION**

By **LISA JENNINGS**



Public relations expert Melinda Morgan advises restaurant companies to train their employees to recognize and respond to potential business crises.

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About 10 years ago, public-relations specialist Melinda Morgan was the first to get the call when an employee of a doughnut chain she represented was caught in the middle of the night “cooking” a road-kill skunk on a coffee-pot warmer at one of the company’s outlets.

Fortunately for the doughnut brand, news of the teen prank was contained to the local press. But Morgan tells the story as an example of the type of bizarre event that can blindsides a restaurant operator and result in a serious crisis.

“Can you imagine if that had ended up on Jay Leno?” says Morgan, president of Morgan Marketing & Public Relations in Irvine, Calif. She declined to identify her client in that case.

When operators consider their need for a crisis management plan, they tend to think about dramatic events, such as a foodborne-illness outbreak, a shooting or a public scandal. More often than not, however, restaurant companies may find themselves struggling to defend their brands as a result of far more common events.

Union disputes, animal-rights protests, customers who claim to have found a mouse in their soup, or even potential “news-of-the-weird” incidents involving road kill are examples of the types of issues operators can face that may not be considered a “crisis” — until it’s too late.

“A crisis is anything that disrupts a company or could potentially damage the reputation of a restaurant,” says Jeff Caponigro, president and chief executive of Caponigro Public Relations in Southfield, Mich.

“It’s amazing how long it takes to build up a good reputation, and how quickly you can lose it in a crisis,” says Caponigro, author of “The Crisis Counselor: A Step-by-Step Guide to Managing a Business Crisis,” which has been published in five languages since it debuted in 2000.

In seminars, Caponigro — who won’t identify his clients but says he has worked with several quick-service and pizza chains — recommends that operators first identify their vulnerabilities.

“I would sit down and think about all the possible crises I could have,” he says, “then plan for how you would react.”

Ideally, the goal in such forward thinking, Caponigro says, is to prevent the emergency from happening.

“Almost every crisis has some sort of warning sign,” he says. “It might be a customer complaint or a grievance filed.

something wrong, I wanted to apologize, to make things right. So I called in all of our [unit managers and the chief financial officer] and asked them, ‘How did we [expletive] this up?’”

But after what he said was an examination of every punch card and payroll slip, Fireman says that the only compensation error detected was “one busser who did not punch in and never came to tell us.”

Fireman launched a counterattack, writing a letter to the Internal Revenue Service asking the agency to investigate the tax-exempt status of the Restaurant Opportunities Center of New York. The nonprofit restaurant employees’ rights organization that brought the legal action against the company acts like a union and should be taxed like one, Fireman argues.

But he also continued to emphasize his company’s loyalty to its employees.



RICHARD B. LEVINE/PHOTOGRAPHERS SHOWCASE



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Some public relations experts say that common events can create big headaches for restaurant operators, such as the animal-rights protest directed at Red Lobster or the wage-and-hour lawsuit that generated negative publicity for Fireman Hospitality Group, owner of Shelly’s New York.

It’s a matter of taking some time to notice and do something about it.”

After a restaurant employee support group filed a wage-and-hour lawsuit against New York restaurant operator Fireman Hospitality Group for allegedly underpaying workers and diverting tips to managers, president and founder Shelly Fireman says he was shocked at the press coverage that ensued.

“Something like this makes you reflect,” Fireman says. “And if I did

“We do things that are wonderfully, slightly imperfect at times,” he says. “We have people who have been with us forever. We have 900 employees and managers who I am extremely proud of, and this is a good company that has done no wrong. I don’t know any other way to explain it.”

When corporate embarrassments arise, a quick response is crucial, Caponigro says. The Internet now allows news to travel around the world in an instant, which makes keeping a lid on unflattering information “harder than it

has ever been before," he says.

That's why, he advises, it's a good idea to have a plan already in place during crises for communicating with employees, the media, vendors and any other stakeholders.

That plan should identify a key message the company would like to convey, and focus on putting it into a customer focus, Caponigro says. He stresses that the message should emphasize customers' concerns, not financial factors.

However, one company's crisis may be another's tool for thinking proactively, Morgan notes.

When the now-defunct Chi-Chi's restaurant chain was linked to a lethal hepatitis A outbreak in 2003, a batch of contaminated green onions from Mexico eventually was identified as the cause.

Even though Morgan's client Panda Restaurant Group, parent of the Panda Express chain, was not implicated, the Rosemead, Calif.-based company pulled all green onions out of its units until the product was considered safe.

Employee education on potential crisis issues can be crucial, such as teaching staff how to handle "vexatious litigants" who make a living off of lawsuits, Morgan says.

One of her clients faced a potential lawsuit after a woman tried to enter a restaurant with a guide dog and was stopped by an employee who didn't realize the woman's disability.

"It turned out this woman had a history of suing for this kind of thing," Morgan says, adding that the incident could have been avoided entirely with better training. "You have to be prepared."

That was the lesson learned by CBRL Group Inc., the Lebanon, Tenn.-based parent of the Cracker Barrel Old Country Store chain, which in 2004 found itself dealing with a customer's

purported finding of a dead mouse in her soup at a Virginia outlet.

The customer, Carla Patterson, and her son Ricky Patterson were convicted recently of attempted extortion after it was determined that they had placed the mouse in the soup.

Such incidents seem to be increasingly common. A Michigan man last month was given a 16- to 30-month prison sentence for a similar incident involving his stuffing of a dead mouse into a Taco Bell burrito. The botched extortion attempt took place in January.

The Cracker Barrel incident, however, occurred long before the widely publicized finger-in-the-chili extortion attempt against Wendy's last year, which may have inspired more recent events. When the claim against Cracker Barrel occurred, officials of the chain weren't as aware of the potential for customer tampering, says Julie Davis, CBRL's director of communications.

"We didn't at that time have a crisis team," she explains. "We do now."

That team includes representatives from various departments, such as operations, loss prevention, risk assessment and quality assurance. "It's important to work as a team across functions," she says.

Davis praised how the staff at the Newport News, Va., restaurant handled the case. After the woman pointed out the mouse in her soup, the bowl was removed and held for investigators, while staff members focused on taking care of the customer.

"Our general manager sat on the porch with her for at least an hour," Davis says.

Meanwhile, the soup was pulled from all Cracker Barrel units until contamination of the entire batch could be ruled out.

Investigators determined that the mouse had died of a fractured skull — the kind of injury that might come from a mousetrap — and not from drowning in the soup, as the customer had claimed.

Several weeks elapsed before the perpetrators were arrested, says Davis, who explains that she was limited in what she could reveal to the media during the investigation, though she never stopped talking to reporters.

Davis emphasizes that crisis managers must make sure their messages are accurate, consistent and timely.

"And it's important to provide information as soon as you can," she says. "You can't have an information vacuum. If you're not talking, someone else will."

Key Cracker Barrel personnel now carry wallet-size emergency contact lists to ensure swift communication, both internally and externally, in the event of a crisis.

Davis now recommends that all restaurant operators make sure they have documented policies and procedures in place, and she suggests building solid relationships with vendors and suppliers, which she notes was essential in the subsequent mouse-in-the-soup investigation.

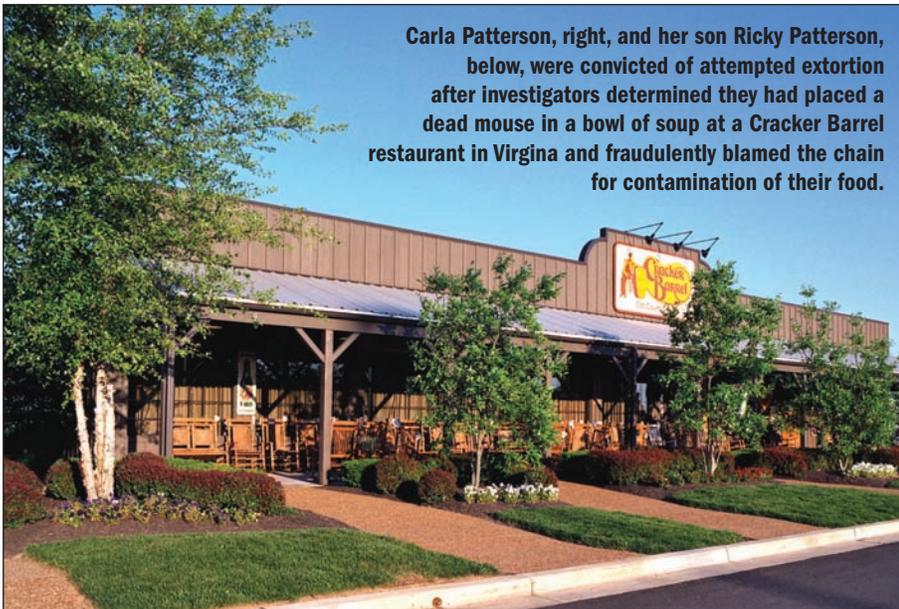
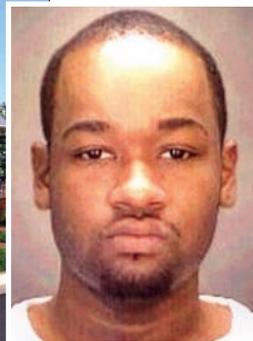
She advises that operators investigate crises thoroughly. "Know the facts and don't jump to conclusions," she says.

Last year the Red Lobster chain was targeted by animal-rights protesters who attempted to link the Orlando, Fla.-based Darden Restaurants brand to a Canadian seal hunt in Newfoundland. The protests were aimed at companies that purchased Canadian seafood.

Though protesters continue to congregate outside Red Lobster restaurants sporadically, the issue has never seen much news coverage, according to Darden spokeswoman Wendy Spirduso. "It just wasn't our issue," she says. "We don't serve any seal product, or buy seafood from Newfoundland."

Correcting the protesters' misinformation was Darden's main focus. "We felt we had been incorrectly associated [with the seal hunt], and our guests felt that way too," Spirduso says. "When there are protesters, the restaurants usually take out some iced tea or lemonade to them, or hot chocolate, if it's cold. We

**Carla Patterson, right, and her son Ricky Patterson, below, were convicted of attempted extortion after investigators determined they had placed a dead mouse in a bowl of soup at a Cracker Barrel restaurant in Virginia and fraudulently blamed the chain for contamination of their food.**



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respect their First Amendment rights.”

Crisis counselor and author Caponigro recommends that companies dealing with a prolonged controversy monitor their response on an ongoing basis to see if adjustments are necessary.

He advises companies to give people the opportunity to ask questions, either through the company website or a blog. Larger companies may want to do public-opinion surveys to see what messages are getting out, he adds.

A very large company like McDonald's, for example, “might find their vulnerabilities change every week,” he says.

“[McDonald's is] in a tough situation

because anytime you're the biggest kid on the block, someone will try to knock you down,” Caponigro says.

In recent years, McDonald's has been widely criticized for the nutrition profiles of some menu items. Popular books like “Fast Food Nation” and movies like “Supersize Me” have seemed to place the blame for the nation's obesity problem squarely on McDonald's shoulders in a very public way.

At times, the company's response to such critics has come across as “a little defensive,” Caponigro says. But its actions have been positive, with the introduction of new, health-oriented

menu items and a marketing emphasis on fitness.

“They've shown they are listening to their customers,” Caponigro says.

Another key — both before and after a crisis — is building up a bank of good will in the community.

“I think some businesses look at community work as discretionary,” Caponigro says. “But I call it goodwill inoculation. It will pay off when you need someone else's help down the road.” ■

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