

Ready or Not: Crisis Management

A crisis can hit even the best food-safety system. Well-prepared chains can minimize the damage.

By Mary Boltz Chapman, Editor-in-Chief -- Chain Leader, 8/1/2008



A team of executives at Famous Dave's watches for potential risks, like being unable to track all its ingredients to their source, so it can prepare for the worst.



tonka, Minn.-based barbecue chain. "Today produce is a huge concern, because unlike other manufacturing, we do not have the ability to trace produce back as far as we would like to."

Preparedness and Training

But Lynch says you can never think of everything. "Each crisis has its own makeup," he says. "What we teach is philosophy and approach. Think, how would this affect my business? What do I need to do?"

Not that Wendy's doesn't have plenty of preparation done. Its early-warning detection system includes a phone tree. Managers in the chain's 6,200 stores, company-owned and franchised, are taught to first ensure the immediate safety of their employees and customers, and then call their supervisor. The supervisor calls his or her boss, and so on, until the message reaches corporate. The phone list is updated quarterly, which serves as a reminder.

To communicate back quickly, the chain uses a voicemail blast. For instance, when it pulled tomatoes this summer because of a possible link to salmonella, units were notified and told where to download a sign for the door. The voicemail blast is also tested quarterly.

Crisis management. "Why is it important? Because the potential impact is significant, it is dramatic, and it is instant," says Denny Lynch, who should know. The senior vice president of communications for Columbus, Ohio-based [Wendy's](#) has worked his share of high-profile crises.

Patrick Sterling, director of risk and administration at [Texas Roadhouse](#), says most chains have solid food-safety systems, but emphasizes, "You can be doing everything right within your four walls, but if a guest brings norovirus into your restaurant, you can have a bad situation regardless of what you do."

Research and Assessment

Several years ago, the 303-unit, Louisville, Ky.-based steakhouse chain began a thorough risk assessment. Sterling worked with the company's insurance broker and all of the business heads to determine what could be a threat to the organization. The team spent a day evaluating the risks and prioritized those with the highest probability and the greatest impact on the organization. Texas Roadhouse then immediately began addressing those "red zone" risks.

The Risk Council now meets annually to reassess the risk map, update the team on initiatives and progress, look ahead to future risk and plan for the following year.

Linda Duke, CEO of San Rafael, Calif.-based strategic marketing firm [Duke Marketing](#), says a crisis-management team should include key leaders from operations, research and development, purchasing, marketing, human resources and even information technology. She recommends touching base monthly: "Uncover every possible risk, chart them all, then assign responsibility, who handles what."

Because potential threats emerge and change, [Famous Dave's](#) continually tries to address new challenges. "Several years ago there was a big concern with BSE [bovine spongiform encephalopathy] and how that might affect us if it hit the United States," says Judy Koehn, director of R&D for the 170-unit, Minne-



Texas Roadhouse will begin using a mock-crisis exercise to train operators on how to handle a food-safety emergency.

"It didn't make a difference what the detail was, we have an approach for how we are going to handle it," Lynch says. "We have that protocol set up."

Franchisees and regional managers attend workshops where they run through a mock crisis. "I give them two pieces of information—maybe not correct—and I make them take action on them," says Lynch. "Then we go through and solve the crisis."

Texas Roadhouse will begin a similar exercise this year. "It opens your eyes to either how prepared or unprepared you might be for a situation," says Director of Public Relations Travis Doster. "The more you do something, the better you get, but you don't want to go through it."

This year the chain rolled out a printed piece, Critical Incident Guidelines, which folds up to the size of a credit card. Every manager and shift leader can carry the piece, which includes critical action steps and local and corporate contact information. "So many companies send a manual out to the store, which goes on a shelf," Sterling explains. "But often the manager isn't in the store."

Duke recommends preparation on the marketing side as well. "Identify potential risks and create a message for each one," she explains. "What do you say to media? You may not know all the details yet, but you should have a format set up of who, what, where, when and why so you can plug the details in immediately."

If the Worst Happens

If the worst does happen, Duke says, admit the problem but emphasize the positive. "You don't want to be caught saying, we didn't mean to kill anyone," she says. "You want to be quoted saying, we are in the top 10 percentile in food-safety inspections across the country, this is an isolated incident and we are doing everything possible, working with the health department, etc."



Duke says communications should come from corporate, not from franchisees or managers. The chains we spoke to have 800 numbers or other systems for operators. "We need to bring that back to corporate, so as a chain we're speaking with one voice," Koehn says.

"We have trained representatives in every area of the country to talk to the news media," says Lynch. "We're protecting a national brand."

Lynch says in any crisis, from a report of food-borne illness to a store shooting, the people involved are dealing with a lot of emotion. He says crisis managers need to treat them with respect, but be aware that the emotion may hinder their ability to provide accurate information.

Accentuate the Positive

Despite the uncertainty and other factors restaurant operators can't control, Doster says positives can come out of a crisis: "When you go through something and you help a restaurant, maybe minimize their risk or minimize the damage, you gain some credibility with your other operators."

He tells the story of a fire in a Texas Roadhouse unit, where there was a lot of food that needed attention quickly. The chain partnered with a Marine base and threw an impromptu fund-raiser for a local nonprofit, turning the crisis into a benefit.

Duke applauds such creativity. She tells of a West Coast chain that turned around a situation where some underage kids used fake IDs to drink in the restaurant and then crashed on the way home. The chain established a scholarship where the teens attended college, and won goodwill and good press.

Koehn, too, sees opportunity. When guests asked why they couldn't get tomatoes, Famous Dave's staff was able to reinforce the chain's standards as it explained why.



Wendy's told units not to serve tomatoes via voice-mail blast.

Then there are the lessons learned. Much of Lynch's advice comes from making mistakes, he says. And he learned by doing post-mortems. "They're critical," he says. "You learn your well betters: what you did well and what you can do better. That becomes the lessons that you gain and can apply to future crises."