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Is Your Business Ready for a Recall? 5 Steps to Prepare

From the Experts

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When a potential product safety issue arises, your reaction needs to be swift and effective. Recent well-publicized recalls have shown that badly handled or poorly prepared recall procedures can cause a business significant reputational and operational upheaval. Conversely, a well-planned recall can help guide the business calmly and effectively through a procedure that often is complicated, disruptive and costly. By taking 5 simple steps now, your business can be ready to deal confidently with the fast-paced recall process, and minimize the associated risks and costs.

1. Implement a Recall Policy and Plan

Every manufacturing business should have a recall policy and recall plan. Both documents should have enough detail to guide the business through the process, but must also be clear, simple and user friendly. Flowcharts and checklists are helpful, particularly when the company is under time pressure.

Your recall policy should differentiate between quality and safety issues and how each should be handled. Staff need to understand the different escalation processes and legal obligations that these events may entail.

The plan must be straightforward and consider who will need to be involved, both internally and externally, for effective investigation and redress. Consideration needs to be given to the different phases of the recall and how these interact. Investigation, notification of regulatory authorities, taking corrective action and dealing



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with the media all need to be considered, with a sharp eye on variation in each country in which the product is sold. In order to ensure that the plan works effectively, you should consider a dry run. This will identify weaknesses in the plan—and in the knowledge of those who will be managing a potential real life recall.

The policy and plan are “living documents” and should, therefore, be reviewed periodically to take account of changes within the business – both structural and in product lines. Staff should be trained regularly. Your business should spend the time now to compile and update contact lists (both internal and external), and these should be kept accessible. Speed and ease of communication are paramount.

2. Review Supply Chain Contracts

Those in the supply chain may have certain statutory obligations to assist a manufacturer with a recall (as is the case in the EU). In any event, now is the time to review contractual terms and conditions and expressly set out the cooperation your business needs. In order to ensure that the recall process is successfully managed, such cooperation may need to go over and above what may be statutorily required.

Be careful not to limit contractual wording to “recalls.” Remember that investigations and corrective action span a plethora of activities. Investigations and risk assessment analysis may require provision of complaints registers and technical information. Corrective action could include inserting new “Instructions For Use” into

boxes, relabeling products or identifying and quantifying stock to be withdrawn from the supply chain. Your contractual terms and conditions with suppliers should anticipate and spell out these activities so that there is no confusion or dispute about their obligations to cooperate.

Consideration should also be given to where withdrawn or recalled stock may be held, by whom and who will pay for costs of retrofits or destruction, if necessary.

Be clear who will bear the costs of any assistance provided by those in the supply chain. You do not want disagreements over costs to hinder an otherwise effective recall process.

3. Identify an incident management team and train all staff

When an unsafe or poor quality product issue arises, businesses commonly lack focus on what needs to be done, within what time limits and by whom.

It is therefore important to identify a small core incident management team that is familiar with all of these immediate concerns. The team should be easily identifiable and known throughout the business as the “go to” persons in the wake of a potential recall matter. Delegation contingencies are important; the business needs to be able to act and move forward quickly, even if key individuals are out of the office.

The incident management team should be provided with as much prior authority as possible in order to deal with the many matters that a potentially unsafe product issue raises. Personnel from each key area of the business need to be involved. Legal and regulatory personnel can steer the business through the process, advising on obligations to notify regulators, potential legal risks and any relevant insurance cover. The marketing and PR team can deal with press interest and placement of product recall notices. The IT and communications teams will be needed to build an effective and easy-to-use recall website. The technical and engineering teams will be key in identifying the cause and extent of the problem and managing the potential – and often problematic – issue of sourcing replacement parts. Sales teams can assist with distribution issues and location of stock, and the finance team

should have the authority to approve costs incurred on all activities.

One person within the business should be identified as having overall management responsibility of the whole process – on a global scale, if necessary. However, a careful balance of responsibility and delegated authority among the individuals in the incident management team needs to be achieved. The business response should not be hindered by waiting for one (potentially overloaded) person to give the green light for every step taken.

A dry run may also be useful to determine how those in the incident management team manage their roles. Some individuals who perform well in their day-to-day role may not perform well in the high pressured environment of a recall. Train those on the core team to ensure that they understand the scope of their responsibilities and what will be required of them. Recalls are fast moving and there will be little time for “on the job” learning.

4. Ensure support systems and resources are in place

The best laid plans will not run smoothly unless resources are available for effective implementation. Key documents need to be easily accessible to the incident management team. These include stock lists (with model and batch or lot numbers), distribution lists, complaints registers and technical information about the product.

Businesses should ensure that documents that may be security restricted are also easily accessed by the incident management team, both from the office and remotely. You may need 24 hour support from IT, secretaries, and technicians. How this is to be managed should be considered and documented in advance.

5. Have adequate traceability systems

Traceability is a critical component of an effective recall and it starts with appropriate identification and labelling of products with brand, model and batch/lot number. Traceability information needs to be retained and kept accessible throughout the supply chain. The business needs to

quickly and easily identify (i) what stock was affected; and (ii) where it is. Failure to implement adequate traceability systems can seriously hamper the investigation process and appropriate corrective action. How can your business be sure that all prospective unsafe products are removed from the supply chain if it does not know where they have been sent? If your business can identify the model affected but not the batch or lot affected, the number of products (and scale and cost of any recall) may needlessly spiral upwards. Furthermore, consumers may not be able to easily identify of their products as affected; this could lead to fewer products being returned and an increased potential for injuries and claims.

No business wants to be faced with a recall situation. However, taking these five simple pro-active steps now will ensure that your business is “recall ready” and able to deal swiftly with any potential safety issue that may arise.

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