

REPUTATION MANAGEMENT

Crib recall has Dorel in crisis plan mode

BY BERTRAND MAROTTE MONTREAL

By industry standards, it isn't a major product recall, and it probably won't make much of a dent financially to Dorel Industries Inc. But the recall of 642,000 of its baby cribs in the United States and Canada has sent the Montreal-based company scrambling to contain the damage to its brand and protect its reputation as one of the globe's top makers of safe children's products.

The U.S. Consumer Product Safety Commission on Tuesday announced a voluntary recall by Dorel of 635,000 cribs sold by major retailers such as Wal-Mart and Sears.

The decision was made after several injuries were reported, as well as the death last month of a six-month-old in Cedar Rapids, Iowa, who was strangled after he became trapped in his crib when the drop-side hardware – which the child's parents had tried but failed to repair – broke.

Health Canada announced a recall of 7,000 Dorel cribs at



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the same time as the CPSC's action.

The move came on the heels of last November's massive joint U.S.-Canada recall of 2.1 million Stork Craft cribs after four deaths that occurred when the drop-side detached and a hazardous space was created between the crib's side and the mattress.

The recall is the latest move by increasingly tougher regulatory authorities on both sides of the border as con-

cerns mount over children's consumer product and toy safety. Dorel has to work ever more closely with the agencies on product safety as well as ratchet up efforts to ensure that brands and corporate reputation are not damaged, Dorel spokesman Rick Leckner said.

"It comes under the banner of reputation management," he said. "Reputation management is now part of everyday life," he said, pointing out that e-mail and phone messages went out to financial analysts soon after news of the recall broke. Dorel stock has not been badly hurt, but Dorel wanted to make sure it addressed shareholder concerns, he said.

Dorel president and chief executive officer Martin Schwartz said the fact the company makes such critical child-safety-related products as cribs, strollers and car seats means it can never be quick and nimble enough in dealing with crisis situations.

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covers everything from adding staff to our call centre to seeking legal advice and accelerating child-proofing education programs," he said.

Dorel has been working with the CPSC for several months on how best to deal with the crib problem, he said.

The top priority now is ensuring that enough crib repair kits, offered free of charge to consumers, get out to parents as quickly as possible, he said.

Nychelle Fleming, a CPSC spokeswoman, said the commission is mindful of the potentially damaging impact on a company's reputation a recall can have and makes every effort to ensure the information it releases is fair, balanced and accurate.

She said worried consumers should take media reports, as well as comments on blogs and other social-media outlets, with a grain of salt. "We would encourage the consumers to come directly to us."

DOREL (DII.B-T)

Close: \$33.25, down 9¢