

Product Responsibility Best Practices	SUBJECT Product Recall Preparedness		LAST UPDATE July 2018
	APPLIES TO • Suppliers • Decorators • Distributors	FOCUS ON Identifying and communicating potential product hazards	
	QUICK LINKS • PPAI Corporate Responsibility: http://ppai.org/corporate-responsibility • UL: industries.ul.com/premiums-promotional-and-licensed-goods • Consumer Product Safety Commission: www.cpsc.gov		Intended for intermediate compliance programs

Italic grey text indicates a hyperlink listed in the Online Resources section of this document.

Every year, the CPSC works with firms throughout the U.S. to recall hundreds of consumer products, including children's products, apparel, household products, and outdoor and recreational products. As the CPSC recognizes in its Recall Handbook, "No company likes to recall one of its products, but when a safety problem makes a product recall necessary to prevent injuries and save lives, it benefits everyone to move quickly and effectively." Companies who develop a product recall plan before a product incident occurs are more able to move quickly and effectively in the event of a recall.

This best practice document will review strategies companies can employ to mitigate the risk of product recalls, develop a plan for if or when a product is recalled, and the steps to take when a recall becomes necessary. Much of this information is sourced from the CPSC Recall Handbook. Review it online for more information at www.cpsc.gov/PageFiles/106141/8002.pdf.

Identify Product Defects:

1. Identify possible defects before an incident with design hazard evaluations and risk assessments. Determine if a risk of injury is associated with a product by addressing the following questions:
 - What is the intended utility of the product?
How is it supposed to be used?
 - Who is exposed to the product?
 - Are certain age groups more exposed to potential injuries than others by using the product?
 - What types of potential injuries can the product cause?

- What information sheds light on the product and patterns of consumer use? Are there similar products in the marketplace that have been recalled?
- What changes in design, materials, manufacturing, packaging or shipping can be made to eliminate or reduce the potential hazards and risks?

2. Create a system to monitor product defects after distribution. Collect and analyze consumer complaints, returns, insurance claims or payments, reports of product problems and test reports. Register at www.saferproducts.gov to receive reports of harm.

Prepare:

Before any incident or recall, develop a recall plan with your team.

1. Establish a recall plan and team. Refer to the CPSC's Recall Handbook at www.cpsc.gov/PageFiles/106141/8002.pdf.
2. Clearly define team roles and responsibilities; prepare a phone-calling tree consisting of stakeholders and decision makers.
3. Create ready-to-go procedures, templates and scripts.
4. Practice and test all recall procedures.

The following checklist describes some of the numerous steps a company facing a product recall would need to take in close collaboration with the CPSC:

- Determine what the product defect is and what caused it.
- Find out where the unsafe products are and how many of them are in distribution.
- Determine if the product failed to comply with any voluntary or mandatory safety regulations.
- Verify the defect/non-conformity and severity of the product failure by having additional samples tested by lab.
- Make sure the appropriate regulatory bodies are informed about the defect or compliance issue.
- Discontinue production and shipment of the defective product and notify all retailers, distributors and end buyer to stop selling or distributing the product. Ask them if there is any way for them to help identify consumers who own the product. Quarantine all affected products in a secure area.
- Prepare a press release informing consumers of the recall and determine if any other forms of public notice are needed. Obtain assistance and approval from CPSC.
- Establish a toll-free telephone service that will be able to handle the amount of calls expected after the recall is announced. Create phone scripts ahead of time with “fill- in the blanks.”
- Estimate the cost of the recall campaign.
- Prepare to use labor and funding to provide replacement parts or to exchange the defective product.
- Prepare how you will monitor the product recall and provide timely reports to the CPSC on the progress of the recall.
- Establish quality control and risk analysis procedures to prevent similar product recalls from happening in the future.

Communicate:

Before any incident, prepare for a potential recall by designing a plan that motivates the public to respond to a recall and take the recommended action. There are many ways companies can communicate recall information with the public:

- Issue a joint news release with the CPSC that includes a dedicated toll-free number for consumers to contact to respond to the recall notice.
- Produce a video news release.
- Produce radio announcements.
- Post information on the company websites of supplier, distributor and end buyers.
- Notify trade associations and newsletter services to help publicize the recall.
- Use the company's social media sites—YouTube, Facebook, Twitter, Pinterest, Flickr, blogs.
- Send formal notices to distributors, retailers, sales representatives and end buyers.
- Offer incentives, including gifts, premiums, coupons or refunds, to motivate consumers to return the product.

News releases must include the following information:

- The name and location of the recalling firm;
- The name and description of the product;
- The number of products involved;
- A specific description of the hazard and the number of reported deaths, injuries and incidents relating to that hazard;
- A detailed description of the product including model numbers, colors, sizes and any labeling on the packaging;
- A photo of the product;
- Where and when the product was distributed to end users;
- Complete instructions for consumers on how to participate in the recall.

Manage Remedies:

In the event of a recall, how will your company retrieve, repair or replace the products already in consumers' hands as well as those in the distribution chain? Prepare by developing a plan to address how your company would:

1. Determine a suitable remedy, such as an offer to replace a recalled item with an alternate item of equal or greater value. Make it easy for the consumer to respond and participate.
2. Ensure that your replacement item is safe and compliant.
3. Deliver your remedy in a timely manner.
4. Document all remedies delivered.
5. Segregate recalled items from non-recalled items that may also be returned by consumers.
6. Establish a product disposition strategy (i.e., rework, destroy, recycle).

Maintain Records:

The CPSC requires certain documents and data to be included in reports submitted to them, but it is also a good business practice to compile and retain records for operational and legal reasons as well.

1. Records of complaints, warranty returns, insurance claims and lawsuits, which can often highlight or provide early notice of safety problems.
2. Production records—how many were produced?
Data should be kept on file for all production runs.
3. Distribution records—who purchased the product and where are they distributing the product and to whom?
4. Quality control records—documented results of testing and evaluations associated with each production run can help companies identify flaws in the design and production.
5. Tracking label information.

Product Recalls And Working With The CPSC

Consumer product safety law requires that companies notify the CPSC immediately if they obtain information that reasonably supports the conclusion that a product distributed in commerce:



- Fails to meet a consumer product safety standard or banning regulation;
- Contains a defect which could create a substantial product hazard to a consumer;
- Creates an unreasonable risk of serious injury or death; or
- Fails to comply with a voluntary standard which the CPSC has relied on, under the CPSA.

The law also requires the reporting of certain choking incidents and settled lawsuits. It is important to note that reporting a product to the CPSC does not automatically mean that the CPSC will conclude that the product creates a substantial product hazard or that corrective action is necessary. The CPSC staff will evaluate the report and work with the reporting firm to determine if corrective action is appropriate.

Recall Process And Timeline

A company should file its report with the office of Compliance and Field Operations. The report can be filed electronically through the CPSC website at www.saferproducts.gov or by phone at (301) 504-7913 or fax at (301) 504-0359

A reporting firm must report “immediately” or within 24 hours of obtaining information related to a product defect. The CPSC encourages companies to report potential substantial product hazards even while their own internal investigations are continuing.

The CPSC considers the company to have obtained knowledge of product safety related information when the information is received by an employee of the firm. Once that occurs, the firm has five working days for the information to reach the CEO or the person assigned with the reporting duties.

If a company is uncertain whether information is reportable, the firm may spend a “reasonable” amount of time investigating the matter that should not exceed 10 working days. The CPSC will presume that the firm has received and considered all information at the end of the 10 working days.

Once the CPSC and the company agree on a remedy to correct a product defect, the two work together to implement a plan for public notification and implementation of the recall, the steps of which are outlined in the “prepare,” “communicate,” and “manage remedies” sections above.

Fast Track Product Recall Program

A firm that files a *Section 15 Report* might want to use the Fast Track Product Recall Program, an alternative procedure that the CPSC has established. If a company reports a potential product defect and within 20 working days of filing the report implements a consumer-level voluntary recall that is satisfactory to the CPSC, the CPSC staff may refrain from making a preliminary determination that the product contains a defect that creates a substantial product hazard. This program allows the staff and company to work together on a corrective action plan almost immediately, rather than spending the time and other resources to investigate the reported defect. Conducting a recall under the Fast Track method can prevent injuries and deaths, as well as potential legal liability to the companies involved, by getting the word out sooner. Learn more about the *CPSC Fast Track Product Recall Program*.

Online Resources:

Reporting of Product Defects, Risks and Failure to Comply: <http://www.ppai.org/media/1461/pr-recall-reporting-of-product-defects.pdf>

Reporting of Choking Incidents: <http://www.ppai.org/media/1463/pr-recall-reporting-of-choking-incidents.pdf>

Reporting of Settled Lawsuits: <http://www.ppai.org/media/1462/pr-recall-reporting-of-settled-lawsuits.pdf>

CPSC Recall Handbook: <http://www.cpsc.gov/PageFiles/106141/8002.pdf>

PPAI Webinar: How To Handle A Recall: <https://onlineeducation.ppai.org/products/how-to-handle-a-recall>

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