

Great state wheat flakes can't be beat assignment

[Business](#), [Marketing](#)



Supplemental/Examination Cases The use of a case for exam purposes can help the instructor understand a student's depth of understanding of the material. Points can be taken off if they fail to identify the ethical issues and important stakeholders or justify their decision relative to their stated moral philosophy base. To help you with this exam type we have included three cases that can be used for exam purposes. SUPPLEMENTAL CASE 1 Great State Wheat Flakes Can't Be Beat*

Betty, who has been employed for three years as a copywriter for HK&M, a small advertising agency specializing in consumer packaged goods, has been feverishly working for the past week on a new ad campaign for Great State Wheat Flakes, a regional breakfast cereal. The account has been with the agency for several years. Although Charlie, the brand manager on this cereal, has been pleased with the agency's work over the years, the old positioning, which stressed taste attributes and fun-filled family breakfasts, has become tired and dated.

Marketing research shows a high degree of consumer wearout—people are tired of the campaign, even annoyed with it, and are ready for something fresh. Betty's task is to rejuvenate the brand via repositioning it to take advantage of, and tie into, the health and well-being trend, specifically the current interest in physical fitness and eating “good-for-you” food. The brand was to be pitched as an important part of an active, healthy lifestyle.

Betty thought she had come up with the perfect theme line, “Great State Wheat Flakes will give a great start to your active day,” and she had developed what she believed were some clever scenarios for TV and print

ads featuring the product being consumed after workouts in health clubs, following a morning jog, after a snowboarding expedition, to power up before rollerblading, and even while zipping along on a scooter (“ Look Ma, no hands! “). However, upon reviewing her proposals, Charlie said that while the vignettes were on target because health-conscious customers would relate well to them, the slogan was off base.

He wanted something more specific and hard-hitting. Charlie developed the theme line, “ Great State Wheat Flakes can't be beat. No other wheat flakes offer you more vitamins and minerals or less calories. ” Betty tried to tell Charlie that this was misleading because it implies that Great State's brand is healthier than most, if not all, of the other brands. In reality, all wheat flake cereals are parity products—they are virtual photocopies of each other in terms of taste, texture, and, most importantly, composition and nutritional value.

In fact, blind taste tests had shown that between 70 and 80 percent of consumers could not identify their favorite brand of wheat flakes and that loyalty levels were low. With price incentives, consumers would switch brands readily. Charlie, obviously irritated, explained that his tag line was an honest exaggeration—what the advertising trade termed “ puffing”—and that consumers are expected to see through it. He felt that it offered the point of difference needed to increase brand loyalty. Betty, feeling uneasy, approached her boss Steve, the copy chief at HK&M, asking his counsel.

Steve explained that Charlie's suggested slogan was an “ implied superiority” claim. Steve explained that such claims are commonly made for

commodity brands. They stake out a parity position which does not claim to be superior to, but only as good as, other brands, while using copy that suggests or implies superiority for the named brand. He cited several current and classical examples, such as “ Nothing else cleans better,” “ The maximum fluoride protection in any toothpaste,” “ You can't beat the savings,” “ You can't buy a more effective pain reliever,” and “ Nothing is proven to work better or last longer. In effect, these brands are claiming that they are unsurpassed. However, none claims to be truly better than their competitors. Betty, recalling *This case was prepared Geoffrey P. Lantos, Stonehill College, for classroom use and is strictly hypothetical. Any resemblance to real companies, situations, or persons is coincidental.

Copyright © Houghton Mifflin Company. All rights reserved. Supplemental Case 1: Great State Wheat Flakes Can't Be Beat* 161 several other such implied superiority claims she had recently seen, realized that it was, indeed, a popular technique.

Steve reminded Betty that there is a distinction between deceptive advertising, which creates false impressions and misleads a consumer acting reasonably, and “ trade puffing,” which is exaggerated praise of the product (e. g. , Almost Home cookies are the “ moistest, chewiest, most perfectly baked cookies” ever; “ Nestle makes the very best chocolate”). Puffery is viewed as acceptable in a society of the superlative. Consumers are assumed to see through the exaggeration or at least engage in a “ willing suspension of disbelief. He explained to her that whereas deceptive advertising is illegal, the Federal Trade Commission, which monitors national advertising for accuracy and fairness in claims, views puffery as legitimate. “

What's more," Steve concluded somewhat sarcastically, " using your line of reasoning, Betty, we shouldn't advertise parity products at all, since all brand advertising is designed to create a brand distinction in the buyer's mind. Advertising is necessary to differentiate yourself from the pack of imitators. And it helps a small, underdog brand like Great State get a leg up on its big, deep-pocketed competitors.

Betty thought that Steve's comment might, indeed, have some merit. In fact, she feared that it might force Great State's competitors to improve and differentiate their cereals, thereby benefiting consumers (but harming Great State). Nonetheless, she still felt uneasy. It seemed to her that the " implied superiority" claim crossed the boundary of puffery over to deception.

QUESTIONS FOR DISCUSSION 1. Identify the ethical issues facing Betty regarding the nature of the proposed " implied superiority" advertising claim. 2. What are the ethical issues Betty encounters with respect to organizational relationships and conflicts? . What are Betty's possible decision alternatives, and what are the ethics of each alternative? 4. Which alternative would you recommend to Betty and why? ANSWERS TO

QUESTIONS FOR DISCUSSION 1. Some issues and suggested " talking points" raised or suggested by the characters in the case to discuss the " implied superiority" advertising claim follow. • Are implied superiority claims such as the examples in the case misleading/deceptive, as Betty believes, or are they merely honest exaggeration (" puffery"/" puffing") which consumers will see through, as Charlie suggests?

Where should the line be drawn between puffing and deception? Regulatory agencies historically have recognized the legitimacy of a certain amount of puffery while ruling against deception. Puffery has been legally defined as “ advertising or other sales presentations which praise the item to be sold with subjective opinions, superlatives, or exaggerations, vaguely and generally, stating no specific facts. “* Deception, on the other hand, according to a 1983 FTC ruling, occurs when “ there is a misrepresentation, omission, or practice that is likely to mislead the consumer acting reasonably in the circumstances to the consumer’s I. Preston, *The Great American Blow-Up: Puffery in Advertising and Selling*, Madison: University of Wisconsin Press, 1975, p. 3. Copyright © Houghton Mifflin Company. All rights reserved. 162 Supplemental Case 1: Great State Wheat Flakes Can’t Be Beat* detriment,”* Deception involves (1) materially false advertising (materially false, i. e. , there is a claim-fact discrepancy—not the case here) or (2) misleading advertising, whereby false subjective consumer impressions or perceptions are created—possibly the case here.

Consumer research could be used to determine whether a significant number of buyers are fooled or whether they merely suspend their disbelief willingly. If consumers are fooled, the comparative claim is unethical since it misleads them. If people willingly suspend their disbelief; then no deception is involved and making a comparative claim does not violate any ethical standard. • Because implied superiority claims are commonly used by commodity brands, as Steve notes, (perhaps by Great State’s competitors too) does that make them acceptable? A common fallacy is that because everyone does something, it is acceptable.

Relativists (also known as situation ethicists) would say that morality can be determined by what the majority believes or by what many others are doing. This would typify the 40 percent rule in Chapter 7. Because puffing and implied superiority claims are legal, does that make them ethical? The legality argument raised by Steve is another common fallacy in ethical reasoning. Civil laws reflect a general consensus of what society believes is morally right. Laws can be immoral and can be inconsistent over time and place. Generally, the law provides a moral minimum.

Thus, although the FTC allows puffery and implied superiority claims, this is not sufficient justification for their use. Does the fact that Great State is a small brand justify making the suggested comparison, as Steve suggests? This is a relativistic justification, in effect a rationalization. To make such ethical distinctions among players is discriminatory. Wrong behavior is wrong regardless of who or what you are. Does the possibility that competitors will respond to Great State's comparison advertising by improving and differentiating their cereals, thereby benefiting consumers, justify making the suggested comparison, as Betty fears?

This is utilitarian thinking (a moral act results in the greatest good for the greatest number of people), in effect asserting that the ends justify the means. If society (consumers in this case) ends up with a net gain in satisfaction, then supposedly the act is justifiable. However, ends don't necessarily justify means. There are also issues regarding the advertising claims which, while not raised by any of the characters in the case, might be

raised by students or by the instructor. • • • • 2. There are several organizational issues.

Chapter 7 notes that personal-organizational ethical conflict occurs when the values and norms taught through the socialization process contradict an employee's personal values. Situations in which going along with coworkers and managers might conflict with an individual's moral standards are not uncommon in business, creating a source of ethical dilemmas. Significant others are the most influential variable impacting ethical decisions in business. Here, Betty is the conflicted employee who needs to decide whether her goals and values or those of the organization will prevail.

She must decide if she will be among the approximately 40% of employees who go along with the work group on most matters (including ethical judgments) or whether she will be among the roughly 10% who stick to their own moral standards, even if they conflict with others because they believe that their values are superior to others in the firm. * Federal Trade Commission, " Policy Statement on Deception," 45 ATRR 689, October 27, 1983, p. 690. Copyright © Houghton Mifflin Company. All rights reserved.

Supplemental Case 1: Great State Wheat Flakes Can't Be Beat* 163

Students should be reminded that if Betty goes along, she is still personally responsible for the consequences of her behavior. 3. At one extreme, Betty could always opt to quit her job. Although quitting might be an ethical choice which could lead to feelings of self-esteem from doing the right thing even at personal cost, it might not be feasible, especially if Betty is helping to support a family, the job market is tight, she has student loans to pay back,

<https://assignbuster.com/great-state-wheat-flakes-cant-be-beat-assignment/>

etc. At the other extreme, Betty could adopt Charlie's implied superiority claim. While this allows her to keep her job and might be a demonstration of loyalty to her supervisor and the client, it compromises her moral beliefs. Furthermore, if using the suggested slogan is wrong, she could be responsible for any adverse consequences, such as deceived consumers. Claiming to merely be an agent of the organization is unacceptable legally and morally. Betty could ask to have the account reassigned to someone else. Since this is a small ad agency, reassignment might not be feasible. Betty could argue more persuasively against using an implied superiority claim by explaining that it would be ineffective.

The proposed slogan might force Great State's competitors to improve and differentiate their cereals. Another argument might be that this slogan isn't really specific and hard hitting, which is what Charlie wanted. She could also argue that the proposed slogan is unethical. She could suggest doing consumer research to discover whether a significant number of consumers are fooled by the claim. Betty could suggest that Great State improve the quality of its product and then advertise this, benefiting the company in the long run.

Betty could ignore Charlie and Steve and develop her own original copy which focuses solely on the positive aspects of Great States Wheat Flakes and hope this will please Charlie and Steve. If she comes up with something persuasive and creative enough, this might work. She will be most effective if she ties in with the active, healthy lifestyle positioning desired by the client. Another tactic might be to focus on price incentives (assuming this is

profitable) since these are important to consumers. 4. Answers will vary based on individual perspective and choice. Copyright © Houghton Mifflin Company. All rights reserved.

SUPPLEMENTAL CASE 2 Acme Title Pawn* Joe was reflecting on his current situation with Acme Title Pawn while mindlessly mowing his lawn. He had been working there for about a year but was having ever greater reservations. During all of those years of struggling to raise his young family while planning for, attending, and ultimately graduating from college, he never envisioned a career at a firm like Acme Title Pawn. He was still wrestling with the decision of whether to quit. His reservations about the business began to surface by the end of his first day at work, and they had only increased since then.

As he went into the house for a breath of cool air on this steamy, sultry evening, he once again reviewed his situation. Joe Collata was 36 years old with a wife and three children. His first full-time job was as an accounts payable clerk at a medical center. He worked there for four years, beginning in 1982. He quit that position to accept a similar position at a printing plant in the town where his soon-to-be wife was employed. He remained employed with that firm, Ace Printing, for a total of nine years until he lost his job due to downsizing.

By that time, he realized that he needed a college education if he hoped to have a meaningful career with some degree of job security. While attending college part-time at night, he had a succession of jobs, none of which lasted more than a year. He was a clerk in a hospital, an appliance salesman, and

an accounts payable clerk for a small manufacturing firm among other positions. Approximately one year ago he accepted the position of accounting staff member at Acme Title Pawn. At the time he accepted the position he knew virtually nothing about the title pawn industry.

He believed this firm might offer him the possibility of increased responsibility, an advantage not offered by many of his previous positions. Also, the pay was good. Six months after beginning his employment with Acme, he graduated with a degree in accounting. It had been a difficult struggle, but Joe hoped that soon there would be a payoff. Now he wondered, is this it? He had become quite disenchanted with the title pawn industry in general, and Acme in particular, because of activities that he believed to be unethical. It seemed apparent to him that the industry preyed on the poor and uneducated.

Joe had learned a bit about usurious interest rates in his business law class, but he had imagined that they were of concern only to the loan shark on the street corner. The interest rate on his only credit card was over 20 percent on the unpaid balance, and he was not aware that legal interest rates anywhere were much greater than that. He was truly shocked when he found out how Acme conducted business and that it was legal—for the most part. When a customer needed a loan, Acme would lend money, holding the title of the individual's automobile as collateral. The maximum amount Acme would lend was usually 50 percent of the car's book value.

The customer was allowed to keep driving the car as long as the specified payments were made. The standard loan was for one month with an interest

rate of 25 percent per month. Therefore, if a customer borrowed \$1,000 on the car, \$1,250 would be due at the end of the month or the car would be seized and sold at auction to satisfy the debt. Occasionally, Acme would extend the credit for several more months as long as the interest was paid every month. A customer borrowing \$1,000 for a fourmonth period would have paid \$1,000 in interest and still owe the \$1,000 principal at the end of the * This case was prepared by Roland B.

Cousins, LaGrange College, for classroom use. All names and locations have been disguised to assure anonymity. Certain other facts about the company are disguised, although this case represents an actual situation as perceived by a single employee. Copyright © Houghton Mifflin Company. All rights reserved. Supplemental Case 2: Acme Title Pawn* 165 fourth month. At that time, or at the end of any month when the principal remained unpaid, the vehicle could be seized. The business of repossession can get very ugly, so subcontractors were employed to perform that service in each city in which Acme maintained an office.

State laws generally required that the debtor be paid the difference between the amount owed and the proceeds from the sale of the vehicle minus any expenses incurred. Acme paid the reposessor an average of \$100, a locksmith was typically paid \$25, and the clean-up and sale of the vehicle at auction usually cost Acme about \$75 to \$100. Sometimes a transportation charge was assessed depending on the distance from the seizure location to the auctioneer. Joe soon learned that the company occasionally did not

return this excess to the debtor. If the debtor called and asked about it, a check would be sent.

If the debtor did not ask, sometimes the check would be sent and sometimes it would not. Joe did not know the basis upon which this decision was made, but it seemed that the decision was based on the likelihood of a complaint being made by the debtor. The individuals who pawned their car titles generally seemed to be people who had no alternative. Often they had bad credit or no credit, but Acme did not investigate credit if a clear title was presented. Acme seemed to be the lender of last resort for most of their clients, although Joe suspected some would have other alternatives if they understood the cost of doing business with Acme.

But they did not understand. The company targeted minority groups, locating offices in African American neighborhoods in most cities in which they did business. In Florida, Acme's business was quite visible in Hispanic areas. The company directed its marketing efforts toward gamblers in areas likely to have down-on-their-luck gamblers, such as Nevada and the Mississippi Gulf Coast. The company presently operated in twelve states. If a state in which Acme was operating lowered the legal interest rate that could be charged to less than 25 percent per month, Acme stopped doing business in that state.

Acme recently suspended operations in North Carolina and Kentucky for this reason. Acme had many difficulties in the field, as one would expect, considering the nature of the business. There had been a number of armed robberies at Acme locations even though very little cash was kept on the

premises. Believing that advertising that stressed “ cash for your title” might have misled wouldbe armed robbers, the company had toyed with the idea of emphasizing payment by check instead of cash in their ads—especially billboards—to discourage robbers. Acme had also been plagued with very high turnover in most branches.

Occasionally, an incident of embezzlement was uncovered at a branch. No one at the home office seemed especially surprised when such activity was uncovered. It appeared to Joe that the company did not attract very high-class personnel for any positions. Joe thought the employees at the home office where he worked did not seem to be of a much higher caliber than those employed at the branches. Once he had commented to his supervisor on what he perceived to be a lack of professionalism on the part of his coworkers. The Accounting Manager’s response was, “ Of course, if there were not something wrong with each one of us, why would we work here? Joe thought of that statement often. The founder and CEO of Acme was rumored to have underworld connections. Joe had seen no evidence of this, but it seemed that it was a widely held perception. He lived in another state and was rarely seen in the office. As Joe thought more about his situation, he concluded that he could sum up most of his reservations about working at Acme with a single sentence. It seemed that he was working for a sleazy company in a sleazy business surrounded by sleazy individuals. Joe still believed that he would acquire responsibilities sooner at Acme than at most other firms.

Because of the high turnover in his department, Joe was frequently asked to accept additional responsibilities. He thought it possible that he could be promoted to the controller's position within five or six years if he continued to work as he had. Management seemed very pleased with his performance. Copyright © Houghton Mifflin Company. All rights reserved. 166

Supplemental Case 2: Acme Title Pawn* Joe wondered, though, if his association with this firm and industry might lessen other job prospects if he stayed another five or six years. He was also concerned that his resume might portray a "job hopper." He had rarely stayed longer than one year with any employer recently. He was concerned that leaving Acme at this time would give future prospective employers additional reason to question his stability. Several more years at Acme would strengthen his resume both in terms of the higher level responsibilities he could claim and the added stability that would be implied by a longer term of employment. Joe also thought he had to consider the well-being of his family in any decision he made. He would not find it easy to secure another position having much potential in his present area.

The town was small and isolated. Joe and his family were now living about 1,000 miles from their relatives. He had accepted a transfer to his present location, Grovetown, when he was working for Ace Printing. The layoff caused by downsizing had left Joe and his family stranded in Grovetown. The proximity of a university offering a night program in accounting coupled with his wife's position as a clerk in the business office of a local physician's group had led to the decision to stay. Now his two older children were very active in their schools and with extracurricular activities.

They had many friends, and Joe believed there would be a difficult period of adjustment for the children if they were to leave Grovetown at this time. His wife, too, seemed content with life as it was. She had found satisfaction in her job, as well as with the community. Although Joe had not worked in one of the branch offices dealing directly with customers, he had heard plenty of stories around the office about what it was like on the front line. Based on what he had heard, he was glad to be working with people behind the scene even though the environment in the office was far from ideal.

Even the home office seemed to be fraught with problems, most of which Joe thought were caused by the caliber of Acme's personnel. In the year that Joe had been there, he had seen a number of employees go over their supervisor's heads taking problems to higher levels than necessary and undermining the authority of some of their supervisors. This seemed to be an accepted way of solving problems and making decisions. There also seemed to be a degree of back-stabbing with which Joe was unfamiliar. Additionally, there had been recurring incidents of executives charging personal items on company credit cards.

The company continued to pay for such charges in spite of Joe's calling those incidents to the attention of the accounting manager. Sums of money were also borrowed from company accounts with no apparent attempt to secure repayment. Joe had also seen several seemingly inappropriate personal relationships develop on the job. The entire office was gossiping about the relationship that had developed between the CFO and one of his direct reports, the office manager. The subordinate, a female, was subsequently

transferred to one of the branch offices. Copyright © Houghton Mifflin Company.

All rights reserved. Supplemental Case 2: Acme Title Pawn* 167 QUESTIONS FOR DISCUSSION 1. What decisions need to be made when an individual discovers that he/she is working in a company and industry with many ethical issues? 2. If the organizational culture at Acme Title Pawn cannot be changed, can Joe continue to work there and avoid involvement in activities that are ethically questionable or possibly illegal? 3. How could Acme create an ethical organizational culture and still be in the title pawn business?

ANSWERS TO QUESTIONS FOR DISCUSSION 1.

This case should develop a rich discussion about the decisions and involvement of an individual in an ethically questionable company and industry. Joe has to consider whether to stay in such a company and deal with many ethical problems or leave the company and find a new career. Students should be able to generate several alternatives for Joe. This should provide a good starting point for discussing the case. Whether or not to leave an ethically questionable company is a decision that many employees have to make. It is hard to find an organizational culture that matches one's personal values.

Joe must make a personal decision as to whether he can stay out of trouble and feel good about himself if he continues to work at Acme. If he stays, it is possible he could be a positive force to encourage others to comply with the law and develop ethical treatment of customers. However, if Joe stays, he will face much ethical conflict. There is a possibility that his career

advancement may suffer if he becomes overly focused on unethical behavior within the company. Acme could develop an ethical compliance program (as described in Chapter 8) to make sure that consumers and employees are treated ethically.

But the nature of the industry and competition might prevent Acme from achieving current profit levels if it operates ethically. If Acme takes a long-run perspective, it could establish an ethical reputation and increase the level of business at a lower profit margin. Finally, a discussion on the appropriateness of the title pawn industry in general could be developed, including whether all states should ban this type of operation using existing interest rates and repossession tactics. 2. 3. Copyright © Houghton Mifflin Company. All rights reserved. SUPPLEMENTAL CASE 3

The Playskool Travel-Lite Crib* PART A Sanfred Koltun sat in his office in the Chicago headquarters of his company, Kolcraft Enterprises, reading a letter. Addressed to Bernard Greenberg, president of Kolcraft, the February 1, 1993, letter had been passed around to the company's handful of top executives. He would get their perspectives on the situation. But Koltun knew that, as owner and CEO, he would be the one to determine the company's actions. It had been that way since his father started the company in 1942. The three-and-a-half page letter was from Marc J.

Schoem, director of the division of corrective actions for the United States Consumer Product Safety Commission (CPSC). Schoem's office, his letter explained, was responsible for making a preliminary determination about " whether a defect is present in a product and, if so, whether that defect rises

to the level of a substantial risk of injury to children. ” “ The CPSC has received reports of two infant fatalities resulting from the collapse of ‘ Playskool’ brand portable cribs manufactured and distributed by Kolcraft,” Schoem wrote. In both cases it appears the infant was entrapped when the crib collapsed while the infant was in the crib. ” Schoem then requested a “ Full Report:” Kolcraft would have to provide, among other materials, “ copies of all test reports, analyses, and evaluations, including premarket tests and reports of tests and any analyses related to the locking mechanism and/or potential for collapse of product. ” The CPSC also requested copies of all engineering drawings, any consumer or dealer complaints, lawsuits, assembly instructions in all their forms, and two samples of the Travel-Lite crib.

Finally, Schoem noted, Kolcraft had a “ continuing obligation to supplement or correct its ‘ full report’ ” as new information about the product or incidents related to it became known. 1 Schoem closed his letter with the request that Kolcraft respond within ten working days. * Written by David Zivan, Senior Editor, Chicago Magazine. Funded by the James S. Kemper Ethics in Business Grant to the Graduate School of Business at the University of Chicago, under the direction of Professor Linda Ginzel. This document is in the public domain and may be reproduced without permission.

The University of Chicago and the James S. Kemper Foundation would, however, be grateful to know of any and all uses of this case. Please write: Professor Linda Ginzel, Graduate School of Business, The University of Chicago, 1101 East 58th Street, Chicago, IL 60637, USA. Or by email: linda.

uchicago. edu 1. Marc Schoem, letter to Bernard Greenberg, 2/1/93. From tab 7, Linda Ginzel, as independent administrator of the estate of Daniel Keysar, deceased, and on behalf of Boaz Keysar, Ely Keysar, and Linda Ginzel, next of kin, plaintiff, v.

Kolcraft Enterprises, Inc. , a Delaware Corporation, and Hasbro, Inc. , a Rhode Island Corporation, defendants, #98L7063, pending in the Circuit Court of Cook County, County Department, Law Division. Copyright © Houghton Mifflin Company. All rights reserved. Supplemental Case 3: The Playskool Travel-Lite Crib* 169 History of Kolcraft Kolcraft Enterprises was started in Chicago in 1942 as a manufacturer of baby pads, a foam product commonly used in high chairs, play pens, and bassinets. In 1950 Kolcraft began manufacturing mattresses for use in baby cribs.

Sanfred Koltun, the founder's son, graduated with a bachelor's degree from The University of Chicago in 1954 and an M. B. A. from the same school in 1955. He then joined the company, which at that time employed about 30 people. 2 By the early 1980s, Kolcraft diversified into the manufacture of various juvenile seats, including car seats and booster seats. Koltun opened a 25, 000-square-foot facility in North Carolina making what are generically known as play pens, a metal and masonite folding device typically measuring 36" by 36" with mesh sides.

Children would nap and play in these common household products. Kolcraft eventually expanded to include operations in Pennsylvania, Georgia, and California. 3 By the late 1980s, the company had hundreds of employees, with headquarters in Chicago and a separate manufacturing and engineering

facility in Bedford Park, Illinois. 4 Though dwarfed by major corporations like Mattel's Fisher-Price and Hasbro's Playskool, Kolcraft eventually grew to become the seventh largest juvenile products manufacturer, with revenues around \$30 million. Kolcraft maintained a small executive suite with Sanfred Koltun as CEO. Kolcraft's flow of information was informal, with meetings taking place frequently in a centrally located conference room at the headquarters. 6 Although the managers of various divisions controlled the day-to-day operations of their projects, Sanfred Koltun had the final word in all important decisions of the company. In 1979, Kolcraft hired Edward Johnson, a graduate of a technical high school where he received training in draft work.

Johnson had worked as a design draftsman for a lighting company, served four years in the Air Force, and worked for seven years at J. E. Industrial Molding as a designer in custom blow molding, a process that made plastic products with a cushion of air inside. He designed Kolcraft's first car seat, which was sold in the Sears retailing chain, and by 1987 he had been named engineering head of Kolcraft. Johnson worked mainly on car seats and other seat products like high chairs until his first design of a portable crib, in 1989. In 1987, Kolcraft hired Bernard Greenberg as a vice president. A graduate of New York University, Greenberg had worked at Macy's for six years as a buyer, then spent a number of years with various manufacturers of juvenile products, eventually serving as president of Century, a juvenile product manufacturer which was a division of Gerber baby products. Greenberg became president of Kolcraft around 1990. 2. Deposition of Sanfred Koltun, 4/19/2000, pp. 6-8. 3. Deposition of Bernard Greenberg, 9/30/99, pp. 8, 20.

4. Illinois Manufacturers Directory, 1988-92. . E. Marla Felcher, It's No Accident: How Corporations Sell Dangerous Baby Products, Common Courage Press, 2001, p. 83. 6. Deposition of Edward Johnson, 5/13/99, p. 14. 7. Johnson, pp. 3-9, 29. Copyright © Houghton Mifflin Company. All rights reserved. 170 Supplemental Case 3: The Playskool Travel-Lite Crib*

Development of the Playskool Travel-Lite In the mid-1980s, the U. S. juvenile product market saw a substantial influx of imported goods, primarily from Asia, including a new product—portable play yards, or portable cribs as they came to be known.

Rectangular in shape, the traveling cribs often folded into a carrying bag. Sanfred Koltun believed that Kolcraft could manufacture a similar, better product. In the first half of 1989, Edward Johnson drew up some preliminary sketches for a portable, collapsible crib. Johnson's design featured two hollow plastic sides that would serve as the exterior shell of the crib when it was folded for transport. The other two sides would be made of mesh supported by two collapsible top rails with a hinge in the middle. The solid floor would also fold at the center.

That spring, Sanfred Koltun gave the go-ahead to create a mock-up of the portable crib. " His comment from the very beginning was like it was the best thing he'd ever seen," Johnson remembered later. " It was unique because there was nothing out there with a carrying case. Nothing that was that structurally sound. Nothing that looked as nice as that. " 8 Johnson's painted wood model of the crib was well received by Kolcraft's marketing department, and the company decided to try to get the portable crib ready

for the annual Juvenile Products Manufacturers Association (JPMA) trade show, scheduled for mid-September in Dallas.

Initial prototype models of the crib were heavier than Johnson had hoped—close to 19 pounds, as opposed to the 10 or 11 he had originally planned. Nevertheless, the company's optimism for the product continued. According to Johnson, the engineering department generated an "unbelievably thick" file on the Travel-Lite while trying to make the product achieve the portability that had been a major selling point of its competitors. 9 A Travel-Lite prototype was made and sat in the break room across from Johnson's office in Bedford Park.

Soon Johnson found himself demonstrating the crib to other Kolcraft employees. "We constantly were taking this thing down and putting it back up, kicking it around, because it was a unique product and everybody was . . . excited about it," Johnson remembered. "Whenever someone walked into the room, they'd come in to me and say, 'what is this?' and I'd have to go through and explain it. And every time they asked, I'd tear it down and put it back up again. This thing [was] going up and down all the time. 10 A prototype model of the portable crib received a generally favorable reception from retail buyers at Sears, K-Mart, JC Penney, Wal-Mart, Montgomery Ward's, Service Merchandise, and Target. Several buyers noted that they would like to see the crib be a little lighter. Some also noted that they had difficulty turning the crib's locking mechanism, which consisted of round plastic knobs or dials located at the end of each top rail. "Some of the buyers told us they just could not turn the lock," said Greenberg, who visited

the engineering offices once a week to check on the project's progress. And [Johnson] kept on working on it. " 11 The final design featured a nub on the outside portion of the dial that would slide into an indent on the inside portion. Once the crib was standing up, users would turn the knobs to the "lock" position (eventually designated by decals), and then hear a small "click" (Exhibit 1). " When we put it back to the buyers, they liked it a lot," Greenberg said. " They thought it was a very good idea. " 12 The crib would be ready for the trade show in Dallas. 8. 9. 10. 11. 12. Johnson, pp. 31-32. Ibid. , p. 20. Ibid. , pp. 14-15. Greenberg, p. 2. Greenberg, p. 85. Copyright © Houghton Mifflin Company. All rights reserved. Supplemental Case 3: The Playskool Travel-Lite Crib* 171 Licensing the Travel-Lite Sanfred Koltun believed that affiliating with a recognized brand name would be beneficial for Kolcraft. " I thought in terms of customers," he said. " I wanted to get [our product] on the floor of juvenile departments in retail stores. " 13 In 1989, as Bernard Greenberg would later put it, Sanfred Koltun " went after the Playskool name," and by that summer Koltun had negotiated a licensing deal with Hasbro. 4 Koltun hired Ernst Kaufmann, a 32-year veteran of Sears, to handle the merchandising of the new line, which Kolcraft would license under the Playskool brand name. Playskool, well known in the juvenile products market for its reputation as a maker of high quality toys, was a property of the Hasbro company. Founded in the 1920s by Polish immigrant Henry Hassenfeld and publicly traded since 1968, Hasbro was in the 1980s one of the fastest growing companies in the nation, with successful brands such as Raggedy Ann and G. I. Joe, and revenues surpassing \$2 billion.

In 1983, Hasbro had hired John Gildea to be its director of licensing. Gildea had been employed by the owners of Hanna Barbera, where he had negotiated licensing contracts for such properties as the Flintstones, Scooby Doo, and Huckleberry Hound. Prior to 1983, licensing had not been a separate department at Hasbro, and top management at the company had directed the new department to find high-quality manufacturing partners who would uphold Playskool's reputation in the marketplace. Through the mid-1980s, Gildea hired account executives to handle such properties as G. I. Joe, My Little Pony, and Mr. Potato Head. By the end of the decade, Hasbro had begun licensing the Playskool name—a brand associated, as Gildea put it, with “ quality, fun products. “ 15 In an interview with Children's Business, 16 Gildea outlined the emerging benefits of the company's licensing business: The non-toy products are Playskool line extensions that we don't happen to make. Our strategy is twofold. We gain incremental exposure of the Playskool name, [creating] brand awareness at a very early age that will pay dividends down the line.

Secondly, and not insignificantly, it brings income. Licensing allows us to concentrate on our core business and also take advantage of the corporate name in appropriate products. Both benefits looked relatively easy to achieve, and may have seemed necessary, as one of Hasbro's main competitors, Fisher-Price, had already begun making products outside its traditional lines. 17 In the original agreement, Kolcraft would manufacture and distribute mattresses, play pens, and car seats with Hasbro's Playskool name attached.

The agreement stipulated, among other provisions, that: [T]he licensee shall, prior to the date of the first distribution of the licensed articles, submit to the licensor a test plan which lists all the applicable acts and standards and contains a certification by the licensee that no other acts or standards apply to the licensed articles. . . . Test plan shall describe in detail the procedures used to test the licensed articles, and licensee shall submit certificates in writing that the licensed articles conform to the applicable acts and standards. Upon request by the licensor, licensee shall provide licensor with specific test data or laboratory reports. 18 Kaufmann helped with the final terms of the licensing agreement, and came up with one amendment: adding the new portable crib to the deal. 19 “ When you develop your company into new products, the 13. S. Koltun, pp. 73-75. 14. Greenberg, p. 26. 15. Deposition of John Gildea, 8/26/99, p. 11. 16. Gregory J. Colman, “ What’s Playskool’s Name Doing on a Pair of Sneakers? ” Children’s Business, February 1991, p. 61. 17. Details of this expansion also included in Children’s Business, February 1991. 18. Gildea, pp. 54-55. 19. Deposition of Ernst Kaufmann, 6/29/99, p. 16. Copyright © Houghton Mifflin Company. All rights reserved. 172 Supplemental Case 3: The Playskool Travel-Lite Crib* competition is way ahead of you,” said Greenberg. “ If you develop a product that is similar to the competition, especially in price, you need something to put on it to give more flavor to it, so to speak. 20 Going to the Show Kolcraft’s display at the JPMA trade show in Dallas featured a separate area for its Playskool products, staffed by Kaufmann. The Travel-Lite received a warm reception, and a press release by the JPMA, dated September 15, 1989, named the Travel-Lite one of the top new products at the trade show:

At a press conference today, the Juvenile Products Manufacturers Association (JPMA) announced the winners of the “ Ten Most Innovative Products Contest. ” A panel of independent judges . . . ere instructed to judge on: creativity, originality, function, convenience, safety, innovative design, fashion, style, and overall appearance and use of the product. Later, the crib even got some national press attention in the “ What’s New in Design” section of the December 4, 1989, edition of Adweek magazine (Exhibit 2).

Final Preparations On September 28, 1989, Hasbro’s David Schwartz, who handled the Kolcraft account for the company, wrote a letter to Ernst Kaufmann, reminding him of Kolcraft’s obligations under the licensing agreement. Pursuant to the terms of the contract between Hasbro and Kolcraft Enterprises, please be aware that Kolcraft must adhere to the terms set forth in Paragraph 7 (quality of merchandise), stating that: ‘ The licensee warrants that the licensed articles will be designed, produced, sold, and distributed in accordance with all applicable U. S. laws. ’” 21 Schwartz then specifically asked for documents he had not yet received: “ I would also request test plans and results for the Playskool travel crib . . . when they have been obtained. ” 22 While Hasbro had its own quality assurance department, it did not perform tests on the Travel-Lite. 3 On December 1, 1989, Kaufmann answered Schwartz with a letter, noting various government and industry testing standards that had been applied to the other juvenile products about to come to market under the Playskool name. For the portable crib, he noted only that the product would come with a oneyear limited warranty. “ My intention was to show that we had a quality product,” Kaufmann said later. “[One] that we were willing to put a warranty

behind. “ 24 In subsequent conversations with Kaufmann, Schwartz again requested test plans for the Travel-Lite. 5 Kaufmann answered with a December 21, 1989, letter, 26 which in its entirety read as follows: Dear Mr. Schwartz: Please be advised that there are no government or industry test standards applicable to the Playskool portable crib. We have therefore taken all reasonable measures to assure that this portable crib is an acceptable consumer product. 20. 21. 22. 23. 24. 25. 26. Greenberg, p. 27. Deposition of Laura Millhollin, 3/29/00, p. 47. Kaufmann, p. 74. Deposition of Malcolm Denniss, 8/27/99, pp. 18-22. Kaufmann, p. 76. Deposition of David Schwartz, 3/17/00, pp. 62-66. From appendix to #98L7063, tab 17.

Copyright © Houghton Mifflin Company. All rights reserved. Supplemental Case 3: The Playskool Travel-Lite Crib* 173 Very truly yours, [signed] Ernst Kaufmann Schwartz filed the letter. Going to Market Kolcraft began producing and shipping the Travel-Lite in January 1990. Both the crib and its packaging featured prominent placement of the Playskool name, and it was available in retail chains such as Toys ‘ R’ Us, K-Mart, JC Penney, and Wal-Mart. An instruction sheet for setting up the crib was affixed to the floor of the crib, underneath the mattress—” a standard production step,” Johnson noted. It’s in the specifications for [conventional] play yards. . . . All the other play yards have them. “ 27 Sanfred Koltun was by now a proud grandfather. On family visits, his grandson would spend time in a Travel-Lite. “ I was very happy with it,” Koltun said. 28 In June 1991, Edward Johnson received a patent for the Travel-Lite design. His petition noted that “ the present invention relates to collapsible or foldable structures; and more particularly, to a collapsible structure suitable for use as a portable play yard. Other play

yards, the patent application contended, were difficult to fold, whereas Johnson's design for the Travel-Lite was "easy to fold and transport." 29 Sanfred Koltun would later attribute the poor sales of the Travel-Lite to the fact that the crib was more expensive than similar imported items, causing discount retailers like K-Mart and Wal-Mart to shy away from the product. The design team felt that the product had simply become too heavy. "As far as the buyers go, [the] unit [was] too heavy," Johnson said. "I don't think it was the consumer.

The buyers kept asking for more and more—more padding, things like that. And eventually, enough buyers said, 'no.'" 30 Kolcraft ended up selling only about 11,600 of the cribs, models 77101 and 77103, and shipments stopped in April 1992. 31 The First Deaths On July 3, 1991, an 11-month-old boy in California died of strangulation while in a Travel-Lite crib. 32 The child's neck was caught in the "V" created when the crib's top rails collapsed (Exhibit 3). The CPSC investigated the incident, and produced a report by the end of the year. That spring, the report was mailed to Hasbro, which forwarded it to Kolcraft.

In June 1992, Kolcraft responded with a letter to the CPSC which stated in part: The CPSC report on the July 3, 1991 incident involving a small child notes that the travel crib is subject to the voluntary standards of the juvenile products manufacturing industry. We note that there is no such standard applicable to travel cribs. The ASTM standard for play yards, ASTM F 406 does not apply to this product, which is a wholly different structural entity.

Nor does the CPSC standard for non-full-size cribs, 16 CFR Part 1509, apply to travel cribs of this design.

The letter also noted that nothing in the report “ suggests at this point that the Travel-Lite portable crib is defective in any way or presents a substantial hazard. “ 33 27. 28. 29. 30. 31. 32. Johnson, p. 94. S. Koltun, p. 61. Report of Shelly Waters Deppa, Safety Behavior Analysis, Inc. 11/16/2000, p. 3.

Johnson, pp. 43-44. Jonathan Eig, “ How Danny Died,” Chicago magazine, November 1998. Mitch Lipka, “ Deaths of Six Babies Expose Fatal Flaws of System,” Sun-Sentinel, South Florida, November 28-30, 1999. Copyright © Houghton Mifflin Company. All rights reserved. 174

Supplemental Case 3: The Playskool Travel-Lite Crib* On November 30, 1992, a nine-month-old girl in Arkansas died when her Travel-Lite collapsed, strangling her in the “ V. ” A ten-month-old girl in California was killed in the same manner in another Travel-Lite on January 5, 1993. The CPSC had only heard about two of the deaths when Marc J. Schoem wrote his February 1, 1993, letter to Kolcraft, requesting a full report on the Travel-Lite. Sanfred Koltun was shocked at the news. “ I was appalled when I heard about the deaths,” he said. “ I just couldn't believe people were so careless. 34 Exhibit 1 Travel-Lite crib with view of two side knobs Exhibit 2 Travel-Lite crib in Adweek magazine Exhibit 3 Travel-Lite crib in collapsed position PART B Starting the Recall The Travel-Lite had been off store shelves for almost a year when Kolcraft received the February 1, 1993, letter from the CPSC. And although the crib carried a limited one-year warranty, the product had not included a mail-in warranty registration card for consumers. By February

1993, the earliest users of the crib would have long outgrown it, and in many cases the original purchasers would have discarded, stored, sold, or given away their cribs.

Sanfred Koltun met with Bernard Greenberg and John Staas, an attorney and Kolcraft's vice president of operations, to discuss the situation. Kolcraft retained a law firm in Washington, D. C. , and on February 12 drafted a response to the CPSC. In it, they proposed notification procedures, including contacting retailers with a letter and a poster informing them of a potential problem with the TravelLite, and providing a toll free number for consumers to call. A copy of the poster Kolcraft designed for display in retail locations was passed to Hasbro, and on February 18, staff at Hasbro approved the poster. 5 On Friday the 19th, Kolcraft sent retailers a letter and an accompanying 8-1/2" x 11" poster, which included a drawing of the Travel-Lite. Also on February 19, Kolcraft's lawyers in Washington received notice that the compliance staff at the CPSC had made a preliminary determination that the Playskool Travel-Lite crib presented " a substantial risk of injury to children as defined by section 15 (a) of the Federal Hazardous Substances Act (FHSA), 15 U. S. C. § 2064 (a). Specifically, there have been three reports to the Commission of infant fatalities resulting from the product folding up during use. 36 On February 22, 1993, the CPSC received from Kolcraft a copy of the letter and poster the company had mailed to retailers the previous Friday. On February 24, 1993, William J. Moore, Jr. , an attorney in the office of compliance and enforcement of the CPSC, wrote a letter to Kolcraft's attorneys in Washington, D. C. His letter stated, in part: We take serious exception with your proposal to print the pediatrician poster in black and

white. The poster will be competing with many other pieces of information. . . The staff was very troubled to learn that the retailer letter and accompanying poster you provided to us on Monday, 33. Ibid. 34. S. Koltun, pp. 62-63. 35. Denniss, p. 64. 36. Linda Ginzel, as independent administrator of the estate of Daniel Keysar, deceased, and on behalf of Boaz Keysar, Ely Keysar, and Linda Ginzel, next of kin, plaintiff, v. Kolcraft Enterprises, Inc. , a Delaware Corporation, and Hasbro, Inc. , a Rhode Island Corporation, defendants, #98L7063, pending in the Circuit Court of Cook County, County Department, Law Division. From appendix, tab 7. Copyright © Houghton Mifflin Company.

All rights reserved. Supplemental Case 3: The Playskool Travel-Lite Crib* 175 February 22, 1993, had already been sent to the retailers the previous Friday. The staff had been asking to review the proposed retailer notice for several days. Your February 12 letter promised to provide these documents to us by February 16. We stood willing and able to give quick guidance for producing effective notice documents. . . . The 8-1/2 x 11 inch, black and white, thin stock “ poster” sent to retailers had many serious shortcomings, in our view. It did not even have the Playskool name on the crib.

Moore added that his staff “ wishes to work with Kolcraft to make this an effective . . . recall and to prevent further tragedy. “ 37 In a conference call on March 1, Kolcraft’s attorneys in Washington tried to reassure the CPSC that Kolcraft and their firm were responding quickly and responsibly. Kolcraft had by then agreed to send a notice to approximately 26, 000 pediatricians on a list maintained by the American Academy of Pediatrics. In addition, it

would send a revised letter to Sears and to smaller retailers. The JC Penney's chain would be able to notify its catalog customers directly from its database.

Kolcraft's attorneys expressed concern with the tone of Moore's letter and asked that it be purged from the case file, a suggestion that the CPSC rejected. 38 After confidential negotiations between Kolcraft attorneys and the CPSC, the CPSC on March 10 issued a press release announcing the product recall (Exhibit 4). Hasbro was not involved. Six weeks after its request for a full report, the CPSC was still attempting to acquire testing data on the Travel-Lite and status reports on the progression of the recall. 39 On March 19, 1993, John Staas wrote a memo to Kolcraft's file, 40 with the subject line, " Testing information requested by CPSC. It read in part: Using the ASTM play yard standard as a model Kolcraft measured and maintained the following performance features on the Travel-Lite crib: (1) Caps, sleeves, etc. secured to stay on with 15 lbf force or more. (2) Uniformly spaced components. (3) Side height of 20 inches. (4) Side strength and deflection of top rails and supporting methods to withstand 50 lbf static load. (5) Floor strength to withstand 50 cycle 30 ft. load. (6) Holes sized to avoid finger entrapment. (7) Mesh openings to avoid finger and toe entrapment and snaring of buttons. (8) Twelve-gauge vinyl used on the top rails.

Staas mentioned reaching compliance with regulations on sharp points and edges, and flame-retardant standards, and added that: Kolcraft designers conducted use and abuse tests on these cribs, consisting of repeated cycles of leaning, pushing, sitting on and throwing the crib, and turning it on its

sides. Kolcraft also tested the folding mechanism to determine if it could be inadvertently folded or lowered by a child while the crib was in use. Kolcraft used CPSC 16 CFR § 1500. 53 (e) (3) as its standard to test the folding mechanisms. 37. 38. 39. 40. From appendix to #98L7063, tab 7.

From telephone notes in appendix to #98L7063, tab 7. March 16, 1993, documents from appendix to #98L7063, tab 7. From appendix to #98L7063, tab 6. Copyright © Houghton Mifflin Company. All rights reserved. 176
Supplemental Case 3: The Playskool Travel-Lite Crib* CPSC use and abuse standard 16 CFR § 1500. 53 (e) (3) prescribes a standard of 4 inch-pound torque to measure the susceptibility of a product to the twisting motion of a child 36 to 96 months of age. The Travel-Lite top rails were designed and measured to require four times the force of the CPSC regulation.

Kolcraft's measurements using a torque wrench indicated that 15-20 inchpounds was approximately the range needed to activate the folding mechanism. Kolcraft was able to produce no records on the testing of such a twisting motion. Later, Edward Johnson said he could not recall which of the tests his department performed had received written notations, and which had been informal. 41 In addition to simply turning the dials at either end of the crib, as intended, the crib could also fold closed if the collapsible top rails were turned firmly enough (i. . , 15-20 inch-pounds, as noted by Kolcraft) to dislodge the nub holding them in place. On July 12, 1995, a ten-month-old boy in Indianapolis was strangled in the " V" of his collapsed TravelLite. He was the fourth known victim of the crib. By June 1996, of the 11, 600 sold, 2, 736 Travel-Lites could be accounted for. Noting that the returns had stopped,

and that there had been no recent injury or death reports, the CPSC closed its case. The status of 76 percent of the cribs remained unknown. 42 After the Recall

On May 12, 1998, during naptime at his childcare provider, 16-month-old Danny Keysar was found unconscious in the " V" of a Travel-Lite. He was rushed to the emergency room but could not be revived. He was the fifth reported death in a Travel-Lite (Exhibit 5). On August 19, 1998, a ten-month-old New Jersey boy was found dead, strangled in the " V" of his Travel-Lite. He was the sixth victim (Exhibit 6). Exhibit 4 NEWS FROM CPSC U. S.

Consumer Product Safety Commission Office of Information and Public Affairs
FOR IMMEDIATE RELEASE March 10, 1993 Release # 93-043 Washington, DC
20207 CONTACT: (301) 504-7908

Playskool Travel-Lite Portable Cribs Recalled By Kolcraft -Suffocation Risk Cited
PRODUCT: 11, 638 Playskool Travel-Lite Portable Cribs, models 77101 and 77103 manufactured by Kolcraft Enterprises, Inc. PROBLEM: If the side rails of the portable crib fold during use, an infant can become entrapped and suffocate. Three deaths have been reported. 41. Johnson, pp. 20-26. 42. Mitch Lipka, " Deaths of Six Babies Expose Fatal Flaws of System. "

Copyright © Houghton Mifflin Company. All rights reserved. Supplemental
Case 3: The Playskool Travel-Lite Crib* 177

WHAT TO DO: Stop using and call Kolcraft at 1-800-453-7673 for instructions on how to obtain a refund. WASHINGTON, DC — Kolcraft Enterprises, Inc. , Chicago, IL, is voluntarily recalling 11, 638 Playskool Travel-Lite portable cribs, models 77101 and 77103. The cribs were manufactured by Kolcraft

<https://assignbuster.com/great-state-wheat-flakes-cant-be-beat-assignment/>

under license from Playskool and sold nationally from 1990 to 1992. This recall is being conducted in cooperation with the U. S. Consumer Product Safety Commission (CPSC). The Commission has received three reports of infant deaths due to suffocation in these cribs.

In each case an infant allegedly was found entrapped in a folded crib. The incidents reported to CPSC suggest that if the side rails of the crib fold during use, an infant may become entrapped in the “ V” where the side rails fold. While it is still unclear exactly why the crib side rails folded, Kolcraft is recalling all Travel-Lite cribs in an effort to prevent any further risk of injury to infants using these cribs. The Playskool Travel-Lite portable crib has two nylon mesh sides and two blue solid plastic ends. “ Playskool” appears in white letters on a red background on each end.

The crib folds in the center for storage and handling. Consumers who have a Playskool Travel-Lite portable crib should immediately stop using it and call Kolcraft toll-free at 1-800-453-7673 for instructions on how to obtain a refund. The toll-free line is open between 9: 00 a. m. and 4: 00 p. m. Eastern time. Send the link for this page to a friend! The U. S. Consumer Product Safety Commission is charged with protecting the public from unreasonable risks of serious injury or death from more than 15, 000 types of consumer products under the agency's jurisdiction.

Deaths, injuries and property damage from consumer product incidents cost the nation more than \$700 billion annually. The CPSC is committed to protecting consumers and families from products that pose a fire, electrical, chemical, or mechanical hazard or can injure children. The CPSC's work to

<https://assignbuster.com/great-state-wheat-flakes-cant-be-beat-assignment/>

ensure the safety of consumer products – such as toys, cribs, power tools, cigarette lighters, and household chemicals contributed significantly to the 30 percent decline in the rate of deaths and injuries associated with consumer products over the past 30 years.

To report a dangerous product or a product-related injury, call CPSC's hotline at (800) 638-2772 or CPSC's teletypewriter at (800) 638-8270, or visit CPSC's web site at www.cpsc.gov/talk.html. Consumers can obtain this release and recall information at CPSC's Web site at www.cpsc.gov. Exhibit 5 NEWS FROM CPSC U. S. Consumer Product Safety Commission Office of Information and Public Affairs FOR IMMEDIATE RELEASE June 18, 1998 Release # 98-128 Washington, DC 20207 CPSC Consumer Hotline: (800) 638-2772 CPSC Media Contact: Nychelle Fleming, (301) 504-7063

CPSC Urges Search for Previously Recalled Portable Cribs and Play Yards
WASHINGTON, D. C. – The U. S. Consumer Product Safety Commission (CPSC) is urging consumers to search for and stop using previously recalled child products, in particular the “ Playskool Travel-Lite” portable crib, which was manufactured by Kolcraft from 1990 through 1992 and recalled in 1993. In May of 1998, a Chicago toddler died after a Playskool Travel-Lite portable crib collapsed. Manufacturers of portable cribs and play yards are joining in the effort to warn consumers and childcare providers to stop using the more than 1. million portable cribs and play yards that have been recalled

Copyright © Houghton Mifflin Company. All rights reserved. 178

Supplemental Case 3: The Playskool Travel-Lite Crib* in past years. Top rail hinges must be turned to set up the cribs and play yards. These top rails can

collapse, entrapping children and suffocating them. Twelve children have died from suffocation in collapsed play yards and portable cribs manufactured by various firms. Current production play yards have top rails that automatically lock into place when the play yards are fully set up. A death caused by a previously recalled product is a tragedy," said CPSC Chairman Ann Brown. " We urge consumers to make an all out effort to search their homes and daycare centers for these portable cribs and play yards and stop using them. " The Playskool Travel-Lite portable cribs have two nylon mesh sides and two blue solid plastic ends. " Playskool" appears in white letters on a red background on each end. The portable crib folds in the center for storage and handling. Stores nationwide sold 11, 600 of the products from 1990 through 1992. Kolcraft has gone to great lengths to renew their recall efforts.

Kolcraft is offering a \$60 refund to consumers for the return of the Travel-Lite portable cribs. They also are notifying pediatricians and childcare providers about the recall. Consumers should call Kolcraft at (800) 453-7673 for instructions on disposing of the products and receiving the refund. A number of portable cribs and play yards manufactured by other companies also have been recalled because of the risk of suffocation posed by collapsing top rails. Consumers and childcare providers should check for the following recalled play yards and portable cribs.

If these products are found, consumers should call the company. Date Recalled 6/25/97 Product and Firm Evenflo " Happy Camper," " Happy Cabana," and " Kiddie Camper" Portable Play Yards Century " Fold-N-Go

Models 10-710 and 10-810" Portable Play Yards Numbers/Dates Sold Remedy
11/21/96 11/21/96 1/1/95 1. 2 million units sold Free hinge covers. between
1990 and 1997 Call firm 800447-9178 212, 000 units sold Free repair. Call
between 1993 and 1996 firm 800-5410264 13, 000 units sold Stop use and
Draco " All Our Kids" (models 742 between 1992 and 1995 destroy (Firm out
and 762) Portable Cribs/Play Yards of business) Free repair.

Call Baby Trend " Home and Roam" and 100, 000 units sold between 1992
and 1994 firm. 800-328"Baby Express," Portable 7363 Cribs/PlayPens,
manufactured before 1995 CPSC is asking the help of consumers, childcare
providers and child welfare associations to help spread the word about the
search for these portable cribs and play yards in an effort to avoid another
tragic incident. " CPSC gets recalled products off store shelves, but we can't
go into consumers' homes and remove the products," said Brown. " That's
why we want to get this message out and have consumers act immediately
to prevent another tragedy. Before using used nursery equipment, even if it
has been used for a sibling, consumers should check the recalled product I