

# The no-secrets world

## Supply chain snafus portend brand disasters

Brand management used to be a marketing function. It was a question of how well the story was told, how glamorous and consistent printed materials appeared.

Today, brand management is increasingly about what happens in the supply chain, in operations, among employees and among online customers. It takes years to define and establish a brand but only days following a snafu for a reputable corporation to go into a tailspin.

Brand disasters are easy to point to, as they are publicly shared over the

Internet and on mainstream media. It takes just one disgruntled employee at a subcontractor in a distant country, one poorly managed supplier, one conversation recorded and broadcast. The visibility on the Web brings these events to customers, shareholders, employees and lawmakers within seconds.

Events following brand disasters can escalate into a death spiral where customers voice outrage, banks foreclose, employees quit and regulatory agencies scrutinize — as in West Virginia when Freedom Industries filed for bankruptcy mere weeks after a chemical leak contaminated drinking water.

Behind the scenes damage control is no longer a viable option. No wonder CEOs, management teams and board members are struggling with how to prevent costly brand disasters. The fast answer to this paranoia is to call in the lawyers. This strategy, however, did not work for the National Security Agency in spite of non-disclosure agreements and the threat of being tried for treason, and it is even less likely to work for private companies. A better strategy is to simply do the right thing.

### Manage your supply chain

Take pride in how you manage your supply chain. The cheapest guy may not pay royalties, may have abusive labor practices or may not adhere to regulations. Align purchasing functions with brand management requirements and cultural values. In other words, don't

buy dangerous, untested products that are produced in an unethical manner to save money.

### Be quality driven

Consumers and corporations expect quality in products and services. Define quality and drive it relentlessly. MarketWatch's 2013 CEO of the Year, Elon Musk, is personally involved when Tesla owners experience serious incidents. The constant quest for innovation and quality improvements has become legendary.

Nobody is more important to brand management than your employees. Actively involve each employee in maintaining the brand reputation. Make sure that your subcontractors are following processes and have the necessary certifications.

### Be prepared to act

People understand that problems occur, but they don't understand not accepting ownership. Own up to mistakes and fix them expediently and with sincerity. Many corporations are now actively monitoring social media such as Twitter and reacting to postings in real time. Some airlines are rebooking stranded customers or locating lost luggage instantaneously to avoid exposure. Maybe they learned from the postings by passengers stranded on the tarmac for hours with no restrooms or food.

Review your supply chain to identify risks and enact corrective measures. The world is watching and one click away from going public. This is not a temporary phenomenon. Expectations of not just compliance but also great governance have increased dramatically, and successful companies remain ahead of the curve. ●



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