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RC2 outlines safeguards following toy recall

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RC2 Corp., the Oak Brook toy-maker that last month recalled 1.5 million Thomas & Friends wooden railway cars because they were potentially covered with lead paint, began the long march of restoring the confidence of frightened parents on Thursday by disclosing the

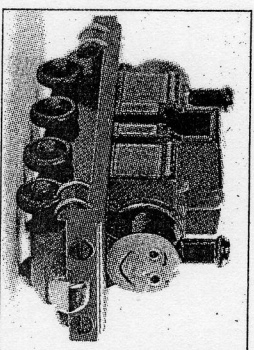
steps it has taken so far to make sure its toys are safe.

Curt Stoelting, RC2's chief executive, said the company has terminated production at the factory in Dongguan City, China, where the recalled toys were made and has stopped using the supplier of the lead-contaminated paint. The company also instituted a new certification program for paint suppli-

ers and will begin safety testing each batch of paint used.

Stoelting added that the company will further increase the rigor and frequency of its independent safety testing—retesting each new style or product quarterly instead of annually. It will also hire independent auditors to supplement the internal

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Tribune photo by Chris Walker

RC2 recalled 1.5 million Thomas & Friends toys that were potentially covered in paint with dangerous levels of lead.

RC2: Procedures to expand to all 14 plants

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audits RC2 already performs on its contract manufacturers.

These procedures are in place at the plants where wooden trains, which were subject to the recall, are made, Stoelting said. They will be expanded within weeks to all of the 14 plants the company uses in China.

"We're very disappointed this happened," Stoelting said, "and we're very serious about the steps we're taking to prevent it from happening again."

The Tribune earlier reported that a nurse in Kansas City had found lead in a metal Thomas train produced by RC2, raising questions about whether the company's recall was comprehensive enough. But Consumer Product Safety Commission spokeswoman Julie Vallese said Thursday that the agency had tested the train and found it did not contain dangerous levels of lead. Stoelting said that RC2 has also re-tested the company's metal trains and came to the same conclusion.

"This gives us confidence that the scope of the recall was sufficient," Vallese said.

RC2's recall of the popular Thomas toys, which are licensed by a London company called HIT Entertainment, has sent a shiver through U.S. consumer markets already bombarded with news about tainted toothpaste, fish and pet food produced in China.

Lead poisoning, which causes severe neurological damage, had seemed about as anachronistic as polio to most U.S. parents. But the recall focused attention on the fact that lead is a common problem in developing economies. As more products are produced in those markets, lead-related recalls are increasing, according to CPSC data.

A predecessor company to RC2 was the subject of a 2003 recall of toys produced under the Lamaze brand name that had wires covered with paint containing dangerous levels of lead.

Daniel Diermeier, a professor at Northwestern's Kellogg School of Management who specializes in reputation and crisis management, said RC2 faces a big challenge is rebuilding its standing among parents.

He said the company damaged itself in the early stages of the recall process by not being more forthcoming with the public about what went wrong and explaining what management planned to do about it.

"It seemed like they were just trying to contain the damage," Diermeier said.

Stoelting doesn't dispute that he could have done a better job of communicating. But he con-

tends his time has been taken up with managing the recall.

"We had a laser focus on getting the unsafe products out of the hands of children," he said. "I make no apologies for that."

Stoelting said RC2 discovered its most recent problem during the normal pre-distribution screening process. An outside testing company doing a routine check found a wooden train with lead paint and passed its report to RC2's 200-person facility in China.

Once quality control people had the test results in hand, Stoelting said, they had to figure out where the lead was coming from. After first identifying the factory that built the toy, they took other samples. They soon were able to isolate six paint hues contaminated with lead—all traced to a single paint supplier. Then they had to determine which of RC2's many Thomas products were painted with those colors.

Because RC2 sells its products in sets, that was harder than it seemed, Stoelting explained. A red stop sign, for instance, is one of the recalled products. But it is contained in three or four products that are sold separately with different identification numbers.

Once the products in question were pinpointed, Stoelting said, RC2 quarantined all products in process at the factory, as well as those that hadn't yet been shipped. It then went to the CPSC and began a voluntary, fast-track recall.

That, too, proved to be problematic. As the Tribune reported, Illinois Atty. Gen. Lisa Madigan's office did an audit of 198 stores statewide after the recall notice went out and found the product still on the store shelves and general confusion about which products were being recalled.

Madigan's office complained loudly and met several times with RC2 to get the situation resolved. It made its own tests of 23 Thomas toys, which eventually came out negative.

Cara Smith, Madigan's deputy chief of staff for policy and communication, said that when the attorney general first raised issues about the recall, an RC2 lawyer called to say his client "was not happy."

"Well, I guess you're not having a good day," Smith snapped back.

Eventually, she said, "RC2 was very responsive."

So far, Stoelting noted, more than 45 percent of the recalled toys have been returned to the company and 98 percent of the toys returned matched the recall list. Meanwhile, RC2 still isn't certain where the lead came from—whether it was in the paint when it got to the factory or somehow leaked into the production process.

"We don't have all the answers," Stoelting said. "But this is good for us. It will help us improve our processes."

Tribune staff reporter Maurice Possley contributed to this report.

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