*Issue and Crisis Management Plan*

**Assessment-2**

**Introduction**

It is observed that there have been product recalls from the manufacturers of the product after the discovery or identification of different safety issues and product defects in the product. Such products can often put customers at different risks and hence companies might face legal risk in such circumstances.

It is thereby important for them to overcome corporate negligence issues and ensure proper recall of the products through a proper issue management plan. This report will discuss about the Toyota Recalls that took place during 2009-11. It involved three separate but related recalls of the different automobile products of Toyota (Germann et al., 2014).

The vehicles were experiencing unintended acceleration and hence led to pedal entrapment. In another case that took place during 2010, it was found that there was mechanical sticking of the accelerator pedal that caused unintended acceleration. As a result, the drivers of these cars lost their control and led to several accidents. It was important to recall those products through a proper channel and approach that will ensure safety, trust, transparency, and accountability of Toyota toward their customers.

**Case Scenario**

In a given case, Toyota announced a total recall of nearly 5.2 million vehicles for floor mat problem as well as for pedal entrapment. There were additional 2.3 million vehicles recalled for the purpose of accelerator pedal problem.

The problems were found to be constantly increasing and it thereby became an alarming situation for the top-level management of Toyota. The company had already suffered from the recession and it was struggling to emerge from it (Germann et al., 2014). The low exchange rate from yen to dollars and the decrease in the sales increased pressure on the organization.

The company later announced that around 750 jobs will be cut off at the British Plant at Burnaston near Derby. The Toyota dealership will have lost around US $1.75 million during the same year. The total loss for the company was around US $2,470 million across the nation.

It was therefore important for the top-level management team to first focus on the issues identified in the product recall process, bridge the gaps by improving on the changes required, deploy issue management plan to retain credibility of the organization in the market, and thereby increase their sales in the near future (Germann et al., 2014).

**Issue Management Plan**

The issue management plan is a plan that will describe the differ issues, based on which the senior management will provide necessary recommendations. The plan will include several components such as - issue description, priority levels, impact of the issue on the performance of the organization, who will be responsible to handle the incident, how the recovery plan will be implemented, how the new status of the issue will be issued, and provide any additional recommendations if required in a given process.

It is the responsibility of the project managers to look after the incident management plan so that they can handle the issue in a better way (Sezer & Haksöz, 2012). Even, in this case, the operations team took the responsibility of handling this issue.

They thereby started working with the Research and Development (R&D) team to first identify the major issues faced in the vehicles of Toyota. They thereby recalled all the vehicles to avoid any future accidents; also, it will save lives of the people. The product recalling process was carried out through a proper issue management plan in a given working environment. It not only helped them managed the issue but also provided necessary assistance to make necessary manufacture changes, overcome criticism, and manage media reports in a given working environment.

**Recommendations**

It is important for the top-level management of the organization to identify the issue prevailing with the products and accordingly implement the issue management plan in the organization (Sezer & Haksöz, 2012).

The organizations need to always focus on the safety concerns first and thereby design the product specifications. It will help them overcome majority of the issues prevailing with the products in a given environment. The purpose of designing issue management plan is to tackle with such issues, ensure that customers do not lost trust in the brand, tackle the media coverage in a better way, and finally, overcome criticisms from different sources.

The top-level management also needs to instruct the operations team to work on the issues and gaps identified and thereby overcome it before selling the same product again in the market. The companies will make huge financial losses and hence the finance department of the organization needs to develop a contingency plan through which they will be able to overcome such challenges in a given working environment (Sezer & Haksöz, 2012).

The issue management cycle is also designed for this purpose as it includes - issues identified, filling the gaps, analyzing the impacts, and developing a mitigation plan to overcome these challenges in a given environment.

**Conclusion**

This report discusses about the product recall that took place for Toyota and simultaneously focuses on the need of designing the issue management plan in the organization. As per the media reports, the company not only failed from the quality perspective but also responded late for the recall.

The product recall event will directly effect on the performance of the organization. The customers will place lower trust on the organization and immediately switch to another competitive product in a given environment. It will thereby result into lowering of the sales of the organization. In this case, as identified in the research reports, Toyota lost a lot of credibility support from the customers at this juncture.

It is thereby important to design an issue management plan that will not only tackle the gaps, defects, and issues within the product but will also ensure overcoming the criticisms of the media and other relevant sources associated with the product in a given operational environment (Norquist et al., 2012). The top-level management can thereby monitor the different strategies implemented and supervise the final outcomes. They can thereby suggest any recommendations, if required to improve the handling of the overall issue and incident taking place in a given external environment.