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BARRON'SOnline**COMMENTARY****Food for Thought**By **JACK SCHUESSLER**

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There's nothing quite as unnerving as becoming the target of fraud. For us at Wendy's, that nightmare became reality when a customer falsely accused the Wendy's on Monterey Road in San Jose of putting a human finger tip in a bowl of chili. Within an hour the story was on TV news, and soon after, Wendy's was fodder for Jay Leno. It was painful for us to watch unfold.

In the early hours of this crisis, we were faced with demanding questions and choices. The Wendy's brand, and our reputation as a quality restaurant leader, were at stake. And just as important, the livelihood of our employees was at risk. (Restaurant employee hours are tied to sales -- higher sales require more labor hours.) How we chose to respond was critical.

When the accusation was first leveled, we immediately invited the health department into the restaurant to look at all our food handling procedures. And we carefully interviewed the employees (who passed lie-detector tests) and went directly to our suppliers to double-check their safety records. Within 24 hours, it was clear that no employee or vendor could have been the source of the contamination: In fact, we were so confident of our innocence that we offered a \$100,000 reward to anyone who could identify the origin of the finger tip.

As a result of this hoax, our business in San Jose fell by 50% and the effects were felt in our restaurants throughout the Bay area and across the U.S. Even though the strain of this crisis was enormous, we chose to follow our core values. It might have been expedient to pay off the accuser in an attempt to end the media onslaught -- after all, that is the preferred form of capitulation in this trial-lawyer-driven age; but we never considered this option. Instead, we focused on helping the police uncover the truth, while standing behind our employees and protecting our brand. Wendy's founder, Dave Thomas, believed that a reputation is earned by the actions you take every day, and that's still our credo.

Admittedly, it was extremely frustrating for our organization to be caught in the media glare and to be the butt of so many late night TV jokes, especially knowing we were not at fault. We think of our company and franchised restaurants as a family, so we took it personally when the quality of our food was attacked, the livelihood of our employees threatened and the trust with our customers challenged. But we knew "the right thing" to do was support the criminal investigation, while continuing to defend our good name through honest communications with the public.

The exposure of this hoax by authorities has completely vindicated Wendy's. While this has been a difficult time, we're bouncing back. We are grateful to the millions of customers who remained loyal to us as this story unfolded. We know that it will take some time before business gets entirely back to normal, but we're very encouraged by the message we're hearing from our customers and employees -- that they appreciate the fact that we protected our brand and didn't simply try to "make it go away."

The disturbing truth for everyone in the business community is that a devastating fraud can be perpetrated by a single individual. And the ramifications to a company's reputation are frightening. What is often lost in the hoopla is the personal price paid by the employees who have mortgages, children to feed and medical bills to pay. These are innocent people just trying to earn an honest living, but who end up the real victims. It may not be possible to completely safeguard a company's profits, reputation and employees, but the lessons learned from this crisis are clear: Stay true to your values in good times and bad. This was an arduous test of our resolve as a company. But I think it's at times like this that your customers and your employees get a true measure of who you really are.

Mr. Schuessler is CEO of Wendy's.

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