

Food Safety

Strictly in terms of dollars, what most likely will cost the establishment more, if a food safety failure occurs and gets publicized? Explain, why you think this is so.

1) Loss of guests and sales.

2) The cost of lawyer and court fees.

3) Higher insurance premiums.

- a) #1. The loss of guests leads to the loss of sales. The effects of these losses fade quickly though, since most people do not follow the news or care to remember.
- b) #1. An incident tends to change people's habits and customers will try competitors and often, they do not want to, or remember, to return. The effect is long-term.
- c) #2. As you know, jury awards can be huge if there is a serious health consequence. Out of court settlements can be expensive as well.
- d) #2. While court suits rarely occur, the cost of retaining a legal team usually eliminates any profit the establishment would realize.
- e) #3. The cost and effects of increased premiums will last forever. The premiums will cover the legal liability.
- f) #3. Higher premiums are a short-term problem, but the cost can be substantial.

Discussion Points:

- 1) National studies indicate that 'b' is the correct answer in general terms. In specific cases, where serious injury or death occurs, the legal costs are so high, the business often fails. While memories do fade, there are always a percentage of people who never forget.
- 2) If an incident occurs, how can a cover-up of the facts make matters worse, than a proactive reaction?
 - a) Media response.
 - b) Future possible legal action.
 - c) Public trust.