**BIG LOTS CRISIS COMMUNICATION PLAN**

RESPONSE TO COMPUTER MALFUNCTION

Created April 25th, 2011

Crisis plan to be revisited September 1st , 2011 and revised after assessment has been gathered

ELIZABETH HARRIS

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**INTRODUCTION**

Dear Managers,

I would like to thank you all for being valued employees and co-workers. We know that without the continuous dedication each and everyone of you put into our company on a daily basis, we would not have the success, or value to our name that we have today. We truly believe that our success comes from within the company, from the employee’s and their enthusiasm, energy and dedication to customer’s needs.

Here at Big Lots, customer satisfaction is a priority in ensuring that we continue to expand and maintain our well-earned title as America’s leading broad line closeout retailer. As many of you already know from our recent press release held Tuesday April 19th, we are experiencing computer malfunctions when swiping customers *Buzz Rewards* cards at many of our store locations. This crisis plan has been developed as a response to these problems in order to help manage them as the numbers from the press conference have grown from 309 cases 762 as of Friday April 22nd. Contact information of officials involved with the investigation, steps to be taken in communicating the crisis, and what is expected of employees are all thoroughly detailed. As of now, officials have informed us that there is no evidence to suspect that a third party has accessed customer’s information, but with customer service and satisfaction as a priority, we are prepared to investigate further into any suspicion if we are informed.

Our public relations relation’s team created this plan to help manage the crisis in a organized way for each and every store location, and to ensure that we maintain overall customer satisfaction. I ask that you, as manager of your Big Lot’s location take a few minutes to review over this plan, and then share it with our other co-worker’s at your store’s location. Our intent of this plan is to inform you of the situation, how to handle it, eliminate any ambiguity as the crisis carries on, and by doing so, hopefully put cease to the problem all together.

Thank you again for all you do, we truly appreciate it.

Sincerely,

Steven S. Fishman, Chief Executive Officer and President

**ACKNOWLEDGEMENTS**

Our Valued Managers,

We apologize for any inconvenience we may have caused at your specific store location. Our intent with this crisis communication plan is to eliminate some of the problems that have been brought to our attention, as well as any potential problems we may endure. Please take the time to read through this by yourself, and then as well with your employees and co-workers at your store location. Again, our efforts are to provide continuous customer service, as well as manage the problem at hand. So, we ask that you please sign and date that you have reviewed this crisis plan at your store location. Feedback from employees is highly encouraged as we value each and every one of our employees. Contact information is listed, as well as a survey in which you may return if you feel inclined. The crisis plan also indicates some important dates we have already put on the calendar that we ask you to adhere to.

Sincerely,

Steven S. Fishman, Chief Executive Officer and President

I have read through the crisis plan, and held an informational meeting with co-workers at my location. All co-workers understand what is expected of them, and agree to handle the crisis as outlined.

 Name (Print) Date

Signature Date

**IMPORTANT DATES**

**Our purpose of this crisis plan is to inform our co-workers of how to manage and maintain customer service to our customers when we are, at this point, legally unable to provide any concrete information. We believe that this is best done by continuous customer service. The following are dates we have set and request to ensure we maintain strong customer and community relationships.**

1. **May 10th, 2011:** By this date, we expect that the crisis plan has been reviewed by all employees at your store’s location, and that all confidentially agreements have been accounted for
2. Additionally, to help increase the speed at which we report to officials the cases of Buzz Card malfunctions, we are mandating weekly emails be sent to your Regional Coordinator with the names of customer’s complaints and concerns.Contact information, as well as a template for reports of such cases is included within this plan**. Dates are set weekly by closing Saturday beginning May 7th, 2011**
3. **May 20th, 2011:** Contact your Regional Territory contact with proposed community non-profit organization in which you will give 10% of sales to on a day to be chosen and advertised by your specific location. (A territory map is included within the crisis plan for your convenience)
* *We encourage that you pick a organization specific to your community in order to give back to them*
1. **June 15th, 2011:** The date by which we anticipate most community days have been completed. If so, we encourage you to send in stories for us to advertise on our company’s website before our 4th of July sales begin
2. **August 1st, 2011:** Evaluations of the program’s effectiveness will be sent to all store locations. Feedback is encouraged, and in this case rewarded.
3. **September 1st, 2011:** At our annual Regional Managers meetings, one store location from each region will be recognized for their cooperation and helpful attitudes though out this time with a paid for vacation for each employee throughout the year. At Big Lot’s we value teamwork, and teamwork is what it will take to manage this incident.

**OUR COMMITMENT AND VALUES**

**OUR COMMITMENT:** Here at Big Lot’s we have a long-standing commitment to ***Uncompromising Integrity.*** This means that we, “stay true to what we believe by acting with honesty, promoting responsibility and treating each other, our customers, our shareholders, our vendors, our competitors and our communities with respect and dignity.”

**It is under this commitment in which our crisis plan is rooted**

**VALUE OF CONFIDENTIALITY:** *“Supplier shall not at any time, during or after the term of this Agreement, disclose to others and will not take or use for its own purposes or the purpose of others any trade secrets, confidential information, knowledge, designs, data, know-how, or any other information reasonably considered by Big Lots to be “confidential.” Supplier recognizes that this obligation applies not only to technical information, designs and marketing, but also to any business information that Big Lots treats as confidential. Any information that is not readily available to the public shall be considered to be a trade secret and confidential.”*

**Specific to this crisis, we refresh Big Lot’s value of confidentiality. A copy of the confidentiality agreement for all Big Lots suppliers has been added to the end of this plan, as well as a link to the online website for copies if you need access to them**

**KEY PUBLICS**

* Customers: international scale
* In this case, sensitive to Buzz Club card holders
* Board of Directors
* Executive Teams
* Employees
* *Arrow Electronics, INC.:* the computer system in which we are currently under contract with
* As well as their legal advisors, employees, competitors, stakeholders, etc
* Stockholders
* Police officers investigating the case
* Legal Representatives
* Media
* Our relationship with non-profit organizations
* Furniture Bank of Central Ohio
* Toys for Tots
* Lots!2Give
* Vendor Relationships
* Wholesale members
* Our competitors: Target, DollarTree, Home Depot, etc
* Potential employees

**NOTIFYING PUBLICS**

As with every organizational crisis, it is important to notify all of our key publics of the status of the problem as it occurs. Below, we have outlined our internal publics as well as external publics. We have been in contact with most all of our internal publics, so this crisis plan serves as a resource for you to aide in informing and guiding our external publics during this time.

**INTERNAL PUBLICS**

* **Board of directors**
* **Executive Team**
* **Employees**
* **Stockholders**
* **Police Officers working on our case**
* **Arrow Electronics, INC.**

All internal publics were notified before the press conference took place of the issue at hand. In the case of this crisis, the message came from the bottom up as the first detection of the computer malfunction was reported from a local store after they noticed repeated cases. Big Lots has learned from this failure to plan, and has set Carol River, our Senior Technological Support Manager at headquarters as the contact for emergency computer malfunctions throughout the week. From now on, Carol will asses the problem, if necessary discuss it with her Executive team, and finally take it to the Board of Directors immediately if such a problem occur again.

**EXTERNAL PUBLICS**

* **All Customers**
* **Buzz Club rewards card holders**
* **Wholesale members**
* **Legal Representatives**
* **Media**
* **Competitors**
* **Our relationship with non-profit organizations**
* **Our relationship with vendors**

External publics have already been notified through a public press release written by our Executive Vice President of Public Relations. However, with the case still on going, and customer service as a priority of ours, we are asking for assistance in directing our loyal customers and other external publics. Even though we are currently making corrective action, with the number of cases still growing, it is important that all employees ready and available to assist customers as necessary. While we constantly seek public approval, in such cases we cannot let them control the message. In preparing all employees, we ask that you please review the following useful information as well as resources to refresh upon to better assist you in answering questions when needed.

The Following 5 questions are the most frequently asked questions we have received about the Buzz Club Rewards Card:

1. Will this affect my credit?
* POSSIBLE ANSWER: “*no, your Buzz Club Card only tracks the amount of times you visit Big Lots, and what type of purchases you make in order to offer deals unique to your interests. Your credit information is not in any way affiliated with your card, nor do we have record your personal credit information and name”*
1. How did my personal information get leaked out?
* POSSIBLE ANSWER: “*Officials have not yet determined how this could have happened, and at this point—we can only offer an apology to you. We encourage you to redeem your 10% off gift certificate at our website online”*
1. Everyday, I hear about more people complaining of the same thing…. why haven’t you stopped it yet?
* POSSIBLE ANSWER: *“We agree, we know it’s very frustrating. We assure you officials and executives are working to get to the bottom of it all to provide a definite answer. We have a link on our website:* [*www.Biglots.com*](http://www.Biglots.com) *where you can view continuous updates”*
1. So, how will we be compensated?
* POSSIBLE ANSWER: “*Big Lots has decided to compensate all Buzz Club Rewards members, whether or not they are directly affected by this. To do so, we have a link on our website for all members to redeem a 10% off gift card. If you go to the website, it will direct you how exactly to obtain it.”*

1. I want to cancel my Buzz Club Rewards card, how do I do that?
* POSSIBLE ANSWER: *“I understand your frustration with this and I assure you that it is not possible that any of your personal information was linked to your Buzz Club Rewards Membership card besides your name, but if you’d like to cancel your membership all together, you can do it on our website online. I encourage you to still redeem your 10% off gift card because you will still be able to receive that even after terminating membership.”*

In communicating with customers directly, always keep customer satisfaction as a priority, and encourage them to redeem their gift card online because 1) it helps to mend the situation and 2) there will be a brief survey for them to take upon redeeming their gift card which may offer us areas in which to improve over all customer satisfaction once this crisis is more controlled.

Other Resources to Review with Employees:

1. Become Familiar with the Buzz Club Reward Membership FAQ’s: [Buzz Club Membership FAQ's LINK](http://www.biglots.com/rewards/faq)

**CRISIS COMMUNICATION TEAM**

The first table is specific to the guidelines of this crisis plan before it is revisited in September. The second is a full list of Crisis Communication Team members and their contacts.

* Below is a chart of Regional Coordinators and their Territories taken from the Big Lots website. This is who you will need to contact weekly via email.



|  |  |  |  |
| --- | --- | --- | --- |
|  | **WORK PHONE** | **CELL PHONE** | **EMAIL** |
| **BOARD OF DIRECTORS** |  |  |  |
| Steven S. FishermanCEO, President | 513-223-2313 | 513-343-5664 | steve.fisherman@biglotscorp.com |
| Joe R. CooperCFO | 513-223-5496 | 513-847-4732 | Joey.cooper@biglotscorp.com |
| Lisa BachmanChief Information Officer | 513-223-8504 | 513-858-3846 | Lisa.simpson@biglotscorp.com |
| Charles W. HaubeilGeneral Counsel | 513-223-8493 | 804-839-3742 | Charlie.hanson@biglotscorp.com |
| Robert S. SegalSenior VP | 513-223-4832 | 513-842-8594 | Robert.segal@biglotscorp.com |
| Mr. Douglas N. WuriExecutive VP, Divisional | 703-283-4382 | 703-238-2842 | Douglas.wuri@biglotscorp |
| Jo RoneyVice President, Divisional | 823-383-2387 | 342-342-3423 | Jo.roney@biglotscorp |
| Brenda J. LauderbackDirector | 293-342-3423 | 342-843-3234 | Brenda.lauder@biglotscorp.com |
| Timothy A. JohnsonDirector | 923-348-3423 | 834-759-3823 | Timothy.johnson@biglotscorp.com |
| **PUBLIC RELATIONS** |  |  |  |
| Elizabeth HarrisDirector | 747-283-4832 | 737-283-2342 | Elizabeth.harris@biglotscorp |
| Molly Spraker Media Coordinator | 393-234-5434 | 342-342-5432 | Mary.spraker@biglotscorp |
| Beverley LeanCrisis Management Team Executive | 923-342-2345 | 234-324-3452 | Sara.col@biglotsorp |
| **COMPUTER ASSISTANCE** |  |  |  |
| Carol RiversSenior Technological Support Manager | 513-223-4932 | 513-473-5034 | Carol.rivers@biglotscorp.com |

**METHODS OF COMMUNICATION**

In order to tie up any loose ends with the media and/or rumors of what is going on, Big Lots will ourselves seek news affiliates and journalists for another Press Conference with the Police Department in which we are currently working with. We expect this Press Conference to occur within the next week. Our key messages for this Press Conference will be:

1. *Our sincere apologies once again, but what we do know is that no one’s financial records or personal information beyond their name are in the hands of a third party*
2. *Many Big Lots employees are working diligently with authorities as putting the investigation to an end*
3. *Announce about the 10% off coupon once again*

After this Press Conference, we will not actively seek another one. We feel that this situation may have spun further out of control then necessary. From here, we wish to utilize our well-constructed webpage to inform the public, and face-to-face interaction with our employees to mend relationships between our customers.

We have added a special link to our website for customers seeking information about the investigation, and added another link with Frequently Asked Questions (FAQs) in attempts to diffuse the amount of phone calls. Likewise, we hope after discussing this topic within your stores, you will go home and check out the website to get a feel for any questions customers may be asking you.

**MEDIA SPOKESPERSON**

In the case of a crisis, Big Lots fully encourages CEOs and Board Members to serve as the spokesperson. The Big Lots Corporation has full confidence in the Public Relations Department in their efforts to effectively plan and manage crisis communication. If a board member is not available to speak publically, or is not comfortable given the crisis, any of the members from the PR Department can quickly fill the position to act as exemplars of the integrity in which Big Lots prides itself on to the public.

**EMERGENCY PERSONNEL**

In case of any emergency that occurs at your local store, as always, please first contact your local authorities. If you or any employee feels they have information pertaining to our current computer malfunction, we ask that you contact the lead investigator in our on-going case, Bill Planck, as well as our lead crisis management executive, Beverley Lean. All confidentiality is assumed and respected. In addition, we have set up a 24-hour hotline for customers with complaints regarding the Buzz Club cards, but can also be accessed by employees with any comments or feedback.

Detective Bill Planck

Cincinnati Police Department

Work: 513-343-7865

Cell: 513-223-2243

Email: willy.plank@cpd.com

Beverley Lean

Big Lots Crisis Management Team Executive

Work: 513-227-3392

Cell: 513-554-7823

Email: Beverley.lean@biglotscorp.com

24-Hour Hotline

1-800-554-7777

Extension for employees: 224

**KEY MEDIA**

**Dan Primack**

Writer from Fortune 500 Magazine

Work: 432-843-5534

Cell:432-885-4493

Email: dan.primock@forttune500.com

**Jim Sterba**

Writer from The Wall Street Journal

Work: 749-993-2342

Cell: 749-829-3921

Email: jim.sterba@wallstreet.com

**Chris Brummitt**

Cincinnati Business News

Work: 513-839-3242

Cell: 51-832-4832

Email: chris.brummitt@cincibusinews.com

**Tim Lister**

CNN News

Work: 803-239-3833

Cell: 803-283-2381

Email: tim.lister@cnn.com

**Sara Cole**

Arrow Electronics, PR

Work: 631-832-3924

Cell:631-283-8843

Email: sara.cole@arrowelec.com

**Jordan McBride**

Toys for Tots, PR

Work: 934-932-7743

Cell: 934-233-4993

Email: Jordan.mcbride@tft.com

**FUTURE PLANS**

The Public Relations Department, in collaboration with the Board of Directors has determined that after feedback is collected in September that as a growing corporation, Big Lots will already begin implementing programs to prevent such malfunctions from repeating themselves. Big Lots understands that the spiral of events we have experienced in the past few weeks happened as a reaction to the lack of communication internally at our corporation when the signs of computer malfunction were first brought to our attention. This is a result of our own failure to plan for the unexpected. Beginning in Fall 2011, we will have bi-annual conventional conferences to discuss possible crisis communication and the scope of its’ existence. Our first convention will be held the weekend of October 14th-16th in Richmond, VA and we have invited keynote speaker Dr. Bill Stuart, a resident of professor from the area who is highly intelligent on the topic of crisis communication. We hope you will look into joining us as our company grows from this experience.

Within the next year, it is our goal to compile a corporate wide known template of all possible crises. This will be a complex process, but broken down into five steps:

1. Assessment of Big Lots employees on possible crises. (1-2 Months)
2. Rank Probability for top 10 (1 Month)
3. Go back for Assessment (1-2 Months)
4. Develop Template (2 Months)
5. Provide Feedback on template/make changes for final (2 Months)

**Other Useful Resources**

1. <http://www.arrow.com/>
2. [Supplier Confidentiality Agreement LINK](http://www.google.com/url?sa=t&source=web&cd=4&ved=0CDAQFjAD&url=http%3A%2F%2Fwww.biglots.com%2Fimages%2Fcorporate%2Finvestor_relations%2FNominating%20Corporate%20Governance%20Commitee%20Charter%20-%202009.03.04%20(Adopted).pdf&rct=j&q=big)

**VALUE #5: CONFIDENTIALITY:** *Supplier shall not at any time, during or after the term of this Agreement, disclose to others and will not take or use for its own purposes or the purpose of others any trade secrets, confidential information, knowledge, designs, data, know-how, or any other information reasonably considered by Big Lots to be “confidential.” Supplier recognizes that this obligation applies not only to technical information, designs and marketing, but also to any business information that Big Lots treats as confidential. Any information that is not readily available to the public shall be considered to be a trade secret and confidential.*

 As an officer of , a supplier of Big Lots, I have read the principles and terms described in this document and understand my company’s business relationship with Big Lots is based upon said company being in full compliance with these principles and terms. I further understand that failure to abide by any of the terms and conditions stated herein may result in the immediate cancellation by Big Lots of all outstanding orders and refusal by Big Lots to continue to do business in any manner with my company. I am signing this statement, as a corporate representative of

, to acknowledge, accept and agree to abide by the standards, terms and conditions set forth in this Standard for Suppliers between my company and Big Lots. I hereby affirm that all actions, legal and corporate, to make this

Agreement binding and enforceable have been completed.

SUPPLIER COMPANY NAME:

ADDRESS:

TELEPHONE: FAX:

Signature:

Typed Title