

# Ford and Firestone: Ill-Handling a Killer Scenario

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**Firestone**

# Ford Background

## ■ Mission

- We are a global, diverse family with a proud heritage, passionately committed to providing outstanding products and services.

## ■ Business Engagements

- Market Ventures
- Target Markets

## ■ Brief History

- Significant events
- Evolution of Character
  - History to Date

## ■ Strategy Consistency

- Previous strategic attempts



# Ford Background

## ■ Ford Ideals

- Philosophy of Business
  - Segmented or Integrative

## ■ Focusing on the Concern

- Orientation of Business
  - Project or product

## ■ The Keys to Ford

- Core Competency
- Competitive Advantage
  - Driving force for Success

## ■ Ford Breakdown

- Organizational Structure – Type Implemented
- Recognizable approach to Change – “ Plan B ”



# Ford's Environment

- Internal Environment
  - Factors
  - Strategies
- External Environment
  - Influence on Decisions
  - Competition
  - Customers
  - Economy
  - Threats and Opportunities



# Ford's Major Players

- **Company Executives**

- Who they are and what do they do.

- **The Infamous Whistleblower**

- The Hero, The community Champion !

- **The Government**

- Bureaucratic Red Tape, Letting down the American Citizen

- **The Driver**

- Their contribution to the mess
  - Falling Victim to being misinformed
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# Firestone

## Tires

Bridgestone Americas sells tires for passenger, light truck, truck, bus, construction, mining, agricultural, motorcycle and kart applications through more than 12,000 outlets.

Our network of independent dealers, company-owned stores, discount stores and warehouse clubs combine to offer our quality products throughout the Americas.

## Other Products

While we're known for our tires, Bridgestone Americas also manufactures and markets a variety of other rubber products, including building and industrial products, synthetic polymers and fibers and textiles.

## Services

We address the needs of today's consumers by operating the world's largest chain of company-owned automotive retail generalist stores — more than 2,200 consumer and commercial vehicle service and tire locations across the United States and Canada — including Firestone Complete Auto Care™, Tires Plus™, ExpertTire™, Wheel Works™ and GCR Tire Centers store locations. Credit First National Association and Firestone Complete Fleet Care™ operations are also part of BFRC.



# Firestone Background

- Harvey S. Firestone (1868-1938) founded The Firestone Tire & Rubber Company in Akron, Ohio
- Henry Ford selected tires manufactured by Firestone for the first mass-produced automobiles in America
- In 1961, Firestone acquired Dayton Tire
- The Bridgestone Tire Co., Ltd. (renamed Bridgestone Corporation) was founded in 1931 in Kurume, Japan, by Shojiro Ishibashi (1885-1976), a manufacturer of rubber-soled footwear
- Tires were adopted by the three leading automakers - General Motors, Ford, and Chrysler
- Bridgestone purchased Firestone in 1988

The Firestone logo, featuring the word "Firestone" in a white, stylized, sans-serif font, centered within a solid red rectangular background.

Firestone

# Firestone Background

- Bridgestone Firestone, Inc., in an effort to focus more effectively on its core business units, initiated a series of changes to its corporate structure in December 2001
- BFS Retail & Commercial Operations, LLC, consists of a family of company-owned consumer and commercial store chains in the United States and Canada
- BFS Diversified Products, LLC consists of the company's non-tire operations in the Americas
- Bridgestone Metalpha is the company's steel cord manufacturing facility.
- Bridgestone Industrial Products America, Inc. sells and markets industrial products





# BRIDGESTONE AMERICAS

## MISSION

- ▶ Serving society with superior quality

## VISION

- ▶ To become one of the most respected companies in the Americas
- ▶ To be recognized as customer-focused and the quality leader in all of our businesses
- ▶ To be the employer of choice in all of our businesses
- ▶ To be a leading corporate citizen in all of our communities
- ▶ To maximize stakeholder value through continuous growth in all of our businesses

## VALUES

- ▶ We are fair, open and honest and communicate freely
- ▶ We fully honor the ethics, morals, and laws applicable to our businesses
- ▶ We pursue continuous improvement through educated, fact-based decision making
- ▶ We welcome diversity and treat all people with dignity and respect
- ▶ We understand the perspectives of our customers and suppliers and treat both as partners
- ▶ We strive for the highest quality in our products and services

## TRUST & PRIDE

- ▶ The trust we earn from our customers and communities gives us pride in our company and teammates

# Firestone's Organizational Structure

- Product Division
- Product Overview
  - Consumer Tires
    - Bridgestone Brand, Firestone Brand, Associate Brand
  - Truck and Bus
  - Off Road Products Group
    - Off the Road Tires
    - Agricultural Tires
    - Tube Company
  - Motor Sports and Racing



# Firestone's Major Players



- Harvey Firestone- Founded company in 1900
- John Lampe- Former Chairman and CEO
- Alan Hogan- Whistleblower “hero”
- Mark A. Emkes- Current Chairman and CEO

# Firestone's Environment

## ■ External Factors

- Customers- Ford, GM, Chrysler, Indianapolis 500
- Stockholders- Concerned with stock price and dividend
- Society- Mixed feelings on Firestone products
- Government- Federal regulations
- Competition- Goodyear, Michelin

## ■ Internal Factors

- Mission Statement- Consistent with actions?
- Management and Culture- Push blame on others

# Firestone's Strategy

- Action Plan
  - Shift the blame on Ford for safety problems
- “No one cares more about the safety of the people who travel on our tires that we do. When we have a problem, we admit it and we fix it”- John Lampe, CEO Firestone
- Close several factory plants
- Now What?
  - Option1 - Deemphasize Firestone and emphasize Bridgestone
  - Option 2 – Firestone name obsolete
  - Option 3 – Salvage brand identity



# Issues

- GREED!
  - Lower costs = Increased Profit
    - Reduced Quality
      - Questionable Product
- Deteriorating Relationship
  - Loss of Control
    - Limited Exchange of Information and Communication
      - Minimal Cooperation
- Unethical Business Decisions
  - Pre-existing Knowledge of Problems
    - Ford
    - Firestone



# Issues ( Cont.)

- Governmental Laws and Regulations
  - Reporting Statutes
    - International
  - Dated Tire Endurance Specifications
    - Revisions Imperative
  - Pace of investigation
    - Time Limitations
  - Safety Requirements on SUV's
    - Enhanced support for roofs



# Crisis Management

- Poor Leadership
  - Which Party is Accountable?
  - Objectivity
    - Concentrating on what their own company can do
  - Trust
- Not Working as a Team
  - Shift of focus
  - Problem Solving/Optimizing
- Unsatisfactory Response and Decisions
  - Lack of Preparation



Vs.





# Crisis Management (Cont.)

- Public Relation Errors
  - No Established Spokesperson
    - Two Companies Claiming Different Responsibilities
  - Contact with Mass Media
    - Improper use
  - Impact on Stakeholders and General Public
    - Reputations
    - Possible Layoffs
    - Investment Worries
    - Safety Concerns





# Conclusion

- In conclusion, both Ford and Firestone have some responsibility for the accidents that occurred.
- Both companies went about things the wrong way.
  - Finger-pointing
  - Stubborn mindset
    - There is no problem
    - Obsession with sales and profit
    - Better Salvage Strategy



# Questions

- Do you think the government should be blamed in the Explorer deaths and injuries? Why or why not?
  - Yes, the government does deserve a part of the blame.
    - NHTSA was slow in conducting it's Firestone investigation.
    - Federal regulators failed to stiffen standards on SUV roofs that would prevent them from collapsing during a rollover crash.
    - Old standards

# Questions

- Based on the information presented, which company do you think was most to blame for the deaths and injuries? What led to your conclusion?
- We believe that Ford was more responsible, because they were aware of dangers and tried to cut costs.
  - Ford only SUV manufacturer using grade C tires.
  - Low inflation levels suggested.
  - Same tires fine on other vehicles.

# Questions

- If an Explorer driver never checks the tire pressure and drives well above the speed limit, he has no one to blame but himself in an accident-not the vehicle not the tires.”  
Discuss.
- Disagree
  - Product should consider consumer negligence
  - In this case, the tires were inappropriate for the vehicle anyway.

# Questions

- Can a firm guarantee complete product safety? Discuss.
  - Probably not, but it can be improved
  - Proper Testing
  - Take the time necessary
  - Assume the worst case scenario



Any Questions?

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