

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

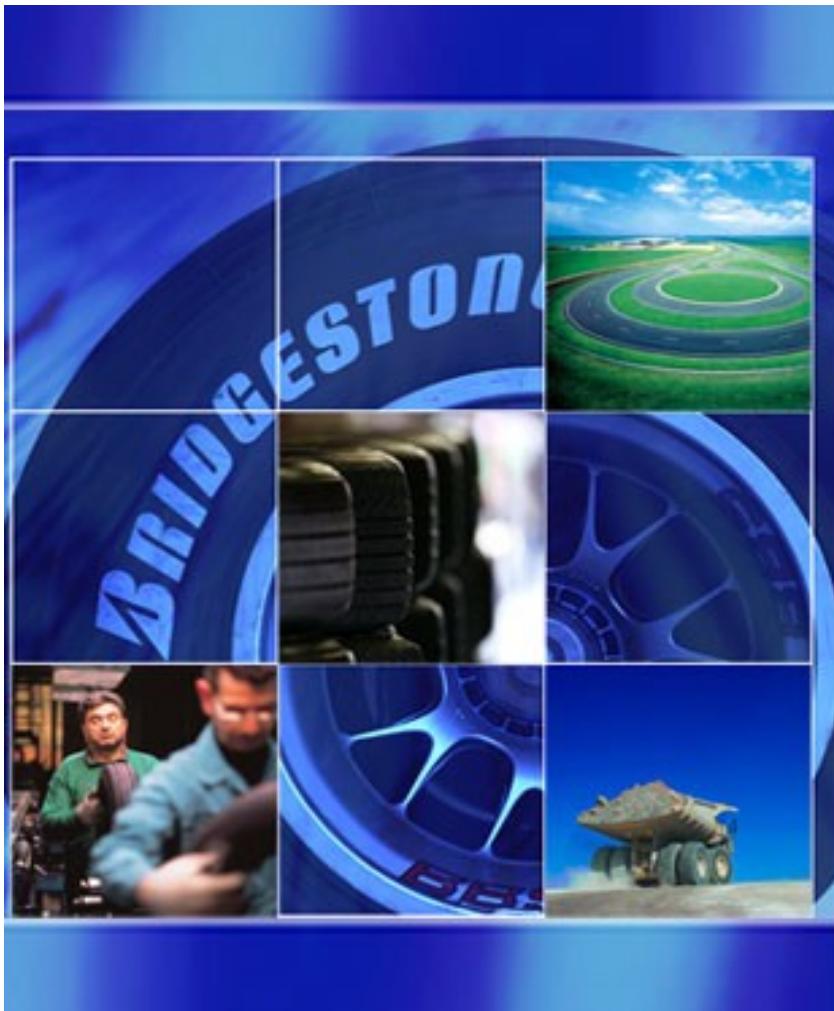
- Influence on Decisions
- Competition
- Customers
- Economy
- Threats and Opportunities



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

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 bold, white, sans-serif font, set against a red background.

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 than 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



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?