

Ford pinto fires case study and executive summary

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During the Late 1960's the Ford Motor Company was one of the leading auto manufacturers in the United States. Ford was credited with revolutionizing the muscle car era of the 1950's and 1960's. During the mid 1960's Lee Iacocca helped Ford establish itself in the late 1960's with the introduction of the Ford Mustang. During this time foreign auto manufacturers were gaining market share in the mid to compact car markets. This was largely due to customers seeking more fuel efficient cars because of soaring fuel prices. Ford saw an opportunity to regain a portion of this market with the introduction of the Ford Pinto.

This would bring them into direct competition with the foreign manufacturers. The idea was to produce a small car that was affordable for the customer, and had a relatively high profit margin. With the introduction of the Ford Pinto, Ford's desire to compete with the foreign manufacturers led Ford to overlook known design flaws and their own ethics while in search of higher profits. In May of 1968 then vice president of Ford Motor Company Lee Iacocca recommended the introduction of a subcompact car into the market. The Ford Pinto's design and development period was the shortest in automotive history (Trevino, p.

115). Iacocca wanted the Ford Pinto in showrooms by 1971, the development and design process was accelerated from 43 months to 38 months. Ford assigned a team of engineers to work on nothing but the Pinto. This team was required to stick to Mr. Iacocca's goal of "the limits 2000"; this meant that the car could not weigh more than 2000 pounds. This became a challenge for the engineers, and created concerns regarding the placement of the fuel tank (Ford Pinto).

Due to the accelerated production of the Pinto, crash tests were not conducted until near the end of production. The engineers became aware that the fuel tank would explode in rear-end collisions with speeds under 15 mph. This was brought to the attention of Ford management, but both the engineers and management decided to move forward with production and the Pinto went to market. Dennis A. Gioa was the recall coordinator for Ford Motor Company during this time, and had opportunities to initiate a recall of the Pinto but chose not to do so. He went against his own values to do what was best for the corporation.

All parties that were involved in the Ford Pinto case chose to do what was best for the corporation, and ignored his or hers values and ethics. Corporate Mission and Ethics Ford motor company has made many improvements in the quality of its products over time since the seventies which is the period in which the Pinto case took place. Ford has placed greater focus on customer satisfaction, innovation and doing what is good for the environment. The company has many programs which are geared towards the community. These programs are in the areas of education, diversity and driver safety among others. The Company is a global leader in the automotive industry.

It manufactures and distributes a variety of types of vehicles across six continents. It has about 200, 000 employees and operates 90 plants which are located all over the world. Just like in the seventies, the mission statement of the company has not changed much. Its main goal is to produce affordable vehicles that consumers demand. Ford Motor Company began mass producing cars in 1913 with the goal of putting the world on <https://assignbuster.com/ford-pinto-fires-case-study-and-executive-summary/>

wheels (Ford Motor Company, 2010). The company was one of the pioneers of the automotive industry and was also the first company to mass produce cars as it made them affordable for the public.

In the seventies Ford was under pressure from several external factors like the oil crisis which caused fuel prices to soar. The economy was not in its best shape as unemployment was very high and foreign competitors were making cars that cost less, weighed less and were more fuel efficient. All these factors caused Ford executives to make a decision to release a new model called the Ford Pinto which weight less than 2000 lbs and cost \$2000.00. Releasing a new model into the market is process that took 43 months to complete but Ford released the Pinto in only 25 months. When issues with the gas tank in a rear end impact were discovered, the company decided that the cost of the lives of the people lost in fiery crashes was much less than the cost of installing a \$6.

00 part in all the Pintos the company had made. Team Values Compared to Ford Motor CompanyOur team values dictate that companies produce a quality product that is safe for the end user. This means that if a company overlooks their own values and replaces them with profit greed, then they have violated their civic duty and their moral and ethical responsibility to the customers. Our values show that with the knowledge Ford had during the initial production stages they should have researched the known cause of the fires and implemented the recall or retrofitting of the changes. This would have saved Ford Motor Company millions of dollars in settlement costs and other litigation costs.

These legal costs over shadow the cost/benefit analysis theory that Ford was using during this time frame. While the cost/benefit analysis model that Ford used was legal, this safety evaluation tool violated even Ford's own ethical standards. Conclusion After being presented with several alternative options, Ford executives made a decision solely based upon the financial bottom line. With unprecedented corporate greed, outside influence, and changes to the law, Ford executives created guidelines to redefine their own morals and values. As presented in this case study, human life cannot be measured in terms of dollars.

Cost-benefit analysis should never be used when human life is a factor. Companies have an ethical responsibility to prevent the loss of human life even though the company's actions may in fact be legal. The law provides the ethical guidelines established by the courts; however, companies must ensure their actions are both ethical and legal. Protecting the lives of human beings and protecting the company's image should have been considered by the Ford executives, overruling any cost-benefit analysis. Clearly, Ford executives did not consider the damage to Ford's image if and when the safety issues involved with the Ford Pinto were exposed.

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