

Firestone and ford:
the tire tread
separation tragedy
essay sample



**ASSIGN
BUSTER**

Firestone/Bridgestone and Ford companies caught public negative attention in the end of 1990s because of their relation to tire tread separation cases, which caused numerous car accidents not only in US, but also abroad.

Because they did not take proper actions to eliminate the number of this cases and remove all dangerous products from the market timely, even if they knew that something was wrong, it lead to injuries, rollovers and even deaths. In this work I tried to investigate what were the reasons of this crisis, what action, that caused this scandal, had been undertaken or had not been undertaken, who were those that influenced it and who is responsible for injured people. Introduction.

100 years long relations between global tire manufacturer Bridgestone/Firestone and world-known automobile producer Ford Motors were ended after a huge scandal with car accidents and rollovers, where Ford's Explorer was equipped with Firestone tires. The second largest recall of tires in the history of US, which aroused because of the more than 200 deaths only in United States related to Firestone tires and Ford's Explorer SUV, still remains in the memory of people. Many of the recalled tires were equipped to Ford's Explorer, however both companies were denying their fault. Thus, disputable questions appeared with regard to the question, who is morally responsible and whose mistake lead to such numerous fatalities and injuries. Reasons of tire tread.

Launched in 1990, from 1990 to 2001 Ford's Explorer was the best selling SUV on the market. Firestone tires were made with taking into considerations specifications of Explorer (Moll, 2003). Also Firestone tried to participate in the modification of Explorer to improve its instability and

<https://assignbuster.com/firestone-and-ford-the-tire-tread-separation-tragedy-essay-sample/>

weight distribution, to use smaller tires or widen wheel base, however Ford's management team decided not to do that, and just to make tire tread air pressure lower, than it was recommended by Firestone, despite all arguments of Firestone. The Explorer's problems were decided to be solved simply by lowering air pressure. Thus, too much pressure could force tire's belts to separate. Later this decision will be considered as one of the factors that influenced tire tread separation. The design of Ford explorer also could be the reason that lead the car to roll over, because of the not equally distributed weight.

Later Firestone was asked to reduce components so tires became lighter on 10 percent and the wheel's friction with the road was less and ride was smoother for the customers' convenience (Moll, 2003). Talking about other factors that could influence tire separation, we can highlight high temperature, because it has been investigated that more than 90 percent of all accidents with Ford and Firestone happened in areas with high temperature (O'Rourke, 2004). Also it is considered that manufacturing problems could reduce the quality of produced tires. For example, on Decatur plant, Illinois. This plant was very important for Firestone because it was its third largest plant and one of every 400 produced tires were returned after tread separation by 2000. During the long strike on Decatur and two other plants, Firestone/Bridgestone had to hire temporary replacement workers, whose skills and qualification were under a big doubts, that could be the cause of defective and unsafe tires. The higher failure rate is referred to the times when the company was facing strikes. (Krueger & Mas, 2004).

Actions performed.

<https://assignbuster.com/firestone-and-ford-the-tire-tread-separation-tragedy-essay-sample/>

However the consequences of tire tread separations and car accidents that already happened were irresistible, both companies could react faster to prevent further injuries and somehow save their image and brand. Instead of being active and cooperating to eliminate unsafe and defected products and develop crisis management plans, they were pointing fingers on each other, trying not to look guilty in customers' eyes. In this case, the customers' safety should be the first priority to look at and they could somehow improve the situation by implementing other actions. Each was calling other's product unsafe and it made the whole situation even worse. CEO of Firestone, Masatoshi Ono, referred tire problems to driver error and poor maintenance by customers, while Jacques Nasser, Ford's CEO claimed that "this is a Firestone tire issue, not a vehicle issue". (Noggle & Palmer, 2005) However, the situation did become worse, when it was investigated that Firestone had received complaints on tires and knew about problems years before taking the actions, and the reason identified sounded as improper customer use. Also critics were concerned with Explorer's instability from the beginning.

The number of serious injuries and deaths could be reduced, if the companies did not try to keep in secrecy that their products could be dangerous. Thus, they would earn less money, but saved images of the companies. It was known that they had received near 1500 legal complaints and also knew about tire tread separation cases abroad (Omar, Qatar, Venezuela, Saudi Arabia), however the recall happened only years after (O'Rourke, 2004). In August 2000 Firestone Bridgestone made recall of 6, 5 million tires (Carroll & Buchholtz, 2006). In October 2001, they recalled additional 3, 5 million tires. The actions were taken by both companies on

2000-2001, were almost the same -24 hours hotlines, websites, conferencing, and etc.

They tried to convince customers, that their safety is the main priority for now. For example, Jacques Nasser were giving interviews, attending television commercials, and saying that “ we want to communicate with everyone- customers, dealers, the government, other suppliers- about where we stood and what we are doing” (Moll, 2003). Ford was trying to show that they are putting their efforts to improve the situation and reduce the number of dangerous tires. Also two promises were made: 1. to develop early warning system and, 2. to inform US regulator with any future problems (Moll, 2003). However, Ford agreed with the problems with tires, it strongly denied any mistakes in the Explorer, when Firestone issued report and press release, where blamed both companies (for design of tires and vehicle). (Moll, 2003) In May 2001, Firestone’s new CEO, which came in April 2001, John Lampe severed all relation with Ford and stated that they “ would no longer do business with Ford”, thus one of the longest partnerships in US history saw its end. Ford spend nearly 3 billion dollars to replace 13 million of Firestone tires (Carroll & Buchholtz, 2006). Stakeholders.

Consumers are the primary social stakeholders of both companies, and their stake is the right to have acceptable quality of the bought product.

Customers usually have the highest legitimacy rate, because companies have direct interest in them. In this case, thinking about the revenue, Ford and Firestone forgot about that. The quality is crucial for automobile vehicle, where negligence can lead to severe accidents. For companies it would be

better to remember, that customers’ complaints are urgent also. A 149
<https://assignbuster.com/firestone-and-ford-the-tire-tread-separation-tragedy-essay-sample/>

million settlement was approved by a judge only for those people, who were not injured or just lost the property because of car accidents (Carroll & Buchholtz, 2006). NHTSA and government have the power and legitimacy to influence the production process. Their stake is the conformity of Ford's and Firestone's products with standards. Owner's stake is the profit gained, however because of the situation happened and losses occurred in 2000-2001, it was reported that Firestone had recovered only in 2006. NHTSA intervention.

Why the National Highway Transportation Safety Agency did not take any actions before the government intervention - that's another question. NHTSA is responsible for tracking a production and performance of automobiles and its components. Only in 1998 NHTSA have known about car accidents related to Firestone/Bridgestone's tires and Ford's Explorer, however the formal investigation started only in 2000. In September 2000, top executives of both companies were summoned to Washington and Congress started questioning both companies (Carroll & Buchholtz, 2006). It was the NHTSA responsibility to regulate and prevent tire tread separation cases, because signs that something is wrong with this item, that leads to injuries and death, appeared years before their investigation.

The representative of Commerce Consumer Protection Bobby Rush stated that crisis spread because of the NHTSA " failure to regulate". Budget cuts, decreased regulatory authority, and outdated testing standards were the reasons why NHTSA was not able to control the situation. While the audience counted only Firestone to be guilty, a former director of NHTSA argued that both companies were guilty. It has been revealed that 26 psi tires were not <https://assignbuster.com/firestone-and-ford-the-tire-tread-separation-tragedy-essay-sample/>

tested, because the rules, that were under the intention to be changed, but nobody did it, so tires were not checked at Ford's recommended inflation level. The regulatory power of NHTSA were increased and the budget was increased to improve their ability to control automobile production. And to prevent future failures National Highway Transportation Safety Agency was allowed by Congress and President to change its own policies. (Venette, Sellnow, Lang, 2003) CSR analysis

Economical responsibilities of Ford Motors company nowadays are fulfilled, because they have 68% total shareholders return and their full 2010 year net income was more than of \$ 21 billion comparing to previous 2 years. Also they reduced their Automotive debt by 43 percent (\$14, 5 billion) in 2010 (Anonymous, 2011). Created in 2005 by Bill Ford, The Ford Volunteer Corps gives opportunity for workers and retirees all over the world to spend some hours helping, schools, shelters, children's homes (Anonymous, 2011). Also Ford offers vehicles with smaller environmental footprints, plug-in hybrid electric vehicles, vehicles that can run alternative fuel (bio-diesel, ethanol) and is planning to have half of the company's vehicles to be capable of running on alternative fuels. Ford products are made with the conformity to NHTSA. Through the 2010 fiscal year Bridgestone's operating income rose 120% and net sales were increased by 10%. Bridgestone/Firestone tries to make products that are environmentally friendly, support people in hard times (for example, earthquake and tsunami in Japan in March 2011) (Anonymous, 2011). Conclusion:

All of the factors, such as instability of Explorer, inflation rate in tires, labor and strikes influences, are interrelated, that is why it is hard to identify <https://assignbuster.com/firestone-and-ford-the-tire-tread-separation-tragedy-essay-sample/>

whose fault was it and who is morally responsible. And it is still not known who is guilty (Noggle & Palmer, 2005). But it is obvious, that both – Bridgestone/Firestone and Ford are responsible for the numerous car accidents, because both of them contributed to make Ford's Explorer as it was offered to customers. They could save their images and look better by being proactive and taking proper action timely, instead of blaming each other. In this case with tire tread separations negligence from both sides (producers and regulators) lead to horrible consequences, and Ford and Bridgestone/Firestone got off light paying only settlements for lawsuits.

References:

1. Anonymous (2011). Ford Motor Company/ 2010 Annual Report. pp. 20, 17, 19. Available: http://corporate.ford.com/doc/ir_2010_annual_report.pdf (accessed 8 November 2011).
2. Anonymous (2011). Bridgestone. Annual Report 2010. Operational Review. pp. 02-05. Available: http://www.bridgestone.co.jp/corporate/library/pdf/bs_annual_2010_operational.pdf (accessed 8 November 2011).
3. Carroll & Buchholtz. (2006) Firestone and Ford: The Tire Tread Separation Tragedy. Business ethics, pp. 885, 888-889.
4. Krueger A. B, Mas A. (2004, April). Strikes, Scabs, and Tread Separations: Labor Strife and the Production of Defective Bridgestone/Firestone Tires. Journal of Political Economy, 254-256. November 4, 2011, from JSTOR.
5. Moll R. (2003, May). Ford Motor Company and the Firestone tyre recall. Journal of Public Affairs, 202-207. November 4, 2011, from EBSCOhost
6. Noggle R., Palmer D. E (2005, January) Radials, Rollovers and Responsibility: An Examination of the Ford-Firestone Case. Journal of Business Ethics, 188. November 4, 2011, <https://assignbuster.com/firestone-and-ford-the-tire-tread-separation-tragedy-essay-sample/>

from JSTOR. 7. O'Rourke J. (2004) Bridgestone/Firestone, Inc. and Ford Motor Company: How a Product Safety Crisis Ended a Hundred-Year Relationship. 4-6. November 4, 2011, from EBSCOhost 8. Venette S. J., Sellnow T. L., Lang P. A. (2003, July). Metanarration's Role in Restructuring Perceptions of Crisis: NHTSA's Failure in the Ford-Firestone Crisis. *Journal of Business Communication*, 237-232. November 4, 2011, from EBSCOhost