**Blowout : Navigating the Firestone Tire Crisis**

Tires shredding as the rubber peels away from the rim. A driver struggling to maintain control of a vehicle going down the highway at 65+ miles an hour. It’s a horrible nightmare situation that no driver ever expects to have to face. However, that nightmare was a reality for dozens of unfortunate drivers. A federal investigation into atleast 88 deaths and more than 300 incidents involving tires that shredded on the highway led to a late summer 2000 recall of 6.5 million Bridgestone/Firestone tires. These tires were found mainly on Ford Explorers (the company’s extremely popular SUV and other Ford light trucks. This tire recall, the second largest in history raised significant social responsibility and ethical issues for both companies. Decisions made by managers at both companies came under fire.

Indications that something that could be wrong with the Firestone tires may have appeared in the early 1990s. In August 2000, Firestone spokeswoman said her company is aware of being sued 51 times. She said further that no judgments have been awarded against Ford. Infact, the only case tried before a Jury in Arizona in 1997 resulted in judgement for Ford and Firestone. But the pattern in these cases was the same – the tread of a rear tire separated causing the vehicle to get out of control and flip over. Martin Inglis, VP in charge of Ford North America, said that Ford has tested the Firestone tires at the deserts proving grounds in Arizona but had never seen a failure. Yet in early 1999, Ford began receiving troubling reports from overseas markets. In Persian Gulf and Latin American countries, Ford received complaints of the suspect Firestone failing suddenly at high temperature and under heavy load. In response to customer complaints, Ford replaced Firestone tires on more than 46,000 of its explorer SUV in Saudi Arabia, Venezuela, Thailand and Malaysia. Mr. Inglis stated that “the incidents overseas seemed incidental”. And that Ford didn’t understand what the issues were in the United States. However, other officials at Ford said they had been looking at the reports of tire tread separation on Ford Explorers for some time. At the time of the recall one of the official stated “it didn’t happen in the last ten days”.

After the problems surfaced in Venezuela, Ford examined 243 tires with more than 50,000 miles of use from customers in the United States who had brought their vehicles in for service. Ford engineers examined the tires with X-ray imaging and cut the tires apart. They found no evidence of tread separation. They also brought in Tire experts from Firestone to do their own tests and found nothing. One Ford executive admitted that their primary problem was not discerning initially that anything was wrong. “Taken across the aggregate number of vehicles out there, the incident reports involved a minuscule number” he said.

However, as Ford wrapped up its tire tests in early May 2000. the National Highway Traffic Safety Administration began its initial engineering analysis involving the tires, much to the surprise of Ford officials. Ford decided to begin an intensive in-house investigation, which was still going on aT the time of tire recall. In July 2000, NHTSA disclosed that it was investigating consumer complaints and deaths involved with the sudden failure of the Firestone tires. NHTSA probe attracted wider publicity. Ford's senior managers got involved to try and calm customers’ fears about safety. Their actions involved contacting Goodyear (another supplier of the same sized tires to Ford in mid 1990s) and studying its warranty information. Ford was able to confirm that Goodyear’s tires had not experienced the same type of problem.

By July 2000, Ford’s investigators were increasingly concerned about the speed of Firestone’s analysis of its warranty information. The Firestone didn’t have the same level of expertise at this analysis as Goodyear. The two companies agreed the joint analysis would be appropriate. Working from a “war room” at Ford HQ in Michigan, a team of top executives from the legal, purchasing and communications department; safety experts and people from Ford’s truck group tried to find a common denominator in the tire incident report. Others began contacting tire makers worldwide to see if there would be enough tires available to accommodate a recall. The public impression was that the two companies were working closely together. However, the reality was that there was a lot of tension between the two. For e.g. they disagreed on recommended tire inflation levels. By early August, Ford officials said that the date being studied were suggesting some alarming trends. It became clear that the problem tires appeared to have come from Firestone’s Decatur, Illinois plant during specific periods of production. Also, it became obvious that the bulk of these incidents happened in warm weather states like Arizona, California, Florida and Texas finding it consistent with information from overseas clients. Ford and Firestone officials met with NHTSA officials and decision was made to go ahead with the recall.

Firestone decided to use a phased recall process to take place over a year, resulting in many customers waiting longer for the replacements. The recall began in southern states first because heat was believed to be a contributing factor. However, customers in midwestern and northern states showed up at the dealers(Firestone and Ford) for immediate replacement of their tires. Experts on crisis management criticized Firestone handling of recall. Others questioned their slow response in issuing its recall. “the fact that the company is just stepping up to the bat tells me that they never really had consumer as the principle focus of their thinking.”

Faced with growing criticism, Ford Motors took the step of telling its 3000 dealers not to wait and replace suspect tires immediately with Goodyear, General, Michelin etc. The president of communication said “ the data and the analysis of the data is that there’s a problem with Decatur and that other plants are world- class”. During the time of production of suspect tires, workers at the plant were on strike and it was operating with replacement workers and managers. Firestone countered that the strike, which ended in 1995 had nothing to do with the problems.

**Answer the following questions:-**

1. Identify the main stakeholders involved in this situation. What concerns might each stakeholder have? Are any of the stakeholders’ concern in conflict with each other?
2. Explain what are the implications for the two main parties – Ford and Firestone?
3. Using Issue Intensity Matrix, analyze the intensity of the ethical dilemma facing managers at Ford and at Firestone. How might the other factors that affect ethical and unethical behavior be involved?
4. Was Ford a) meeting its social obligation b) being socially responsive. Or c) being socially responsible. Explain your choice. How about Firestone?