



# Firestone's Tire Fiasco

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Last year, tire-manufacturer [Bridgestone/Firestone Inc.](#) was faced with a major product recall after discovering the treads on several of its models were separating from the tires. The case involved more than 14.4 million of the Firestone ATX, ATX II and Wilderness AT tires, most of which had been installed on sport utility vehicles. Ford's Explorer models constituted a major portion of the recall. Future investigations would link the faulty tires to 1,400 complaints, 88 deaths and more than 250 injuries.<sup>19</sup> Both companies were forced to take action.

### Two Companies Respond

In the past 20 years, companies have learned a lot about crisis management. They've seen how Exxon suffered after its poor response, and they've learned how beneficial it is to respond quickly and demonstrate concern for the consumers' safety such as Johnson and Johnson did. Firestone even experienced firsthand the effects of a crisis in 1978 during an even larger product recall - 14.5 million tires - which left the company vulnerable to the takeover by Bridgestone.<sup>20</sup> However, companies, like Firestone, still seem to make the same mistakes.

The Firestone case was a complicated situation because two companies were involved and both needed to act. "For Ford, this could affect their ability to sell any cars with Firestone tires on them. But for Firestone, it's almost a matter of survival."<sup>21</sup> Unfortunately for Firestone, Ford got to the consumers first and offered to replace the tires. Firestone, on the other hand, was "at the very least sluggish, if not obdurate, in responding to mounting evidence"<sup>22</sup> of faulty tires. In addition, it blamed Ford and consumers for the problem, citing improper tire pressure and maintenance as the cause of the shredding. Both companies did take advantage of a variety of tools to disseminate information to its publics, including the use of the corporate Web site, print and broadcast ads and information hotlines. Once again, though, Firestone lagged behind Ford in its response despite the high stakes of the situation.

*"Thanks to a generally dreadful crisis management, marked primarily by silence and denials, the Firestone brand has very little credibility left. The public is becoming increasingly skiddish about any of Firestone's tires -- the vast majority of which are safe."*

*- Daniel Eisenberg, "Firestone's Rough Road"*

The Tylenol case should have taught companies that recalls provide reassurance to customers during a crisis. When Firestone did eventually issue the recall of the 6.5 million tires, those tires only represented a small segment of its entire product line. Many feared other models should have been recalled as well. In addition, the company staggered the recalls so that some people had to wait months to get their tires replaced. Further, Firestone balked when consumers asked them to replace the products with rival tire makers' products.<sup>23</sup> This did little to keep consumers' confidence high.

### Revelation of Incriminating Evidence

Further evidence revealed that Firestone had knowledge of an unusually high numbers of warranty, damage and injury claims six months prior to the recall but did nothing to address it. In addition, an internal Ford memo indicated that Firestone was hesitant to issue an earlier recall of a different tire in Saudi Arabia for fear it would have to inform the U.S. National Highway Traffic Safety Administration. Instead, Ford began a quiet replacement campaign in the Middle East without alerting anyone.<sup>24</sup>

**Unknown Future**

It is unclear what the final verdict will be in this case, especially as more information is revealed during Congressional hearings against the company. Firestone spent more than \$350 million for the recall and is only beginning to settle what could amount to billions in various lawsuits.<sup>25</sup> In addition, the company's stock value continues to fall. A recent survey conducted by CNW Marketing and Research indicated that only four percent of drivers say they would replace their tires with Firestone's and 58 percent of SUV buyers say Ford should drop Firestones from its vehicles altogether.<sup>26</sup>

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