Recall of the Radial ATX Tire

Professor Arun K. Jain prepared this case from published sources as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Firestone: Recall of The Radial ATX Tire

On Monday, February 7, 2000, Anne Werner, a reporter at KHOU-TV, Channel 11 in Houston, TX, introduced the Jackson family, or whatever was left of it to her viewers. It was a day that Mr. Jacques Nasser, President and CEO of Ford Motor Company and Mr. Masatoshi Ono, Chief Executive of Bridgestone/Firestone¹ wished had never happened. It would cost Ford and Bridgestone/Firestone billions of dollars in lost earnings, legal expenses, financial settlements, and shareholder value.

The Human Tragedy

Cynthia Jackson, a choir teacher, described to Ms. Werner how her husband of a year and a half died and how her own legs got amputated above the knee because of taking a ride on their Ford Explorer fitted with original Firestone Radial ATX tires. On that warm, sunny day in June the couple took off for Galveston, Texas. There was a “pop,” then their SUV began to roll and the next thing Ms. Jackson remembered was waking up in a hospital.²

But Jessica LeAnn Taylor was not so lucky. The 14-year old cheerleader left home on the afternoon of October 1998 for a homecoming pep rally only to return back in a body bag. The Ford Explorer she was in flipped three times, the ATX tire came apart.³

Luck ran out for Daniel Van Ettan, a 22 year old from Florida with hopes of a pro-football career. Daniel died after the tread separated from a Firestone ATX tire.⁴

Ford Motor Company refused to appear on camera for the news story by KHOU. It said tread separation resulted from “driver error”.⁵ In advance of the broadcast of the story, Bridgestone/Firestone issued a statement defending the quality of their tires. [Exhibit 1] Upon screening of the news story, Ms. Christine Karbowiak, Vice President, Public Affairs of

¹Firestone brand is manufactured by the Bridgestone/Firestone, Inc., a subsidiary of the Bridgestone Corporation of Japan.
³Ibid.
⁴Ibid.
⁵Ibid.
Bridgestone/Firestone, chastised [Exhibit 2] Messrs. Robert W. Dechrd, CEO of A.H. Bello Corp. (owners of KHOU) and Peter Diaz, President and General Manager of KHOU, for airing the story which, according to her, “contains falsehoods and misrepresentations that improperly disparage Firestone and, its product, the Radial A TX model tire”. Miss Karbowiak warned them that Anne Werner’s reporting “may be grounds for finding of actual malice”. It was just the start of an avalanche for Nasser and Ono. On Sunday, April 30th, a headline on the front page of the Chicago Sun Times read: “Faulty Tires Carry Fatal Consequences.” Written by investigative reporter, Mark Skertic, it recalled the misery of Jeanne Zolo, how her husband, Kenneth Zolo and his mother, Charlotte, were tossed like rag dolls after tread separation on steel-belted radial tires on their family van. The Vohra family of Harvey, Illinois, lost three children B Jaitun, Atiq, and Tanseen B when Usmanagani Vohra lost control of his van and it came to rest upside-down. Ginger Adams, a Murray State University cheerleader returning to her Kentucky school from the NCAA Men’s Basketball Tournament in March, 1995, died when a tire failed on the school van. Mr. Skertic went on to recount numerous horrifying accidents based upon an intensive four-month investigation of government recall records, court documents, and online databases. The day after Skertic’s article, the National Highway Traffic Safety Administration (NHTSA) mailed letters to all tire manufacturers demanding information and seeking an explanation why safety concerns had not been reported. On May 12, in a tersely worded statement [Exhibit 3], the Public Affairs Office of Bridgestone/Firestone sent a fax to KHOU-TV welcoming the opportunity to prove to NHTSA that “... our tires are safe products..., “ and that tire disablements occur because of “... external factors such as punctures, road hazard damage, or regularly operating the tire in an under-inflated state.” Within hours, the public affairs office of Ford also fired off a fax to KHOU [Exhibit 4] affirming its intention to “respond fully to NHTSA’s questions regarding the performance of Firestone tires.” It went on to state that Firestone tires are used as original equipment on Ford Explorers. Ford constantly monitors performance of “our products” and is “extremely satisfied” with the safety record of Ford Explorers.

State Farm Sleuthing

When Mr. Sam Boyden, Associate Research Administrator at the Strategic Resources Office of State Farm Insurance Company in rural Bloomington, Illinois, received a call in July, 1998, asking whether there were any cases of tread separation on Firestone tires, he tapped into his database. A self-described car freak, to Mr. Boyden, tire tread separation was anything but routine. He felt that this could not be due to common wear and tear and raised questions about tire design or

*Chicago Sun Times (CST), April 30, 2000*
manufacturing. He studied the 21 cases in his database and detected a pattern: all 21 cases involved Firestone ATX tires and 14 of them were fitted on a Ford Explorer. He e-mailed the results of his analysis to NHTSA [Exhibit 5]. NHTSA officials thanked him for the e-mail but never pursued the story. Instead of dropping the matter, Mr. Boyden began periodically searching his database and extracting information regarding tread separation on the Firestone ATX tires as well as their Wilderness brand. He observed an escalating problem: 30 such cases during 1999 alone. He regularly passed along his analyses to NHTSA. In May, 2000, NHTSA called Sam Boyden to follow up on his dogged pursuit of tread separation. They sought policyholder permission to be contacted for a formal investigation of tread separation on Firestone ATX tires. Their investigation prompted Ford and Bridgestone to launch in August, 2000, a voluntary recall of 14.5 million ATX and Wilderness tires. Without naming him, NHTSA publicly acknowledged Sam Boyden’s role in their investigation. His boss, John Werner, said, “Sam’s technical and hands-on experience as well as his love of automobiles were valuable skills that led him to identify and report a potential concern with Firestone tire failures.” Reflecting on the weight of his findings, Sam remarked, “With each one of these tire failures, someone could die.” By September 1, 2000, 88 fatalities had already been reported in the U.S. alone.

OVERSEAS MARKET WHERE IT ALL BEGAN

Gulf Coast Countries and Southeast Asia

Gulf Coast countries and Southeast Asia have remained an attractive market for U.S. automotive manufacturers. Being an American brand is a plus for the affluent segments of the market interested in buying a piece of Americana. Since their launch, Ford had sold 5,390 Explorers/ Mountaineers in Gulf Coast countries (Saudi Arabia, Oman, Qatar, Bahrain, Kuwait, and United Arab Emirates) and Malaysia. According to an internal Ford memo dated July 8, 1999, several incidents of tire tread separation from the main carcass of the tire had been reported in the region. All such separations occurred on vehicles built during 1996-97, and tires manufactured during October 25, 1995 -- February 2, 1997. The tire size and construction was a regular product option on U.S. models and standard on vehicles sold in the region.

The first complaint about tires on Explorer surfaced in Saudi Arabia in 1997. A country not known for product litigation, and where tire blow outs are common, early reports of tread separation in eastern Saudi Arabia were discounted. John Thompson, an Operations Manager of the Saudi agent of Firestone, recalled that five tires involved in accidents were shipped to the U.S. for

8 Ford draft memo, July 8, 1999.
Upon inspection, the verdict by Firestone was unanimous: four had improper punctures while the fifth was under inflated. Firestone blamed all tire failures in the Gulf countries on under inflation, punctures, and improper tire storage while Explorers awaited sale at the dealership. As additional similar reports were issued by Firestone, Ford executives in the Gulf began to suspect Firestone’s motives and Ford’s culpability in a potential product liability lawsuit. Concerned, in an internal memo Glenn Drake, a Ford executive in United Arab Emirate wrote on January 8, 1999, to Dearborn:

“Melanie,

“I just read the Firestone reports on this issue and they are claiming in all cases that this is a repair issue or the customer driving the vehicle in an underinflated situation that causes the tread to separate from the belts.

“Regardless of their analysis and conclusions, we have three customers that are not accepting this as “the answer.” More importantly, they don’t care about Firestone’s position because they bought a Ford vehicle and are going to sue the dealer and Ford for the damage caused to their vehicles. Firestone providing a repair procedure for the market will not solve this issue on the basis that this is the repair process throughout the Region and in most parts of the U.S. What does this say about the durability of their product and why is this not an issue with our other tires lines in the market. Furthermore, I find it rather interesting that we are considering changing the tire currently used in our markets on all Explorers and Mountaineers to a tire that has better high speed durability as used in Europe.

“If this was a single case, I would accept Firestone’s response as they are the experts in the tire business, case closed. However, we now have three cases and it is possible that Firestone is not telling us the whole story to protect them from a recall or law suit. I feel it is possible, and we owe it to our customers and our shareholders to investigate this for our own peace of mind. I’m recommending that we make our own analysis of the tires from the market to protect ourselves and give our dealers and customers an independent opinion of this issue.

“I hope you can understand the Region’s and the dealer’s difficult position we are in because of this unresolved issue. ”

Two weeks after the Drake memo, a catastrophic accident took place in Riyadh, Saudi Arabia. An Explorer driven by the secretary of the president of Ford’s agent in Saudi Arabia, Al Jazirah Vehicles Agencies, Inc., was overturned on a Riyadh expressway. The National Service Director of Al Jazirah, John Garthwaite, personally inspected the vehicle. Unlike in the past when tires were generally in tatters, making it difficult to know the source of the blow out, the left rear tire of the vehicle was intact.

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10E-mail from Glenn R. Drake, January 28, 1999.
In a letter to Mr. Keshav Das, Senior Engineer Technical Service, Bridgestone Corporation, Dubai, on February 14, 1999, Mr. Garthwaite wrote:

"... This tire thread has completely separated from the casing over the complete circumference but has remained inflated at the correct pressure since the incident on the February 8th, 1999. The tire has not lost any pressure as to today’s date and is still 30 lbs. sq. in. at the time the Tamimi engineer’s inspection. [Agents of Bridgestone/Firestone in Saudi Arabia.] Therefore, the tread separation cannot have been caused by being run flat or impact damage. This aspect is clear and verified. Our service records for this vehicle show a regular pattern of maintenance which of course includes tire pressure, checking and adjustment if necessary, thereby eliminating any previous damage caused by under inflation as a prelude cause of this failure.

"Subsequently, it appears to be increasingly obvious that there exists an inherent problem in the bonding of the tread to the casing. Whilst the Tamimi engineer was noncommittal when I asked him to verify this point, his reply did not do anything to dispense my fast growing conviction that there is a distinct problem with all or at least a certain production run of this particular tire. If it is true, it follows that you [have] a very serious problem on your hands, and therefore I must inform you that Al Jazirah vehicles will not accept any liability whatsoever for any vehicle or human damage caused by any accident over any time frame, that is the result of tread separation of this nature, and will hold Firestone Tire Company wholly and fully responsible for any damages be it to vehicles, persons, consequential or legal which may be levied against our company.

A copy of the letter was faxed to Mr. Chuck Seilnacht, Customer Service Office, Ford Motor Company, Allen Park, Michigan. Mr. Seilnacht forwarded it to Mr. John H. Behr, Account Executive, Original Equipment Tire Sales Company, Bridgestone/Firestone, Michigan.

Firestone’s John Behr and Ford’s Chuck Seilnacht met in the U.S. on March 11, 1999, to discuss tires on Ford Explorer/Mountaineer. Mr. Behr presented figures on tires and their failures in the U.S. Over 1.75 million of ATX tires were in service in the U.S. and their total adjustment (i.e., warranty) rate was less than 0.1% (1/10th of 1%). This adjustment rate included all claims, including workmanship and materials, shake and vibration, road hazard, etc. Ford and Firestone discussed a program to install higher grade tires on the new Explorers being shipped to Saudi Arabia and to offer recent buyers of Explorers the option of upgrading their original tires. Firestone had legal reservations about any plans to notify customers and offer them the option to upgrade the tire. According to an internal Ford memo describing the meeting:

*First they feel that the U.S. D.O.T. will have to be notified of the program, since the same product is sold in the U.S. Second, they are afraid that the Saudi government will see this as a recall and react dramatically, including prohibiting the import of the current OEM tire. They believe that the best course of action for the vehicles already in the market is to handle the issue on a case-by-case basis.

13Ford memo from Chuck Seilnacht, Ford World-wide Direct Marketing Operations, to Dave MacKinon,
Even within Ford there was reluctance to send a letter to Explorer owners for fear of the cost of replacement tires and "implications of the owner letter [similar to the Firestone concerns]."

Concerned about the increasing frequency of tread separation, Firestone instituted a customer service program. Firestone dealers in Saudi Arabia were instructed to enquire about vehicle usage whenever any Explorer/ Mountaineer was brought in for tire replacement. If the customer indicated a large amount of high-speed driving, they were recommended to replace their OEM tires with the Euro AH" rated tires. Where there was a lot of off-road or unimproved road operation, the special service AS" rated tire, which is resistant to puncture and was developed for Australia/New Zealand, was recommended. Customers who expressed satisfaction with their OEM tires were recommended to replace old tires with the same type of tires.

A lawsuit was filed in May, 1999, by Mr. Amaan Sadat against Haji Husein Alireza, a Ford Dealer in Saudi Arabia, for losses as a result of an accident of his Mountaineer. His "well documented" claims had earlier been rejected by Ford. According to Danny Hinchin, an executive of Haji Husein Alireza, we are "being taken to the court on an issue over which we should have no liability."

Hinchin wrote to Ford:

"Ford Motor Company's handling of this issue has, in my opinion, inflamed the problem. We are at the position now where Ford is rejecting claims from owners, so the dealers themselves are left to face the customer.

"Some comments:

"Incidence of tire failure are higher than other make of tire, suggesting a tire construction/ misapplication concern. This is not restricted to GCC, and is also occurring in US domestic. I have researched this, the NHTSA website has had comments from owners in this regard.

"In all cases I can recall, the tire that failed was the nearest to the exhaust, suggesting that the heat properties of the tire were close to critical anyway. This reinforces the fact that the tire for the market was specified incorrectly.

"An ONP was issued to replace Firestone with Goodyear. If this doesn't indicate a tire construction/ misapplication concern I do not know what does.

"The recall also has us reprogram the CPM to lower the top speed by 5 mph. Again, this incremental decrease suggests to me that tire spec speed rating is critical on this particular application. I remain unconvinced that this measure provides an adequate safety margin even with the Goodyears.

Ford=s Regional Marketing Manager, Dubai, March 12, 1999.

14Ibid.
Ford's rejection of claims is of course based on several factors, but one of which is freely admitted by Ford is the fact that accidents could not be replicated when the failures were simulated back in the U S. The means of testing are clearly ridiculous. Strap a professional test driver into a vehicle, then have him drive down a straight and level road, to have a tire shot out by a marksman with a rifle. That is how the test was described to me. This is not a valid test for the following:

A1. The driver is a professional driver, used to driving vehicles beyond their limits and skilled enough to get them back under control again.

A2. He is ready and waiting for the tire to be blown out.

A3. Explosive detonation does not mirror the tread peel type of failure these tires have.

This of course is not the first time that there have been tire issues on Fords in this market. Taurus/ Sable had General Tires failing the same way in 93/94. I believe you will be shortly seeing Continental tire failures on Navigator. So there is history on this concern.

This concern, apart from dragging Haji Husein Alireza into court, is going to prove extremely detrimental to the marketability of Mountaineer/ Explorer. You know full well how it works here. Word gets around fast, and the reputation of a vehicle can soar or crash and burn. Look at Taurus/ Sable. A fine car now, but dead in this market due to its previous reputation.

Ford needs to re-instate faith in the vehicle by at first owning up to its responsibilities. There is absolutely no getting around the fact that by issuing an ONP to change the tires, Ford admits that the original tires as specified for this market were unsuitable.

We are talking about perhaps two/three vehicles in this country. These could have been settled very early on, as we did ourselves for a customer at the start of this issue last year. Instead of Ford being grateful for our action in settling quietly and avoiding this issue going legal, we were admonished for handling it the way we did. While one can appreciate the Pandora's Box scenario of settling a claim, just how big is the box?

I have taken extreme pains to try and distance Haji Husein Alireza from this issue, as I suspected early on that Ford would adopt the stance that it is taking on this matter. You don't deal with a manufacturer for ten years in one market without having an idea of how they are going to handle certain problems, and I was not surprised when the announcement was made by Dave McKinnon in the Parts and Service Conference earlier this year that Ford was going to deny claims from customers on this issue. You will recall the single voice of reaction, mine, stating that it would be the dealers who would be left holding the baby. Well here we are.

I urge that this issue be taken once again to a very senior level within Ford Motor Company. There is a great deal at stake.

While Hinchin questioned the stability of the vehicle itself, questions also began to be raised
about the appropriateness of the OEM tires installed on Explorer/Mountaineer. Ford had promoted Explorer/Mountaineer as a vehicle for off-road, harsh driving conditions encompassing mountains, deserts, graded roads, river beds with stone pebbles, etc. Dealers in the Gulf countries voiced that the OEM tires on the vehicle were "totally unsuitable for off-road driving" resulting in tire bursting, steering vibration, and need for frequent replacement of tires.16

An Explorer driven by a 41-year old female British CPA lost tread on the rear wheel. Control of the car was lost, it hit a steel railing, became air-bourne upside down and crashed onto the roof. Fortunately, the driver escaped unhurt due to an air bag. Her irate husband, on June 2, 1999, e-mailed to Ford President Nasser,

"... my wife came within a hairs breadth of losing her life, despite no apparent fault of ours except that we bought an American car that we thought would have been constructed of the highest standards in the world and fitted with equipment of the highest standards in the world. It seems that we were wrong."17

The car had been serviced only three weeks before and service records had no mention of defective tires. A few weeks later another fax arrived at Ford, this time from the Sultanate of Oman. Two hundred kilometers from Muscat, a family of five along with their maid were riding in their Explorer. All of a sudden the front, right tire burst while the tread on a rear tire was separated. The driver lost control of the vehicle and it over-turned. Dead were the father and three children. As a result of the accident, the pregnant wife aborted her baby. The wife and the maid were seriously injured. The service manager of the Bahrain Automotive Center (a distributor of Ford products in Oman) complained to Mr. Amir Al Oraibi, National Field Service Manager, Ford Motor Company, Oman:

"It is very pathetic that our Explorer customers are losing lives because of the Firestone tires. The way in which accidents are happening, people are scared to buy Explorers. Police has started correlating this accident with the similar one happened in the same region two months back.

"We request to you to inform the concerned and arrange for dispatch of special service tires (suitable for Australian terrain) to avoid further fatalities and possible lawsuits. We regret to inform you that in spite of many discussions and inspections we had on the subject so far, no action has been taken either from Ford side or from Firestone sides to sort out the problem by actually replacing tires on affected vehicles."18

The service manager pleaded for dispatch of at least 200 tires by air immediately. Notation

16Memo from Arabian Car Marketing Co. LLC, Sultanate of Oman to Ford Middle East and North America, May 14, 1999.
17E-mail to Jacques Nasser, President, CEO, Ford, June 2, 1999.
18Fax from Service Manager, Bahrain Automotive Center, June 23, 1999.
on the re-dated copy of the fax released by the House Committee on Commerce contains a notation by Mike Kolin, Director of Customer Relations Office in Michigan, “I understand tires were available!” in Oman.

A survey team comprised of four technical people two from Ford and two from Bridgestone/Firestone visited Saudi Arabia, Qatar and Oman during June 9-17, 1999, to obtain a first-hand assessment of the problem and make recommendations. The team examined 67 vehicles which had been brought to the dealers for repair and/or maintenance. They observed that 54% of the tires were inflated below the 30 psi level recommended by Ford. Furthermore, 25% of the tires examined exhibited moderate to heavy chip/tear while 11% had improper repairs done to them. The survey team reported:

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<th>$</th>
<th>The Middle East presents extreme service conditions for tires because of:</th>
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<tr>
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<td>heat (105°F+)</td>
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<td>$</td>
<td>speed (no limit)</td>
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<td>breaking</td>
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<td>off-road/rough-road (especially for SUV)</td>
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<td>Low inflation operating situations causing damage aggravated/accelerated by the Middle East service conditions, such as:</td>
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<td>Unintentional under-inflation condition (puncture, other leaks)</td>
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<td>improper repair (can cause further damage)</td>
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<tr>
<td>$</td>
<td>continued/repeated use while under-inflated (i.e., after off-road usage)</td>
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<td>poor tire maintenance.</td>
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The team concluded that the original equipment tire designed for North America did not address the service requirements of the region. They recommended that Wilderness AT Special Service tires originally developed for 1998 Explorers exported to Australia be fitted on all Explorers.19

Further root cause analysis done by Ford Motor Co. indicated that OEM tires on the vehicles were rated to run at speeds of 112 mph for only a short period of time (20-30 minutes) before the tire would start to fail internally. However, the Explorers were driven in Gulf Coast countries (GCC) as fast as 106 mph for hours, possibly several times a week, every week, for 3 to 4 years. Using the tires for long periods at high speeds have an accumulative effect of destroying the tire. Also a third row seat was added to the vehicles sold in GCC. These can put the vehicle rear gross axle weight above the allowable designed by Ford. This put added loading onto the tire, thus

generating more heat in addition to the high ambient operating conditions and possible high vehicle speeds. “These all add up to speeding up the destruction to the tire internally.”

While Ford and Firestone dithered, Al Jazirah decided to launch a “temporary program” on their own. They appointed Firestone-trained tire inspectors at each branch who offered Explorer owners a new set of “special service” tires at a 75% discount each time they came for service. All Explorers in their showroom were similarly equipped with more durable tires instead of OEM tires.

Ford decided to act in August, 1999. Their dealers began contacting owners of model years 1995 through 1999 Explorer and Mountaineer vehicles. They replaced the original tires with Goodyear tires that were used as OEM tires on F150 and Expedition vehicles sold during 1996-97 in the region and had not reported any incidents of tread separation. The replaced tires were destroyed and, unbeknown to the owners, their vehicles were electronically programmed to reduce their maximum driving speed from 106 mph to 99 mph. Some Explorer owners in the Persian Gulf countries complained that they were not made aware of the replacement offer until mid-2000. Many service managers in Kuwait and Qatar waited for customers to come in for regular service instead of advising them to come to the dealership to get their tires replaced.

Following the Gulf Coast countries, Ford decided in February 2000, to recall tires in Southeast Asia. After finding a supplier for replacement tires and testing them, Ford sent out recall notices in May to customers in Thailand and in June to those in Malaysia. It made no mention of any serious risk to Explorer owners currently driving with original Firestone tires. It merely cautioned them that tire-tread separation “may affect vehicle control.” The notice offered to inspect “and if necessary” replace the Firestone tires.

In an inter-office memo dated October 1, 1999, L.A. Klein, Purchasing Executive Director, Vehicle Procurement Operations, informed Mr. C.E. Mazzorin that “Ford chose to use the North American” specified tires in the GCC market and Firestone was not part of this decision. Mr. M. I Auld of the Worldwide Direct Market Operations rejected Mr. Klein’s assessment in an October 13, 1999, memo. He attached documents which he claimed “clearly demonstrate their involvement and knowledge of Ford Motor’s export intent.” No where the documents show that Firestone approved usage of the North American tires in Gulf Coast countries.


South America

The problems experienced by the secretary of Al Jazirah in Saudi Arabia were repeated the same year (1998) in Venezuela. Hector Rodriguez, Ford’s purchasing manager in Caracas, Venezuela, began observing problems with tread separation in Firestone tires mounted on Explorer and other light-truck models. When sent for analysis, Bridgestone/Firestone blamed it on “over-inflation, under-inflation, and badly repaired punctures.” “This did not shed any light to understand what is going on,” Mr. Rodriguez said. At Ford’s insistence, tires were sent to their U.S. headquarters which returned the same verdict. “This did not please us. It didn’t satisfy us. We didn’t see it as solid,” said Ford’s Purchasing Manager.

Ford Venezuela began wondering about appropriate tire pressures for the Explorer. An enquiry was initiated by Roselia Moreno through an e-mail on April 7, 1999: “Aquí están las presiones de caucho que utilizan en Louisville. La presión más baja está en cauchos R15.”

Mr. David Krusinski, Explorer PVT Engineer at the Louisville Assembly Plant e-mailed back with the following information:

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<tr>
<th>Tire Size</th>
<th>Pressure (psi)</th>
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<td>Front</td>
<td>Rear</td>
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<td>P225</td>
<td>30</td>
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<td>P235</td>
<td>26</td>
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<td>P255</td>
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Mr. Carlos Maron, Ford of Venezuela Local Development Manager e-mailed on April 8, 1999, Allan Rauner, Explorer OPD Chassis, Tire and Wheel Engineer in Dearborn, “What is the reason for tire 235/75R15 to have 26 psi instead of 30 psi?” Mr. Rauner e-mailed back,

“... The P235 tire has always been at 26/26 psi. It was released that way for ride improvement. All certification testing was run with this tire at 26 psi, including running at V max for 10 minutes at 112 mph. The P255/70R16 was certified using 30/30 psi. It’s V max test was run for 10 minutes at 112 mph at 30 psi.”

25E-mail from Roselia Moreno (Venezuela) to Carlos Maron, Ford of Venezuela, April 7, 1999.
26E-mail from David Krusinski in Dearborn, Michigan, to Roselia Moreno, April 7, 1999.
27E-mail from Carlos Maron, Ford of Venezuela, to Allan Rauner, Dearborn, Michigan, April 8, 1999.
28E-mail from Allan Rauner, Dearborn, Michigan, to Carlos Maron, April 8, 1999.
Mr. Maron e-mailed back the same day to Mr. Allan Rauner in Dearborn:

"... A lan, our road conditions allow vehicles to go Max Speed for 1 hour or more. Explorer PCM is regulated for Max Speed 100 mph, so, it is not as useful for us to know that a tire resists 10 minutes at more than 100 mph than to know if a tire can resist indefinite period of time at 100 mph.

"If you have any data at 100 mph it would be useful, otherwise this info would serve you to think about reviewing tire testing procedures.

"Believe me, it is pretty normal here to go at Max Speed for one hour or more with addition of an ambient temperature of 105 degrees Fahrenheit or more. You can imagine the temperature of the asphalt. ...

The environmental conditions for driving in Venezuela were known to Ford. In a memo dated September 1, 1996, Mr. Craig Williams includes in his observation that West Coast of Venezuela has "high temperature," and "virtually no traffic rules. No speed limits (not enforced), drive as fast as you can. Traffic lights/ signs considered like Christmas trees: interesting, pretty to look at but not taken seriously."

In his e-mail of April 8, 1999, Mr. Carlos Maron advised Dearborn, "We are proceeding today to release Australian shocks for all our Explorers, given that they significantly improve stability at high speeds and irregular pavement (important customer concerns in Venezuela)."

Bridgestone/ Firestone and Ford decided to send a tire survey team to Venezuela in July, 1999. Similar to the tire survey team of Gulf Coast countries, the Venezuelan team comprised of four members each from Ford and Bridgestone/ Firestone. They spent four days in the country visiting four Ford dealers located in different parts of the country. During their visits, the team examined 36 Explorers at various dealerships and presented their report based upon inspection of 132 tires. In their final report, the team included the following information regarding the Ford tire inflation specification:

<table>
<thead>
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<th>Inflation Standards</th>
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<tr>
<td>Country</td>
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<td></td>
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<tr>
<td>Ford USA</td>
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<td>Ford Venezuela</td>
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</table>

29 E-mail from Carlos Moran, Venezuela, to Allan Rauner, Dearborn, Michigan, April 8, 1999.
30 "Observations from Ford of Venezuela PN96 Assessment Evaluation," Craig Williams, October 11, 1996.
31 E-mail from Carlos Moran, Venezuela, to Allan Rauner, Dearborn, Michigan, April 8, 1999.
The team found that more than 18% of the tires had inflation “below Ford specified” levels. As in Gulf Coast countries, the team observed rough driving, high speed, under-inflation, improper repairs, and poor tire conditions. The team recommended that Ford Venezuela “consider adopting U.S. inflation standards” and educate both dealers and customers regarding proper maintenance of inflation pressure.

In August, 1999, Bridgestone/ Firestone Venezuela conducted a “customer satisfaction” survey of Explorer owners. They found that 22% of respondents were dissatisfied due to problems with tires. The company instituted a program in which all Explorer owners were invited to visit a Bridgestone/ Firestone dealer for free tire inspection and rotation. Furthermore, Firestone developed a training program for Ford dealers to train them to detect problems with tires. In addition, a brochure on the correct usage and maintenance of the tires was prepared for distribution to customers by Ford and Bridgestone/ Firestone dealers.

In January, 1999, Ford asked Firestone to submit a design for a tire with a nylon cap ply, a safety feature often used in Europe and Latin America to make tires more durable. The design proposed by Firestone was approved by Ford in June and went immediately into production. As tire failures continued to escalate in Venezuela, Ford initiated its own investigation of tires at the beginning of 2000. Ford claimed that more than half of the tires involved lacked the nylon layer and had markings of lower speed ratings than specified. Firestone vigorously denied the charges and insisted that it delivered the tires as Ford requested: “Our documentation shows that these mismarked tires were indeed the tires Ford requested, but our markings were incorrect.”

Ford pressed for replacement tires but Jorge A. Gonzalez, President of Bridgestone/ Firestone’s Venezuelan operation maintained that Explorer “may roll over with any tire brand.” He said replacing the tires, without also correcting the Explorer’s suspension, “would put

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33Explorer Survey Summary, (submitted to Mr. E. Cassingena) prepared by Fernando Araque, August 20, 1999.
36Training Conference for Ford Dealers and BFS Field Representatives on The Basic Aspects of The Tire,& August 19, 1999. It was also submitted to Mr. E. Cassinga.
Ford added stiffer shocks to the 1999 model of Explorers sold in Venezuela. In addition, Ford began offering the same change in suspension of all old Explorers but only upon the request of owners. Firestone insisted on a total recall to change suspension of all Explorers in Venezuela as a precondition for replacement of tires. Ford said “no,” insisting that the suspension had nothing to do with the tire problems. Ford claimed that suspension was being changed only because of “customer preferences and driving conditions” in Venezuela, where high-speed driving on rough roads is commonplace. They contended that a stiffer suspension would provide better support on rough roads at a high speed. Hence, their change of suspension was purely to provide a smoother ride for the passengers in Explorer.

According to the minutes of a meeting between the Venezuelan Ford and Firestone officials released by the House Committee on Commerce, the two sides were battling to avoid legal liability. Firestone made it clear that in their “opinion, the problem that Explorers were confronting in Venezuela resided in their suspension system and therefore any liability should be placed in Ford and not Firestone. Mr. Gonzalez’s letter to the President of Ford in Venezuela, summary of the meeting with Ford, and report to Bridgestone/Firestone legal offices are presented in Exhibits 6, 7, and 8. He questioned the “intentions” of Ford and opined that Ford wants “... Bridgestone/Firestone to solve their problems.”

Ford recalled in May, 2000, all Explorers sold in Venezuela and offered to replace Firestone tires with similar tires made by Goodyear.

The Venezuelan consumer protection agency, INDECU, asked the Attorney General of Venezuela on August 31 to investigate the local operations of Ford and Firestone for allegedly colluding to keep the nation’s motorists from learning about the flaws in their products. Mr. Samuel Ruh Rios, President of INDECU, charged, “Users of Ford Explorers were vilely deceived” and claimed “both companies hid information and this caused many accidents.” His report stated that when the two companies realized that the Firestone tire with which Explorer was equipped had problems, they, “in most absolute secrecy” agreed to add a nylon layer to the tire to prevent the tire tread-separation. “But, while these agreements to redesign the tire were being made, Ford Explorers circulated and their drivers were unaware and uninformed about the grave risks to their lives and those of their families.” He asked for filing criminal charges. Both Ford and Firestone vigorously denied the charges.

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39Ibid.
40Ibid.
41Summary of meeting between Bridgestone/Firestone, Venezuela, and Ford, May 9, 2000.
42Letter from President of Bridgestone/Firestone, Venezuela, to Mr. Art Stuart, May 9, 2000.
reported rollover-type accidents involving Ford Explorers fitted with the new Goodyear tires.

In September, 2000, a battle between independent Venezuelan tire and Venezuelan car dealers was started through newspaper advertisements. In their narratives, Bridgestone/Firestone dealers lavishly praised Firestone as a “prestigious brand” and questioned the safety of Ford Explorers. They asked sarcastically, “Is it the tire that makes the Explorer roll over?” and pointed out that General Motors and Toyota vehicles equipped with Firestone tires don’t roll over. Ford dealers fired back with their own advertisements contrasting Ford’s offer to replace the tires with Firestone’s approach of blaming “the users, ..., bad repairs, bad treatment of tires, and bad maintenance of Venezuelan roads...” They claimed that according to the NHTSA, Explorer “is one of the safest of this category of vehicle.”

Ford aired a commercial in October on several television networks in which the President of Ford, Venezuela, Mr. Emmanuel Cassigena, defended the safety of Explorers. It showed a pile of thousands of Firestone tires that Ford claimed had been replaced on Explorers without any cost to the owners. “You can have total confidence in your vehicle,” told Mr. Cassigena. “We won’t rest until we have replaced all of the defective tires.” The advertisement argued that a manufacturing defects in Venezuela-made Firestone tires were to blame for tread separation and Explorer accidents. Ford asserted that their tires were good and had no defects.

A meeting between the victims of the accidents and representatives of Ford and Firestone was organized by INDECU in October, 2000. Bridgestone/Firestone declined to attend the meeting. For them to attend the meeting “would imply an admission of guilt that is not ours.” In a letter to the agency Firestone emphatically maintained “it has no responsibility” for the accidents. However, Ford sent a representative to the meeting and offered to set up a committee to negotiate compensation for victims of the accidents. Later, Ford stated that it was “as betrayed as the Venezuelan people” by Firestone, which it said, hid information about tire problems. Mr. Hector Rodriguez, Sales Director of Ford, Venezuela, remarked, “In 1999, while Firestone was assuring us that the tires had no problems, they were secretly compiling information and data about defective tires. ... Firestone did not give us all the information and we feel as betrayed as Venezuelan people. It’s time that Firestone assumes its responsibility and indemnify victims.”

A voluntary recall of Firestone tires on the 8,500 Explorers and F-150 Pick-up Trucks sold

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in Columbia was announced by Ford in September, 2000.48

Ford did not notify U.S. regulators B NHTSA B about their overseas recall of the Explorer SUVs and F-150 trucks. It argued that the company was under no legal obligation to notify NHTSA of its overseas actions. U.S. Transportation Secretary, Rodney Slater disagreed. He asserted that Ford should have notified NHTSA as soon as it began to replace Firestone tires overseas and sought specific legislative authority to compel in future such reporting by automotive manufacturers.49

**TIRE PERFORMANCE DECISIONS**

Tire and auto manufacturers work closely as a new model is prepared for market launch. The auto maker spells out specific requirements such as handling, noise, and tread wear. Tire manufacturers design tires and do internal testing. Usually, two years before the vehicle launch, tire prototypes are sent for use in auto maker's own testing. Ford conducted testing using a modified Ford F-150 pickup truck designed to mimic the load distribution and performance of a Ford Explorer, not an actual Explorer.50 Stability tests done in 1989 showed that Explorer had a higher risk of roll over when making sudden turns if the tires were inflated to 30 psi or higher. A psi of 26 was recommended for tires as a way to ensure smoother ride and superior handling.51 This was lower pressure than that recommended by Firestone and used by many other SUVs. In general, the higher the air pressure, the more weight a vehicle can carry and the longer the tires can run safely at high speeds. A lower pressure gives tires more grip and softer ride, but causes them to wear faster and creates more internal heat because of greater friction with the road. Experts have speculated that heat from lower pressure weakens the bond between the tires and tread. Head of the Explorer test program, expressed his concern about "a significant chance of failing" a consumer rollover test. In an internal e-mail he wrote, "I believe ... management is aware of the potential risk with P235 tires and has accepted the risk."52 Ford has maintained that Firestone had agreed on their recommended lower pressure in the U.S.

A chart submitted by Ford to the House Commerce Committee showed that an Explorer,

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equipped with Firestone’s 15-inch tire inflated to 28 psi would be safe only up to 100 mph even though rated at 106 mph. Inflating the same tire to 30 psi increased the safety margin of the tire to 108 mph. The memo emphasized that such high speeds could be safely maintained only for a short period of time and not for hours as used by many drivers. CBS news consulted Mr. Ian Jones, a vehicle dynamics engineer, to comment about the impact of vehicle design on tendency to roll over. Mr. Jones observed, “If you have a tall, narrow vehicle, it’s gonna be very unstable. And so you, in effect, create the rollover situation because of the tire failure.” A Washington Post analysis of national and Florida crash statistics revealed that, “the Ford Explorer has a higher rate of tire-related accidents than other sports-utility vehicles, even when the popular SUV is equipped with Goodyear tires.” The report concluded that “something about the Explorer may be contributing to these accidents.”

Goodyear was the second source of tires for Ford Explorer during the mid 90’s. However, according to Ford internal documents, they were dropped due to higher prices. Ford wanted cost concessions which Goodyear could not afford and hence the entire business was transferred to Firestone.

**The Recall in the United States**

While Ford and Firestone were quietly recalling/ replacing tires since 1999 in 19 overseas markets, no such notification was provided to the U.S. Government. Often, Ford and Firestone entered into confidential settlements with victims of tread separation in the U.S. They got the court files sealed and even closed courtrooms to spectators with the claim that they wished to preserve trade secrets. Yet, the media (such as KHOU-TV in Houston) started reporting on Explorer accidents. On May 2, the National Highway Traffic Safety Administration (NHTSA) opened an investigation into Bridgestone/ Firestone’s ATX, ATX II and Wilderness tires after determining they may have been a factor in the deaths of over 80 people in the U.S. and over 40 in Venezuela. Although Federal law requires that companies manufacturing automobiles or auto parts send NHTSA copies of all safety bulletins, none had been received for several years from tire manufacturers. As the chorus of complaints grew, on August 4, 2000, Sears decided to withhold selling Firestone ATX, ATX II, and Wilderness tires at their 1,130 Auto Centers and National Tire and Battery chains. Their spokesman, Tom Nicholson, stated, “There’s no recall, but until we have more

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Firestone maintained that their tires “are among the safest tires on the road.” Firestone and Ford said there are no plans for a tire recall in the United States and blamed improper maintenance for most problems with tires on Explorers.

Pressure on Ford and Bridgestone/Firestone impelled the companies to offer American motorists “the same precautions to protect their lives and safety” which was being offered to overseas customers. On August 9th, Bridgestone/Firestone and Ford jointly announced that Firestone will recall approximately 14.4 million tires that contain safety-related defects. The recall covered all P235/75R15 Firestone ATX, ATX II, and Wilderness tires manufactured at the Decatur, Illinois, plant. Firestone estimated that approximately 6.5 million of the tires covered by the recall were still on the road. Gary Crigger, Executive Vice President of Bridgestone/Firestone said that the Company was taking “this extraordinary step as a precaution to ensure consumer safety and consumer confidence in our brand.” He further added that the recall was unconditional, “No matter how many tires, no matter how many miles they have on them we will replace them with new tires” with either comparable Firestone brands or tires from competitors.

Bridgestone/Firestone stated that it would take up to 18 months to complete the recall because there were not enough replacement tires. A three-phased recall process was envisioned. In the first phase, ending in October, 2000, consumers in California, Arizona, Florida, and Texas were offered replacement tires. Next were those residing in Alabama, Georgia, Louisiana, Mississippi, Nevada, Oklahoma, and Tennessee. Once these regions were served the rest of the country was to receive replacement tires. The customers were to be mailed letters with information about steps to be taken for tire replacement.

Anxious consumers besieged tire dealers, demanding immediate replacement of tires. New York’s Attorney General, Eliot Spitzer, sent a letter to Bridgestone/Firestone demanding that the company either expand its recall immediately or make provisions for all consumers to obtain immediate replacements. He warned that he found “the terms of the recall wholly inadequate because of the failure to treat all affected consumers equally.” New York was designated by Bridgestone/Firestone to be among the last states to receive replacement tires. He advised the company that, “such a delay is unacceptable in light of the reports of deaths and catastrophic injuries resulting from accidents caused by defective tires.”

Customer ire was directed at both Bridgestone/Firestone and Ford. Typical was Mrs.

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57 Ibid.
Pamela Porges, mother of a small child and owner of a 2000 Ford Explorer in New York. When she learned that her tires would not be replaced for a year, in widely reported comments to the Wall Street Journal she said, “I don’t know if my tires are safe or not, and at this point I don’t trust Firestone to make that decision for me. ... I am mad at Ford most particularly because I am their customer.” Even those consumers with Firestone tires not involved in the recall were requesting replacements. Bill Wink, owner of Bill Wink Chevrolet in Dearborn, Michigan, recalled receiving numerous calls from his customers who owned vehicles with Firestone tires not involved in the recall. “It’s almost like anybody that has a Firestone tire on their car is concerned about it.” Russell Burr, co-owner of Topline Tire & Auto Centers in Florida, recalled, “We had a lady who bought top-of-the-line Firestone tires a month ago come in, and she just wants them off,” even though she was told that she had not bought the allegedly faulty tires. Mr. Burr obliged, replacing them with a different make.

Stung by the criticism, Ford asked their dealers to replace recalled Firestone tires on Ford vehicles without waiting for Firestone’s staggered recall to reach their region. Under pressure, Ford released internal confidential information from Firestone linking defective tires to those manufactured at the Decatur, Illinois, factory during 1994-1996. Christine Karbowiak, Firestone Vice President for Public Affairs, acknowledged to the media that “consumer confidence in Firestone is really low, and we need to do something.” She said that the Company was preparing a campaign “to explain what tires are and how they work.” The campaign was not seen on a national basis.

Up to that point, Ford and Firestone had busily settled claims regarding Firestone tires and Explorer and shielded all data under protective orders. Yet, in September, The Washington Post, CBS News and Chicago Tribune filed a lawsuit against Firestone to unseal data gathered in a Georgia wrongful death case. Despite Firestone’s protestation, U.S. District Judge Anthony A. Alaimo unsealed the data. It showed that among tires returned by customers for refunds during 1990-95, tread separation was the cause for two-thirds of the tires manufactured at the Wilson, South Carolina plant. The rate of separation for tires at other plants was about 60%. It included testimony of Christopher Allen Morgan, a former employee at the Wilson, South Carolina, plant who stated under oath that the Wilson factory was rife with quality control problems.

60 Ibid.
CONGRESSIONAL HEARINGS

In August, 2000, Rep. Billy Tauzin, Chairman of the House Sub-Committee on Consumer Protection, and Sen. John McCain, Chairman of the Senate Committee on Commerce, announced plans to hold hearings on the tire recall. "We want to find out who knew what and when," said Ken Johnson, a spokesman for Rep. Tauzin, "Our only goal is to keep this from happening again." Invited were Jacques Nasser, President of Ford Motor Company; Masatoshi Ono, CEO, Firestone; U.S. Transportation Secretary Rodney Slater and two consumer watchdog groups. However, Mr. Nasser declined stating that "he is too busy" with recall. Mr. Johnson, upon being told of Mr. Nasser's decision, remarked, "A lot of people find it curious that Mr. Nasser has time to cut TV commercials but won't take time to testify before the United States Congress. ... We would like to hear Ford's unscripted version of what went wrong." Eventually, Mr. Nasser "facing music in Congress" changed his mind and hired Michael K. Deaver, former U.S. President Ronald Regan's Deputy Chief of Staff "to give sage advice as a pro on Capital Hill and in communications." A Congressional staffer who asked not to be identified told the Wall Street Journal that Ford insisted that during the hearing Mr. Nasser not be seated next to Mr. Ono.

During the hearings, reading from a prepared statement, Mr. Ono told Congress,

"I came before you to apologize to you, the American people and especially to the families who have lost loved ones in these terrible roll over accidents. ... I also came to accept full and personal responsibility on behalf of Bridgestone/Firestone for the events that led to this hearing. ... Whenever people are injured while riding on Firestone tires, it is cause for great concern among Bridgestone/Firestone management and our 350,000 American employees."

To which Rep. Tauzin responded, "Why do you keep telling the American public it's their fault, that they're inflating their tires wrong. ... When we look at statistics that indicate something's wrong with these tires."

Mr. Nasser, coached by Mr. Deaver, claimed, "This is a tire issue, not a vehicle issue. We have millions of Goodyear tires on 1995 through 1997 Explorers of the same specification tire operating under the same condition and"

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68 Ibid.
71 Ibid.
they haven’t experienced these problems. Unconvinced, Rep. Heather Wilson remarked, “You knew you had a problem a long time ago. You knew you had a problem, and you did nothing.”

Lawmakers were angry to learn about the March, 1999, internal Ford memo that said Bridgestone/Firestone attorneys had “major reservations” about the automaker’s recall plans in Saudi Arabia. “Where was your sense of concern as a human being and a corporate entity to yell, ‘Look out America, these tires are coming apart,’” said Sen. Barbara Mikulski. Sen. Arlen Specter wanted to know. “How in the world can corporate officials allow a danger to go forward in America while protecting the Saudis?” Congressional hearings were widely reported by CNN, all television networks, National Public Radio, magazines, and newspapers. Pressed by members of the Congress, U.S. Attorney General Janet Reno said that the Justice Department is studying whether any criminal or civil laws apply to the case. Reno said, “We are looking to what, if any, Justice Department action is warranted.” Over 40 state attorney generals joined forces to aid their investigations into the recall.

MEDIA COVERAGE

The Firestone recall received extensive media coverage in the United States. Even though the news broke in the midst of the U.S. presidential election, it still received thorough coverage by major media. Big photographs of blown-out Firestone tires and overturned Explorers appeared on the front page of the national newspapers – New York Times and USA Today.

CBS provided extensive coverage on its widely-watched news show, 60 Minutes. CNN beamed around the world graphic images of the controversy: overturned Explorers, anxious consumers flocking to recall centers, and distressed lawmakers attacking the “uncaring” companies.

Senator Earnest Hollings compared Ford and Firestone to two cats tied by the tails, thrown over the clotheslines and clawing each other.

Jay Leno on the widely popular Tonight Show aired a skit showing a child swinging on a backyard tire. The tire, a Firestone, explodes. The audience howled with approval. Other comedians chimed in by calling the brand “Gravestone” and “Tombstone” [Figure 1]. The host of the popular public radio show W had Ya Know? renamed the tire the “Firestone Shred Master” with the loud approval of his live audience. These shows have broad national and even international following.

Ford Explorer and Management Decisions

Ford Explorer is one of the most profitable products in the product portfolio of Ford Motor Company. Explorer and its stable mate, the Mercury Mountaineer, contribute over 20% of Ford’s North America pre-tax profits. Each vehicle earns a profit of $3,750 and generated over $2 billion in profits during 1999 alone. Since its launch, Ford has sold millions of Explorers and enjoys the dominant market position among the SUVs sold in North America. It has been promoted as a lifestyle vehicle for rugged driving under harsh conditions – snow, sand, wet surface, and hilly terrain. TV commercials have depicted it being driven effortlessly on long winding roads at high speeds and under the most demanding road conditions.

Although Mr. Jacques Nasser told the House members that, “This is a tire issue, not a vehicle issue,” an internal Ford e-mail produced as evidence in lawsuits against Ford showed that Ford engineers were worried about passing rollover tests back in 1989. The head of the Explorer test program wrote that the lawyers are concerned about a “significant chance of failing” a consumer rollover test. “I believe ... management is aware of the potential risk with P235 tires and has accepted the risk.” In 1992 when the Highway Traffic Administration conducted a rollover test, Explorer received the lowest mark of the 192 vehicles tested. Concerned, Ford was requested to include an instructional video with each Explorer. According to a January 13, 1993, Ford memo, this practice was discontinued with the 1993 model. Ian Jones, a vehicle dynamics engineer interviewed by CBS News concluded that the design of the Ford Explorer contributed to its tendency to flip: “If you have a tall, narrow vehicle, it’s gonna be very unstable. And so, you, in effect, create the rollover situation because of the tire failure.”

Ford changed the Explorer’s suspension in 1995, but the very next year, there was an unexpected rollover on Ford’s own test track, while the vehicle was being driven by professional drivers. The Explorer did pass the rollover test of Consumer Reports in 1997. However, two more rollovers were recorded on Ford’s test tracks. One was so unexpected that the driver was not even wearing a helmet. According to trial attorney Tab Turner, Ford’s concern about rollover caused them to recommend a lower tire pressure which contributed to tire failure.

A Washington Post analysis of national and Florida crash statistics showed that Explorer has a higher rate of tire-related accidents than other SUVs, even when equipped with Goodyear tires. James Fell, former Chief of Research at the Highway Traffic Safety Administration, said the findings gave “an indication that there may be a factor with the Ford Explorer beyond the tire issue. It’s a first indicator

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that they have a stability problem. Both Ford and Goodyear criticized the Washington Post findings as lacking in substance, even though a similar observation was made in an internal Ford memo about rollover after tire explosions in Venezuela, “High incidence of vehicle rollover after a tire blowout or tread loss has not been detected for other vehicle brands.”
Professor Ron Houston, College of Engineering, University of Cincinnati, who has testified as an expert in accident reconstruction and vehicle dynamics told the Washington Post that a vehicle that is more likely to rollover also would contribute to tire failures: “These forces that are going to cause a vehicle to rollover are the forces that are going to cause dramatic force shifts in tires. ... If it has a high propensity to rollover, it also has higher weight shifting on tires.”

**A History of Recalls**

Ford is no stranger to crisis. The worst was in the 1970's when it was forced to recall 1.2 million 1971-76 Ford Pintos because of exploding gas tanks. In the past decades, several automobile brands have been destroyed due to wide publicity over defects. In the 1960’s, Chevy Corvair was pilloried in Ralph Nader’s *Unsafe at Any Speed* and in the 1980's, the Audi 5000 incurred negative publicity. Even when the facts later exonerated the brands the damage had been done through wide media publicity.

In the >70’s and >80’s, the U.S. automobile industry faced tough competition from imports. Substantial investments were made to improve product quality and customer perceptions. Ford, in particular, was successful with their campaign “At Ford, Quality is Job #1.”

As the Firestone tire recall was in progress, the National Highway Traffic Safety Administration (NHTSA) opened a preliminary investigation on the stability of Explorer and Mercury Mountaineers. Sway bar links, which connect the left and right front wheel control arms and help control the pitch of the vehicle in turns, were found to be broken. A broken link has the potential to increase the severity of an accident during a tire tread loss. Ford recalled 1995 through 1997 models of the Explorers and 1997 Mountaineers, affecting 876,413 vehicles. On October 10, 2000, in Oakland, California, Alameda County Superior Court judge Michael Ballachey ordered Ford to recall up to 2 million Ford cars and trucks for design defects that make vehicles likely to stall. He accused Ford of producing a “blizzard of unpersuasive statistical evidence” about the reliability of TFI (thick film ignition) module, the source of the problem. Ford disagreed with the judge. California judgement was followed by a voluntary recall of more than 351,000 model 2000 Focus subcompact

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78 "Explorer Tire DNP B PE00-020-2150" B internal Ford memo on findings of Venezuela investigation with Firestone.

cars with numerous defects. In November, Ford made two recalls: 430,000 Mustangs for parking brake problems and over 700,000 F-Series pick-up trucks for problems with the fuel line. Also, recalled for the fourth time, was the new, small SUV Ford Escape. The vehicle had been in the market only since August, 2000.

Ford created a “war room” on the 11th floor of its headquarters in Dearborn, Michigan. It became a permanent resident for their “crisis team” comprising people from engineering, public affairs, legal, and recall services group. The team swiftly responded to negative comments about Explorer in the media. Early on, as part of its campaign to reassure customers, Ford had Jacques Nasser appear in a commercial during ABC’s coverage of Monday Night Football on August 21. Mr. Nasser, looking straight into the camera, said, “You have my personal guarantee that all the resources of Ford Motor Company are directed to resolve this problem. ... There are two things we never take lightly: your safety and trust.”

**Impact on Sales**

The first impact of tread separation on demand for Ford Explorers in the U.S. started emerging in August, 2000. A survey of 2,800 prospective SUV buyers by CNW Marketing/Research of Bandon, Oregon, showed that Ford’s approval rating for its handling of the tire recall dropped from 70.3% on August 15 to 17% by August 31. The number of visitors to Ford showrooms dropped from being 12% above industry average prior to recall to 6% to 9% below industry average after the recall. Over 25% of prospective buyers of SUVs who had ranked Explorer as their first or second choice before the recall moved it to third or fourth by the end of the month. In October, 2000, sales of Explorer were down 16% compared to 1999. According to Art Spinella, an industry analyst with CNW Marketing Research, the decline was based purely on the recall. “The real problem is that people still associate Firestone and Ford. Ford has not yet separated itself from the issue.” Spinella said that while the price of a used SUV decreased 3.5% during May-October, 2000, the price paid for a used Explorer fell by 8.5%. Automotive Leasing Guide, the “bible” for valuing new-vehicle leases, downgraded the value of the Ford Explorer. The vehicle’s projected resale value after it came off the lease shrunk by $1,850, with one-third of the decline attributed to the Firestone recall.

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Acquisition of Firestone

Firestone Tire & Rubber Company of America was acquired in 1988 for $2.6 billion by the Bridgestone Corporation of Japan. Firestone had gone into hard times following tread separation problems with their 500 series tires. “The company was slow to respond to customer complaints. ... It actually blamed drivers for under-inflating their tires.” The company fought with the government for months before agreeing to recall 13 million radial tires. The recall was followed by huge losses, new management, slashing of jobs, closure of factories, and move of headquarters. Firestone was struggling in 1988 when Bridgestone acquired it “with little hope of directly recovering the cost. It was a name. A name that could sell tires.”

Mr. Yoichiro Kaizaki was sent from Japan in 1991 to manage the floundering U.S. subsidiary. Within two years Mr. Kaizaki restructured the operations and got the unit on a growth path. He was rewarded for his success by being named the top executive of the entire Bridgestone group in 1993. The reorganization of U.S. plants brought highly publicized labor unrest during 1994-96. He demanded that wages be linked to worker productivity. Many workers were sacked at the Decatur, Illinois plant, the source of recalled ATX tires.

The Decatur Plant

The Decatur plant was built in 1942 by the U.S. government to house the Decatur Signal Depot. The plant manufactured and stored telecommunication equipment for the Defense Department and was shut down in 1961. It was acquired by Firestone in 1962 to manufacture bias tires. Bias tires are simpler to make and much more forgiving than the recalled steel-belted radials. Steel-belted radials are vulnerable to moisture and humidity which can cause corrosion and as such impact the ability of the steel belts to adhere to rubber. Although the airconditioning which can reduce humidity was overhauled two years ago at the Decatur plant, it was not installed throughout the plant. The equipment at the plant is also old. Huge Banbury blenders mix raw material under intense heat and pressure. Calendar machines have enormous rollers that press the parts of the steel belt together. According to experts, age of the equipment could have impact on the effectiveness of the bond between the belts. Firestone has maintained that it continuously updates its plants, although no specifics have been offered regarding improvements at the plant.

83 Ibid.
The Decatur plant had experienced serious labor problems during 1994-96. During the two-year strike, Firestone hired replacement workers who wanted to vote out the Steelworkers Union which represented workers at the plant. Some of the old workers blame the replacement workers for the high number of defects found on tires manufactured at the Decatur plant. The names of “scabs” were put on the “wall of shame” at the Union Hall.

Rex Gorgan, an internationally renowned expert in tire engineering and a former manager in the technical department at Dunlop Tires said Firestone was trying to make a tire, which is a handmade article, with people who’ve never made a tire, and they also were trying to get increased quantities out the door. The figure that I have seen was 110 percent output.” He said that shortcuts were taken in the belt-skim compounds. “If you are trying to get excessive capacity out of a factory with green labor, these are the sorts of things that can happen,” said Gorgan. “You’ve got to have very rigid housekeeping standards to make sure that the material doesn’t get stale. But if you’re trying to squeeze lot of tires out, the temptation is to say: ‘Aw, well, it’s only a couple of days of overage, we’ll use it, it looks all right.’ And it is not.” Mr. William “Max” Nonnamaker, President of the Akron tire consulting firm, Nonnamker & Associates, agrees. “They were forced to use drier setup stock, or the builders themselves, being inexperienced, didn’t know the difference between dry and proper set up stock,” said Nonnamaker. The set up stock (or belt-skim compound) must form a proper bonding on the belts. A drier set up stock leads to a mechanical bonding and not the chemical, crucial for the performance of the tire.

Former workers at the Decatur plant were deposed by lawyers representing victims of accidents involving Firestone ATX tires. Four former employees, each with more than 30 years of work experience at Decatur, testified that the final inspections of the tires at the plant lasted between 10 to 15 seconds or not at all, that hot and humid conditions in the plant could have compromised set up stock and that outdated materials were used to make tires. Mr. Darrell Batson, who had worked as tire inspector during 1965-1995 at the Decatur plant, described the use of benzene to refresh or return to the adhesiveness of set up stock that had lost its tack when left standing too long. Excessive use of benzene can damage the quality of the tire material. Firestone spokeswoman, Christine Karbowiak, described the former employees as “disgruntled.” She said that the company stood by its manufacturing processes and procedures. According to her, Firestone procedures ensure that “only quality products goes out the door.”

Capitalization and Market Position of Bridgestone/ Firestone

Bridgestone, Japan, had a market capitalization of $22 billion in 1999. In the U.S., the company had sales revenue of over $7.5 billion, which represented approximately 40% of Bridgestone’s worldwide sales revenue and 25% of the earnings. According to Modern Tire Dealer in 1999 Bridgestone/Firestone sold $350 million worth of tires to Ford Motor Company. Bridgestone/Firestone was the single largest supplier of tires for new cars to Ford with a market share of 38% of total Ford volume. Goodyear was a distant second brand with a share of 23%.

Bridgestone/Firestone has been an aggressive player in the original equipment market over the past decade, becoming one of the largest suppliers to the automakers. This enabled the company to expand their total market share, increase capacity utilization, and lower per unit cost of manufacturing. Besides selling to OEMs, Bridgestone/Firestone sells replacement tires to customers through 1,500 company-owned stores, 8,500 authorized dealers, and thousands of other retail outlets such as Sears, Roebuck & Co. Many Firestone dealerships have been passed on within the family, from father to son and have a strong community anchor.

Handling of The Recall

Initially, the ATX tire recall was managed exclusively by Bridgestone/Firestone, USA. Top executives in Tokyo under Mr. Kaizaki were either “unwilling or unable to respond.” While the CEO of Ford, Mr. Jacques Nasser, was personally leading the charge, at Firestone/Bridgestone U.S.A. it was the vice presidents and executive vice presidents who were leading the charge. The press conference announcing the recall was conducted by Mr. Gary Crigger, Executive Vice President of Bridgestone/Firestone, USA., and not the CEO, Mr. Masatoshi Ono. When pressed, the media was told that a news conference by Mr. Ono hasn’t been planned “as of yet.” Ono’s behavior is the norm in Japan. The most successful managers are masters of the art of nemawashi, the slow, quiet consensus-building required to reach decisions. According to experts on Japanese management practices, CEOs are judged on their ability to boost company sales. Few senior executives are good public speakers comfortable with meeting members of the press and investors. Japanese senior managers are used to a system where “you send a low-level guy who bows profusely.”

In an interview with the Wall Street Journal, Mr. Ono said that all through the crisis he had

88 Business Week, on-line, September 15, 2000.
90 Business Week, on-line, September 15, 2000.
restricted himself to a low profile while senior American managers took the lead. He had assembled
a team of 5-6 executives from legal and technical disciplines and received daily updates. According
to Peter Boardman, a UBS Warburg analyst, Mr. Ono did not “take the heat” by getting “in front of
everybody and saying here is the problem ... and show leadership.” Ford made a point of emphasizing to the
media early on that it was President Jacques Nasser who was leading the company’s response.

The recall initially focused on southern and western states. Customers were told that they
had to wait up to a year to get tires. This evoked considerable “consumer outrage.”

The first visible action on Mr. Ono’s part was an advertisement that appeared in
newspapers around the country on August 23, 2000. In the advertisement, Mr. Ono provided an
update of the company’s investigation into the cause(s) of the tire failures and efforts to replace the
tires.

**Representation of Bridgestone/Firestone**

Burson-Marsteller, the world’s biggest public-relations agency, worked for both Ford and
Firestone. Upon learning of a potential recall and possible conflict in public relations strategy
between the two clients, in May, 2000, Burson withdrew from Firestone’s account. Omnicom
Group Inc.’s Fleishman-Hillard, the largest public relations agency in the U.S. was retained by
Firestone in July. However, according to the Wall Street Journal, Fleishman was not told by
Firestone that a major crisis loomed for the company. In August, Fleishman executives concluded
that “they were receiving incomplete and questionable information from Firestone executives in the U.S. This made it
difficult to give good advice or to effectively represent the company.” However, Christine Karbowiak, Vice
President of Public Relations at Bridgestone/Firestone disagreed with this analysis, stating that
complete and accurate information was indeed provided to Fleishman executives. It is widely
believed that Firestone did not follow most of Fleishman’s recommendations. Instead, they relied
on the cautious counsel of their attorneys. Fleishman wanted Firestone to be proactive by issuing a
public apology and quickly recall and replace tires. Instead, Firestone “waffled.” Over the Labor
Day weekend Fleishman resigned stating that they could “no longer be of service to Firestone.”
Concurrently, the law firm of the former U.S. Senate Majority Leader Howard Baker B Baker,
Donelson, Bearman & Caldwell B withdrew itself from representing Firestone. The firm had a
conflict of interest due to its work with Ford. Firestone had relied on the counsel of Baker,
Donelson, Bearman & Caldwell. Eventually, Fleishman was replaced with Omnicom Group’s

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Ketchum as the new public relations company.

Ketchum prepared Mr. Ono for the Congressional hearing. As is customary in Japan, Mr. Ono accepted “full responsibility” on behalf of Bridgestone/Firestone and passed on the mike to Mr. Gary Crigger, Firestone’s Executive Vice President, to face lawmakers. Mr. Jacques Nasser took every opportunity to point fingers at Firestone and made it clear that Ford was reconsidering its 100-year-old relationship with Firestone. While both companies came under attack (Sen. Arlen Spector said the situation “cries out for criminal prosecution”), it was widely believed that Mr. Ono’s performance was the worse of the two and did not help the cause of Firestone.

On September 10th, almost a week after Mr. Ono’s testimony, Mr. Kaizaki broke his silence at a news conference organized in Tokyo. He promised “to support the Firestone brand with all the strength of the Bridgestone group.” He told the news conference that there might be problems with the tire, but the company hasn’t determined the root cause.

Impact on Sales of Firestone Tires

An Internet poll conducted by Harris Interactive during September 7-11 found that while 25% of 814 polled people said that the tire recall will either extremely or very likely influence their decision to buy a Ford product, 67% said that it would very likely influence their decision to buy a Firestone product. Only 14% agreed that Firestone’s actions were timely and responsible. However, 26% agreed that Ford had acted responsibly. Impact on the sale of Firestone was swift. Dealers reported a huge drop in Firestone tire sales. Mr. John Wogan, owner of Topline Tire & Auto Centers in Brooksville, Florida, reported a decline of 50% in the sales of Firestone tires. Chris Tolleson, a dealer in Mississippi, reported a decline of 25%. Customers started demanding replacement of even those tires which were not covered by recall. Mr. Michael Upton, who saw an 80% plunge in his sales in Jackson, Mississippi, decided to yank down Firestone signs at his stores and ask the company to take back tires. “Why should I even mention Firestone?” asked one dealer, “when I know what my customer is thinking about the name?” The impact of recall spread to car rentals. In a survey of frequent travelers done by USA Today, 30% said they would not rent a car fitted with Firestone tires, even if it was not equipped with the recalled tires. An additional 34% would refuse rentals with recalled tires. Although the sample was small (200) and unscientific, Mr. Neil Abrams

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98 USA Today, October 12, 2000.
who does market research for the auto rental industry said, even if fewer than 5% of customers refuse cars with Firestones, the industry faced a major problem. It would be very difficult for them to guarantee a rental without Firestones. Some customers started switching rental agencies. “Hertz could not guarantee a van for our family without Firestone tires,” said Paul Shimski of Atlanta. “We called Avis, who said that their vans had Goodyears. Therefore, Avis has our business and Hertz does not.” Kitty Grub, a lawyer from Florida reported checking all four tires before renting a car from Hertz. “I will not accept any rental car which has a Firestone tire on it, period,” she said.99

Anxiety about the acceptability of Firestone tires spread to other auto makers’ tire sourcing decisions. Mr. Hirohide Ikeno, President of Honda R&D Americas, Inc., said they were extremely worried about the Firestone brand’s overall brand reputation because of the recall. He was concerned about consumer backlash against the Firestone name. “We are going to monitor consumer reaction to this Firestone recall very carefully,” said Mr. Ikeno.100 However, Mr. Toshiaki “Tag” Taguchi, President and CEO of Toyota North America, affirmed their relationship with Bridgestone/Firestone. Firestone executives had feared that their combative stand against Ford regarding the cause of tire failure may affect their relationship with other auto makers. Mr. Taguchi stated that to defend one’s position aggressively, even if it’s between and auto maker and supplier, is a “fair game” in the U.S. He said that the pressing issue for Firestone is not winning with Ford but regaining the trust of consumers the tire maker had lost.101

Sales data reflected market sentiment. On November 10, 2000, Mr. Kaizaki reported a 40% decline in the United States replacement tire sales during September-October as compared to 1999.

**Supply of Replacement Tires**

Other tire manufacturers raised their production levels to provide replacement for the recalled tires. Bridgestone raised production at its four factories in Japan to manufacture 650,000 replacement tires by the end of 2000. Michelin raised production by 400% on selected models of Michelin, BF Goodrich and Uniroyal brands. The company worked with Ford to allot a certain number of tires directly to Ford dealer network to meet their needs. They posted information on their website to permit customers to key in the name of their recalled Firestone tire and learn which particular Michelin tire could be used to replace it and how to get reimbursed.

Goodyear Tire & Rubber Co. of Akron, Ohio, boosted by 250% their production of tires

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99Ibid.
suitable for use as replacement for the recalled tires. To reduce time lag, Goodyear started a direct shipment program from the factory to retailers bypassing distributors. Goodyear began emphasizing its own safety record by promoting the slogan: “Serious Technology. Freedom from Worry.”

Under heavy consumer pressure, Ford gave the three tire suppliers Goodyear, Michelin, and Continental 130 tire molds for the P235/75R15 size tire in September. By the first week of October, over 3.7 million tires were replaced using either new Firestone or competitors’ tires.

The tire recall by Firestone brought into focus the entire industry. Los Angeles Times reported that since 1995, Goodyear had received more than 3,000 claims regarding Long Range E-16” tires fitted on vans, light trucks, and sports utility vehicles. A majority of the claims were settled with consumers receiving replacement tires and reimbursements, if their vehicles were damaged. Safety advocates and plaintiffs’ lawyers compared this “silent recall” to the situation of Firestone which was forced to recall 14.5 million tires by NHTSA based upon 3,700 complaints. Goodyear denied that their program was a silent recall and labeled their effort as purely a “customer satisfaction” program.102

Tread separations were also reported on Goodyear’s Long Range D 15” tires fitted on recreational vehicles. Some RV owners complained that Goodyear would replace tires for free, only if tread separation took place several times. The company blamed punctures, impact damage, overloading and underinflation for the accidents that contributed to deaths, injuries to passengers in the vehicles and damage to vehicles. Mr. Sean Kane, President of Strategic Safety, asked, “Why hasn’t Goodyear notified NHTSA about bad tires, and why is Goodyear still leaving the remaining tires on the road?”103 On November 21, NHTSA opened an investigation into Goodyear Long Range E tires for causing “sudden and catastrophic tire failure while driving.”104 Upon the announcement, Goodyear shares fell 3%.

Continental General Tire announced that it would replace free of charge about 160,000 tires for fear that they could lose part of their tread. About 140,000 of the 16-inch ContriTrac AS tires were supplied as original equipment on over 38,000 model 1998 and 1999 Lincoln Navigators made by Ford. Another 20,000 tires were sold as replacement tires.105 Meanwhile, Michelin SA announced the launch of Cross Terrain, a tire designed specifically for the SUVs. Lynn Mann, a spokesperson for Michelin said the new Cross Terrain was the first tire designed especially for SUVs. “It has aggressive, truck-like look that complements SUV designs and it has a silica tread compound that

enhances wet-grip performance, "said Ms. Mann.\textsuperscript{106}

Ford had been recommending to its SUV owners that they keep their tires inflated to 26 lbs. a square inch, a relatively low pressure that helps smooth the ride for passengers. Bridgestone/ Firestone had recommended pressure of 26 to 30 lbs., with a bias towards higher end. Plaintiff's attorney and consumer safety advocates used this as evidence that Ford was more concerned about comfort than safety. They contended that driving underinflated tires at high speeds generates high temperatures which can contribute to tire breakdown. Increasingly worried about the focus on tire inflation, Ford sought the help of Goodyear. Goodyear had supplied more than 2 million tires to Ford during 1995 to 1997 with a recommended inflation level of 26 lbs. per square inch. Goodyear said it has learned of "no problems" with tires at the recommended pressure.\textsuperscript{107}

Many Ford dealers reported that customers were refusing to buy vehicles equipped with Firestone tires in the wake of the recall. Late in September, 2000, Ford announced that they will let consumers have a choice of tires on 2002 Explorers, halting Firestone's long run as the sole supplier of tires for the Explorer. The choices were to include Goodyear, Michelin, and Firestone. Some industry observers wondered whether Ford will be able to set up such a program for model 2002 on such a short notice. Scheduling, inventory, and pricing of Explorer could also become difficult.

\section*{Management Changes at Firestone}

On the morning of October 8, 2000, Mr. Masatoshi Ono, CEO of Bridgestone/ Firestone, entered through the back door of a Nashville hotel to avoid waiting cameras and reporters. There he was questioned for eight hours in a law suit regarding an accident involving Firestone ATX tires. Mr. Ono testified that the public apologies made by him and other company executives during Congressional hearings did not mean admission of corporate liability. Those were merely expression of sympathies towards consumers. The recall, according to the deposition, was for the purposes of customer safety and no admission of any product defects. The very next day Mr. Ono announced his retirement, due to health. His announcement was not unexpected given that the parent company's CEO, Mr. Yoichiro Kaizaki, had expressed his preference for a new leadership and organization structure at Bridgestone/ Firestone. In a break with tradition, Mr. John Lempe, an American, was named as the new CEO and Chairman of the U.S. tire making operation. Also

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named was Mr. Isao Togashi, a Senior Vice President for Tire Production and Production Technology at Bridgestone, as President and Chief Operating Officer.

Mr. Lampe had been credited with rebuilding Dayton, a value brand of the company. He saw the brand’s market share grow and was put in charge of the replacement market for Firestone brand tires. Moments after he took over as the new chief, Mr. Lampe “blasted” Ford, “To say that our tires are the only reason for a Ford Explorer accident or rollover is very unfair. ... There have been a number of Ford Explorer accidents that were alleged to have been caused by tire failure ... And the tire wasn’t a Firestone tire.” He asked why Ford made significant design changes to the 2002 Explorer to improve its stability and lessen the chances of rollover if there were no design problems with the vehicle. Mr. Lampe invoked the widely publicized Washington Post study which suggested that Explorer had a higher rate of tire-related accidents than other SUVs even when equipped with Goodyear tires. Ford immediately fired back calling his comments “flat-out wrong” and asserting that there was “no design problem with the Ford Explorer.”

Lampe said 80% of the tire failures of Ford Explorers involved the left rear tire. Why? “We know that many people, not just in the United States but around the world, are now questioning our integrity and the safety of our tires,” remarked Lampe. “And we know that we can’t blame anyone else for people losing trust in Firestone products to our customers, not the media or Congress. The responsibility is ours.” As Mr. Lampe was meeting with the press, attorneys of the law firm of Podhurst, Orseck, Josefsberg, Eaton, Meadow, Olin & Perwin filed 32 law suits in the federal court in Miami, Florida, charging Firestone and Ford for deaths and injuries in 26 accidents in Venezuela and six in Columbia. Ten people had died in these accidents.

While Jacques Nasser was blaming Firestone for tire problems, Ford Motor Company Chairman, William Clay Ford, Jr., a descendant of Harvey Firestone, appeared on CBS’ 60 Minutes. When asked whether Firestone had out-and-out lied or been deceitful with Ford, Ford, Jr., refused to go that far. “Those are strong words,” said Mr. Ford.

**REACTION IN THE STOCK MARKET**

The stock market reacted swiftly to the market conditions. [See Figure 2.] Bridgestone shares lost almost 60% of their value by October, 2000. It slightly recovered during November. During December the news media reported that Firestone faced potential damage claims of $50 billion and

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might seek protection under bankruptcy. Share prices sank to their October levels. Mr. Kaizaki arranged a news conference to reassure investors that Bridgestone/Firestone was “not in a state of insolvency” and that Bridgestone had not “changed its intention to support Firestone.” He announced that Bridgestone would take a charge of $900 million, half the amount had already been spent on recall and the remainder represented estimated law suits.

Share prices of Ford Motor Company also fell. [See Figure 3.] Ford’s operating income decreased by 33% from a year ago during the fourth quarter of 2000. Slowing economy softened demand for automobiles in North America. The company shouldered about $500 million in cost associated with the recall during the third and fourth quarters. Ford faced huge additional expenses associated with law suits stemming from the recall. The company announced a delay in the launch of the 2002 model of Explorer to ensure that it was free of manufacturing defects.

Ford dropped Bridgestone/Firestone as the tire supplier for vehicles manufactured in its Venezuelan plant, breaking all ties between the two companies in Venezuela. Saudi Arabia banned the import of all Firestone tires. In a statement Firestone said, “the scope of this action is uncalled for and extreme.” The company sought the help of U.S. trade representatives to intervene on their behalf.

In December, 2000, Bridgestone/Firestone hired a Texas lawmaker, Rep. Juan Hinojosa, to help defend the company. In Texas, lawmakers involved in court disputes can ask the judge to postpone trial, until after the legislative session B a move known as legislative continuance. Plaintiff’s attorney, Scott McLain said, “I think everybody knows exactly what is happening here. Mr. Hinojosa was hired for the sole purpose of delaying this case. The company knows it is so fresh in everybody’s mind, the jury is likely to be angry.” When asked, Mr. Hinojosa refused to describe his role in the case. “I am out for hire” who practices law when he is not in Austin. “That is my job. That’s how I make a living.” When deposed, he said that he had last tried a product liability case in the 1980s.

The pinch of the recall was felt by the 8,500 authorized Firestone dealers. They were bewildered and angry. Should they stand and fight, defending the company they built their lives around or cut their losses and look for another brand to support? Typical was Mr. Chris Tolleson, second generation independent Firestone dealer in Richland, Mississippi. At a dinner party, a woman asked him if her 16-inch Firestone tires were a problem. He told her they were not part of the recall, but later felt unsure. He asked himself, “What if they expand the recall? What will she think of


A female customer walked into Mr. Tolleson’s store and demanded that the tires on her car, which were under recall, be replaced. He did not have the tires in stock. She grew angry and demanded that he sign a piece of paper assuming liability in the event of an accident. He refused. He confided to his fellow Firestone dealer, Michel Upton, “Stuff like that, it is awful.” His friend told Mr. Tolleson, “The brand is dead. It is like O.J. even after he was acquitted, you still don’t want to play golf with him.” “Yeh, yeh, I know,” replied Mr. Tolleson. “But I just can’t up and make a move like that.” Al can’t afford not to,” replied Mr. Upton. He had recently yanked down Firestone signs at his two stores.114

Plaintiffs’ lawyers suing Ford and Firestone described the spat between the two as “Goliaths fighting each other, instead of David fighting Goliath.” Mr. Bruce Kaster, an Orlando, Florida, plaintiffs’ lawyer scans every newspaper he can find for articles quoting Ford and Firestone executives blaming each other for the tire recall. “What’s going to happen now is we’re going to start calling those executives that have been so free to speak and depose them. We’re not going to let them get away and hide the ball,” said Mr. Kaster. Mr. John Bickel, a Dallas plaintiff’s attorney said, “If they’re pointing the finger at each other, there’s almost an assumption of liability. The jury just has to decide which one.”115

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