

## Case Studies

# Ford Motor Company and the Firestone tyre recall

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### ABSTRACT

This paper was prepared as the basis for a class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. It may be appropriate for public affairs, business and public policy, and/or crisis management courses at the undergraduate or graduate level. In conjunction with this case, it may be useful to use the framework for crisis management developed by Dr Ian I. Mitroff, the Harold Quinton Distinguished Professor of Business Policy at the Marshall School of Business, University of Southern California. This best practice model is discussed in 'Managing Crises Before They Happen', which

Mitroff published in 2001 with Gus Anagnos, Vice President of Comprehensive Crisis Management.

This case leads the audience through the Ford–Firestone tyre crisis from 1997 — when Ford began to learn of a problem with Firestone tyres on its popular Explorer sport-utility vehicle — up until the summer of 2001, just after Ford recalled 13 million Firestone tyres and the National Highway Transportation and Safety Administration cleared Ford of further investigation into potential defects in the Explorer.

The case addresses potential causes of the tyre problem, how Ford handled the crisis from a corporate public affairs perspective and, tangentially, how Firestone handled the issue.

**KEYWORDS:** Ford, Firestone, Explorer, tyre, Nasser

### INTRODUCTION

In 1997 and 1998, the Ford Motor Company began receiving reports from Saudi Arabia, Venezuela and Malaysia about accidents involving the Explorer, Ford's popular sport utility vehicle (SUV). Firestone tyres mounted on the vehicles were blowing out or experiencing tread separations that led to violent accidents, vehicle rollovers, injuries

and some fatalities. At Ford's request, Firestone, the US division of the Japan-based Bridgestone Corporation, checked its database of failure claims and tested its tyres to determine whether an intensive evaluation ought to be undertaken by the firms. Firestone explained to Ford that the failures were attributable to extreme driving conditions, improper maintenance and under-inflated tyres (Muller *et al.* 2000, 2001).

Early in 1999, Ford again asked Firestone to review its claims data, this time to determine if US customers were experiencing tyre problems similar to those occurring abroad. Firestone assured Ford that there were no problems, and Ford data and government safety data did not reveal any problems either (Ford Motor Company 2000g, 2001g). But as reports of accidents in the Middle East continued, Ford and Firestone decided in July 1999 to replace Firestone tyres on 45,000 Explorers there. While the same Firestone tyres were mounted on Ford Explorers sold in the USA and other countries, Ford and Firestone were not legally required to notify US regulators of their overseas replacement program (Grimaldi 2000). Bridgestone/Firestone lawyers had 'major reservations' about conducting the programme without notifying the US Department of Transportation, but the firms proceeded without alerting the US regulator (Grimaldi 2000). Seven months later, Ford and Firestone launched a similar tyre replacement programme in South-east Asia, and a third programme was initiated in Venezuela in May 2000 (Ford Motor Company 2000b, 2001b).

Between February and April 2000, a team of Ford and Firestone engineers inspected actual tyres that had failed in south-western states of the USA like Arizona, Nevada and Texas to determine if the problems that the firms had seen in Saudi Arabia were manifesting themselves in the US market. Their 'Southwest Study' concluded that the failures in the USA were not analogous to those

occurring abroad (Ford Motor Company 2000b, 2001b).

The US National Highway Transportation Safety Administration (NHTSA), the federal agency responsible for tracking information about potential automobile safety issues, had been receiving letters from Explorer owners in the USA since the early 1990s. The authors detailed stories of accidents that involved Firestone tyre failures on their Ford Explorers. In July 1998, The NHTSA received data from the State Farm Insurance Company documenting 21 cases in which Firestone tyres were implicated for Explorer accidents (Skrzycki 2000).

After news reports of fatal accidents involving Explorers equipped with Firestone tyres in the USA, the NHTSA launched an initial evaluation of Firestone ATX and ATXII tyres in March 2000. Two months later, having discovered 90 complaints about Firestone tyres on Ford Explorers in its database, the NHTSA announced a formal defect investigation into 47 million ATX, ATXII and Wilderness tyres manufactured by Firestone.

#### **FORD'S EXECUTIVE SUITE**

Ford chairman and CEO Alexander J. Trotman stepped down in 1998, a year earlier than anticipated. He explained that his job was complete: a global reorganisation had converted Ford into the world's most profitable car manufacturer. Three of America's top four vehicles in 1995, and five of the top ten, were Ford products (PR Newswire 1996). In 1995, Explorer outsold the second best-selling SUV by 57 per cent. In the USA, Ford's F-Series pickup trucks were the top sellers in this category for 14 years; Ranger was the top compact pickup truck for nine consecutive years; Escort was the best-selling sub-compact pickup truck for 14 consecutive years; the Taurus was the best-selling car for four consecutive years and the Mustang was the small specialty leader for ten years. Thunderbird topped the list for best-selling speci-

alty cars. Moreover, new products, like the Contour, were outselling their most direct Japanese brand competitors (Ford Motor Company 1996). Ford held \$14bn in cash in 1999.

To replace Trotman, Ford developed a power-sharing arrangement. Jacques Nasser, who had been Ford's president under Trotman since 1996, was promoted to chief executive officer. Described by the business press as 'hard-nosed' and 'blunt-talking', the Australian was credited with transforming Ford 'from struggling with the worst performing profit margins in the business to scoring record earnings. . . surpassing General Motors' (Naughton and Kerwin 1998). Nasser earned the moniker 'Jac the Knife' for initiating a dramatic reorganisation and cost-cutting plans. During his first 18 months as President, he had laid off 5,300 salaried personnel and slashed \$4.3bn in costs.

Ford's new chairman, and Nasser's counterpart, was William Clay 'Bill' Ford, Jr, who had joined the firm directly after graduating from Princeton in 1979. He had worked in various positions throughout the company in what *BusinessWeek* described as 'an apprenticeship for a chairman-in-training' (Naughton and Kerwin 1998). Bill Ford, Jr was the first of his family to run the company since his uncle retired in 1979, and the Ford family still controlled 40 per cent of Ford Motor Company.

#### THE FORD EXPLORER

Ford launched the Explorer in March 1990, when the SUV market was in its infancy. The new vehicle replaced Ford's Bronco II, and during development was even referred to as the '4 door Bronco II'. Ford later changed the product's name to Explorer, when an increasing number of deaths were connected to Bronco IIs that had rolled over (Safetyforum.com 2001b).

The new Explorer had few competitors, more interior room and was considered to be more comfortable than other vehicles in its

class. During its first year, Explorer sales totalled 140,059 vehicles.

Explorer sales rose by 56 per cent to 249,640 vehicles only one model-year later. By 1997, nearly half of Ford's annual \$6.9bn profits came from domestic sales of SUVs and light trucks (Naughton and Kerwin 1998). Alone, the Explorer accounted for 15 per cent of Ford's North American profits in 2000 (Klein and Stern 2001). Since its introduction, Ford has sold more than 3.6 million Explorers. From 1990 until 2001, the Explorer was the best-selling SUV on the market. It also has been among the top ten best-selling vehicles — car or truck — since 1990.

When designing the Explorer, Ford asked Firestone to develop a tyre for its new SUV. Ford was Firestone's largest customer, and the Ford–Firestone relationship was nearly 100 years old, one of the oldest partnerships in American business (Mayer and Swoboda 2001). It began through the friendship of Henry Ford and Harvey S. Firestone, and the two firms entered into a business relationship in 1906, when Firestone sold Ford 2,000 sets of tyres (Klein and Stern 2001). The Ford–Firestone relationship was further cemented when Henry Ford's grandson, William Clay Ford, married Harvey Firestone's granddaughter, Martha Peake Firestone. Their son, Bill Ford, Jr, was Ford Motor's chairman and Nasser's colleague.

With specifications outlined by Ford, Firestone developed new tyres for the Explorer. In the 1995–1997 model-years, 50 to 60 per cent of the new Explorers produced came equipped with Firestone tyres. Goodyear and other tyre manufacturers also produced tyres for the Explorer according to Ford specifications.

During the Explorer's design phase, Ford engineers considered various modifications to address the Explorer's instability. They recommended increasing the vehicle's width, lowering the centre of gravity and using smaller tyres, but management decided not

to adopt these changes (Safetyforum.com 2001b). Ford engineers then suggested reducing the tyres' pressure: Firestone originally recommended 30 pounds per square inch (psi). In consultation with Firestone, Ford management agreed to a range between 26 and 30 psi — which lowered the vehicle's height, or centre of gravity, by 90 thousandths of an inch (Ford Motor Company 2001e). Ford management told its engineers that it would consider their other recommendations for subsequent model years. Design changes late in the product development process were unacceptable to management because they would increase the cost and delay production of the new Explorer, and subsequently delay its launch (Safetyforum.com 2001b).

However, the agreed-upon lower tyre pressure increased friction between the tyre and pavement, meaning lower fuel mileage. Ford, like other car manufactures, was under pressure from government regulators to meet fuel economy standards. Furthermore, Ford was concerned that the Explorer's fuel economy was 7 per cent worse than that of competitors already in the market. Because increasing the psi of the tyres had caused the Explorer's wheels to lift off the pavement during turning test manoeuvres, Ford asked Firestone to modify the tyre's components and develop a lighter tyre. Firestone responded by reducing some of the tyres' rubber and steel components, which decreased the tyre's weight by 10 per cent and caused it to have less friction with the road (Safetyforum.com 2001b).

#### **FIRESTONE'S RECALL**

On 9th August, 2000, Firestone and Ford jointly announced that Firestone would voluntarily recall 14.4 million tyres under investigation by the NHTSA. Firestone estimated that only 6.5 million of the tyres were still in use. The recall included all Firestone ATX and ATXII tyres of the P235/75R15 size manufactured since 1991

and all Wilderness AT tyres of that same size manufactured since 1996 at Firestone's Decatur, Illinois, USA, plant (National Highway Transportation Safety Administration 2000). These tyres would be linked within weeks to more than 1,400 accidents and 88 deaths (Taylor 2000).

The replacement tyres would primarily be new Firestone Wilderness AT tyres produced at Firestone's Joliette, Quebec, and Wilson, NC plants. Ford also provided its dealers with a list of 30 replacement tyres that were produced by other tyre manufacturers. More than 500,000 Explorers had been delivered to customers equipped with Goodyear tyres with the same vehicle suspension system and the same recommended 26 to 30 psi tyre pressure. None had experienced tread separations (Ford Motor Company 2000b, 2001b).

Ford established a 'war room' on the 11th floor of its headquarters in Dearborn, MI, shortly after the NHTSA announced its investigation. Directly linked to Nasser's office, the war room was the site for daily meetings of a special task force that drew employees from Ford's manufacturing, engineering, finance, purchasing, legal, regulatory and public affairs units. Tom Baughman, the lead technical person responsible for the Explorer and Ford's other light trucks, and Helen Petrauskas, vice president of environmental and safety engineering, chaired the task force. The objectives were three-fold: 'Protect Our Customers, Protect Our Business, Protect Firestone' (Safetyforum.com, 2001c).

Ford worked to replace its customers' tyres quickly. To increase the pool of available replacement tyres, for three weeks beginning in August 2000, Ford shut down assembly plants in St Louis, MO (which manufactured Explorers), Twin Cities, MN (which manufactured Rangers) and Edison, NJ (which manufactured Rangers and Mazda B series trucks). The shutdowns enabled Ford to divert 70,000 tyres to dealerships. Many of the 6,000 hourly paid plant workers helped

nearby dealerships with tyre shipments, enabling dealership personnel to focus on assisting customers with tyre inspections and replacements. All plant employees continued to receive as much as 95 per cent of their base pay during the layoff period. Analysts calculated that Ford lost about \$4,000 in pretax profit for each unbuilt Explorer, suggesting that the shutdown cost \$100m (Taylor 2000). To further improve supply of replacement tyres, Goodyear and Michelin increased production of their 15- and 16-inch models (Ford Motor Company 2000c, 2001c). By the end of September 2000, the entire tyre industry had increased production of 15-inch tyres by more than 250,000 tyres per month (Ford Motor Company 2000d, 2001d).

#### **FORD'S PUBLIC FACE**

Ford launched a multi-million dollar public relations campaign with the August 2000 recall announcement. Nasser became Ford's primary spokesperson to the firm's many stakeholders. He appeared in television commercials and national newspaper advertising campaigns designed to reassure customers that Ford was moving quickly to replace tyres on its affected vehicles. Nasser told viewers, 'Your safety is our utmost priority. We will work around the clock until this situation is resolved, and we will continue to keep you updated with current information' (Ford Motor Company 2000f, 2001f). In other public communications, Nasser said, 'You have my personal guarantee that all the resources of Ford Motor Company are directed to resolve this situation' (Ford Motor Company 2001i). In an interview about the strategy months later, Nasser said, 'We wanted to communicate with everyone — customers, dealers, the government, other suppliers — about where we stood and what we were doing' (Taylor 2000).

At its customer call centre in Denver, CO, Ford increased the number of operators from 150 to 700 within four days; all phones were

manned 24 hour per day. It also opened an additional call centre. It posted banner advertisements on major Internet sites like AOL, Yahoo!, and MSN, with links to a Ford website dedicated to the tyre issue, which had been developed within about 48 hours of the recall announcement.

Pages on the website targeted many of Ford's stakeholders: customers, the media, suppliers, regulators and legislators. Through all of Ford's outreach, the message was consistent: Ford wanted its stakeholders to know that it was cooperating with Firestone and the NHTSA to understand the problem, and that its customers' safety was its primary concern.

Ford also presented messages that the Explorer was one of the safest vehicles on the road — safer than many competing SUVs and safer than passenger cars. To bolster its argument about the Explorer's safety, Ford cited crash-test data from the NHTSA: 'over the past 10 years Explorer consistently has ranked among the safest vehicles in its class based on... the Federal government's real world database of crash statistics' (Ford Motor Company 2001e).

#### **POLICY IMPLICATIONS**

When Ford developed its war room shortly after the August 2000 recall announcement, Nasser reminded the 500 members of the task force that Ford did not want to be forced to act by legislation. The findings of the NHTSA could potentially warrant regulatory or legislative action that could harm Ford's 'bottom line'.

Within weeks after the Firestone recall, Ford began to direct the public discourse about the tyre failures, with messages that Firestone alone was responsible for the tyre failures. 'This is a tire issue and only a tire issue', Nasser testified to subcommittees of the House Committee on Energy and Commerce in August 2000. He also made two promises: 1) Ford would work with the tyre industry to develop an 'early warning system'

to detect the first signs of vehicles already on the road; and 2) in a reversal from its decision in 1999, Ford announced that it would voluntarily alert US regulators to any future problems with its products overseas: 'When we know it, so will the world' (Muller *et al.* 2000, 2001).

On Capitol Hill, again, in September 2000, Nasser testified that Ford had to urge Firestone to protect its customers: 'Firestone failed to share critical claims data with Ford that might have prompted the recall of these bad tires sooner. . . [S]enior Firestone executives not only acknowledged that Firestone had analyzed its claims data, but also identified significant patterns of tread separations as early as 1998. Yet, they said nothing to anyone, including Ford Motor Company', Nasser said. 'We virtually pried the data from Firestone's hands and analyzed it ourselves. It was only then — a few days before the recall was announced — that Ford engineers discovered conclusive evidence that the tyres were defective. We demanded that Firestone pull the tires from the road. . . We started by insisting that Firestone recall the bad tyres. To encourage — even prod — Firestone to take immediate action, Ford offered to share the cost and requested the use of competitors' tires' he said (Ford Motor Company 2000g, 2001g).

Over the next several months, as regulatory and Congressional interest in the issue increased, Ford stepped up its presence in Washington, DC. For decades, Ford had been well known in Washington, DC, spending an estimated \$8m per year on lobbying. Ford's in-house lobbying staff were experienced, and headed by Janet Mullins Grissom, who worked in the Department of State during the George W. Bush, Sr, administration. During the spring of 2001, 17 lobbyists from Ernst & Young's Washington office registered to work for Ford, as did staff from Boland & Madigan. (Michael Boland is a former aide to Senator Trent Lott [Republican, MS] and a member of the Senate

Committee on Commerce, Science, and Transportation. The committee has jurisdiction over consumer affairs and transportation issues) (Skrzycki and Johnson 2001).

Other Washington insiders on Ford's team included law firm O'Melveny & Myers and the Alliance of Automobile Manufacturers, a trade association with extensive policy experience. Ford also added Cassidy & Associates and Michael Barrett, Jr, a long-time aide to Representative John D. Dingell (Democrat, MI), to its roster of Washington power brokers. Dingell was the ranking Democrat on the House Committee on Energy and Commerce, which has jurisdiction over consumer affairs and consumer protection. Many major legislative battles begin with that committee, and its members are constantly subjected to intense industrial lobbying. Dingell, meanwhile, lived within a mile of Ford's Dearborn headquarters (Skrzycki and Johnson 2001).

Lawsuits also were a concern to Ford because they carried financial, public relations and potential regulatory or legislative implications. In 1996, then Head of North American Operations for General Motors, Richard Wagoner, told automobile industry executives that 'the biggest threat to US carmakers are not foreign competition or new technology but product liability laws. . . We've got to start working together more in this country, on a basis of mutual trust, and stop suing everybody for everything' (Simonian 1996).

Ford had adopted a new product liability strategy in the mid-1990s. Under the tenure of the late Ford chairman, Henry Ford II, the firm had developed a reputation for quick and quiet out-of-court settlements. In 1994, Ford's general counsel James Brown, initiated the reversal of Mr Ford's unwritten settlement policy, which was designed to quell negative publicity. Ford began forcing customers who claimed they had been hurt by a defective Ford product to prove their case in court. While more cases went to trial,

Ford stated that one in three plaintiffs was turned away, and that the firm won four out of five trials. As a result, Ford's annual expense for judgments and settlements was reduced from \$200m in 1993 to \$100m in 1995 (Adler 1996).

As the Ford–Firestone tyre issue matured, Ford was working through several product liability suits, including some stemming from fires caused by faulty ignition switches. The defective switches had been installed in 7.8 million vehicles manufactured between 1988 and 1992. Ford settled a suit in October 2001 by agreeing to recall the switches. The recall cost was estimated between \$700m and \$2.7bn (Swoboda 2001).

Ford also had agreed to a \$425,000 civil penalty to settle a dispute with the NHTSA about the switches. The regulator disputed the timeliness of the notification Ford had provided to the agency regarding the defect. It also challenged the completeness and accuracy of Ford's response to information requests during its investigation. Previously, Ford had been reprimanded by NHTSA ten times for failing to make full disclosures during other unrelated agency defect investigations, resulting in financial penalties of about \$1m (Safetyforum.com 1999, 2001a).

#### UNRAVELLING A PARTNERSHIP

Shortly after the August 2000 recall, Petrauskas, Ford's Vice President for environmental and safety engineering, reported that Ford had opened its own investigation into the Firestone tyre failures and would share its findings with the NHTSA and Firestone. 'We are moving as quickly as possible to understand the issue. We are committed to doing what's right for our customers' (Ford Motor Company 2000a, 2001a).

Tyres were the only part of a vehicle not covered under the vehicle manufacturers' warranty, so complaints about Firestone's tyres weren't being reported directly to Ford, as a problem with another vehicle part would be. 'We're in a data driven industry, but

we're in an awkward position because in most cases we don't collect tire data', Nasser said (Taylor 2000).

There were more than 2,000 claims associated with the Firestone ATX and ATXII P235/75R15 tyres. Ford's engineers aggregated the data and analysed it using several methods to ensure that they understood the problem, isolated the suspect population of tyres and determined that other populations of tyres did not need to be included in the recall (Ford Motor Company 2000b, 2001b). Firestone's data revealed that many of the tyres that had failed were manufactured at its Decatur, IL, plant and that about 80 per cent of the accidents had occurred in Arizona, California, Florida and Texas. Firestone engineers were speculating that there was a correlation between heat, tyre pressure and tyre performance (Muller and St Pierre 2000, 2001). 'We crunched thousands of pieces of data. Once we understood the problem, we were out there with Firestone and the government recommending the replacement of the tires', Nasser said. Ford estimated that the recall would cost the firm about \$500m.

On 17th October, 2000, John Lampe, CEO of Firestone, met with Nasser at Ford's headquarters. Only on the job for a week, Lampe hoped to mend Firestone's relationship as a supplier to Ford. Ford was upset with Firestone for publicly criticising the Explorer and suggesting that the NHTSA investigate it (Safetyforum.com 2001c).

Firestone had written to the NHTSA alleging that Explorers are more likely than other SUVs to over-steer following a tread separation on a rear tyre, making the Explorer less stable. To support its claim, Firestone had funded a study that demonstrated Explorers were more likely to roll over after a tyre failure.

In December 2000, Firestone issued a report and press release that blamed both itself and Ford for the tyre failures. It identified design problems in the Explorer that led the firms to reduce the psi on the Explorer's

tyres. This lower inflation rate 'increased the running temperature of tyres and contributed to a decreased belt-adhesion level' (Safetyforum.com 2001b). Firestone acknowledged problems in the manufacturing process in its Decatur, IL, plant, as well as in the design of the tyre. Lastly, Firestone said that Explorer owners were misusing their tyres (Safetyforum.com 2001b).

Ford agreed with Firestone's assessment regarding the tyre's design flaw and manufacturing problems, and announced the thesis its engineers and scientists were testing: 'the design of the tire generates high stresses and heat in the wedge and belt area. Manufacturing processes at Firestone's Decatur Plant reduce the cohesion level of the rubber in that same area of the tire. This reduced strength permits cracks to propagate between the steel belts. We believe it is a combination of manufacturing factors and the reaction of the tire design to field operating conditions including hot weather and very low tire pressure, that have caused the increased failure rate of these tires' (Ford Motor Company 2000h, 2001h). But Ford denied any design problems with the Explorer.

The corporate blame game continued as the number of accident claims increased and fatalities resulting from Firestone tyre failures grew. This led to unravelling of the 100-year-old Ford-Firestone partnership. On 21st May, 2001, John Lampe announced that Firestone was severing its relationship with Ford. The firm reported that Ford was 'casting doubt' on the quality of Firestone tyres to 'divert attention' from safety problems in the Explorer (Klein and Stern 2001). Ford responded that same day: 'We are deeply disappointed that. . . Firestone decided not to work together for the safety of our shared customers, which is the only issue that matters' (Ford Motor Company 2001j).

#### **FORD'S TYRE RECALL**

On 22nd May, 2001, after a nine-month study, Ford announced a tyre replacement

programme for 13 million Firestone Wilderness AT tyres on certain Ford, Mercury and Mazda SUVs and light trucks. Ford estimated the recall would cost \$3bn — half of its 2001 projected profits (Butters 2001). 'Since last year, we have closely monitored field data from Firestone, worked closely with NHTSA, and conducted extensive laboratory and road testing. Taken together, all the data and analysis do not give us sufficient confidence in the future durability and performance of the non-recalled Wilderness AT tires on our vehicles' (Ford Motor Company 2001i), Ford reported.

Earlier in May 2001, Firestone had provided Ford with fourth-quarter 2000 warranty and claims data. Ford engineers gleaned that claims rates for Wilderness AT tyres manufactured at Firestone's Wilson, NC, plant — one of the plants where replacement tyres used in the recall announced in August 2000 were manufactured — were three times the industry norm (Mayer and Swoboda 2001). Ford reported in June 2001 that Firestone's data revealed that the Wilson, NC, Wilderness AT tyres had a failure rate of 19 tread separation claims per million tyres produced for the 15-inch tyre and 17 failures per million for the 16-inch tyre. A similar model of Goodyear tyres only had a failure claim rate of 1 per million tyres (Ford Motor Company 2001m).

Nasser stated that Ford's action was 'a precautionary and preventive step', and that while the tyres' rate of failure was 'relatively small', it was three times the industry average (Swoboda and Mayer 2001). In an open letter from Nasser to Lampe, Ford explained: 'we are concerned that the performance of certain Wilderness AT tires not included in last summer's recall is not at a level consistent with the performance of similar usage tires from competitive manufacturers. This concern rests significantly on data supplied by Firestone and NHTSA, which shows that failure rates for many of the Wilderness AT tires are already worse than competitive

standards and may deteriorate further in the future. Our own laboratory and vehicle tests confirm these results' (Ford Motor Company 2001k).

Ford recalled all 15-, 16-, and 17-inch Wilderness AT tyres on its vehicles. The tyres were to be replaced at Ford and Mercury dealerships at no cost to customers with tyres manufactured by Firestone's competitors. Furthermore, Ford offered to reimburse customers who had purchased tyres from other authorised dealers, with proof of purchase up to \$110 to \$130, depending on tyre size. Ford again suspended production at certain plants, to make more tyres available as replacements. The Twin Cities, MN, and Edison, NJ, plants (where Rangers were manufactured) were shut down for two weeks, and the Louisville, KY, plant (where Explorer Sport, Explorer Sport Trac and Explorers were produced) was closed for one week. Ford announced it would take a \$2.1bn after-tax charge in the second quarter of 2001 to cover some of the recall costs. It also suspended \$2.8bn from a planned \$5bn stock buyback programme (Ford Motor Company 2001l).

'Once we had doubts about the safety of our customers... we just decided to move ahead with the recall', Ford spokesperson Kenneth Zino said (Klein and Stern 2001). 'We no longer have confidence in the design of these tires based on our intensive study and Firestone's inability to convince us that these tires are safe' (Skrzycki 2001).

In June 2001, Michael P. Jackson, Deputy Secretary of Transportation, commended Ford before the House Committee on Energy and Commerce subcommittees on Commerce, Trade, and Consumer Protection, Oversight and Investigation, and Telecommunications. 'The Department applauds Ford for its strong commitment to safety and its efforts to retain the confidence of consumers'. Jackson continued, 'NHTSA has had no credible evidence that the Ford Explorer's design is in any way responsible

for causing tread separation or other such catastrophic tire failure' (United States Department of Transportation 2001).

The NHTSA ruling cleared Ford from a formal investigation of the Explorer, but criticism from Wall Street analysts and hundreds of personal injury and wrongful death lawsuits remained.

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