



## Fate of Firestone Tyres

Harvey Firestone founded the Firestone Tire and Rubber Company in 1900 and it was originally an American based company. When it was launched it dealt with the production of tires for different vehicles like buggies, wagons and similar transportation which was commonly used at that time.

As time passed, Firestone realized the market opportunity for them is making tires for automobiles and they began making and marketing them to increase sales. Soon, they started manufacturing tires on a huge scale and a great reputation landed them a big deal; their alliance with the famous Ford motors in 1906 and becoming the official suppliers of tires for their automobiles.

In the years 1920-1950, Firestone was opening up new factories and manufacturing units in several areas and even played their part in the second world war where they were called by the US Government to make military rubber products for the army.

In late 1979, however, the economic situation of the company was not good, and they were losing about 250 million dollars every year. The ex-owner of Zenith electronics, Nevin, was called to help them get out of the situation. He shut down many plants and held some talks after which in 1988, the company was sold off to a Japanese manufacturer Bridgestone.

The course of this business has been unsteady with a lot of ups and downs. After its alliance with Ford Motors, it enjoyed great profits, but then things got rough when their tires lost the quality that they were famous for. There were some corporate troubles that they got into which affected the overall profitability.

### Troubles along the road

#### i. Scandal

Firestone along with other companies got involved in a scandal known as the American Streetcar Scandal in 1950. In that scandal, the companies were accused of replacing the streetcar systems purchased from all over the country with buses. This obviously posed a lot of danger and was an act of dishonesty, and they all had to pay the price for it.

#### ii. Firestone 500

Radial tires were introduced by the competing brands of Firestone, and they did not have their own product to compete. They then felt the need to come up with their own radial tires. Therefore, they came up with the Firestone 500 radial; which sadly didn't have a positive fate ahead.



During the 1970s, Firestone started to face a lot of issues with their radial tires. The tires could not function at high speeds and ended up with the tread being separated. The reason for this was never clear, but it was thought to be because of water seeping in and eroding the material.

In 1977, a national investigation team went for a quality inspection where they said that the issue of tread separation was a defect which was present in all of their tires of series 500. Firestone took action on this and started their strict quality control check on the tires, but still, the basic faults were not removed.

In 1978, around 400,000 tires had to be recalled from the market and consumers because the quality wasn't right. In 1978, this recall amount reached a total of 70 million, making it the largest recall in history. Things got even worse when the tires were reportedly listed to be the cause of about 250 deaths, and the company was then heavily fined. A lot of lawsuits were carried out against the company and this destroyed all the reputation that they had earned in all those early years

### **iii. Rubber plantation**

In 1926, Firestone built their first rubber plantation in Liberia. This was the largest plantation in the world until the civil war broke. In 1990, the rebel forces took over their plantation and Firestone had to quickly move all their workers. Attempts were made to re start the process but only ended up paying taxes to the government, and after the second civil war in Liberia, a lot of damage was done to the plant which again cost them a lot of money. The venture then restarted in 2003, but since then has been the subject of a lot of criticism by the different labour rights organizations.

### **iv. Ford clash**

In 1996, a lot of companies reported having issues with the tires of Firestone. They all demanded that the tires should be replaced with new ones but after Firestone conducted an investigation which found the issues were because the tires were not inflated properly or had been abused by the users.

Parallel to this situation, Ford had also reported that they made some recommendations to add the nylon ply to the tires so that the strength could be improved. The high rate of failure with Firestone tires was affecting the trust which Ford had in them, and therefore they were re-evaluating their relations. On May 21, 2001, the 95-year long alliance with Ford motors had ended saying that "the basic foundation of our relationship has been seriously eroded."

### **Current state**

Bridgestone/Firestone operations are now based in Nashville and in 2008, the company celebrated their 20<sup>th</sup> anniversary. The name, however, has now changed to Bridgestone Americas Tire Operations. There are still



some brand divisions which operate under Firestone's name and the venture as a whole is present in about 23 states of the country.

### **Lessons learnt from the Firestone crisis**

#### **i. Have a public relations representation**

Issues similar to the ones that Firestone faced are common with almost every company, but what matters is how one tries to handle it. All companies should have a public relations representation that smartly handles such incidents. A quick response from a PR agency can help minimize the uproar and retaliation amongst the public. With the PR agency, you should plan a crisis-communication plan in which everything is decided on how to face such a scenario so that no time is wasted.

#### **ii. Take responsibility**

Things might have been in control if Firestone had not acted with such an attitude where they started blaming their own customers for their mistakes! Business is all about keeping the customers happy so that even if there is some issue, the customers are persuaded not to let that affect their relations. Firestone at some points started to put the blame on the users and how they had not properly inflated the tires, this led to an even more negative influence on people's mind, and the image deteriorated.

#### **iii. Quick response**

Firestone failed to realize the amount of damage that was about to take place not because the tires weren't of good quality but more because they were not taking immediate actions. They had a long and strong alliance with Ford Motors, but they didn't even think about how this uproar would affect their trust on the company. Firestone took things lightly and was late in their responses. By that time, a lot of discontent had already built up on press and media which negatively affected the trust that customers had on them and then simultaneously ended their bond with Ford Motors as well.