

Ford South Africa reacted badly in a crisis: it doesn't have to be that way

By [Owen Skae](#)

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In December 2015, [Reshall Jimmy](#) burnt to death in his 1.6-litre EcoBoost Ford Kuga in South Africa. Since then a recorded [51 Kugas](#) have caught alight across the country, and two more in Swaziland and Botswana. The Jimmy family recently announced they intend to bring a class [action suit](#) against Ford.



Yet it was more than a year after Jimmy's death that Ford [recalled](#) 4,556 1.6-litre EcoBoost Kugas in South Africa and more in other southern African countries. Ford took the decision only after the [intervention](#) of the [National Consumer Commission](#), a statutory body designed to protect consumers in South Africa. At a joint media briefing, Commissioner Ebrahim Mohamed stated that Section 60 of the Consumer Protection Act had been invoked to compel Ford into corrective action.

When confronted with the possibility of having to decide on a recall, manufacturers can respond in one of four ways:

- denial,
- involuntary recall,
- voluntary recall and
- super effort.

That Ford only acted after the consumer commission got involved suggests that it was in denial. It required a push to at least get to the involuntary recall phase and only after overwhelming [negative publicity](#) and memes that spread around social media.

The Ford Kuga case adds to a growing list of similar experiences in the auto industry which seems incapable of learning from its own history. Ford and Toyota have both been involved in messy voluntary recalls where both companies took a long time to act. Evidence of safety issues with the [Ford Pinto's](#) fuel tank first emerged in 1973. It took another five years – and a number of explosions, deaths and court cases – for Ford to recall 1.5 million Pintos built between 1970 and 1976.

Toyota faced complaints about the [sticky accelerators](#) in 2002. It took the company eight years to [recall](#) 7.7 million vehicles after a number of crashes and [deaths](#).

Empirical research into the effect of recalls confirms what rational people know to be true: they're a good idea. Laval University scholars, Nizar Souiden and Frank Ponsen, [note](#) that

“ Voluntary recalls and improvement campaigns can have a positive and significant impact on the manufacturer's image. ”

On top of this, it's also [self-evidently true](#) that product recalls can reduce the number of injuries and recalls in the future.

It's therefore clear that the sooner a company reacts to a problem, the less of a negative impact there will be on customers, the brand and the bottom line. And, in addition, that if it makes a super effort to address the problem it can even build brand and customer loyalty like never before.

This is vital in the business of business because, as [Gordon Cook](#), co-founder of preeminent marketing school Vega, bluntly puts it: “Brands cause business”.

So if the evidence supports the contention that the survival of a business depends on acting quickly in a time of crisis, including instituting swift recalls, why should there be any reason to delay?

Why firms freeze

The answer lies partially in the realm of [complexity theory](#) – that in the midst of a crisis many factors are at play, all of which have the potential to muddy the analysis and to pull the organisation in different directions. This often results in ill-conceived, naive and ineffective responses.

In the case of Ford, some commentators have even gone so far to say that there was [no response](#) at all.

But it doesn't have to be this way. There's another side to [complexity theory](#) that holds that organisations with two critical attributes can weather most storms. These are:

- a strong commitment to doing the right thing for stakeholders, and
- a high readiness are most likely to effectively respond to crises.

But organisations need both. If they're lacking in one they are likely to have ineffective responses which in turn will lead to post-crisis losses. This could be in both their competitive edge, including market share, as well as financially if they face penalties or their share price dives.

Singapore Airlines handling of [Flight SQ006 crash](#) is often cited as a model example of doing the right thing.

Rebuilding confidence takes time

The Kuga case is a classic example of being in the news for all the wrong reasons. And only time will tell if it will be able to bounce back from this as Toyota appears to have done.

It will need to rebuild brand equity. This will take time and will involve a great deal more than settling claims. And customers aren't their only constituency. They must also restore faith with other stakeholders such as the dealer network. The company faces a hard journey ahead.

In the meantime, the Kuga fire story will continue to dominate the headlines. These will only cease being negative and become positive if Ford South Africa truly embraces a stakeholder inclusive approach and views events from a moral perspective. Debates on brand value will come across as off-centre if legitimate and reasonable demands to right a wrong are not addressed.

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