

# What Ford SA should have done

**F**ORD SA has suffered huge damage to its reputation thanks to its poor handling of the crisis involving some of its Kuga cars. The global car manufacturer's local operation has been forced to recall more than 4 000 Kuga Ecoboost 1.6l models manufactured between December 2012 and February 2014.

Ford SA CEO Jeff Nemeth announced the recall after more than 40 cases of engine fires had been reported. To aggravate the situation, one death allegedly resulted from a Ford Kuga exploding in December 2015.

There can be little doubt that the Ford Kuga crisis has hurt the company's reputation, and could even prove fatal to its South African operations. Ford SA has been attacked viciously in the media and radio stations have been inundated with calls from angry customers, some of whom have resorted to legal action.

Ford SA has clearly made some elementary mistakes in managing the crisis. Companies today recognise the importance of a strong corporate reputation as a critical strategic asset, which translates into a source of competitive advantage.

One reason it has been put in the spotlight are the enormous reputational losses of the past few decades, including BP's Deep Water Horizon oil spill disaster and a number of car manufacturers having to recall vehicles.

Toyota has had to recall millions of vehicles worldwide because of various mechanical issues, and in 2015 Volkswagen's reputation took a serious knock when it was found to have manipulated its diesel vehicles' software to pass environmental tests. GM has also had to recall.

So what should Ford have done to protect both its customers and its reputation?

## Proper reputation management

Proper crisis management is crucial for a company. This is particularly true when a bad story breaks and a full-blown crisis develops – but crisis management is only effective if there's already a reputation

management process in place.

This should be done during the "good times". Also, a member of the executive should have been assigned responsibility for the company's reputation. If this is done properly, managing a crisis is always easier as goodwill would already have been built over time.

Once a crisis hits, it is extremely important to act immediately. Three things should be done:

- The company must acknowledge the problem immediately
- It must engage empathetically with customers
- It must answer questions from the media as honestly as possible

It then needs to plan its next steps, in order of priority. Some companies still seem to think they can keep facts away from the "outside world". They think they have time to fix things on their own before deciding to come into the open. There was a time when companies had the luxury of hiding, but that was before the immediacy of the internet and social media.

A question of trust

Reputations are built on trust, but in recent years the business world has been shaken by economic disruption, unethical and fraudulent practices, bad publicity and cracks in capitalism's foundations. People have lost their trust in companies.

Companies' reputations now come under attack more easily, fuelled by the media, the internet, social media and pressure groups. Customers are increasingly interested in the way large companies behave and have become more vocal in calling for transparency, accountability, as well as social and environmental responsiveness.

Companies' reputations are built more on emotional factors, such as trust, pride, admiration and a good feeling, than on rational factors, such as corporate performance or the quality of products and services. Clients and customers are applying a new set of criteria before buying products and services that in-

Factual information no longer ensures a good corporate image or consumers' trust – feelings matter too, writes **Marietjie Theron-Wepener**



**BURNING ISSUE:** Ford SA has its work cut out as it tries to do damage control after more than 50 cars' engines caught fire. Pictured is a Kuga which burst into flames on the R63 near Dimbaza earlier this month

Picture: SUPPLIED

clude ethics, values and stakeholder democracy.

Tangible issues matter too. Looking after the company's more tangible issues also plays a role. Companies should pay attention to:

- Corporate social responsibility – including social engagement and being environmentally friendly
- A strong corporate perfor-

mance – this includes strong and visionary leadership, sound financial decisions, strong financial performance and solid market leadership

- Being a good employer
- Making sure that customers have a good service experience, both in physical and online spaces

Given the scale of the anger and mistrust directed at Ford

SA, it's clear that even if it had ticked all these boxes, its management of the current crisis has left a lot to be desired. Its reputation is so badly damaged that even an intense PR campaign won't help much.

What is essential, even at this late stage, is direct, honest and authentic communication with customers, as well as stakeholders, such as dealers, employees,

the media and the National Consumer Commission. In particular, customers who have lost confidence in Ford and its products should be treated extremely well and be reassured.

The company needs to give people a reason to trust it again.

*Theron-Wepener is a doctor of business studies at Stellenbosch University*