

## MARIETJIE THERON-WEPENER

FORD SA has suffered huge damage to its reputation, thanks to its poor handling of the crisis involving its Kuga cars.

It has been forced to recall more than 4 000 Kuga models manufactured between December 2012 and February 2014. Ford SA's CEO Jeff Nemeth announced the recall after more than 40 cases of engine fires had been reported. One death allegedly resulted from a Ford Kuga exploding in December 2015.

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

So what did Ford SA get wrong? What should it have done to protect its reputation?

Proper crisis management is crucial for a company, particularly when a full-blown crisis is at hand. But in fact crisis management is effective only if

# How Ford got it so wrong

there's already a reputation management process in place.

Once a crisis hits it is extremely important to act immediately: the company must acknowledge the problem, engage empathetically with customers and answer questions from the media as honestly as possible.

It seems as if some companies still think they can keep facts away from the outside world. They think they have time to fix things on their own before coming out in the open. In the old days companies had the luxury to hide. But this was before the internet and social media arrived.

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. A climate of antibusiness activism, scepticism, pessimism,

blame and cynicism has emerged.

So companies' reputations come under attack more easily. This is fuelled by the media, the internet, social media and pressure groups. Customers have become more vocal in calling for transparency, accountability and social and environmental responsiveness.

“People are cynical and have lost their trust in companies

Companies' reputations are built more on emotional factors such as trust, pride and admiration than on rational factors such as corporate performance or the quality of products and services.

Customers are applying new criteria before buying products and services. These include

ethics, values and stakeholder democracy. Buying decisions are influenced by how companies themselves are perceived and, to a lesser degree, by the perceptions of their products or services.

The media play an important role in spreading the word about a company's reputation. History has shown that companies with favourable reputations are given the benefit of the doubt when faced with a sudden crisis.

But reputation isn't formed just by a company's PR and branding efforts. Most people form their impressions based on limited information or the opinion of others. Factual information is not enough for customers to form an opinion.

To acquire a favourable brand reputation, companies should make sure that they pay attention to a range of dimensions. The most important is that they should build a strong emotional bond with their customers and

other stakeholders. They can do this by ensuring that the company is admired, trusted and respected and that customers are proud to be associated with it.

But given the scale of the anger and mistrust directed at Ford South Africa 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 a massive PR campaign won't help it much at this stage.

What is essential, even at this late stage, is direct, honest and authentic communication with customers and 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 reassured. The company needs to give people a reason to trust it again.

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