

MOTOR TREND
classic



OUTLINE

- INTRODUCTION
- STATEMENT OF THE PROBLEM
- FACTS OF THE CASE
- CASE ANALYSIS
- CASE RESOLUTION

The **Ford Pinto** is a front-engine, rear-drive subcompact car manufactured and marketed by Ford Motor Company for model years 1971-1980.

The first subcompact developed by Ford in North America, the Pinto was marketed in two-door coupe (1971-1972) three-door hatchback (1971-1980) and three-door station wagon (1972-1980) body styles.



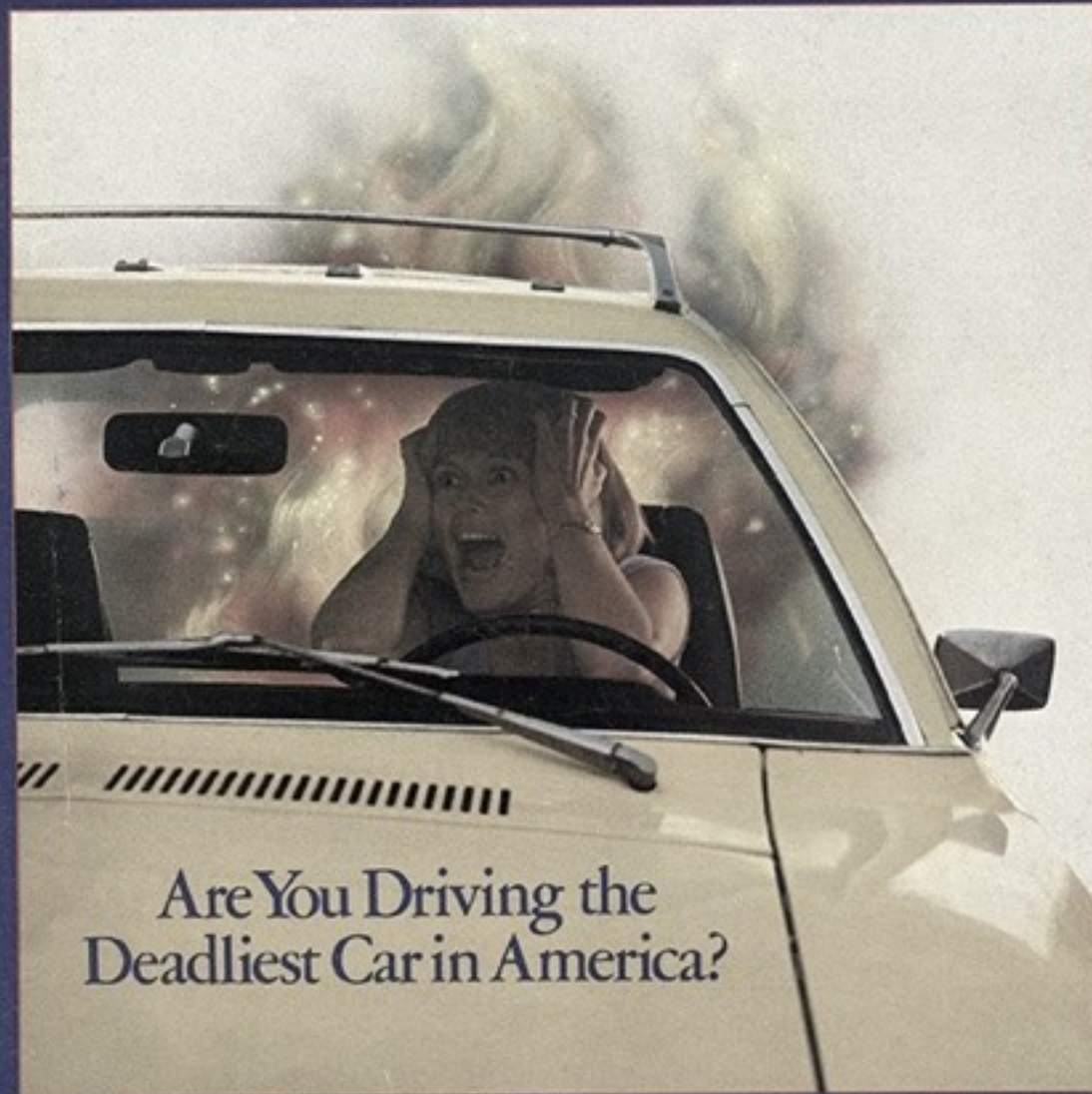
King of Animation • The Killing of Mr. Greenjeans
Abortion Doublecross • Coffee • Here Come de Judge!

SEPT./OCT. 1977

A MAGAZINE FOR THE REST OF US

\$1.25

MOTHER JONES

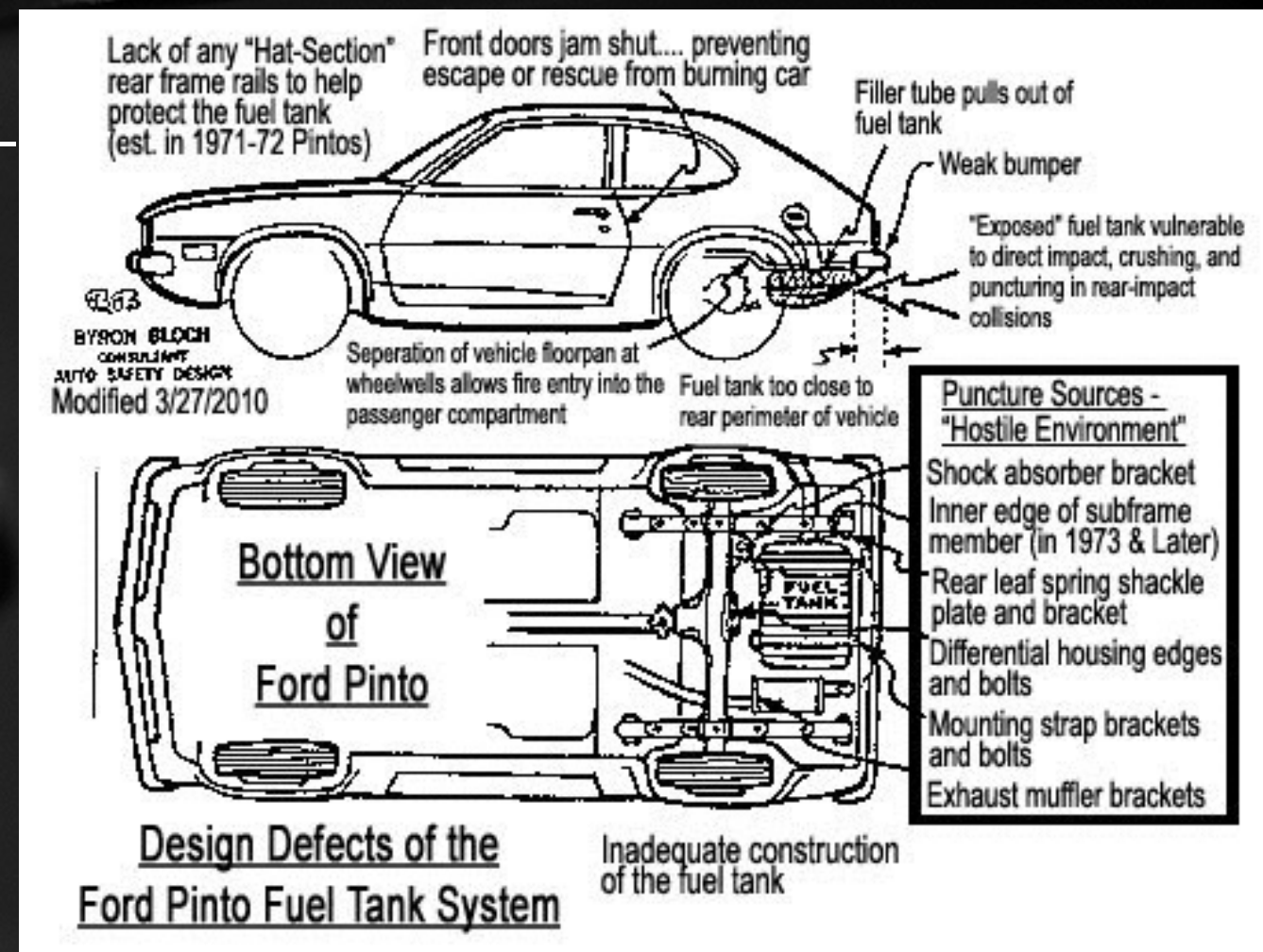


In 1977, Mother Jones magazine published a story entitled "Pinto Madness" accusing Ford of releasing an unsafe car with which hundreds of people suffered from deaths and disfiguration due to burns.



During the pre-production Ford Engineers already learned that a rear-end collision would easily rupture the gas tanks.

Despite knowing the defect and owning a patent of a much safer gas tank they continued with the production because the assembly line-machinery was already tooled when engineers.



Due to the high volume of sale and profitability Ford was willing to spend millions to settle possible damages and lobbied against the safety standards. Ford was able to hold off for eight years and was only able to come up with a new Pinto Model with minor alterations in 1977. Mother Jones, claims that Ford waited for eight years due to their internal “cost-benefit analysis” which placed a dollar value on human life

'79 FORD PINTO

Variety that is the spice of life!

Introducing the Ford Pinto family for 1979. Which introduces a new design for a complete small car. In a variety of 2-door, 3-door and wagon choices to fit nearly every driving and life style. With a price to fit nearly every budget. And a healthy list of standard equipment. And great new styling refinements from stem to stern. To learn more about the particular

member of the new Ford Pinto family that may be just right for you . . . read on.

Pinto's Far Out Front For '79.

The '79 Pinto has an exciting bold, new look. Both inside and out. Check out Pinto's striking new front grille with integral parking lamps. Its mod-looking single rectangular headlamps. And the stylish new hood and fenders, plus the new front bumper with black end sections. Pinto also has a new rear bumper, and the sedans have new futuristic taillights. Inside, there's a

fashionable new instrument cluster.

Also for '79, Pinto offers two new option packages. The Pinto ESS option, shown on page 4. Plus the Pinto Runabout with a Cruising Package option, shown on page 6.

Judge It By Its Great Standards!

Pinto offers great standard features. For '79, even the standard Pinto 2-Door Sedan has bright window surround moldings, electric rear window defroster, AM radio,* tinted glass all around, vinyl insert bodyside moldings, and stylish new

full wheel covers, Deluxe Bumper Group . . . all standard. And there's much more. See the back cover for a complete listing. Then compare. Judging by what you find, you should be sold on the '79 Pinto.

Pinto's The Course To Take If You're Familiar With Basic Economics.

Pinto's standard 2.3 litre overhead cam engine and 4-speed manual transmission provide acceleration when it's really needed. And be sure to take note of Pinto's gas mileage. Both city and highway.** Then note that scheduled

maintenance has been substantially reduced over the past six years. Pinto can go 10,000 miles or 12 months between scheduled oil changes and 30,000 miles between lubes. (See back cover for full details.) And Pinto's DuraSpark Ignition System eliminates points. Last, but not least, get Pinto's most attractive price, keeping in mind all that's standard. We think you'll agree . . . Pinto gives you a lot for your money.

Pinto's Appeal Is Far Reaching!

The main reasons why people of all ages

are coming to Pinto are most likely Pinto's reputation, looks and true value. But there are other reasons. Women should enjoy Pinto's rack and pinion steering and short wheelbase which help provide easy maneuverability, plus the many options designed with them in mind. Families really go for Pinto's roominess, which must be experienced to be truly appreciated.

Best of all, there's such a wide variety of choices, so there should be one just right for you. Pinto Pony 2-Door Sedan, 2-Door

Sedan, ESS option on both 2- and 3-door, 3-Door Runabout, Runabout with Cruising Package option, Wagon, Squire Wagon option, And Wagon with Cruising Package option.

So take a test drive today. Check out the wide variety of Pintos. See why we think Pinto is your logical choice.

From Cover: Pinto 2-Door Sedan in Bright Red (3R).

Below: Pinto Pony in Bright Red (3R), Pinto Squire Wagon in White (6C), Pinto ESS in Silver Metallic (10), Pinto 3-Door Runabout in Yellow (6E) and Pinto Wagon with Cruising Package in White (6C).

Note: See Notable Standard Features. Measurements and color code reference on the back cover.

Some items shown are optional. See options list on pages 14, 15.

* May be deleted for credit or upgraded at additional cost.

** At the time this catalog was published, 1979 EPA estimates were unavailable. However, we believe Pinto, as in 1978, will post good miles-per-gallon ratings. For the latest information, consult your Ford Dealer.



STATEMENT OF THE PROBLEM

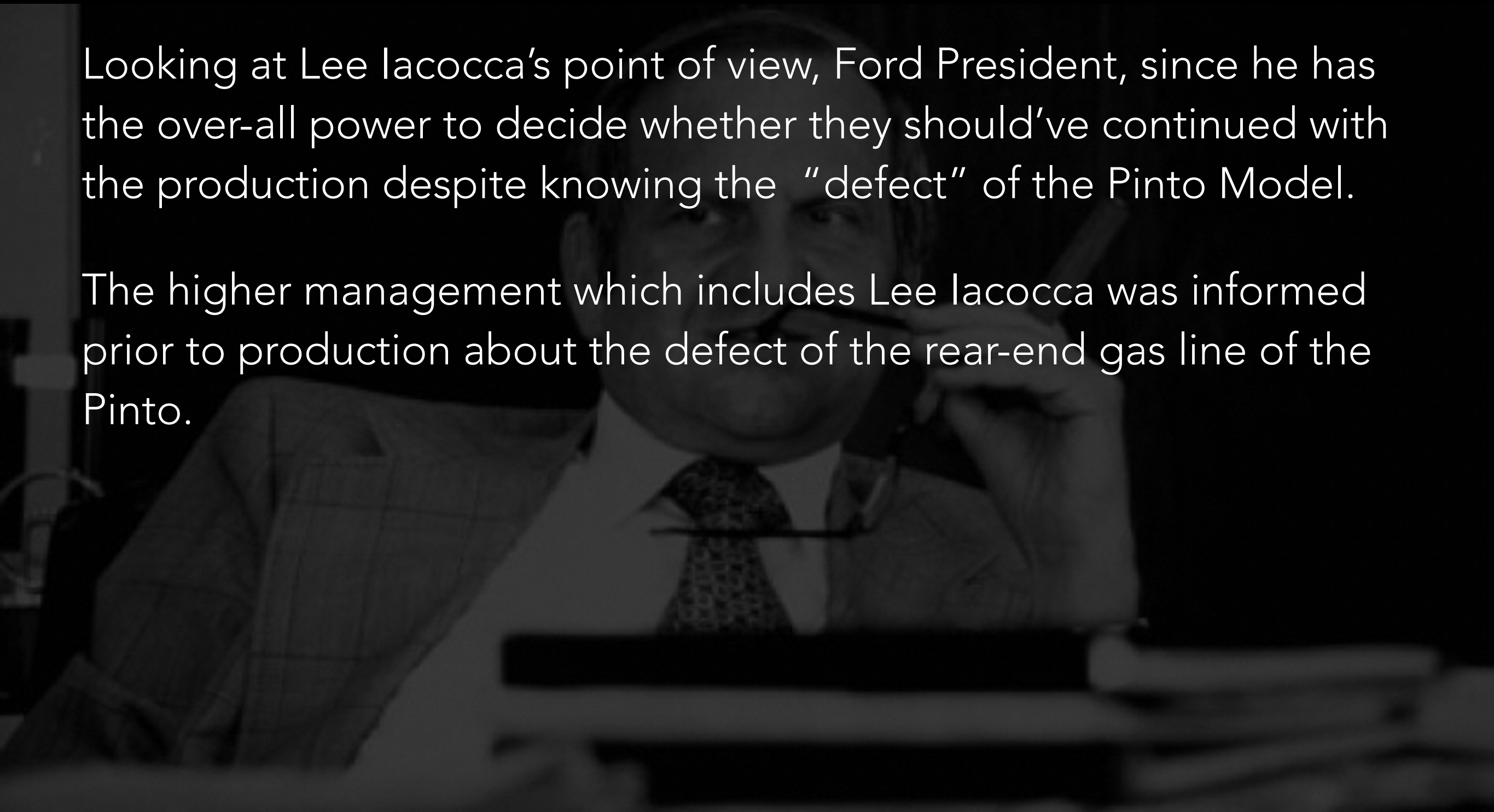
LEE IACocca



STATEMENT OF THE PROBLEM

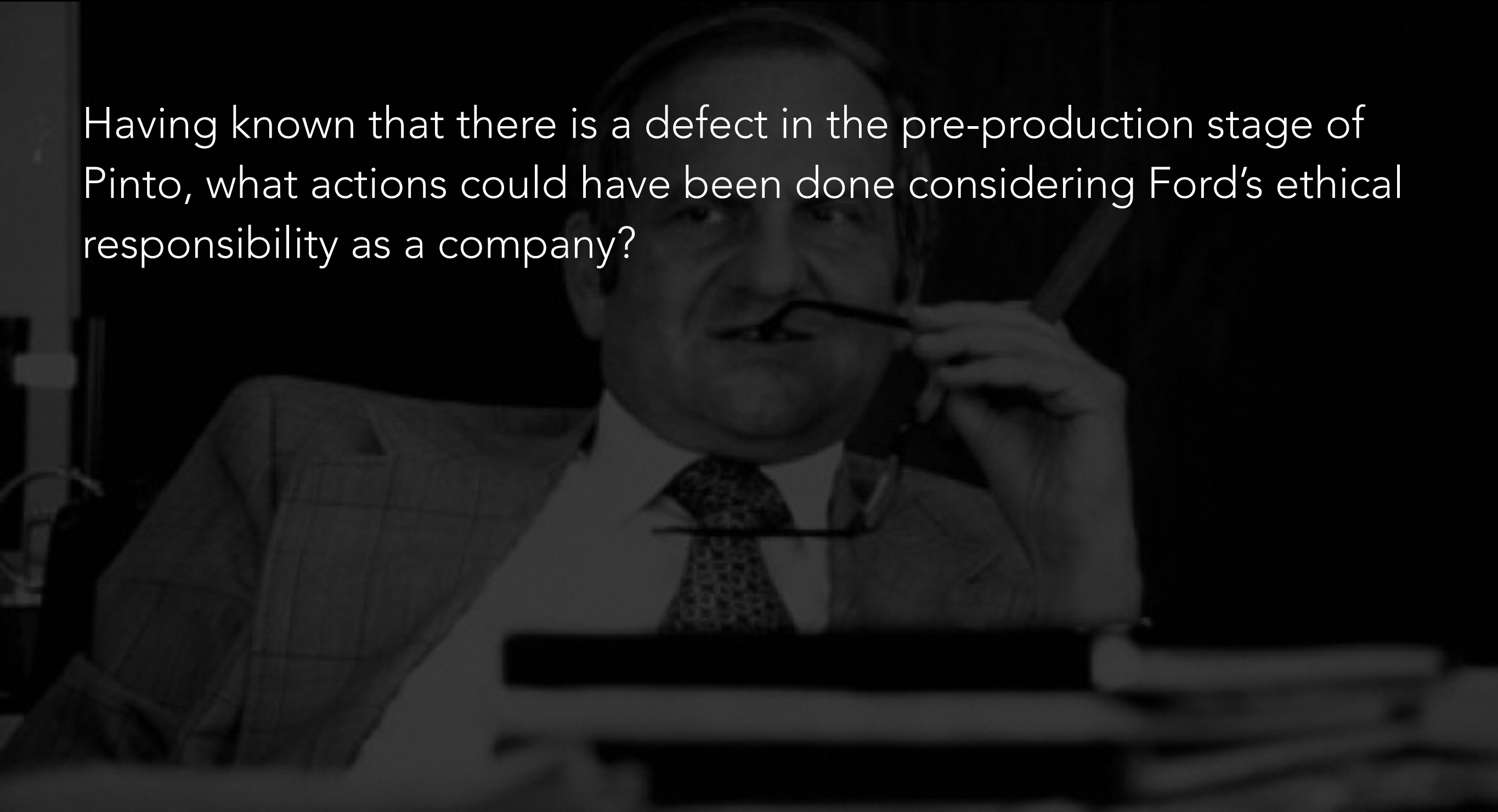
Looking at Lee Iacocca's point of view, Ford President, since he has the over-all power to decide whether they should've continued with the production despite knowing the "defect" of the Pinto Model.

The higher management which includes Lee Iacocca was informed prior to production about the defect of the rear-end gas line of the Pinto.



STATEMENT OF THE PROBLEM

Having known that there is a defect in the pre-production stage of Pinto, what actions could have been done considering Ford's ethical responsibility as a company?

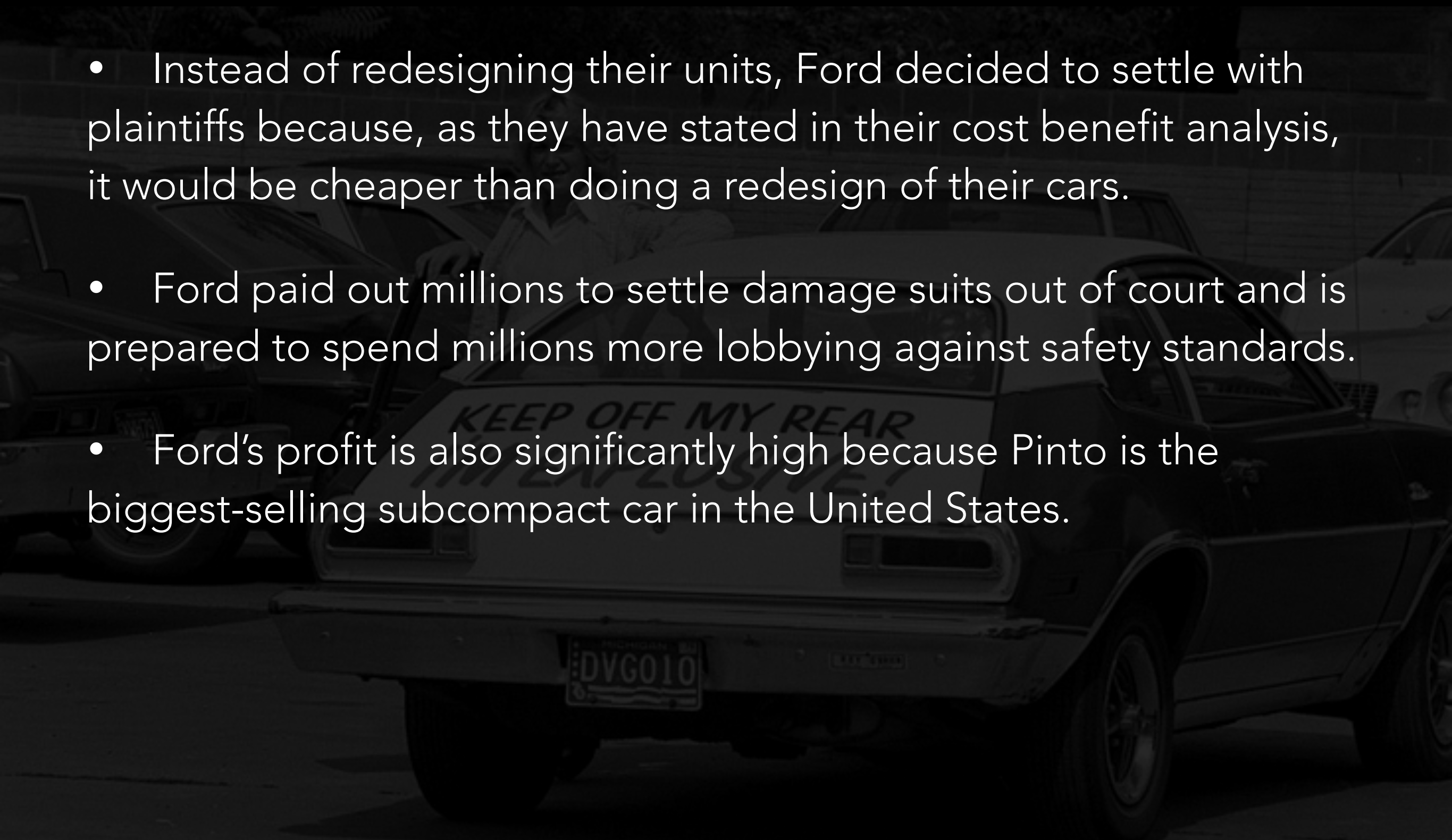


FACTS OF THE CASE



FACTS OF THE CASE

- Instead of redesigning their units, Ford decided to settle with plaintiffs because, as they have stated in their cost benefit analysis, it would be cheaper than doing a redesign of their cars.
- Ford paid out millions to settle damage suits out of court and is prepared to spend millions more lobbying against safety standards.
- Ford's profit is also significantly high because Pinto is the biggest-selling subcompact car in the United States.



FACTS OF THE CASE

- In 1977, after eight years of the first out of Pinto cars, Ford releases new Pinto models which have incorporated minor alterations to meet the federal standards.
- Ford counter-attacked several points from Dowie's press conference, and claimed that based on statistics Pinto was only accounted for 1.9 percent of fire-associated car accidents. Thus, Ford concluded that Pinto was never an unsafe car and has not been involved in some 70 burn deaths annually as claimed by Mother Jones

UNKNOWN FACTS OF THE CASE

- Details of the roles and actions that the high-level executives partaked to address the issue.
- Is there any third-party assessor that will audit the car's safety before releasing it to the market?
- Details on Ford's efforts in re-building its corporate image



CASE ANALYSIS



CASE ANALYSIS RELATED CASES

Mitsubishi Motors for one had an issue of overstating the fuel efficiency of 625,000 cars.

Mitsubishi admitted using unapproved mileage tests on cars it sells in Japan, which exaggerated the vehicles' stated fuel performance. The company said that it had been cheating on its mileage tests for a quarter-century and that all models in its domestic lineup were affected. Its chief executive has since stepped down.



CASE ANALYSIS

RELATED CASES

Toyota announced a global recall of 6.5 million cars that were built between 2005-2010 due to the power window switches that can short circuit and catch fire, which lacked grease during the manufacturing process

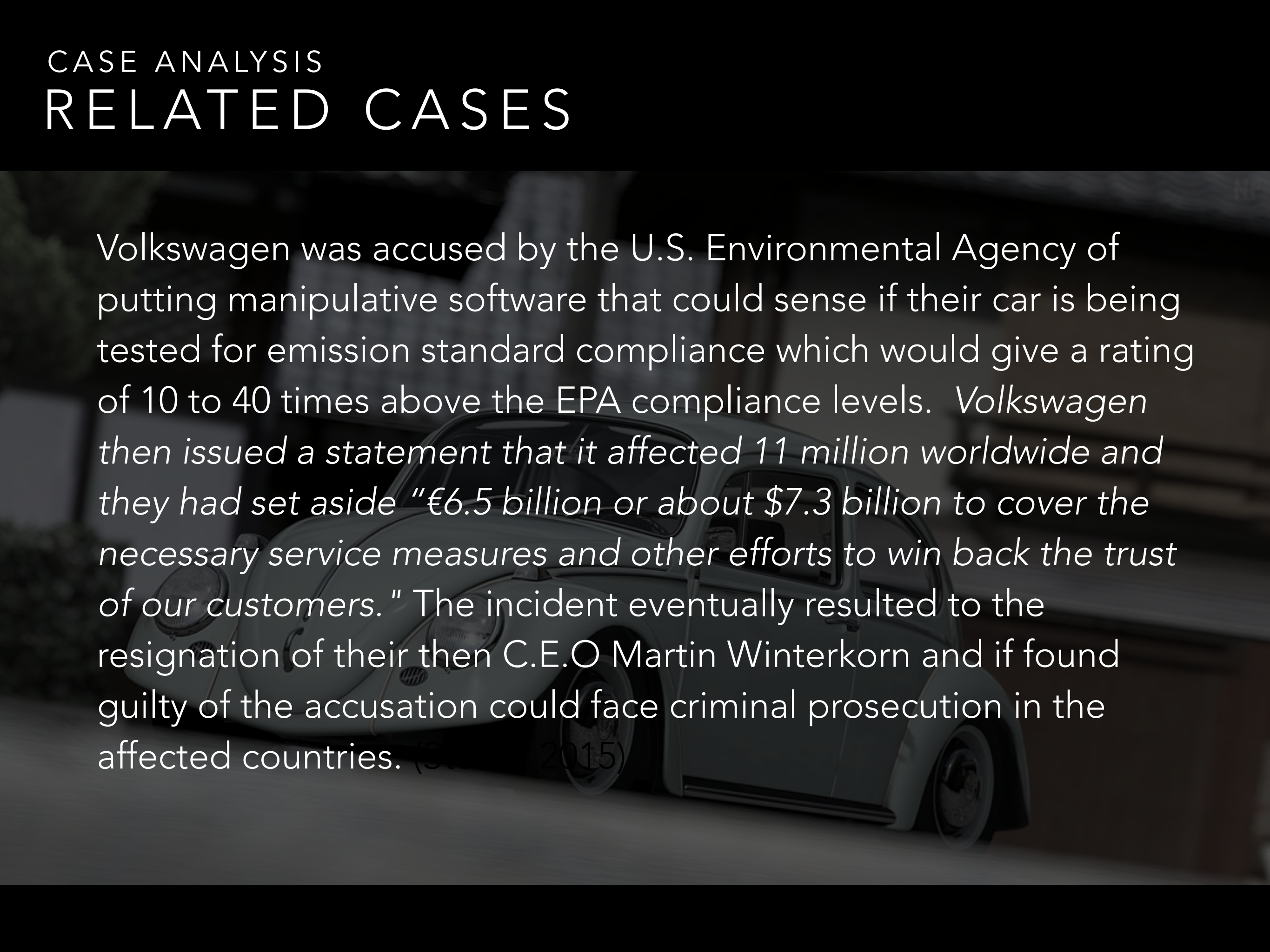
Aside from the previously mentioned incident there another major setback that toyota faced in recent years, is the unintended gas acceleration of their cars.



CASE ANALYSIS

RELATED CASES

Volkswagen was accused by the U.S. Environmental Agency of putting manipulative software that could sense if their car is being tested for emission standard compliance which would give a rating of 10 to 40 times above the EPA compliance levels. *Volkswagen then issued a statement that it affected 11 million worldwide and they had set aside "€6.5 billion or about \$7.3 billion to cover the necessary service measures and other efforts to win back the trust of our customers."* The incident eventually resulted to the resignation of their then C.E.O Martin Winterkorn and if found guilty of the accusation could face criminal prosecution in the affected countries. (Sullivan, 2015)



CASE ANALYSIS

What are the similarities and differences between the 3 cited incidents (+ Ford Pinto), from the perspective of ethics and ethical decision-making?

1. To provide quality product especially on safety.

Buying cars will definitely provide convenience to the consumers however the ethical responsibility of the manufacturers is to package their vehicle mainly with quality and safety. Product safety is an ethical obligation insofar as companies have a duty to provide consumers with whatever it is they pay for and products are assumed to be safe for ordinary use

CASE ANALYSIS

What are the similarities and differences between the 3 cited incidents (+ Ford Pinto), from the perspective of ethics and ethical decision-making?

- 1. To provide quality product especially on safety.**
- 2. To give the correct specification and capabilities of the car sold.**



CASE ANALYSIS

Common consumer, marketing and sales related ethical issues in today's marketplace

Irresponsible Market Research

Improper market research and grouping can lead to stereotyping that shapes undesirable beliefs and attitudes and consequently affect marketing behavior.

Unethical Advertising and Promotion

Making false claims about what the product does and its importance is an unethical way to gain profit.

CASE ANALYSIS

Common consumer, marketing and sales related ethical issues in today's marketplace

Dealing with competitors

Many companies advertise cheap prices as a "bait" and then once they draw in the customers, "switch" them over to a more costly product, because the advertised good was not available, insufficient or not of any value to the customer. Many online surveys and work at home opportunities use this unethical marketing technique.

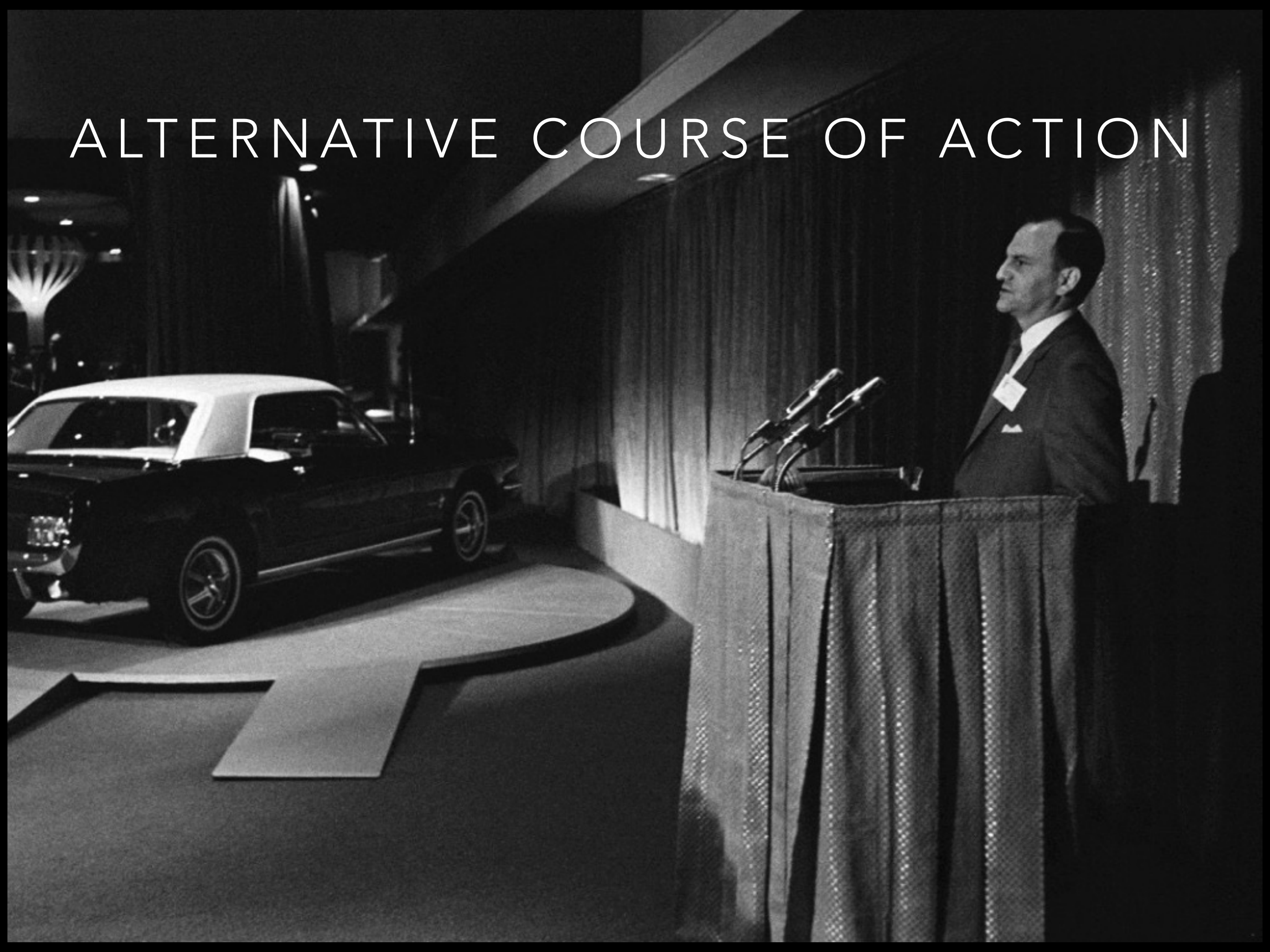
CASE ANALYSIS

Common consumer, marketing and sales related ethical issues in today's marketplace

Pricing strategies:

Predatory pricing or pricing beneath the competition so as to cannibalize the market and restrict the competition is an unethical pricing strategy. And setting up barriers that prevent smaller companies from entering the market is unethical as well.

ALTERNATIVE COURSE OF ACTION



ALTERNATIVE COURSES OF ACTION

	Alternative Course Of Action	Pros	Cons
1	Take more time to solve the defects found in the Pinto Model and take the chance of still be the top seller, having a better quality than competition.	It would give more time to study other alternative solution that may save on cost, solution cost being lower than the 11\$ proposal and it would be able to study other defects especially on safety that will benefit the consumers as well as the image of the company and their profit margin.	The more time spent to study will give longer time for the launch of the new model. It would as well result in the loss in the prospective buyers because of the delay in the launch.

ALTERNATIVE COURSES OF ACTION

	Alternative Course Of Action	Pros	Cons
2	Take time to install and assume the additional cost and install the \$5.08 safety improvement.	It would be a cheap solution to the defect found on the fuel tank at the same time it would lessen accidents related to the gas line. This would result as well to savings on the possible claims against Ford and maintain their reputation in the market.	This alternative would incur additional cost that will lower down profit because there was a target price of \$2,000 per vehicle sold. And It would as well take additional time to manufacture the car causing a delay in the target launch date.

ALTERNATIVE COURSES OF ACTION

	Alternative Course Of Action	Pros	Cons
3	Do nothing and manage the claims.	The target launch date will be met which means that Ford can cope with the completion of compact cars and given the targeted cost, Ford will be able to get the target profit margin.	Accidents resulting from the defect will definitely cause claims – injuries and death of Consumers, as well as multiple number of lawsuits. The reputation and financial aspect of Ford might be affected if there will be more claims than expected. Moreover higher costs for settlement might happen if the filed cases are not handled well by the lawyers of Ford.

RECOMMENDATION

It is best to take alternative course of action 1 which is to take time to solve defects of Pinto model.

Although this would cost Ford more and would take time, they may have a chance to encounter other defects and solve it at this stage and in turn would benefit the company in the long-run from ruined reputation and possible lawsuits due to accidents.