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Hot Topic

Toyota's Missed Opportunity for Bold Moves

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In less than 100 days, Toyota has gone from juggernaut to media poster child for bad corporate behavior and the target of Congressional hearings, NHTSA investigations and class action lawsuits, all thanks to recalls involving throttle and brake issues on millions of its vehicles.

Trust and confidence in the company has taken a body blow, it's likely to get worse before it gets better, and sales will suffer – despite the company's impressive track record of product quality, value, environmental leadership and community support.

If any company deserved the benefit of the doubt on quality and safety, it's Toyota. But they lost the ability to leverage their sterling reputation because they made a critical communications mistake: They failed to arm their dealers with the tools necessary to respond to fearful consumers in the early days of the storm. This failure to communicate effectively with the company's grassroots constituents helped spur lawyers and legislators into action, ostensibly to protect the interests of Toyota drivers.

In a crisis, the public expects leaders to be bold. That's why our prescription for Toyota would have been straight talk and a concrete promise: "We've got a problem with some of our vehicles. It's very rare. We're working like hell to fix it quickly and anyone who is concerned about the safety of their Toyota can trade it in on a new model or receive a rental car voucher at our expense."

How many consumers would have taken advantage of such an offer? It's impossible to say. But at least dealers and consumers would have had information – and empowerment. The price tag could have been steep (perhaps as much as Ford's tire bill in 2001). But it also would have reduced the negative financial impact on Toyota's sales, market capitalization, brand equity and resale values. More importantly, it would have reinforced Toyota's commitment to its customers and given third parties a decisive, honorable and selfless action to report. These should be goals of any crisis response.

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