



## Case Study: C-level Crash in Renault

## 1. STATUS

The French carmaker did survive a C-Crisis, where C stands for century. The management team in Renault has been classified as paranoid and dysfunctional due to the fact that three senior executives have been fired. Michael Balthazard, Bernard Rochette and Matthieu Tennebaum have been accused in being paid money for sharing a secure and private to the company information related to electric car technologies. After an investigation held by DCRI – France’s domestic intelligence agency, there were no evidence found. Those three executives were fired and then proposed to be employed by Renault again.

## 2. ISSUES

**#1:** Company has made a statement, accusing three of the top managers in stealing intellectual information. This has been done before the official investigation. The CEO – Mr. Carlos Ghosn appeared on TV, confirming there are plenty of evidence and the fired executives are guilty as charged. Later this turned out to be a fraud. The three specialists have been offered to be employed again.

**#2:** After the official investigation ended, the French giant has confirmed that the initial source of the fraud was anonymous informer. Only the internal security official Dominique Gevrey has been aware of his identity.

**#3:** The crisis management team had a plan B when the three executives were fired. But it didn’t have a back-up plan if the CEO had to resign. That led to another wrong move. Patrick Pelata, the CEOO of Renault – a close friend and the right hand of the CEO Ghosn has resigned, because somebody had to take the blame. One of the industry’s best product strategists left the company not long after the scandal.

**#4:** There has been another not so happy news from the company’s PR team. A documents, published by the French newspaper La Parisien have been identified by the French carmaker. The PR team have prepared a draft in case some of the fired executives commit suicide. Even though it’s still a logical element of the strategy, the fact that there is a risk for someone’s health and well-being is making the drafts scandalous.

## 3. ACTIONS

An official announcement has been made by the company’s CEO Carlos Ghosn, confirming that there has been leakage of information by the senior management team and there are plenty of evidence to prove it, three senior executives have been fired due to this accusation. After a major investigation, no evidence were found. The fired executives have been offered to be employed again by Renault.

For each crisis there should be taken a responsibility. Even after the CEO Carlos Ghosn has made a public statement, apologizing to the three fired specialists, there has been a scapegoat as a result of the crisis. The company's CEO Patrick Pelata has resigned after 25 years in the company.

After the French newspaper published the drafted documents in case of suicide commitment, Renault has confirmed it is true – there are documents in case of a tragic accident like such.

Another accusation case has been brought up to light. A former employee of Renault's claimed he was dismissed unfairly after the company accused him of receiving bribes in foreign bank accounts. The giant declined to comment and remained silent.

Renault has offered the fired executives to take actions and full responsibility for fixing their damaged reputation and reintegrate them into the business field.

#### 4. LESSONS LEARNED

- ✓ **Do not claim anything unless you can prove it**

The initial accusations of information leakage and bribes turned out to be a fraud. That doesn't change the fact that three people's reputations have been damaged almost to the point of no return.

- ✓ **Stay prepared**

Not only in case have had some of the victims of accusation committed a suicide. Prepare a back-up plan in case the CEO has to resign.

- ✓ **Do not count on one apology only**

Taking full responsibility is almost equal of taking full control over the situation. Once there is a figure that stands out and is the spokesman and the person in charge of the current setup, this means that crisis management strategy should be in put into operation already. But bear in mind that a single "We apologize" doesn't fix an already damaged reputation.

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