



## Bombardier, Inc.'s Damaged Reputation Is Reason Enough to Avoid the Stock

### Description

**Bombardier, Inc.** ([TSX:BBD.B](#)) has been one of the most popular contrarian plays out there for investors looking for a way to profit big from a potential rebound. The company is in the midst of a transformation and is attempting to implement a plan “to address some of the issues in North America,” but should investors really take a gamble on a business which has disappointed so many times in the past?

The CSeries project was a disaster, and it's quite clear that the management team is incapable of making any sort of estimation, whether it be for a budget or an expected deadline. Although those working at Bombardier may claim the company has cleaned up its act, I'd take such statements with a grain of salt.

Eric Prud'Homme, head of public relations and communications for the Americas at Bombardier Transportation, stated that the plan “is starting to show results” and that “the company has been making deliveries on schedule for more than a year.”

### **Bombardier claims to be back on track. Should you trust it?**

Even if Bombardier does clean up its act going forward, I still won't be buying shares anytime soon. The reputation of the company has been severely tarnished in the eyes of both investors and prospective clients.

Many potential clients have chosen to walk away from doing business with Bombardier in the past because the company has shown it just can't be relied on. The endless delays and budget concerns have been made very public, and that's probably going to scare away a tonne of potential clients.

As Warren Buffett once said, “It takes 20 years to build a reputation and five minutes to ruin it.” Unfortunately for Bombardier, it's going to take a lot more than a year of on-time deliveries to win back the trust of the general public.

### **Bombardier shut out of \$3.2 billion New York subway contract**

More recently, the New York City Metropolitan Transit Authority shut out Bombardier from a potential contract because of company's increasing number of delays and cost overruns. Although Bombardier has shown improvements and may have cleaned up its act, it appears that its bad reputation could follow it around for years, and that could slow down the rebound that investors have been hoping for.

### Bottom line

Bombardier may be getting back on track, but its reputation is tarnished, and it's likely that prospective clients will shun Bombardier because of its history of unreliability.

It could take years to repair Bombardier's reputation, but it's possible if Bombardier has really hit a turning point.

There's still potential upside despite the company's poor reputation, but I would be very cautious, because if Bombardier hasn't really cleaned up its act, things could get really ugly in a hurry.

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joefrenette

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