

Business Value Group LLC

# A Study of the Ford Motor Co Turnaround 2010



## Keys :



*Quotes from Participants*



*Key message or take-away*

Business Value Group LLC Patrick Hehir,  
September 2010

It is said that a man is not defined by his challenges in life but rather by his response to them. The same could be said of communities and organizations, including public companies.

During the deep global recession of 2008, a myriad of companies and industries in the USA struggled to survive. Although it has been recently announced that the recession is over, its effects persist and there is significant fear that there will be a second recession that will hit late 2010 and into 2011. Given the stubbornly high level of unemployment, some even suggest that the U.S. may in fact be in a depression.

During this time, our key financial and automotive business sectors ended up needing U.S. government aid to help them navigate through the toughest patch of the downturn. However there was a notable exception within the US auto industry, ONE company that never asked for or received any direct monies from the government, and that was The Ford Motor Company.

Having never asked for or taken a dollar of support from the US government, Ford reported a profit of \$2.7 Billion on January 29, 2010, for fiscal year 2009, after having had a loss of \$14.6B in 2008.<sup>1</sup> This was Ford's largest pretax operating profit in six years. "The company also outsold GM in February 2010, something that had not happened in more than 50 years, aside from several months in 1998 when GM workers were on strike."<sup>2</sup>

In April Ford reported a profit of \$2.1 Billion for quarter one of 2010 a big reversal from year ago period where it had a loss of \$1.4 Billion. It was Ford's fourth straight positive quarter and its highest quarterly profit in six years.<sup>3</sup>

In July 2010, Ford reported earnings of \$2.6 billion for the second quarter and expected to have more cash than debt by the end of 2011. It was the fifth consecutive quarterly profit for Ford, which had continually increased its market share for 22 out of the previous 23 months.

It had this success even as the government stimulus programs were expiring and while consumers had continued nagging fears about an overall further global slowdown. Ford also expected to be profitable in the second half of 2010 and to deliver even stronger results in 2011. Profits in the second half of 2010 were expected to be less than the \$4.7 billion it earned in the first half of the fiscal year but that was due to the cyclical nature of their business.

At the bottom of its business results trough on Nov 19<sup>th</sup> 2008, Ford stock reached a low of \$1.26 a share (not the only company to bottom around this time). At time of writing its stock price has recovered to the \$12 range. Remarkably, over the period from 2005 to 2010, Ford's stock price has actually outperformed Toyota in overall % gain.

These results are all the more impressive when one considers that GM, Chrysler and even Toyota (with quality issues relating to accelerator pedals,) were floundering in the marketplace due to this

---

<sup>1</sup> Nick Bunkley NY Times article Jan 29<sup>th</sup> 2010

<sup>2</sup> FORD MOTOR COMPANY NY Times article July 23 2010

<sup>3</sup> DEARBORN, Mich. (AP) April 27<sup>th</sup> 2010

unprecedented economic downturn. Ford's performance, at a time when the total available US market shrank by close to 40%, from 16 - 17 Million unit sales to less than 10 Million unit sales (with similar reductions in most developed countries), is nothing short of amazing. Given these results so far, there is value in taking a closer look to learn what contributed to such a dramatic turnaround.

Those closest to the real action, the employees and contractors that worked through the whole change process, were asked to assess the turnaround from their perspective. An anonymous survey targeted the 2000+ strong Ford network within professional networking site Linked-In. These constituents were made up of employees, contractors and retirees that had a ring side seat to what was going on internally within Ford. Using the online survey tool called Survey Monkey participants were asked the following 5 questions:

1. In your opinion, when did the work begin within Ford that resulted in its current success?
2. What are the Top 3 contributing factors to Ford Motor Co's recent success?
3. What are the 3 things that you believe will be key to ensuring that Ford continues its current run of success?
4. What can other US multinationals learn from what Ford has recently achieved?
5. When you think back, did anything Ford do impede or have an adverse impact on how successful the company has become or could become? If so, what was done and what impact did it have?

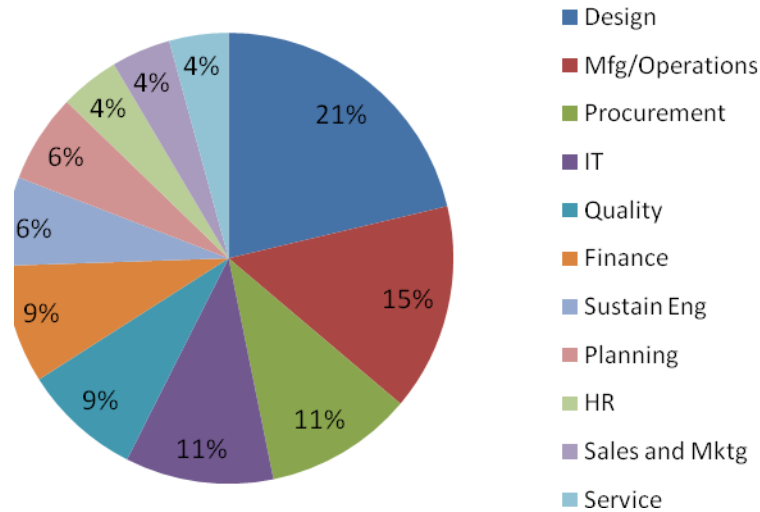
### **Disclosure:**

This survey was conducted purely on a voluntary basis and all participants were notified that the survey was to be used as a source of input for a subsequent company analysis and report. The team that conducted the analysis have had no direct recent professional involvement in the automotive industry and in particular none with Ford Motor Co. Neither was the analysis contracted by any third party. It is purely an attempt to have an objective assessment as to the factors that contributed to the recent success of Ford, as seen through the eyes of some of the internal stakeholders during this recent downturn. An attempt was made to analyze, summarize and report on some of the logical conclusions in order that the greater business community may learn from this legendary brand's performance in the global marketplace. Admittedly this analysis omits stakeholders such as Customers, Investors, Suppliers and Executive Management, whose input would be interesting and valuable.

This is not the first time that the Ford Motor Co was studied by industry practitioners. Toyota Motor Co studied and modeled many of their business practices on Ford, after the early visits and study by the famous Toyota engineer Taichi Ono in the 1930's. It may be time for others to learn once again from Ford.

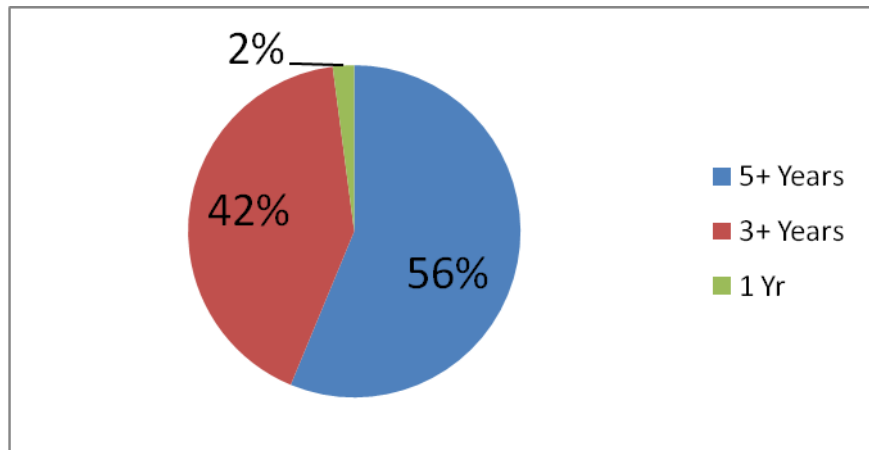
## Population Representation:

The survey respondents came from a significantly diverse set of functional departments, giving this study a broad range of perspectives.



## Summary of the responses to each

1. In your opinion, when did the work begin within Ford that resulted in its current success?



### Notable quotes:

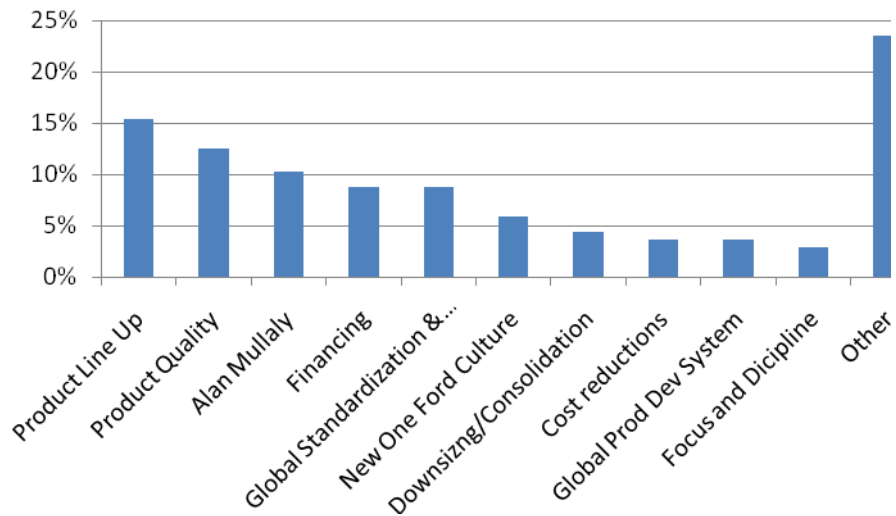
- The quality work began after Jac Nasser left
- Work started in the mid 1990's
- Dates from Alan Mulally joining the company
- The past 10 years
- Alan Mulally being hired

### Interpretive Conclusion:

The majority of the respondents (56%) felt the work began 5 years before hand or earlier. However there seemed to be very strong sentiment, as will be reflected throughout the study, that a lot revolved around the hiring of Mr. Alan Mulally in 2006. Participants also frequently credited Mr. Bill Ford for his courage in initiating the process, finding and hiring Mr. Mulally, and granting him the responsibility and freedom to implement change.

### Question 2

2. **What are the Top 3 contributing factors to Ford Motor Co's recent success?**



Product Line Up	15%
Product Quality	13%
Alan Mulally	10%
Financing	9%
Global Standardization & Glob Products	9%
New One Ford Culture	6%
Downsizing/Consolidation	4%
Cost reductions	4%
Global Prod Dev System	4%
Focus and Discipline	3%
Other	24%

Apparent Foundational Elements



**Notable quotes:**

- *New focus on building cars that people want*
- *Improved car designs (make cars that people want)*
- *FOCUSING ON CORE FORD PRODUCTS*
- *Go out and separate or sell businesses not Ford Oval related (Hertz, Visteon, Aston Martin, Jaguar, etc)*
- *True quality mindset ("no excuses")*
- *Enforcement of no release of bad products by ALL in the production process*
- *Focus on excellent product*
- *Improved customer loyalty through improved quality*
- *Signing on Alan Mulally*
- *Bill Ford trusting Mulally to run the place*
- *Alan Mulally's disciplined approach to management of a global enterprise*
- *Alan Mulally (fresh view, willingness to change the culture, willing to make hard decisions, no blinders on)*
- *Refinancing before the credit crunch*
- *Securing \$28 billion in 2006 by company collateral deal*
- *Cash to weather the storm*
- *Cash Flow Management*
- *Not taking the bailout*
- *Leveraging / going toward global products -- develop / engineer one Focus for the entire world (with regional modifications to meet market requirements) instead of 4+ Focus variants (one in each region)*
- *Leveraging common platforms: reduce unique platforms and try to produce as many different vehicles off one platform as possible (requires a long term strategy / vision)*
- *Consistent Global Processes*
- *The leadership of Alan Mulally creating a culture change at his level*
- *A new cultural paradigm of teamwork at the top led by a talented and experienced CEO*
- *Open Communication and exposure of Issues - Nassar built a CYA environment that drove issues under cover*

**Interpretive Conclusion:**

The responses to this question were exceptionally rich, and took considerable time to distill and summarize. They reveal that managing a complex business with multiple interdependent functions takes quite a significant effort. The undercurrent of the messaging comes down to 5 major themes:

- I. **Leadership**... Set the tone at the top, behavior is consistent with message and everyone is held accountable to the same standard.
- II. **Customer/Market Focus**... Know what business you are in, commit to be the best (highest Quality/Service) at it and give the Customer what they want, NOT what you would like them to or think they want.

- III. **Standardized Open system of Work**...Implement global standard processes that are the best for the company regardless of where or who developed them.
- IV. **Culture/Teamwork**...Create an environment where people can make the difference, be a part of and openly/freely contribute to the improvement movement.
- V. **Prudent strategic business planning**... Practice sensible financial planning and commitment to strategic long range thinking.

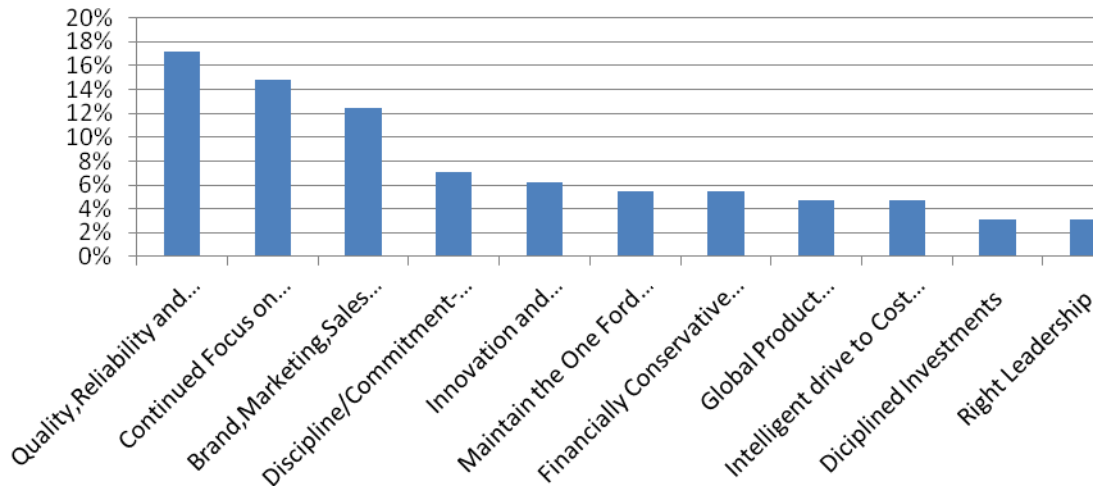
It is also worth noting that the first 6 items on the pareto appear to be somewhat foundational in nature. More commentary on that will follow, but for now this is the take away message:



***Build the right team, create the conditions to WIN !!***

### Question 3

**3. What are the three things that you believe will be key to ensuring that Ford continues its current run of success.**



Quality, Reliability and Lean	17%
Continued Focus on New Product	15%
Brand, Marketing, Sales, Customer Focus and Service	13%
Discipline/Commitment to Long Term Strategic Planning	7%
Innovation and Technology	6%
Maintain the One Ford Culture Globally Focused	5%
Financially Conservative & Sensible	5%
Global Product Development System & Platforms	5%
Intelligent drive to Cost Competitiveness	5%
Disciplined Investments	3%
Right Leadership	3%

*Focus on operating to support the needs of the market.*

*Apparent foundational elements appear to be relegated or now accepted as a given or almost taken for granted*

“  
”

**Notable quotes:**

- *Continue to Follow the Deming Model*
- *Keep Quality Number 1*
- *New focus on building "Cars People want"*
- *Cadence of building new Product, Product, Product*
- *Flawless Execution of New Products*
- *Increase innovation throughout all parts of the company*
- *Strong Brand Name; Leveraging Current Goodwill; Understanding the Customer*
- *Relentless watch to not rest and let bad practices leak back into system from the past.*
- *Maintain a long term vision (in the past our Planning / Strategy department was pretty much dismantled; it has been back for about 7 years, and it is important to maintain this department so that the long term strategy / vision remains)*
- *Follow (religiously) the scripted product development and validation process(es)*
- *Take care about profitable growth*

**Interpretive Conclusion:**

Ford is focused on building quality cars with a big emphasis on understanding the customer and giving them what they want. 45% of the responses (the combination of the top three categories) suggest that these are the keys to its ongoing success. Given the complexity of an auto company, it is clear that the next 6 priorities are almost all equal and cover maintaining fiscal discipline, being committed to long term planning, being cost conscious, having a culture of One Ford that is innovative and that develops the products in a consistent disciplined manner using the Global Product Development System.

Interesting to note is that what have been characterized as foundational elements for the initial recent success of Ford in question 2, appear to have been relegated to a lower priority. It seems that these foundational elements become a given and are now an expected norm. They represent a sentiment that reflects a certain confidence that the right moves and changes were made as well as

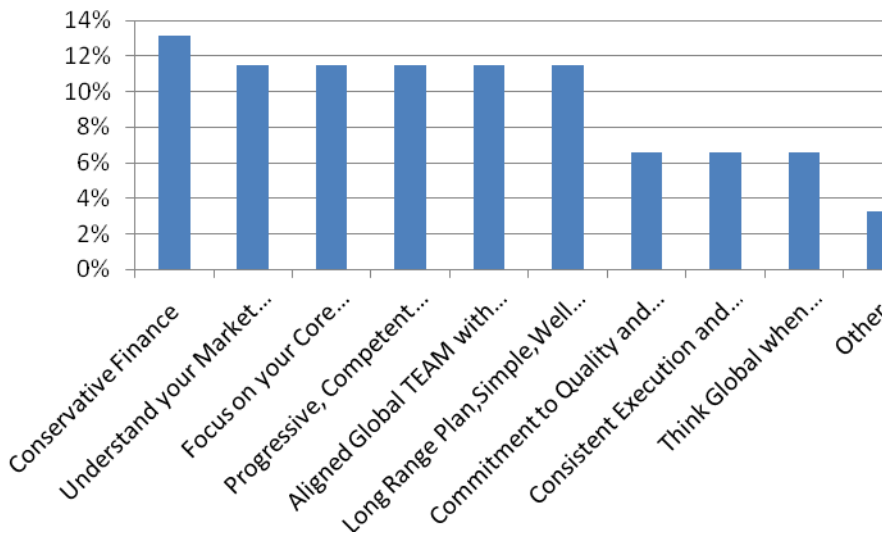


trust that they will continue to be made. The concern now is that the company continues to stay focused on serving the market well. This is the take away message:



***When the right team's in place, everyone plays together to WIN!!***

**4. What can other US multinational companies learn from what the Ford Motor Company has recently achieved?**



Conservative Finance	13%
Understand your Market, the Customers and focus on Customer Satisfaction	11%
Focus on your Core Products/Business	11%
Progressive, Competent Leadership that holds people accountable to the Plan	11%
Aligned Global TEAM with No Egos and with common goals	11%
Long Range Plan, Simple, Well Communicated and Executed with Passion.	11%
Commitment to Quality and Excellence	7%
Consistent Execution and Follow Through with positive 'Can do attitude '	7%
Think Global when Restructuring	7%
Other	3%



**Notable quotes:**

- *Be ONE company, not a bunch of independent companies joined by a common logo.*
- *There is no room for hidden agendas at any level*
- *Enterprise has to structure organization so that different departments share the same goals (i.e. Purchasing and Engineering reduce cost together, or Manufacturing and Engineering improve quality together)*
- *Understand your employees are your best advocates*
- *Less ego, more true teamwork*
- *Real Aligned Global team*
- *Need to understand what the consumer/customer wants in their product. Don't be blinded by what you believe they want (ex in autos, domestics wanted to believe that being domestic was a quality consumers sought out, but that wasn't true except in mid-West)*
- *Other companies should rely on customer satisfaction instead of profit margin and stock prices. A satisfied consumer will bring profits into line.*

**Interpretive Conclusion:**

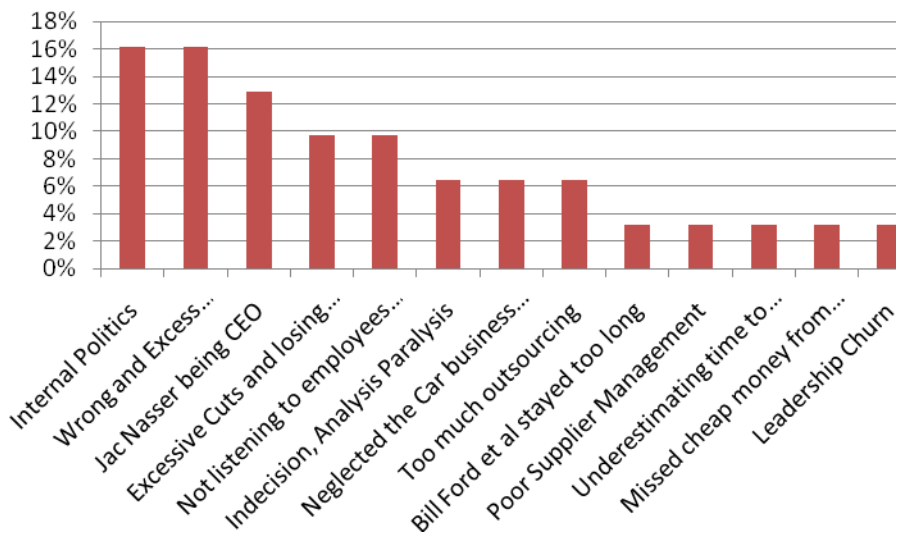
It is not that surprising that the shape of the pareto in the graph above for this question was not as pronounced as in previous questions. What it suggests is that it is a reflection of the combined representation of both the foundational and operational perspectives that were commented on in question 2 and question 3.

The emergency priorities appear to be paying attention to economic viability or liquidity needs, keeping the customers happy and focusing on the core business. These are followed by right leadership, lowering egos, building a culture of teamwork and performance, combined with commitment with energy and passion to an easily understood plan.

There is also a strong sentiment that the employees (as well as other stakeholders) can be the company's best advocates and source of ideas, innovation, energy and good will. It is very rare that people within an organization do not have an individual AND collective intuitive perspective of what is wrong with under-performing companies. Often executives who have been waiting in line and managing the process to get promoted are driven by a strong personal desire for power and control. Their egos take over and they may cease to listen. They shoot any messenger that does not tell them what they want to hear, which forces people to adapt, based on their own survival needs. Employees acquiesce accordingly and learn how to play the new game of "everyman for himself." Eventually the Emperor has no clothes, and nobody is willing to tell him. Thus begins the death of an organization--if not its economic death, at least the demise of its vitality and positive energy, which over time affects the financial performance. Signs of morbidity include decreased employee morale, higher turnover of key employees (often dampened if it occurs during a down economy), lower overall customer satisfaction, increased management reporting and controls. An obvious by product of this controlling atmosphere is a significant reduction in employee freedoms and respect.

At the old pre-change Ford, people noticed that management spent more time developing reports than figuring out how to liberate and get people excited about working on the business. It was not a surprise to them that the business performance declined as a result.

**5. When you think back, did anything Ford do impede or have adverse impact on how successful the company has become or could become? If so, what was done and what impact did it have?**



Internal Politics and Excessive structures	16%
Wrong and Excess Diversification	16%
Jac Nasser being CEO	13%
Excessive Cuts and losing talent	10%
Not listening to employees or morale	10%
Indecision, Analysis Paralysis	6%
Neglected the Car business and Core Ford Brand	6%
Too much outsourcing	6%
Bill Ford et al stayed too long	3%
Poor Supplier Management	3%
Underestimating time to change the Culture	3%
Missed cheap money from Government	3%
Leadership Churn	3%



**Notable quotes :**

- *Too many levels of management, too much expensive and pointless management reporting, not enough real delegation of authority and responsibility as low as possible across the company.*
- *I had on my wall the 12 steps of quality from Deming and me and several engineers realized that the company had stopped performing 10 of them.*
- *Election of Jacques Nasser as CEO was the worst thing done in past 40 years. He had no desire to focus on customer. He led the Company from Customer Focus to Shareholder Value for his shares of Ford Stock.*
- *Trying to be what it was not: a dot.com company, focus on P/E ratios, diverting from the main event of being an auto mfg. J. Nasser trying to be the Jack Walsh of the Automotive industry.*
- *Very poor leadership in Nasser and Billy Ford.*
- *Shipped production out of US - will not see efficiencies that competitors will as US manufacturing becomes competitive. Chose to sacrifice useful talent while retaining much mid-level management mud.*
- *Indecision was one on of the biggest issues at Ford. People were afraid at the highest levels of the company to move on practical information. They made the business of the company to gather facts not make product.*

**Interpretive Conclusion:**

The detrimental effects of bureaucracy and politics on a company are almost clichés now. Bureaucracy can be defined as “*Too many people not doing enough work*”, whereas corporate politics is “*People pursuing their own selfish needs to the detriment of all other stakeholders.*” These two factors produce organizations with excess resources focused on the selfish needs of individuals and not on the WORK of the enterprise.

There was strong negative sentiment towards the debilitating culture that evolved in Ford prior to this turnaround. Ford was rife with bureaucracy and politics. As in most companies, there has always been significant pride and loyalty within the employee base and within other stakeholder groups also, such as the customer and suppliers. However when people (regardless of which stakeholder group they represent) observe behavior that they intuitively know to not be aligned with the best interests of ALL the stakeholders of the company, it leads to:

- a significant reduction in confidence in the leadership
- lower levels of engagement
- less willingness to trust
- inhibited creativity and innovation
- lower productivity

Such a company will falter and the overall performance/business results begin to decline over time. In many cases that decline gathers momentum, which is why in the end it nearly always requires a change of leadership at the top. This has to be the right change, which in and of itself is a huge challenge--arguably THE most difficult task during the course of a turnaround.

Within each organization the employee population engages in a perpetual assessment of the overall competence and effectiveness of the company leadership. In the case of Ford, employees articulated the impact that politics, excessive structures, and big egos had on the company. It resulted in flawed business strategy and poor execution decisions which in many cases led to organizational paralysis. These are classic symptoms of a company where there is a closed organizational system (not open to differing or dissenting views) and a culture that is destined to stunt an organization's overall prospects for growth and prosperity.

Employees make intuitive and exceptionally accurate judgments about their company's leadership. That is why every leader, including the CEO, should have an effective and safe mechanism for authentically tapping into that feedback. Many Exec's and companies profess to have an open door policy where people are told they can come and provide input and feedback, but unfortunately, many times it is accompanied with an unwillingness to listen, thus becoming an Open Door- Closed Mind policy that breeds a culture of "Yes Men". This appears to be what happened to Ford before its recent change, in common with many companies that rode the wave of growth over the past decades versus developing a management system, structure and culture that can effectively and quickly adapt given changing external business environments.

### **Final Survey Element:**

In conducting surveys it is vital to give respondents an opportunity to freely express themselves without the structure of a directed or leading question. So I always end a survey by saying. *I'd just like to say...* Here is a small sample of the responses.

“”

#### **Notable quotes**

- *We're back. Keep it up. Thank you, Alan. Thank you, Bill.*
- *We're kicking ass*
- *Happy Ford is doing well, but have always appreciated the opportunity to work for this Company and contribute to the best of my ability*
- *...you have shown the rest of the WORLDWIDE automotive industry what can be accomplished when all else looks hopeless (i.e. stock price at \$1.00)*
- *Ford has improved its products and performance tremendously in the last few years. I think the leadership contributions of Alan Mulally and Bill Ford are equally relevant here as are the similar contributions made by the many very high quality people who work there.*
- *The current leadership at Ford is the best it has ever been across the board.*
- *We're kicking ass*

- *Please do not take this success to your head. The culture of the company needs to be humble and not arrogant.*
- *The fact that the Ford family has such vested interest in the success and viability of the company and the good standing relationship with the UAW were key in it being possible for Ford to stand out.*
- *It has the best corporate structure to ensure quality goes back into the product.*
- *Strategy is normally only a portion of the equation. Having the right people in place to deliver on the strategy plays a big role in the success.*
- *I hope Ford really comes back. The US needs a strong manufacturing base and Ford needs to be part of the bedrock of that manufacturing base.*
- *....continue on the pursuit of excellence and focus long term of the company position. Don't focus on now and the future later, need to concentrate on the future now.*
- *this turnaround has been in the making 5+ years. Mulally is just executing a plan that was already in place, and making sure there are no deviations.*
- *that, although many factors contribute to the current success, the timely selection of new leadership (Mulally) for Ford was, and is, critical to success. Primary elements of the underlying strategy and plan have been in place, but internal politics and personalities always outweighed execution.*
- *I am a retiree, but I believe the company has a much better focus than it had 5 years ago. Even retirees are committed to Ford's success through ambassadorship of the product*

### **Final Overall Conclusions and Commentary:**

Through the window of Ford we are potentially giving witness to the next wave of global companies that are learning the hard way (some would say re-learning) how to do business by getting back to basics in a global market that does not have the perceived growth potential that people have gotten used to over the past 30 years.

We live today in a much more sober and slow growth marketplace. Yes, companies will continue to aggressively pursue growth and many will go on making acquisitions as opposed to relying on organic growth, but more and more of these will absolutely need to deliver greater value, extract more synergies and derive increased leverage from their core business and their central organizations.

Ford provides a classic example of making too many non-accretive acquisitions, and as one employee so eloquently said, it ended up with a bunch of independent entities operating autonomously, joined together by not much more than a common logo. In this case it had the courage and fortitude to recognize that, as well as the understanding of the scale, scope, difficulty and magnitude of what would be required to make a real change.

Ford also understood that it needed to reduce the complexity in its organization as well as get rid of some companies (which also helped improve its cash position) and get to a structure that the management bandwidth could handle. Public sources reveal that Ford designed its new business

around a very conservative estimate of market size/share and were determined to fit and be able to function within this market constraint. Likely this significantly improved the decision making process in terms of speed and quality. Certainly it forced the company to do more with less, as well as provided the source of motivation and energy for people to collaborate across boundaries and share resources.

As some of the employees have said, this is not just about Ford. This is about a great U.S. brand having incredible fortitude and courage to make exceptionally difficult decisions. Ford is once again a beacon of hope for the United States and other western industrialized nations. There are investment analysts that contend that given the fact the General Motors essentially emerged debt free from a pre-packaged bankruptcy managed by the government, that Ford will struggle to continue to be able to effectively compete. However, it will take at least another 3 years to see whether in fact GM, Chrysler and other auto companies have learned how to effectively and profitably function in this new globally reset economy. My money is on Ford as long as it continues to support the current way of operating.

Consider the Toyota Motor Company. In May 2007 (pre recession) its market capitalization was 1.5 times the COMBINED market cap of GM, Ford and Daimler Chrysler. For over 15 years Toyota garnered superior JD Power satisfaction ratings for initial quality, reliability and overall durability. Supposed industry experts touted that Toyota's success was due to its TPS (Toyota Production System). But the real competitive advantage of Toyota did not rest purely on its TPS, but rather on its culture which enabled their ENTIRE business system to work together. This is why when companies tried to apply lean manufacturing techniques ALONE in an attempt to replicate the TPS, many failed miserably. It is common practice for companies that are driven from purely a financial perspective to fall into the trap of never seeing or understanding that the whole business system has to work together with all stakeholders benefiting, and that THE most pivotal aspect of making it work is the company CULTURE and its people. Financial engineers need to learn this.

The simple and main learning's from Ford are about leadership, culture and using a strategy that is realistic and practical, held together by whole systems approach --there really are no short cuts. Take a look at Appendix A and see how simple, real and understandable the Ford strategic plan actually is. Then listen to the voices represented in this paper and you can see the congruence.

It is worth repeating that the Ford example is not unique or peculiar to the automotive industry. It applies across many industry sectors. It works wherever there are people running companies.



***Having a realistic and understandable strategy gets team aligned and motivated to WIN!!***

### **The Role of Corporate Governance:**

It would not be appropriate to complete this paper without briefly addressing the role of Corporate Governance and its influence in the company's culture and way of operating. It did not come up that much in the survey feedback other than the mention of the importance that the Ford family name



and the pride associated with that, had on driving the need for change such that all stakeholders' needs were revisited. Bill Ford appeared in TV commercials espousing the history and tradition of his great grandfather's company. Clearly the Board of Directors needed to act very decisively in making a CEO change when performance continued to slide. It could be argued that they took too long to take action and surely it is one of the most delicate balances to maintain in having an effective board. The biggest point of breakdown in corporate governance often occurs in the area of the relationship between the CEO and the board members. Ensuring the effectiveness of the board in this regard comes down to a handful of elements:

1. **CEO Accountability:** Maintaining sufficient control over the CEO (i.e. not allowing the Board to be populated by colleagues/friends) while carefully managing the incentives to ensure that they are aligned with the chosen strategy.
2. **Competence and Commitment:** Having Board members that have experience, not just in a specific industry or market, but in actually understanding the nuances of ensuring a company works effectively, combined with commitment to doing more work than just showing up at a quarterly board meeting to rubber stamp the CEO's ideas and proposals.
3. **Connection:** Ensuring that the Board members are appropriately connected to the rest of the organization. This can be done via Executive staff and other senior management for the purpose of ensuring that there is appropriate information flow to the Board members such that they can keep a finger directly on the pulse of the culture and mood of the organization.
4. **Independence:** Preventing/Avoiding conflicts of interest but also having a mechanism for obtaining corroborating data that assures the integrity of all data reporting. Possibly attending an executive staff meeting on a regular basis to get a sense for the type of dynamic interactions that take place with the CEO in action. Corporate staff will always be slow to complain due to the punishment power that rests with the CEO.
5. **A Process with well defined degrees of freedom:** There needs to be a process for the formal review of the effectiveness of the CEO and the executive staff. However it also needs to be balanced by ensuring that sufficient degrees of freedom are afforded to the CEO such that they can be empowered to efficiently go about their duties. This leads to the building of **high levels of trust** in both directions.

It is unknown which of the above existed within Ford, but it certainly does appear that getting to the point of making a leadership change was cumbersome. It does however appear that there is a tremendously positive culture in place at Ford Motor Company now and it appears that Culture IS becoming their competitive advantage. It is highly likely that the Board is well integrated and influential in creating the conditions for its current culture to thrive. The final take away is:



***It's the Culture that keeps you honest and helps you to keep WINNING as a team !!***

Hopefully these lessons will be applied in earnest by many for any turnaround that is needed within their company or industry. It is back to the basics of capitalism and operating a company with a medium- to long-term mindset and utilizing a balanced and sustainable stakeholder philosophy where leadership, culture and systems thinking become the key enablers for success.



Thanks to all the people that participated in the survey and congratulations to all concerned at Ford on doing such a remarkable job in executing this turnaround. I wish them and you the reader, continued success.

## Recap of the take aways.



**Build the right team, create the conditions to WIN !!**

**When the right team's in place, everyone plays together to WIN!!**

**Having a realistic and understandable strategy gets team aligned and motivated to WIN!!**

**It's the Culture that keeps you honest and helps you to keep WINNING as a team !!**

*In case anyone thinks it is an accident what is happening inside of Ford, take a look at their publicly stated and committed current vision in Appendix A, which they call One Ford- One Team, One Plan, One Goal*

*This is a double sided laminated card. This one page summary is publically available. You can find it by using any search engine or by going onto the Ford website.*

*Look at their stakeholder list, it is all inclusive. Notice the use of the words "TOGETHER and TEAM" each used twice. Notice that their goal is also ALL INCLUSIVE it states profitable growth for all. Read the defined expected behaviors that use FORD as its acronym. There is depth and substance to them. They appear to be authentically written such that people at ALL levels can interpret them and used as a guide to help them make better decisions in their business judgments and how the treat and interact with all stakeholders.*

***How come this strategy is so publically available? Many companies wonder and work hard at trying to keep their strategy and their strategic competitive advantage a secret.***

***The answer is simple.***

*It is NEVER EVER the strategy alone that leads to the success of a company. It is how the leadership get people involved in its development, followed by how they mobilize or lead the organization to enthusiastically commit to it, while continually being open to adapt and flex as conditions change.*

*These are the organizations that succeed because it is their **culture** and how they treat, behave and engage with one another that becomes their truly sustainable competitive advantage.*

*Many leaders espouse having a culture that is differentiating, but they exclude or preclude themselves from actually being an active agent in its creation and sustenance.*

*If you want to find out which kind of leader you are, put a mechanism in place where people can let you know how they perceive you.*

*If we want to learn from Ford and companies like Ford that operate with a balanced stakeholder mindset, none of us can bury our heads in the sand anymore. We must learn to understand HOW to commit to the future that we say we want.*

Appendix A:



# ONE FORD

ONE TEAM • ONE PLAN • ONE GOAL

## ONE TEAM

People working together as a lean, global enterprise for automotive leadership, as measured by:

*Customer, Employee, Dealer, Investor, Supplier, Union/Council, and Community Satisfaction*

## ONE PLAN

- Aggressively restructure to operate profitably at the current demand and changing model mix
- Accelerate development of new products our customers want and value
- Finance our plan and improve our balance sheet
- Work together effectively as one team

## ONE GOAL

An exciting viable Ford delivering profitable growth for all

### Expected Behaviors

#### Foster Functional and Technical Excellence

- Know and have a passion for our business and our customers
- Demonstrate and build functional and technical excellence
- Ensure process discipline
- Have a continuous improvement philosophy and practice

#### Own Working Together

- Believe in skilled and motivated people working together
- Include everyone; respect, listen to, help and appreciate others
- Build strong relationships; be a team player; develop ourselves and others
- Communicate clearly, concisely and candidly

#### Role Model Ford Values

- Show initiative, courage, integrity and good corporate citizenship
- Improve quality, safety and sustainability
- Have a can do, find a way attitude and emotional resilience
- Enjoy the journey and each other; have fun - never at others' expense

#### Deliver Results

- Deal positively with our business realities; develop compelling and comprehensive plans, while keeping an enterprise view
- Set high expectations and inspire others
- Make sound decisions using facts and data
- Hold ourselves and others responsible and accountable for delivering results and satisfying our customers