

Ford motor company restructuring



With the effects of the ever changing United States economy, how was Ford Motor Company able to rise above its competitors to stay afloat in the auto industry? Ford has gone through extensive restructuring in the past years to help the company in this current time of hardship.

Some of these restructuring efforts have been to down-size the workforce, to focus on the Ford Brand and cut back on other brands under their agency, employee involvement at all levels, and to increase the efficiency in Ford's four main pillars for their organization: fuel efficiency, quality, safety and value. Ford also continues to invest in the top Research and Development efforts in order to bring the highest quality products to their consumers for an affordable price. Ford not only is trying to make the jobs of their employees easier but also to meet the needs of their customers and worldwide markets.

In this paper we will further discuss the organizational changes that have occurred at the Ford Motor Company.

Downsizing In 2006, Ford Motor Company realized that they were going to have to make cuts in jobs in order to save on the budget. While not always desirable, Ford was able to notify the workers in advance and offer settlements that helped the employees through the transition of employed to unemployed. Ford was able to take into consideration the needs of the people that will be affected by this change and do what they can to make the change manageable.

People generally resist change that is sudden and comes as a surprise to them.

“ One key aspect of timing and receptivity is surprise. If the change is sudden, unexpected, or extreme, resistance may be the initial—almost reflexive—reaction...At the very least, you would want to know about this change far enough in advance to have time to prepare for it. ” (Bateman, 2007) In 2006, Ford Motor Company announced that they would be closing 14 North American manufacturing plants and cutting up to 30, 000 jobs in order to cut losses and adjust to new lower market shares.

Ford was able to inform employees the changes/closing that would occur and give time so it was not immediate loss of job and paycheck. “ But the cuts won’t come immediately.

Some will not take effect until six or more years from now, and many will be accomplished through attrition and retirement. Ford has a contract with the United Auto Workers union that runs through September 2007 requiring laid-off employees to be paid nearly their full pay. This will require Ford to offer buyout packages to many of the employees who are laid off in order to accomplish the cuts. (Isidore, 2006) Through Ford’s willingness to share information openly to employees and also to offer packages to compensate for a period of time before finding other employment, Ford not only was able to make the cuts without as much resistance, but also was able to show that they can be trusted and care not only for the well being of the company, but also its valued employees.

Ford also did not just cut jobs of all just the lower level employees. Individuals were cut from every level of the organization.

This showed that Ford really needed to change and did so by letting go of people from all areas of the company. During change people get concerned in regards to who will and will not lose their jobs.

Ford showed that they did not show favoritism as many would think that they would save managers jobs as they are more valued. I think through doing this Ford was able to make the employees more comfortable with the change as when change occurs it has to happen on all levels and this change affected all levels of the organization. Ford did promise that it would make new cuts in management, trimming its officer ranks by 12 percent and its salaried work force by about 4,000 in the first quarter of the year...The company said it also plans to trim \$6 billion a year from the cost of its material purchases by entering into new agreements with suppliers and using common part on most vehicles.

” (Isidore, 2006). Ford was not centering its change on one plant, one sector but impacted all sectors of business in order to cut in the budget and improve overall effectiveness of the company.

As stated in our textbook companies must “ First must avoid common mistakes such as making slow, small, frequent layoffs; implementing voluntary early retirement programs that entice the best people to leave; and laying off so many that the company’s work can no longer be performed. I think that Ford did make sure that they did not lay off too many workers to ensure that their work can still be completed.

” (Bateman, 2007) I do think that through prolonging the process of laying off people by saying it could be 6 years they just keep people waiting and wondering who will be next to go.

I think that they targeted the plants that could be eliminated but should have done so faster. Also it stated that they should not implement early retirement to entice people to leave because some of the best employees are the ones that have been there for years and know the company. If they can retire early, who wouldn't? Ford Brand Ford also has decided to cut back on the other brands that Ford also managed under their company. Ford owned the brands Ford, Lincoln, Mercury, Volvo, Mazda, Aston Martin, Jaguar and Land Rover.

By cutting back on all the other brands Ford will be able to make the clarity of the Ford name must more clear.

“ It is our belief that just as your brand carries a promise to your customers, BrandClarity's carries a promise to its clients: a “ trust mark” of excellence and integrity that enables your brand to deliver on its promise. ”

(BrandClarity, 2010). Ford now will be defined not by all these other brands, but by the Ford brand. Ford is committed to making Ford the best in small cars, mid-sized cars, Sports Utility vehicles and trucks and will do this through enhancing its vehicle line and reaching out to its customers' needs.

Employee Involvement People throughout the organization need to take a greater interest and a more active role in helping the business as a whole. They have to believe they can make a difference.

And they have to identify with the entire organization, not just with their unit and close colleagues. (Bateman, 2007) In an interview with Alan Mulally, president and CEO of Ford Motor Company, he discussed how Ford has “weekly meeting” where different sections of the agency would gather and report on how well their sector is doing.

The employees would use a color coding system to describe how well they are doing. Green would mean good, yellow needs improvement and red meant needs major improvements.

The team would meet with all sectors of the organization present they were able to talk amongst one another to develop plan for change. Mulally describes sharing information as “has to be safe for each of us to share because as human beings, you’re not going to share the way it really is if you’re going to catch abuse, get yelled at or put down. (Surowiecki, 2009) Mulally encouraged people to share open and honestly and recounts when the first team member brought to him something that needed lots of change as he clapped for them as they all need to recognize what changes need to be made and not just pretend that everything is going well in their sector of the company. Ford was able to make its organization a learning organization. “A learning organization is an organization skilled at creating, acquiring and transferring knowledge, and at modifying its behavior to reflect new knowledge and insight.

(Bateman, 2007) Through bringing together a wide array of individuals to share on the organization they were able to communicate with one another a ways to change what needed changed the most effective way. Fuel

Efficiency During a time of hardship, Ford was able to increase cash flow in the Research and Development department in order to develop products to keep the company ahead of the competitors and valued by its customers. Ford used to be most known for its work on larger vehicles like SUV's and pickup trucks.

Ford now is trying to lead the way in every market sector.

Ford has been showing interest in all areas as the small and mid-sized vehicles are more fuel efficient which not only helps the environment but also puts more money back in the consumer's pocket. Ford has developed electric vehicles and hybrid vehicles that make the car more fuel-efficient. " The Ford Focus prototypes feature a state-of-the-art lithium-ion battery pack with the capacity of 23kWh and a chassis-mounted 100kW permanent-magnet electric traction motor.

It will have a range of up to 75 miles and a top speed of up to 85 mph. Charging the batteries will take between six and eight hours, using a household 230-volt electricity supply.

"(Ford 2009) Hybrids are also seeing a large increase in sales for Ford. " Through September, Ford hybrid-vehicle sales are up 73 percent versus the same period in 2008, according to figures from Autodata, Inc. " (Ford, 2009) Ford has been adapting to environmental changes. Adaption occurs when the various parts of the system are able to encounter each other and either copy successful strategies or develop new strategies because of their interaction. " (Axelrod, 2002) Ford has shown that they are willing to take

the changes that consumers want and spending the time and money to further research and produce new and improved vehicles.

Quality Ford is also committed to providing quality products for consumers and also a quality work environment for employees.

As part of Ford's restructuring process they have implemented " Ergo Days- this is when Ford engineers and managers are invited to work a full day on the assembly line. Engineers then suggest ways to make assembly line jobs easier. Better assembly-line ergonomics creates higher quality vehicles.

" (Ford, 2009) Through constant improvements to tools and technology employees jobs are becoming much easier and with this they are able to produce more efficient vehicles. Consumers are also looking forward to buying a car that is affordable but also that is high in quality.

According to Kelly Blue Book, Ford nabbed the three of the top ten spots in customer satisfaction. When people are happy about a product, they share the happiness with others and it become contagious. Safety Ford is working on developing new technologies that are sense emergencies quicker to provide driver's with the safest car on the street.

" The new Taurus' state-of-the-art side air bag systems use pressure pulses from a side impact and are designed to deploy up to 30 percent earlier than a traditional air bag system that uses acceleration-based sensors.

Pressure-based sensors help predict crash forces before the full impact occur and more accurately measure crash severity to better differentiate between a potentially dangerous air bag-deployable crash and common, relatively

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harmless daily abuse that would not require air bag protection. ” (Ford, 2009) Other types of improvements being made to provide safe vehicles are: Adaptive cruise control, collision warning with brake support, Keyless entry keypad, my key, auto high beams, rain sensing wipers, blind spot information system, Ford Sync and voice activated navigation system.

Technologies are constantly changing and Ford has put time and money into research to keep them in front of their competitors. Value Ford has been able to provide these quality improvements that in the long run will increase the vehicle value in the long run.

“ Today the automaker announced that resale value for their vehicles jumped 23 percent since last year. ” (Ford in the News, 2010) People want a car that after they are done using they can resell it and not lose \$3, 000 just for driving it off the lot. With the new technology and increased fuel-efficiency people are more willing to buy used Ford vehicles. Conclusion

Kaizen can be used to describe Ford Motor Company and their “ continuous improvements” (Bateman, 2007) Ford was able to recognize the areas in the business that might not be fully pulling their weight and downsized in order to save the budget and also to help the company. This improvement lead way for Ford to also take the time to redefine the Ford brand and what they wanted from the company.

Sometimes taking on too many products is not always the right thing to do. Ford took a step back and decided to drop the other brands and just define Ford as Ford vehicles and not the other brands they used to also sell.

By doing this they were able to provide the highest quality products to their customers and produce more vehicles. Ford also expanded worldwide to have the same vehicles in other countries instead of specializing cars for certain geographical areas. This allows Ford to mass produce parts and be able to resell them at any location.

With ever rising prices in the gas industry Ford has committed a lot of time and resources to the further technological advances in the fuel efficiency area so people get more for their money.

They even had a test that people took part in to show them how efficient their vehicles were, 1, 000 miles on one tank of gas. Ford is meeting consumer needs. Ford also has been able to provide safe, high quality and vehicles that are even more valuable than they were before. Through all its technological advances and awareness of market needs Ford has been able to continue to be one the of highest competitors in the automobile industry and the only company in the United States to not file for bankruptcy in the recent economic hardships.