

# Ford motor case- operations management

[Business](#), [Management](#)



Ford Motor Company Report Course: MGT 203 Ford Motor Company was founded by Henry Ford and incorporated on June 16, 1903. In addition to the Ford and Lincoln brands, and also owns the stake in Aston Martin in the UK and Mazda in Japan. In 2010 Ford sold Volvo to Geely Automobile. Ford discontinued the Mercury brand after the 2011 model year. It produced over 260 million vehicles and it was the second largest industrial company in the world. There are 370,000 employees in Ford with the revenues of more than \$144 billion. Its operations spanned 200 countries. It has a very important influence all over the world.

In the last two decades, there are more competitive between Ford, General Motors and Chrysler in the United States. The three big automobile companies are trying their best to save their unnecessary cost and gain their market advantage. Otherwise all of them are faced the competitive from the foreign companies, such as Honda, Toyota and Nissan. Due to the situations that I mentioned above and the changing business conditions led all the Motor Companies facing issues ranging from globalization, economic uncertainty to new technologies and increasing consumer demands.

Ford Motor Company as the manufacturer design and build vehicles globally, its supply chain strategy becomes the most important factor that help the company improving the organizational competitiveness. The effective supply chain strategy is a must for automotive manufacturers and their component manufactures so as to meet changing consumer demands. This paper will presents a supply chain strategy framework for the Ford Motor Company as a reliable strategy to respond to changing consumer demand. The Background of Ford's earlier supply chain management strategy.

In late 1980s, Ford has thousand suppliers of production material in a complex network of business relationship. And that time Ford based primary on cost, it only pay little regard with the overall supply chain costs. In the early 1990s, Ford try to decrease the number of suppliers and the company dealt with directly. It concentrates more on longer-term relationships with a subset of very capable suppliers. Ford help the suppliers to improve their operations via a range of techniques like JIT, TQM and SPC, in exchange for closer relationship and long-term commitments.

Today's management strategy Today, Ford's production system is directly to synchronous Material Flow then directly to In-Line Vehicle Sequencing, as the following Chart: The Ford's OTD also improved fast, the system as the following chart: The Ford's retail network: From Today's Supply Chain strategy we can see that the biggest change in Ford's supply chain strategy is from "push" to "pull", the focus was to maximize production based on a "Push" strategy, which resulted in an over capacity of an estimated 20 million vehicles.

This over capacity would have clearly led to a decline in sales and profit margins due to increasing inventory costs. The Supply Chain strategy of Ford compare to Dell company With the virtual integration, Dell has a faster direct model with no traditional boundaries and roles in the value chain. Virtual integration is combines the economic benefits of the two different business models. It can be described as a way of capturing the advantage of vertical integration without actually vertically integrating. It also can be seen as the

ability to achieve the advantage of vertical integration without incurring the overhead.

It helps the Dell to eliminate the resellers markup and the costs and risks associated with carrying large inventories of finished goods. In case of Ford there are two different views from two different groups. One group favored virtual integration and the use of emerging information technologies to redesign its supply chain, they totally believe what channel Dell use can also be used by Ford; The other group was more cautious and skeptical if a similar model could be used such as the one adopted by Dell to redesign Ford's supply chain.

From what our group discussed above, we get the conclusion that Auto industry has been more fierce competition than ever before. Ford should gain a competitive advantage. It can be a good chance and it also can be a big trouble. Ford should makes its complex supply chain combine with the information technology, it can help Ford's supply chain be more effective. Ford can learn virtual integration from but not totally the same. Ford can create a hybrid model of supply chain. It can be a mixture of vertical, direct models and virtual integration.

Feature Article -Ford Motor Financial Ratio Analysis

Ford can adapt this model in its way. Utilizing virtual integration, would allow Ford to not only rely on internal resources opening up new ways to get vehicles to the market more quickly. With the fast-changing society and information time, Ford should be able to connect their products with

software. It mustn't be like Dell, but Ford can add some information on the internet. Moreover, Ford also can do some customer service on the internet that can help them save the cost on employees. With this way, customers can solve the problems or shopping at home.