

# Developing a business model

Business



Developing a Business Model Ford's One Ford business model has supported its strategic objectives over the years and allowed it to expand across the world by including more countries in its target markets. However, for the plan to work it needs to be aligned with the company's goals and objectives so that they work in unison. For North America, Ford needs to restructure aggressively to continue operating profitably at the current dynamic and demand model mix (Dubofsky, 2013: 27). This restructuring should occur across all the firm's operations, including aspects of supplier relationships, dealer and customer credit personnel and operations, manufacturing, and deal relationships. The company should allocate at least 50 percent of future American capacity to small and medium-size cars, so that it can adapt to what is turning out to be a permanent transition to a smaller and more gas-efficient cars.

The company should also develop and incorporate flexible body shops in all its American assembly plants to facilitate quick response to evolving consumer needs (Trompenaars and Coebergh, 2014: 47). In addition, it should make its entire engine and transmission plants flexible and able to manufacture different combinations of engine and transmission series.

Between 2009 and 2011 Ford announced 4 more plant closures as well as its intent to sell or close 4 ACH plants that were remaining. It is imperative for the company to aggressively align its manufacturing capacity to actual demand. Regarding suppliers, the firm should work very hard to boost its US based supply operations, which represent eighty percent of its North American acquisitions. The firm should implement several business practices with its suppliers, aimed at maximising collaboration, supporting data transparency and expanding the capacity of business with desired suppliers, <https://assignbuster.com/developing-a-business-model/>

while enhancing its business model to make it more sustainable (Schein, 2012: 53).

The company should also be able to lower the total number of its production suppliers who qualify for significant sourcing, with more reductions to take place in the future. The company should pay special attention to enhancing its women and minority suppliers – which currently represent roughly \$4 billion of its yearly \$35 billion of acquisitions from American supplier bases. So far, consolidation initiatives have led to, and will lead to, more business for its chief suppliers which will maximise their financial strength. Regarding dealers, Ford currently has too many at its current and forecasted future market share. The fact that it has too many dealers has made it difficult for the firm to sustain a profitable and dynamic dealer network (Hoffman, 2012: 21).

To manage this overcapacity, Ford should partner with its dealers to restructure and downsize the Mercury, Lincoln and Ford network in its biggest 150 market areas to offer specific average-year sales for company dealers at more than 2, 000 units as well as Lincoln Mercury dealers at more than 600 units, leading to sustainable profits in both strong and weak years (Henderson and Gulati, 2014: 34). Regarding credit operations, Ford should further improve its cost structure and consolidate its operations to symbolise reduced financing volumes caused by the sale of some of its biggest brands (Jaguar and Land Rover), reduced control of Mazda and lower automobile industry sales units.

## References

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