

# Ford motor company business plan

[Business](#), [Company](#)



1. Outline four strategic options Ford is pursuing to increase its profitability. Describe each of the four options. For each option list two criteria, you would use to evaluate the option.

The first strategic option that Ford is pursuing to increase its profitability is to close down older plants in order to realign production and sales. This would help to reduce the number of vehicles that are produced per year since the company is currently producing more than the demand for the vehicles is available, leading to reduced prices. The older plants are not as efficient as the new plants, and require a massive input of labour to create the finished products. Closing them down has the advantage in that it helps cut down the number of workers who are costing the company a lot of money in terms of salaries and other employee benefits, as well as reduce the production cost since the newer plants are more efficient. Cutting down the number of cars produced will have no negative effect on the revenue, since the company is already producing more than the market can absorb. In fact, this can help to stimulate demand and increase prices as the supply goes down (Graham, 2008).

This option can be assessed in terms of the savings that the company will accrue from the reduced cost of production since the remaining factories are deemed to be more efficient. Also, there must be an assessment of the demand change when production is reduced since this is expected to change once the supply goes down. The expected increase in demand should be able to sustain the remaining factories effectively.

The second strategic option is to focus on production of smaller cars and eliminate or reduce the production of SUVs and trucks. Smaller cars are fast moving and are in line with Ford's original mission. This will help to eliminate from the production some products that are not selling at the moment, and allow the company to focus on what is making sense. To implement this, the company needs to compare the market share of each model before discontinuing its production, and also determine the loss in revenue since these brands fetch high prices in the market.

The third option is to focus marketing away from North America, to other promising markets in the world. This will open doors to new markets that can guarantee future survival of the company. This will help to maintain the current brands and products, once the market is diversified. This option can be evaluated in terms of the expected market size that is going to be reached, as well as the costs of doing business in these new markets (Steiner, 2007).

The fourth option is to sell the Premier Automotive Group that deals with the high-end brands, so that the company is left to focus on other middle and low-end brand, in line with Ford's traditional way of doing things. These premier brands constitute of low-sale volumes. The company needs to assess the profitability of the group and if it will affect the market of Ford cars, as well as the expected benefits from selling this group.

2. In light of the possibility that market, conditions can and do change, discuss at least three examples of how the company should build-in flexibility to back-up its decision-making process.

Ford would need to be responsive to change in market conditions and make exceedingly appropriate and timely measures in order to benefit. This would require a highly efficient decision making process, which can respond to market opportunities without delays. To benefit from such opportunities, the company can form a regular multi department team that can meet regularly and weigh the options available for the company, in order to benefit from the changing trends in the market (Graham, 2008). In addition, the company can improve information sharing and market situation information among its top decision making organs, so that the decisions made will be done after full consideration of the options available and there will be no delays in taking advantage of new opportunities. The company can also form a strategic management team that will focus on market studying market structures and trends, so that opportunities and course for action will be identified early enough (Steiner, 2007).

3. Discuss how an effective action plan can be created and how progress can be monitored.

An effective action plan for the company would require more than just formulating the policies, but also doing an in-depth analysis of the situation on the ground. The company should define the end that it wants to be, and then devise the means of getting there. This would involve first of all analysing every possible option, its merits, demerits and also the opportunity costs that will be involved, it would be appropriate for the company to consider different options and weigh each of them and combine them to determine what will work best for the company as well as what does not

work for this company. Once a plan is devised, monitoring should be done on a set timeline to ensure that there will be no deviation in the plan.

4. List at least three steps that make-up a workable plan and explain why each is important.

A workable plan needs to have several steps for it to be effective. One of this is a means to evaluate the progress that is made, which should be in concise steps and measurable criteria. In addition, there should be a means of assessment so that changes in the external environment, which may necessitate a change in plans, may be detected. This will help prevent the plan from becoming obsolete in the course of implementation. The plan needs to have time specified steps and actions (Graham, 2008). By defining the time for every action that will be taken, it will be possible to micro-manage the implementation and identify early risks of failure.

5. Discuss the option or combination of options you selected as the best course of action for Ford Motor Company and detail your reasons for selecting that option or combination of options.

The option to take for the company is to close down the old manufacturing plants and focus on the new emerging markets in the world. This would help to improve efficiency in the United States manufacturing plants as well as help the company to prepare doing business in the new markets, which may require setting up assembly lines in these places and employing the use of new technologies in these regions. Expansion into the new markets would prove exceptionally deferential because this would offer a significant

potential for growth and prevent the company from forgoing the sale of premier brands (Steiner, 2007).

## **References**

Steiner, G. (2007). *Strategic Planning*. New York: Simon and Schuster.

Graham, J. H. (2008). *Marketing Strategy and Competitive Positioning* . New York: Prentice Hall