

Ford automotive vs general motors automotive



Ford Automotive Company Background

The Ford Automotive Company began as a vision of its founder Henry Ford. Henry Ford was born in 1863 on a farm near Dearborn, Michigan. In 1890 Ford's hobby in the engineering field became a career as he began his employment at Detroit Edison Company. In 1892, Ford built his first gasoline buggy in which he sold in 1896 to help fund the construction of a new automobile. Three years later in 1899, Ford was forced to quit despite his promotion to chief engineer because of his hobby outside of work.

The loss of his career at Detroit Edison Company did not slow Ford down. Soon after that he started Detroit Automobile Company with the help of some private investors. Shortly after, he withdrew from that business association because of accounting and prices of the cars produced by the company. On June 16, 1903 Henry Ford opened a converted wagon factory on Mack Avenue in Detroit which became known as the Ford Motor Company. After the company was formed it went through ups and down like any other company.

The Ford Motor Company fought with the Licensed Association of Automobile Manufacturers over rights for a patent held on road locomotives with internal combustion engines when the company began. The Model T was the beginning mark of Ford's success being one of its most popular cars in 1908. Ford was also involved in the war effort in World War I. The Ford Motor Company placed its resource at the disposal of the government providing large quantities of automobiles, trucks, ambulances, Liberty airplane motors, Whippet tanks, and Eagle submarine chasers.

The Ford Company later expanded into other countries such as England, German, and Russia. The Ford Motor Company has been through many changes in time that include two World Wars, the Great Depression and more.

General Motors Automotive Company Background

William C. Durant, founder of General Motors Company was born in Boston, Massachusetts on December 8, 1861. Durant was also the grandson of Michigan Governor Henry H. Crapo. Durant dropped out of high school to work in his grandfather's lumberyard. He went from the lumberyard to selling carriages. In 1886, Durant founded the Flint Road Cart Company which transformed from \$2,000 start-up capital into a \$2 million business that made sales around the world. Durant teamed up with Josiah Dort to create the Durant-Dort Carriage Company based in Flint, Michigan in 1890. Their company became the number one leading manufacturer of horse-drawn vehicles in the world. After Durant produced the modern system of automobile dealer franchises, he was offered a general manager position of Buick in 1904. Shortly after obtaining this position and being successful in it, Durant became president of the company taking it in a different direction.

Durant arranged the incorporation by proxies of General Motors and quickly after sold stock and with the proceeds acquired Oldsmobile in 1908. After that acquisition, Durant acquired Oakland, Cadillac. In 1911, Durant went into a partnership with Louis Chevrolet, starting the Chevrolet Company. In 1916, GM was incorporated as General Motors Corporation. GM went on to expand by purchasing McLaughlin Motor Car Company in Ontario, Vauxhall Motors of England, and 80% share in German automobile manufacturer

Adam Opel AG. Under the leadership of Alfred P. Sloan, GM had successfully exceeded the sales of Ford Motor Company.

GM also became versatile by purchasing Fokker Aircraft Corp of America and Berliner-Joyce Aircraft in which later merged into General Aviation Manufacturing Corporation. GM manufactured vehicles and aircrafts for both Allied and Axis customers during WWII. GM continued expanding and came out with more brands than almost any other automobile company in the world. Ford Motor Company Profile Ford Motor Company is a public company that is traded on the New York Stock Exchange. Ford is a worldwide company located in Dearborn, Michigan which is also part of the S & P 500.

The key people involved in the success of this great company include William C. Ford, Jr. (Executive Chairman) and Alan R. Mulally (President & CEO). Ford's production consists of automobiles and automotive parts. Ford produces amazing vehicles such as the Mustang, F-150, Fusion, Taurus, Focus, etc. Ford also has subsidiaries such as Jaguar, Land Rover, and Volvo. Ford has its own luxury cars under the Lincoln brand. The line of services that Ford provides involves automotive finance, vehicle leasing, and vehicle service.

Ford Motor Company has had an exceptional year with revenue up \$136.26 billion, operating income up \$8.681 billion, net income up \$20.21 billion, total assets up \$178.35 billion, and total equity up \$15.07 billion. General Motors Company Profile General Motors Company is labeled as a publicly traded company on the New York Stock Exchange. The headquarters of GM is located in Detroit, Michigan in the Renaissance Center. GM has 156 facilities on six different continents and serves the public worldwide. One the

key people in the current success of GM is Daniel Ackerson (Chairman and CEO).

Their products include automobiles and automotive parts and also financial services. GM has a many subsidiaries that consist of CAMI, Adam Opel AG, Holden Ltd, Vauxhall, and more. GM's divisions include Chevrolet, Buick, Cadillac, and GMC. The 202, 000 employees have helped to produce revenue adding up to \$150. 28 billion in 2011. To add to GM's great year, the operating income is up \$9. 287 billion, net income is up \$7. 585 billion total assets are up \$144. 60 billion, and the total equity is up 38. 9 billion. Employee Benefits Ford provides a great benefits package.

There employee package includes:

- Medical
- Dental
- Vision
- Paid Vacation
- Paid Company Holidays
- Ford Flexible Work Program
- Savings & Stock Investment Plan (401K)
- Ford Retirement Plan
- Vehicle Purchase Plan
- Community ServiceProgram
- Ford Employee Recreation Program (FERA)

General Motors also provides an excellent benefits package. GM employees' benefits package includes:

- Medical
- Dental
- Vision
- Savings-Stock Purchase Program 401(k)
- Personal retirement income plan
- Financial planning
- Life insurance
- Disability benefits
- 17 Paid holidays 2 Week vacation with 1-3 years of service
- 5 Week vacation for longer service employees
- 5 additional paid days off Employees and immediatefamilymembers
purchase vehicles at a significant discount

The Customer is Always Right

Our principal purpose in presenting you with this information is to help you with your decision in choosing a company to work for as a communications consultant. Through our research we have found a considerable amount of data that should not only help you decide which company you will be choosing, but clarify which company would be the best choice.

In presenting information there are several challenges in deciding which categories would peak your interest in a company. While there are vast amounts of information at your fingertips we have reviewed personal accounts of employee satisfaction experiences as well as customer satisfaction surveys, challenges that each competitor faces both near and far, and the tough decisions that Ford and GMC have had to make during the times of financial crisis. It is our belief that employee satisfaction is a key to

a successful business and so do most major businesses, including Ford and General Motors.

Employed persons spend the majority of their time at work, and that makes it obvious that employee satisfaction should be the one of the most important categories researched. To determine if not only the company fits you, but to see if the "YOU" fit the company. Since 2009, the year of GMC filing bankruptcy, 29, 000 or more salaried employees are operating under a new policy that concentrates efforts towards placing the customer's needs first, and receiving a bonus when customer retention goals are met. These efforts are to improve customer relationships with the GM products and services. Here are some comments from glassdoor. om about General Motors recent customer experiences, "GM is the place to go" says a former project manager in Chicago, Illinois. A former engineer in Detroit, MI on a recent visit to a GMC dealer said "management is working hard to improve the culture which has been slow and cumbersome." GMC since their recent financial crisis has placed a concentrated effort on employee and customer satisfaction, and it has proven to be a key to their revival. Their initiative is to increase its customer retention from 52 percent to 58 percent, if the employees reach the company's retention goal it will add \$4. billion in annual revenue. "Mark Reuss, General Motor's North America President stated it's the first time in his 26-year career that the automaker will reward employees based around how well they retain their customers." General Motors is definitely creating a change in policies and procedures and only employee effort and good managing decisions will decide the future success of the company. Ford on the other hand stood strong through the financial

crisis of the latter part of the 2000's, declining acceptance of the Tarp money offered by the Government, and choosing not to declare bankruptcy.

Ford's success is due mainly to the Ford family giving up the reins and allowing an outsider executive control over the company, and other employees making good decisions, and allowing the company to rely on employees and great customer satisfaction to keep the ball rolling. William "Bill" Clay Ford, Executive Chairman of the Board for Ford Motor Corporation, and former CEO, acknowledged that there may have been some gain from taking TARP money, but nothing is forever, and people have short memories. So it is really up to Ford everyday to earn our respect. GM is a great competitor, and we know that.

I like where we are positioned and I like that we have positioned ourselves to earn that respect" he was quoted in an article " How Ford did it" on Cnn.com. Ford's Pulse Survey Ford motor company has gone through great lengths to improve their company not only as an automotive manufacturer but in terms of employee satisfaction. In 2009, 80 percent of Ford's salaried employees participated in their annual Pulse survey. The Pulse survey gives Ford an insight into employee's actual satisfaction with the company, their job, diversity, and other aspects of the workplace.

The Pulse survey includes several categories one being an (ESI)- Employee Satisfaction Index, in which 68 percent gave a good rating which was a two percent increase from the previous year and a third year with improvement to the company's scores. The area of greatest improvement was the employee overall satisfaction and information received from upper level

management. Other areas that have improved over the years are supervision and diversity. Ford has placed a highly concentrated effort into improving communications internally to build trust and increase transparency amongst employees.

Diversity in the Workplace Since 1903 Ford has been known as a leader in the automotive industry and a leader in diverse practices in the workplace. Ford is still committed to hiring a highly skilled workplace that reflects many different aspects of our country including culture, ethnicity, race, age, perspective, religion, physical ability and sexual orientation. In 1913 Ford offered five dollars a day to factory workers to attract the African American and immigrant citizens in the community helping create the black middle class.

By 1916 Ford was proud to have employed with them, men and women from 62 different nationalities, and 900 disabled employees. In the year 1919 Ford is responsible for leading to the first mosque in the United States. By 1920 Ford had more African American employees than any other automotive company in the world. That year they also employed their first Asian-Indian employee whom later established the Ford of India. In 1941 Ford negotiates its first collective bargaining agreement which was groundbreaking, mostly because it explicitly prohibited discrimination based on race, color, national origin, or creed. 1944 is when Rose Will Monroe, a rivet gun operator, was chosen to appear in a commercial for the Ford Motor Company showing determined women factory workers and personifying the Ford image of diversity for all in the workplace. In 1970 several women join the company as salaried employees. They quickly moved up the executive ranks becoming

the first women to enter Ford's Marketing and Sales Management Program. Today, Ford's efforts continue in hiring female employees in the executive, management, and engineering divisions. Barb J.

Samardzich, Vice President of Powertrain Engineering has said that today 18% of Ford employees are women, which is 5% higher than it was when she graduated from college. In 2003, the company included an expanded definition of diversity to include not only race, ethnicity, age and gender but also many things are unique to employees unique such as backgrounds, opinions, experiences, perspectives and life situations. " It also put an emphasis on fostering an inclusive culture that is free of barriers, and in which all employees are included, respected and appreciated", says Ford executives. At GM, we view diversity as a critical business imperative that in the long-term will benefit each of us, and all of us. We drive diversity throughout our organization by focusing on five areas: Customers, Communities, Dealers, and Suppliers" says GM executive. GMC hasn't always made the best decisions as a company, but one of the keys to their success is creating a strongly diverse workforce. On March 14 GMC hosted a luncheon celebrating their 50th anniversary of Inforum a professional organization focused on creating strategic connections and accelerating careers for women throughout Michigan.

This year GMC showed a bit of Latin flair when they allowed designer Johanna Medina, designer of GMC's Acadia to be the keynote speaker. She spoke to students of Bronx high school of visual arts about her path to working as a designer for GMC and how much she enjoys the diversity of their workforce. The General Motors African Ancestry Affinity Network

(GMAAN) held its 6th Annual Black History Month Celebration on February 24, 2012 at the Grand Ballroom inside the Greektown Hotel in Detroit, MI. This year's theme was "Influencing a New Generation" and GM's own Mr.

Ed Welburn, Vice President of Global Design, was the Keynote Speaker. Ed spoke about his love and passion for designing vehicles and how it was influenced by GM at a very early age and he was absolutely determined to work for the company that inspired him. He manages 11 Global design studios in eight countries and over 1,800 creative people that continue to design the best award-winning vehicles around the world. Ed is the 6th person to lead GM Design in the company's 100 year history and the first to lead a united GM Global Design organization.

GM also supports diversity by recognizing women of color in the workplace. In 2011, Chevrolet was the sponsor for BET's first annual award show for women of color, BLACK GIRLS ROCK!™ & Soul Tour. GMC has constantly showed their efforts to encourage diversity in the workplace from Celebrating Martin Luther King Jr. to being one of the Gold sponsors of the Special Olympics of Michigan which were held on Macomb Community College Campus in Warren, MI. First Lt. Travis Manion was moved by the members of FDNY Rescue Company One, one of the first fire companies to respond to the World Trade Center on Sept. 11, after spending a day with them before his last tour of Iraq in 2006. Their hard work and sacrifice only reinforced Travis' belief in serving his country. While Travis was killed by enemy fire in Fallujah later that year, his spirit lives on thanks to the Travis Manion Foundation. In July 2011, the GM Foundation and Chevrolet donated \$250,000 to the Travis Manion Foundation to help take its 9/11 Heroes Run

fundraiser nationwide. Ford and GMC are two very great companies that show much promise for the future. They have increased size, profitability, technology, but most importantly employee and customer relations.

Ford was built on tradition and has set several market trends in which most automotive companies have followed including GMC. General Motors has also made a name for itself in the automotive industry becoming a known producer of quality cars and other automotive parts. They have partnered with several diverse groups to spread an image of how much they care about keeping culture, diversity, and employees ' rights and freedoms amongst the highest priorities. These are only a few aspects that define both of these companies without diving into financial statements and stock prices.

The more important points we hope to reach in coming to a conclusion on the decision for you is what the companies plan to do with their futures. What challenges does each of these competitors face? What difficult decisions have each had to make for each of them to still be thriving as much as they are today?

Looking Ahead

The most important part of planning your future career with a company is to research what decisions they are making currently about guiding their future. The automotive industry faces several challenges in today's struggling economy while trying to make those choices.

Globalization, Demographics, General Motors is currently going through a complete renovation with their new business model in place, combining automotive aspects with new digital technology, and competing with new entrants into the industry that now have a competitive advantage with <https://assignbuster.com/ford-automotive-vs-general-motors-automotive/>

smaller more economical alternative vehicles. In today's U. S. automotive market there are companies such as Nissan, Honda, Toyota, Fiat, and more who have become heavyweight competitors in the national and international industry.

Detroit was for years the epicenter of the American automotive industry; it was not until recently when the North American Free Trade Agreement (NAFTA) allowed foreign companies to open factories in the South-Eastern areas of the country. This move actually gave foreign companies a great perception in the public's eyes because it created thousands of employment opportunities for locals and those who lived in northern states who were struggling to find jobs. The Southern Auto Corridor" which includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia serves as the production center of foreign automotive companies and provides the biggest competitor for auto makers such as Ford and General Motors. They not only have to compete with the public's opinions of the companies providing better jobs, but also the foreign companies cornering the fuel efficiency market. Ford, since it was established has been an innovator in the automotive industry, from the T-model to the Ford F-150.

Ford has set the standard with being the first to release new technology and set trends in the highly competitive industry. In the 1960's it was the Mustang and today it's vehicles such as the Fusion, and Focus with incredibly economical technology setting the car's estimated fuel economy over 40 miles per gallon. General Motors has also been one of the industries top competitors and most creative innovators. In the 1960's when Ford released

the Mustang, setting an industry standard for American vehicles, General Motors released the Camaro and Firebird which became the Mustang's number one competitor.

Today they are at the top of the American automotive industry, releasing the Chevy Volt a hybrid vehicle that offers consumers enough fuel efficiency to make a trip to the gas station only once a month with regular charging. The competition continues between these two mega competitors in the research and development of hybrid vehicles, Sports Utility Vehicles that can hold large families and achieve the same fuel economy as the smaller hybrid vehicles.

In today's economy efficient personal finance has become the key to our success, and as a smart business model Ford and General Motors has realized that creating smarter, more economical vehicles is the best way to increase consumer perception and retention. With gas prices fluctuating daily, hybrid and alternative vehicles have become the future of the automotive industry. They have become the future not only because of consumer's personal finances, but because of global warming. The environmental affects of motor vehicles is threatening the way of life as we know it.

Global Warming is a rise in the average temperature of the Earth's atmosphere and is affected heavily first by the ocean, but secondly by large factories and vehicles such as cars and trucks giving off large amounts of CO₂. As time goes on the Earth will be plagued with horrible climates and scarce resources, that's why the automotive industry and the people of the world are strongly pursuing alternative vehicle options to save

the environment. The environment changes as well as the societal views and opinions. Cars that were once considered popular are no longer the talk of the town.

The age group that vehicles are sold to is often identified by the amount of digital technology it has or the sport styled body kits. Demographic and Consumer behavior have always been a challenge for the automotive industry. It is why they change models yearly in efforts to incorporate new and improved functions. Ford Motor Co. and General Motors Co. are America's legendary competitors in the automotive industry. There is not a person in the United States that does not know at least one or two vehicle models of either company.

Who Has the Advantage? Ford Motor Company and General Motors have both competitive advantages over each other and over other automobile companies. Both companies make all types of automobiles, from cars to SUV's, which gives them an advantage of offering all types of automobiles. " Ford Motors adopted the strategy that allowed it low production cost by cutting all the excessive cost involved in its operations. "(FordCase Study) This strategy gave Ford a big cost advantage over other competitors in terms of lower cost.

By cutting the costs on materials and production supplies that were not being used effectively, Ford increased their profits and could increase their market share. Ford increased its market position in the automobile industry by increasing consumer trust by fighting against bankruptcy. A competitive advantage that both companies have in the industry is the cost of their

products. Both companies provide affordable vehicles that consumers are looking to buy during these hard economic times.

Although the automobile industry has taken a huge hit in recent years due to the recession, they are still fighting hard to produce new and eco-friendly vehicles for consumers. General Motors has a competitive advantage in the selection of vehicles they offer to the public. Since General Motors is made up of four widely known automobile companies (Buick, Cadillac, Chevrolet, and GMC), they have a wider target market and are therefore able to appeal to more consumers. Both Ford and GM offer great service. This gives them a competitive advantage over other automobile companies that lack in service and part availability.

Companies such as Mercedes-Benz and Audi, which are built in foreign countries, sometimes take a little longer to get parts and that could make some consumers shy away from them. Our conclusion is that Ford Motor Company's ability to cut cost while still making a quality product gives them the advantage over General Motors. The Great Automobile Recession Both Ford Motor Company and General Motors have faced challenges in the past that were hard for them to overcome. We can start to look as recent as the last ten years to see challenges that had to be overcome.

Ford and General Motors were both near bankruptcy due to the most recent depression. " In 2006, Ford posted its biggest operating loss to date: \$12.6 billion. This coincided with continued deterioration in market share, with the majority of these losses being captured by Toyota and General Motors. From 1997 to 2007, Ford's United States market share plummeted from 25% to 15%. "(Oasis Consulting) Ford is making moves to try to get the

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company back on its feet and moving in the right direction. One thing that Ford did to get through these rough economic times was to sell Jaguar and Land Rover.

They are also in the process of trying to sell Volvo, which could be very economically productive for them. The Ford Motor Company is trying to get rid of all their other companies to cut costs and help overcome the enormous debt owed by the company. General Motors went through the same economic challenges as Ford, except their situation was a little worse. As General Motors got right to the threshold of bankruptcy, they were bailed out by the U. S. Treasury in an effort to keep the United States automobile companies afloat. " GM, critically short of operating cash, received a bridge loan from the U. S.

Treasury, under the conditions that the company further accelerates a tough restructuring of its U. S. operations that had been underway for several years. "(General Motors web site) These economic hardships pushed both of these companies to the limit, but they were both able to overcome these challenges and become stronger because of it. Due to the extreme consequences General Motors had to face during the recession, we believe that Ford Motor Company is in better shape as an overall company. General Motors had to be " bailed out" by the government, which means that they were going bankrupt before being given money by the government.

Company Success Both companies have had plenty success in their histories. One of Ford Motor Company's biggest successes is the creation of the Mustang in the 1960's. " The sharp, four-seat 1965 Mustang became the " darling" of America. The " love affair" brought about the sale of 100, 000

Mustangs in the first 100 days. Total sales for the year reached 418, 812, far exceeding the 100, 000 projected by market research. " The Mustang has been one of the most popular cars in the automobile industry. For forty years, Ford has made a huge profit from the selling of the Mustang.

Another success story was the creation of the Thunderbird. This car came out before the Mustang, and was equally as popular. " The 1955 Thunderbird made its first public appearance in dealer showrooms on Oct. 22, 1954 with a selling price of \$2, 695, although delivery prices ranged from \$3, 000 to \$4, 000. The public went for the Thunderbird in a big way, placing more than 3, 500 orders in the first 10-day selling period. " This shows just how popular this Ford model was in its time. Two thousand dollars was a lot during that time period, and to sell that many means major profit for Ford Motor Company.

General Motors also has their share of success stories. " To be the best, General Motors must continually meet and exceed customer expectations. To be flexible and successful across our organizations - Vehicle Manufacturing (Assembly, Powertrain and Stamping), Manufacturing Engineering, and Service Parts Operations - we use a single common manufacturing system to ensure high quality and reliability. " This shows that General Motors takes great pride in making sure that each vehicle is created to the best of their ability. For most of the twentieth century, General Motors was biggest company in the automobile industry.

We have given several reasons why we have chosen Ford Motor Company as the company you would prefer to work for. Ford Motor Company is in better financial shape, has remained a leader in employees overall Quality of Life,

and has made smart, progressive, and innovative decisions concerning the future of their company as a leader in the automotive industry. General Motors, who had been bailed out by the government is making a turn around since the crisis, but the company is still searching for an identity as a brand, and has a lot of work to do in directing their company.

There are several challenges for both companies and with competition comes job opportunities. As a communication consultant for Ford or GMC would be a great career, but our consulting group is sure that we have displayed to you that Ford is the company for you.

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