

Ford motor company analysis

Business



FordMotor Company, founded in 1903, has been a global multi-business company since the 1920's. Currently Ford has major manufacturing facilities in the United Kingdom, Canada, Mexico, Germany and many other countries, 200, 000+ employees and automobiles distributed in over 200 markets across 6 continents (Ford Annual Report 2009). Ford has utilized its product portfolio, brand strategy and global business structure to withstand recent financial disasters in the auto industry and strive towards its vision to be the world's leading consumer company for automotive products and services.

Ford began its manufacturing with mass production assembly lines in the first part of the 20th century.

Now, one of the world's largest automakers, Ford the brand is world renown. Ford Motor brands, or marques, include Ford, Lincoln, and Mercury (the latter to be dropped later this year). The brands Land Rover, Aston Martin, Jaguar and Volvo were also under the Ford umbrella but have recently been sold off to create a leaner business structure. The company still manufactures a vast array of cars, trucks, vans as well as vehicle chassis and engines at its numerous facilities.

Until recently Ford was manufacturing 97 distinct vehicle models, however chief executive Alan Mulally has whittled that down to 40. In a recent Branding Strategy Insider article (Ritson 2009) Mulally claims “ Fewer models means better economies of scale and significantly improved profitability, as well as enabling better marketing support for the remaining products and a more coherent segmentation, targeting and positioning approach.

” In addition to being streamlined Ford focuses on marques that are successful in each of its global markets.

Auto sales provide the bulk of the income but Ford also provides other automotive products and services. For instance Ford’s finance unit, Ford Motor Credit, is one of the US’s leading auto finance companies. Ford also owns OEM parts producer Motorcraft as well as Hertz, the rental car company. It’s the company’s diversity that provides critical financial resources when markets change.

It is this strategic balancing of brand diversification and manufacturing focus that has enabled Ford to stay profitable in the recent economic downturn.

Ford’s global structure consists of about 90 plants worldwide and numerous joint ventures. The list includes; Ford of Argentina, Ford of Australia, Ford of Brazil, Ford of Britain, Ford of Canada, Ford of Europe, Ford of France, Ford of Germany, Ford India, Ford Lio Ho (Taiwan, ROC), Ford Motor Company Philippines, Ford of Russia, Ford Performance Vehicles (Australia), Arabian Motors Group, AutoAlliance International, AutoAlliance Thailand, Automobile Craiova, Chang’an Ford, Jiangling Motors, Mazda, Ford-Otosan, Getrag Ford Transmissions, Premier Automotive Group.

The majority of these are wholly owned subsidiaries but strategic joint ventures help Ford to push technological advancements or to enter emerging markets. In Asia, Ford has managed to establish market position with joint ventures, like AutoAlliance, that facilitate localized sale opportunities. Products are also strategically exported within developing regional markets from locations such as Ford of Brazil to fledgling South American markets.

Mark Fields, executive vice president and President of the Americas said, “ Ford will leverage its global scale to achieve timing and development costs to rival the company’s best competition. Ford Motor Company has also forged strategic relationships with other industry leaders. For instance, Ford has put huge resources into high-tech “ infotainment” features in recent years, leveraging partnerships with tech giants like Microsoft and Sony to create its SYNC “ infotainment” suite. SYNC, which is a combination of audio, communication, smartphone-integration, and navigation features, is available on most Ford models in the U.

S. “ The profit-per-sale bit is important. Ford has held incentives to a reasonable level and upped margins by adding content and creating must-have options.

Options, of course, are where the big profits are in the auto world, and Ford has made it a priority to create particularly desirable packages on nearly all of its models” (Rosevear 2010). These ventures and strategic partnerships have proven to differentiate Ford from its key global competitors like General Motors, Toyota, and Honda. Streamlining the manufacturing process has been at the core of Ford’s strategy from the very beginning with its revolutionary mass production assembly lines. Now Ford is developing common plant layouts and manufacturing practices to create a flexible manufacturing strategy. Ford Motor Company is the only automotive manufacturer executing a truly global powertrain strategy, in which engine plants thousands of miles apart are getting the same floor plans – the same manufacturing machinery in the same layouts – in order to standardize production. When we are finished, someone walking onto the plant floor will

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not be able to tell whether they are looking at an assembly line in Europe, Mexico or the United States,” said Kevin Bennett, who is director of Manufacturing Engineering, Ford Powertrain Operations (Ford 2004).

Ford has also utilized Six Sigma approaches to tweak product development on components such as exhaust manifolds and hoods. They have leveraged meta-modeling to foresee possible postproduction consumer issues, which in turn prevents resource waste and establishes consumer loyalty. This focus on refinement of structure has allowed Ford to trim billions of dollars from the production cycle and keep its extremely large organization flexible and agile. Ford Motor Co continued to move forward during the second quarter of this year, reporting a profit of \$2. billion with each of its major business operations around the world posting large profits. CEO Alan Mulally commented, “ Our progress is being led by the strength of our new products and our leaner, global structure.

Customers are responding to our strongest ever product lineup – a full family of vehicles with world-class quality, fuel efficiency, safety, smart design and value” (Szczesny 2010). By focusing on building automobiles that people want, leveraging its global structure, creating strategic partnerships and streamlining operations Ford proves its worth as a world manufacturing leader and moves closer towards realizing its vision.

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