

FORD MOTOR COMPANY. STRATEGY AND ORGANISATION

Marta Peris-Ortiz

Universidad Politécnica de Valencia

Diana Benito Osorio

Universidad Rey Juan Carlos

The global vocation of Ford Motor Company (FMC) and its founder Henry Ford was clear from the outset. "Just a few months after being founded on 16th June, 1903, in Detroit, two Ford Model A cars arrived in London (March 1904) and Aubrey Blakiston, who started up a sales agency and an exhibition centre in Long Acre (a construction and sales centre in London for engines and vehicles) immediately placed an order for twelve Model A cars".

Between 1928 and 1929, boosted by strong internal growth, FMC established its first production plants in Europe. The first step in combining the production activities and the subsequent commercial requirements were to establish a new company in England, Ford Motor Company Limited. The second, more ambitious step, undertaken by Henry Ford II, involved the creation of an international division to act as an organizational centre; one that was managed from the United States, and from which, all of its subsidiaries abroad could be co-ordinated and controlled.

However, without any real co-ordination or common objective, the Ford production plants in England and Germany ended up competing against each other until the beginning of the 1960s. At this point, a research group was set up and managed by John Andrews, the director of Ford in Germany. This group was established to study the different ways in which the Ford organizations in England and Germany could be combined and begin to co-operate with each other. In 1967, Henry Ford II decided that the time had come to create the Ford of Europe division (FOE) which would co-ordinate and develop joint projects between the research centres at Dunton in the U.K. and Merkenich in Germany. Furthermore, the manufacturing and sales processes for the different operations in Europe would be integrated. This would ensure that significant increases in scale and cost cutting measures could be made.

The FOE division carried out a dramatic restructuring of its production and assembly plants, incorporating technology that was more modern and enabling product delivery on a greater scale. There was a new production plant for the Ford Focus in Germany (Saarlois, 1970), a new transmission plant in France (Bordeaux, 1973), a new engine plant in Wales (Bridgend, 1980) and a large open factory in Spain (Valencia, 1976), which started production on the Fiesta model. This model redefined the multinational firm at that time and was marked by a significant decentralization in terms of the design and development of the product, and by its ability to adapt well to local geographical conditions.

Changing markets, however, require new strategic responses which, in turn, require new adjustments to be made to the structure at any given time. Until the middle of the 1990s, the ability of the FOE division to research and obtain the best products that could be adapted to the demands of the geographical area were significant (cars that were more economical and cars that had less consumption which, in 2008, would provide Ford with a strategic alternative to the crisis). However, following the actions taken by Alex Trotman, the CEO of FMC, in his Plan 2000, certain priorities changed.

Trotman implemented changes to the processes used in purchasing materials and components and in researching and developing new products (engineering and design). He highlighted the need for greater profitability in Ford products, the benefit of greater attention in markets such as Russia, China and Latin America and, above all, he underlined the need to co-ordinate the products of FOE and Ford North

America. The objectives of his Ford Plan 2000 included being faster and more efficient at developing new models, expanding the range of products, achieving the same level of cost advantages as the Japanese, reducing the time needed to manufacture a vehicle and following Toyota's lead by selling the same model throughout the world. All of this was to be done through vehicle programming centres which would answer to the firm's main office. As a result, the model of a multidivisional firm, as set out in the Plan 2000, meant that decisions taken on the design, development and commercialization of products were centralized.

This policy that Trotman established is still in place today and has been expanded on further by Alan Mulally, the president and CEO of FMC. Under the slogan "One Ford", Mulally states that Ford is one company "with one workforce that works together efficiently within a global organization in an effort to become world leaders in the automobile industry, and with the common aim of a speedy return to times of profit.