

**MANAGEMENT MODEL &  
STRATEGY IMPLEMENTATION ANALYSIS**

Ford Motor Company (2020-2025)

Prepared by:  
Business Intelligence Team

October 22, 2025

# MEMORANDUM

# MEMORANDUM

**TO:** Board of Directors

**FROM:** Business Intelligence Team

**DATE:** October 22, 2025

**RE:** Ford Motor Company Management Model & Strategy Implementation Analysis (2020-2025)

---

# EXECUTIVE SUMMARY

Ford Motor Company's transformation under CEO Jim Farley exemplifies strategic management model evolution in the automotive industry's most disruptive period. This analysis applies Birkinshaw and Goddard's (2009) MIT Sloan management model framework and Nieto-Rodriguez's Strategy Implementation Roadmap to evaluate Ford's Ford+ plan execution and organizational effectiveness.

---

# I. COMPANY OVERVIEW & STRATEGIC CONTEXT

## Ford's Market Position (2024)

Ford Motor Company ranks as America's #2 automaker with $185.0B revenue, 4.5 million wholesale units, and 171,000 employees globally (Ford Motor Company, 2025). Founded in 1903, Ford pioneered mass production and the moving assembly line, establishing manufacturing practices that defined 20th-century industry.

## Competitive Landscape Analysis

Applying Porter's Five Forces framework reveals that Ford faces intense competitive pressure across multiple dimensions simultaneously. The intensity of competitive rivalry stands as high, with traditional OEM competition from General Motors and Stellantis competing across broad vehicle portfolios, EV disruptor Tesla operating with a direct-sales model and software expertise that traditional automakers struggle to match, and rising Asian manufacturers like Toyota leveraging hybrid technology strength and Hyundai-Kia aggressively expanding global market share. This multi-front competitive battle has forced Ford's strategic response—the three-business-unit structure—which attempts focused competitive strategies tailored to each segment rather than one-size-fits-all approaches.

The threat of new entrants ranks as medium-high, creating additional competitive complexity. While traditional capital barriers remain substantial ($8.5B R&D investment required in 2024 alone), the EV transition paradoxically lowers entry barriers by simplifying powertrain technology and reducing the number of components compared to internal combustion engines. More critically, tech companies with artificial intelligence, software, and connectivity expertise increasingly enter mobility markets, viewing the automotive industry as a platform for mobility services rather than just vehicle manufacturing. Ford's Ford+ plan directly addresses this threat by emphasizing software and services differentiation rather than competing solely on vehicle hardware and manufacturing cost.

Supplier bargaining power presents a medium-high challenge intensified by the EV transition. Limited EV battery manufacturers—primarily LG, Samsung, and CATL—control crucial technology that Ford cannot easily substitute, while semiconductor shortages experienced from 2021-2023 demonstrated that critical components concentrate in few suppliers. Ford's strategic response combines vertical integration through battery plant investments and long-term supplier partnerships that attempt to mitigate supplier leverage through dedicated capacity and technology collaboration.

Buyer bargaining power operates differently across Ford's market segments, averaging medium overall. Commercial customers through Ford Pro wield significant fleet purchasing leverage, using their large-scale orders to demand pricing concessions and customized telematics solutions. Retail customers possess more moderate bargaining power, though brand loyalty for iconic Ford models like the F-150 mitigates this to some extent. Ford's extensive dealership network of 9,006 locations (2024) provides customer access and after-sales support that independent direct sales models struggle to replicate, though Ford Model e's exploration of direct-to-consumer sales for EVs signals recognition that traditional dealer networks may not effectively serve new customer segments.

Finally, the threat of substitutes remains medium-low but strategically significant. Public transportation expansion in urban markets, ride-sharing services like Uber and Lyft reducing personal vehicle ownership necessity, and emerging autonomous mobility solutions create long-term substitution threats to individual vehicle ownership. Ford's creation of Ford Next segment demonstrates strategic recognition of this force, exploring how the company can evolve beyond traditional vehicle manufacturing into broader mobility solutions that address emerging transportation preferences.

## Strategic Inflection Points (2020-2025)

Ford's transformation from 2020-2025 encompasses several critical strategic inflection points that reset the company's trajectory. In October 2020, Jim Farley replaced Jim Hackett as CEO, bringing marketing and product expertise from Toyota that signaled a fundamental shift toward product-focused, decisive leadership after years of operational restructuring (CNBC, 2020). Farley's appointment represented not merely a personnel change but a philosophical reorientation toward customer-centric strategy and decisive execution.

This leadership foundation enabled the May 2021 Ford+ Plan announcement, where Farley unveiled a transformational vision: "Help build a better world, where every person is free to move and pursue their dreams" through two integrated strategic pillars—"must-have vehicles" and "always-on relationships" that combine Ford's existing manufacturing and brand strengths with new digital, software, and services capabilities (Ford Motor Company, 2022). This oblique objective approach (Birkinshaw & Goddard, 2009) represented a deliberate shift from purely financial profit maximization toward purpose-driven value creation, betting that pursuing a higher-order goal would ultimately drive superior financial returns.

The March 2022 business unit restructuring translated Ford+ vision into organizational infrastructure, reorganizing Ford into three customer-centered business units: Ford Blue ($75B revenue, $5.6B EBIT, 2024) serving traditional automotive customers; Ford Model e ($7B revenue, -$5.4B EBIT) pursuing electrification; and Ford Pro ($53B revenue, $9B EBIT) targeting commercial customers. Farley explained the logic: "Creating separate but complementary businesses that give us startup speed and unbridled innovation in Ford Model e together with Ford Blue's industrial know-how" (Bloomberg, 2022), exemplifying how directed strategy (the top-down reorganization decision) creates infrastructure enabling emergent strategy (unit-level market-driven innovation and tactical adaptation).

By February 2025, Ford recognized that three years of business unit autonomy required rebalancing. The company appointed Sherry House as CFO from investment banking background, elevated John Lawler to Vice Chair-Strategy, and created a new Chief Strategy Officer role for Marin Gjaja (25 years at Boston Consulting Group) (Ford Media Center, 2025). These changes signal strategic recentralization after the 2022-2024 period of distributed autonomy, indicating Ford's recognition that emergent strategy operating without sufficient strategic coherence and centralized oversight can allow execution drift, evidenced by Model e's expanding losses and inconsistent business unit strategic alignment. This leadership refinement suggests organizational learning: pure emergence lacks sufficient discipline, yet pure hierarchy stifles innovation—the challenge is finding sustainable balance.

\*Figure 1: Ford+ Organizational Structure - See visualization in appendix\*

---

# II. MANAGEMENT MODEL ANALYSIS

Birkinshaw and Goddard (2009) define management model as "choices made by top executives regarding how they define objectives, motivate effort, coordinate activities and allocate resources" (p. 82). Ford's management model evolution from 2020-2025 demonstrates sophisticated leadership learning across four critical dimensions: how the organization manages objectives, motivates individuals, coordinates activities, and makes decisions.

**Objectives:** Ford shifted from pre-2021 traditional goal setting (quarterly earnings, cost reduction) to 2021-2024 oblique objectives ("help build a better world") that paralleled IKEA's purpose-driven approach. Ford+ vision attracted innovation talent while Ford Pro's $9B EBIT targets maintained financial discipline. By 2025, cost-cutting pressures reversed this balance, swinging back toward goal-setting emphasis. The challenge is finding equilibrium: obliquity drives discretionary innovation effort, while goal setting ensures accountability (Ford Motor Company, 2021-2025).

**Motivation:** Pre-2021, Ford relied on extrinsic compensation (Theory X). From 2021-2024, Ford introduced intrinsic motivation through Model e's EV mission and purpose statements while maintaining competitive compensation (Theory Y balance). However, 2025 bonus cuts affecting 50% of middle managers risk shifting workforce from commitment ("I want to") to compliance ("I have to"), precisely when transformation requires discretionary effort (Eikenberry, 2019; Ford Authority, 2025).

**Coordination:** Ford transitioned from pre-2021 centralized hierarchy to 2022-2024 business unit autonomy enabling differentiated approaches—Blue's manufacturing scale, Model e's innovation, Pro's fleet software integration. The Resource-Based View (Casadesus-Masanell, 2007) explains how distinct unit capabilities create competitive advantage. The 2025 recentralization through Chief Strategy Officer Marin Gjaja signals Ford's recognition that emergence without strategic oversight creates fragmentation.

**Decision-Making:** Ford evolved from pure top-down hierarchy (pre-2021) to collective wisdom with unit autonomy (2021-2024) where customer advisory councils informed product development. The 2025 recentralization balances speed (collective wisdom enables faster decisions) with coherence (hierarchy prevents conflicting unit strategies), reflecting adaptive management learning.

Ford's management evolution demonstrates that **no single model is universally optimal**. The company's willingness to experiment, learn, and adapt—shifting objectives, motivation, coordination, and decision-making as competitive context changed—represents management sophistication rather than inconsistency. The 2025 changes reflect recognition that pure emergence requires strategic guardrails.

---

# III. STRATEGY FORMULATION & IMPLEMENTATION

Ford's Ford+ strategy differentiates the company through two core competitive advantages: **Ford Pro's integrated vehicle-software-services model** and **manufacturing scale combined with emerging digital capabilities**. These differentiators create sustainable competitive advantage in ways Tesla and Toyota struggle to replicate.

**Ford Pro's Commercial Dominance:** Ford Pro ($53B revenue, $9B EBIT, 17% margin in 2024) represents Ford's most powerful strategic differentiator. No other automaker has created an equivalent commercial vehicle plus software-plus-services integrated offering. Ford Pro bundles F-Series trucks with fleet management telematics, subscription services, driver training, and predictive maintenance—addressing the total commercial customer need rather than just selling vehicles. This creates sticky customer relationships and recurring revenue streams that traditional OEMs cannot match. By comparison, Tesla focuses on consumer EV selling and charging infrastructure but lacks commercial fleet expertise; Toyota's commercial offerings emphasize reliability and total cost of ownership but not integrated software services (Ford Motor Company, 2025; CNBC, 2024).

**Business Unit Structure for Focused Strategies:** Ford's three-unit structure (Blue, Model e, Pro) differentiates by allowing tailored strategies where Toyota and GM use centralized approaches. Ford Blue harvests cash from traditional vehicles ($75B revenue, $5.6B EBIT) with traditional automotive discipline. Ford Model e pursues EV innovation with startup-like speed ($7B revenue, -$5.4B loss) accepting near-term losses for technology position. Ford Pro grows commercial software services ($53B revenue) with customer-obsessed focus. This focused differentiation contrasts with Tesla's single-unit laser focus (limiting commercial options) and Toyota's broad but undifferentiated approach across all segments (Toyota, 2024 10-K; Ford Motor Company, 2025).

**Manufacturing Scale Plus Digital Integration:** Ford combines manufacturing scale (4.5 million units annually from 9,006 dealers) with digital capabilities (FordPass app, over-the-air updates, fleet telematics) to create hybrid differentiation. Tesla excels at digital-first EV innovation but struggles with manufacturing scale and dealer networks. Toyota dominates manufacturing reliability but lags in digital integration and software services. Ford's strategy is to leverage its scale advantage while adding digital speed, creating a middle-ground advantage that competitors cannot easily replicate (California Management Review, 2022; Ford Motor Company, 2025).

**Implementation Reality vs. Strategic Promise:** These differentiators exist in strategy. Implementation execution remains uneven. Ford Pro delivers on the promise—proving the integrated commercial model works at 17% EBIT margins. Model e reveals execution difficulty—despite Ford's EV investment, per-unit losses of $40,000-$50,000 persist with no clear path to profitability. Ford Blue faces traditional market pressures—ICE vehicle demand declining despite Ford's iconic brands and scale. Shareholder skepticism about Ford+ feasibility manifests in 21% stock decline (June 2024 to February 2025), from $12.54 to $9.89 per share, with market capitalization of $38.5B appearing extraordinarily low relative to $185B revenue.

The implementation challenge manifests across multiple organizational dimensions. Leadership execution (4/5) shows CEO Jim Farley's "Level 5 Leader" characteristics earning external validation, yet the 2023 UAW strike and 2025 bonus cuts undermine employee-level buy-in. Employee engagement (2/5) represents the critical implementation risk—employee engagement decline, job insecurity (15,000 jobs lost since 2020), and restructuring fatigue (three major changes in five years) threaten the discretionary effort transformation requires. Culture evolution (3/5) shows progress attracting software developers to Model e and innovation at Bronco brand, yet labor tensions and cost-cutting risk undoing 2021-2024 progress. Without engaged, committed employees, even well-conceived strategy fails.

Ford's performance paradox reveals this gap: company-level financial recovery (revenue +45.6% to $185B, EBIT swing from -$2.9B to +$11.3B) masks unit-level divergence where Ford Pro ($9B EBIT) validates strategy while Model e (-$5.4B loss) reveals execution difficulty. Compared to competitors: General Motors maintains higher market share (17.1% vs. Ford's 14.2%) on similar EBIT levels, suggesting Ford's profitability depends more heavily on Ford Pro's high margins; Toyota's revenue ($272B) and net income ($21.6B) remain substantially higher, reflecting dominant position in hybrid and traditional vehicles. Ford's strategic differentiation exists but implementation must catch execution.

---

# IV. CHALLENGES, RISKS & STRATEGIC RECOMMENDATIONS

## Challenge 1: EV Transition Execution Gap

Ford Model e's -$5.4B EBIT loss (2024) with no clear profitability path creates strategic urgency (Ford Motor Company, 2025). Root causes include unfavorable EV unit economics (battery costs, scale inefficiency), market demand slower than projected (consumer range anxiety, inadequate charging infrastructure), and intense competition (Tesla price cuts, Chinese EV manufacturers). The strategic dilemma is stark: continuing to fund these losses risks exhausting shareholder patience and capital, while pivoting away from the EV strategy risks falling behind in the critical technology transition defining the automotive industry's future. Emergent strategy and Model e's operational autonomy allowed losses to widen without sufficient strategic oversight, suggesting that the 2025 strategic centralization through Chief Strategy Officer Marin Gjaja's appointment may impose the needed financial discipline.

To address this challenge, Ford should implement a three-horizon strategy balancing short-term cost reduction, medium-term product focus, and long-term revenue diversification. In the near term (2025-2026), the company should reduce per-unit losses from $45,000 to $25,000 through battery cost reduction via scale and in-house production, manufacturing efficiency improvements through learning curve acceleration, and platform sharing with Ford Blue to eliminate duplication. These efforts should target Model e EBIT losses of -$3B in 2025 and -$1.5B in 2026. In the medium term (2026-2027), Ford should pursue selective product focus by prioritizing the F-150 Lightning truck in the growing commercial EV segment and through Ford Pro synergies, deprioritizing EV sedans where Tesla dominance and weak market demand make profitability unlikely, and launching an affordable EV in the $30-35K range using lower-cost battery technology. This selective approach targets breakeven by the end of 2027. Looking longer term (2027-2030), Ford should develop software and services revenue streams including subscription services for BlueCruise autonomous features and over-the-air capability updates, fleet charging solutions integrated with Ford Pro, and battery recycling business models supporting circular economy objectives, targeting 10-15% of Model e revenue from these high-margin services. This three-horizon approach applies operations strategy principles of economies of scale and learning curves to create a clear path to profitability while maintaining EV transition momentum and restoring shareholder confidence.

## Challenge 2: Cost Pressures and Restructuring Impacts

The $1B cost savings target requiring 2025 bonus cuts and potential layoffs creates significant management model tension (Ford Authority, 2025). Root causes include investor profitability pressures, the cash drain from EV investments, and competitive pricing pressure in traditional vehicles. The core strategic risk is that cost-cutting damages precisely the organizational capabilities needed for transformation—culture, innovation capability, and employee engagement. The shift from intrinsic motivation (purpose, innovation) to extrinsic pressure (performance, cost discipline) risks destroying the cultural progress Ford made between 2021-2024. Eikenberry's (2019) distinction captures the danger perfectly: "Compliance is 'I have to,' commitment is 'I want to.'" Cost cuts drive compliance when the transformation requires commitment.

Ford must address this challenge by applying stakeholder capitalism principles that emphasize employee value alongside shareholder value. This begins with transparent communication through monthly CEO town halls explaining Ford+ progress and challenges, unit-level forums for employee voice, and clear job security communication paired with EV transition workforce planning. Simultaneously, Ford should invest $500M in an EV workforce training program providing guaranteed opportunities for ICE workers to transition to EV jobs with company-sponsored training and UAW partnership on curriculum development. To create shared success, Ford should restore bonuses for middle managers on a performance basis rather than blanket cuts, implement profit-sharing if the company exceeds EBIT targets, and establish unit-level team achievement bonuses tied to transformation milestones rather than financial metrics alone. Beyond compensation, Ford should invest in work-life balance through flexible arrangements where feasible, mental health support programs, and recognition beyond purely financial compensation. These investments signal genuine commitment rather than rhetoric and are essential for employee engagement improvement from 2/5 to 4/5, reducing turnover, improving innovation, and supporting the cultural transformation Ford requires.

## Additional Strategic Imperatives

**Refine Management Model for Sustainable Balance:** Ford's management model has swung excessively between 2022's emergence model and 2025's recentralization. The company should stabilize on a balanced hybrid model that captures the best elements of both poles. On objectives, Ford should maintain the oblique vision of building a better world while setting realistic unit-specific targets such as Model e breakeven by 2027. On motivation, Ford should restore the intrinsic/extrinsic balance by reversing 2025 bonus cuts for top performers and implementing innovation rewards separate from financial bonuses, preventing the cultural shift from commitment to compliance. On coordination, Ford should preserve business unit autonomy with strategic guardrails, allowing Gjaja's Chief Strategy Officer role to coordinate strategy without dictating tactics to unit presidents. On decision-making, Ford should clarify the decision authority matrix, specifying that unit presidents control operations and pricing decisions while the CEO and CSO retain authority over capital allocation and brand strategy. This refined management model would drive organizational stability, improve employee engagement from 2/5 to 4/5, and maintain innovation while adding strategic coherence. Birkinshaw and Goddard (2009) note: "There is no one best management model." Effective organizations consciously choose positions on each dimension based on competitive context, and Ford's challenge is finding sustainable balance rather than oscillating between extremes.

**Leverage Ford Pro Success for Competitive Differentiation:** Ford Pro stands as the company's star performer with $9B EBIT in 2024, yet its competitive advantage potential remains underlevered at the enterprise level. Ford should make Ford Pro the strategic differentiator by extending its integrated vehicle-software-services model across the company. First, Ford should apply the Pro model to Ford Blue by developing subscription telematics for F-150 retail customers, bringing fleet management capabilities to consumer segments. Second, Ford should create integrated EV solutions by bundling Model e commercial vehicles with Pro fleet software, offering charging infrastructure as a service, and providing total cost of ownership calculators demonstrating EV savings versus diesel alternatives. Third, Ford should pursue a B2B2C strategy using Ford Pro's commercial customer relationships to reach consumer markets, turning fleet drivers into brand ambassadors and creating employee purchase programs through commercial channels. Fourth, Ford should monetize data through aggregated, anonymized fleet data that provides urban planning insights, predictive maintenance data sold to parts suppliers, and benchmarking services to fleet managers. This enterprise-wide extension of Ford Pro's integrated approach would differentiate Ford from all competitors—none have equivalent commercial-software integration—creating a sustainable competitive moat. Operations strategy principles derived from Casadesus-Masanell (2007) suggest sustainable competitive advantage derives from unique, hard-to-imitate capabilities, and Ford Pro's integration of vehicles, software, and services represents exactly such a capability.

---

# VI. CONCLUSION

Ford Motor Company's management and strategy transformation (2020-2025) demonstrates both promise and peril of management innovation in legacy industry disruption. The company has articulated clear strategic differentiation through Ford Pro's vehicle-software-services integration and manufacturing-scale-plus-digital differentiation that creates competitive advantage relative to Tesla and Toyota. Management model evolution from hierarchy (2020) through emergence (2022-2024) to balanced integration (2025) reflects organizational learning and sophistication.

Yet strategic vision diverges sharply from implementation execution. Ford Pro ($9B EBIT) validates the integrated commercial model strategy. Model e (-$5.4B loss) reveals execution difficulty at the critical EV transition moment. Ford Blue's declining profitability signals core market pressure. Using Nieto-Rodriguez's Strategy Implementation Roadmap, Ford scores 3.3/5.0—moderate effectiveness reflecting strong leadership and business model innovation offset by critically weak employee engagement (2/5) and faltering Model e economics.

The fundamental implementation challenge: ambitious strategy requires committed, capable people executing across organizational dimensions. Ford Pro demonstrates this works; Model e proves it doesn't automatically follow from strategy alone. The most critical risk transcends organizational structure—employee engagement decline from 15,000 job losses, three restructurings in five years, and 2025 bonus cuts threatens the discretionary effort transformation requires. Ford's 2025 cost-cutting inverts the motivation calculus precisely when transformation needs commitment ("I want to") not compliance ("I have to").

Ford's response—appointing Chief Strategy Officer Gjaja and Vice Chair-Strategy Lawler while maintaining business unit structure—signals recognition that pure emergence requires strategic oversight. Ford+ provides the strategic theory; whether refined management execution will translate vision to results determines Ford's next chapter. The next 18-24 months reveal whether Ford+ becomes a transformation success case study or a cautionary tale where strategic ambition exceeded organizational capability. Ford's willingness to experiment, learn, and adapt—refusing to rigidly choose between hierarchy or emergence, goal-setting or purpose, cost discipline or cultural investment—represents the management sophistication 21st-century competitiveness requires.

---

# WORKS CITED