

**MANAGEMENT MODEL &  
STRATEGY IMPLEMENTATION ANALYSIS**

Ford Motor Company (2020-2025)

Prepared by:  
Business Intelligence Team

October 22, 2025

# MEMORANDUM

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**TO:** Board of Directors

**FROM:** Business Intelligence Team

**DATE:** October 22, 2025

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

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# 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.

**Key Findings:**

Ford successfully transitioned from a traditional hierarchical management model (2020) to a **hybrid approach** balancing **obliquity** (purpose-driven mission) with **goal setting** (financial targets), **intrinsic and extrinsic motivation**, **emergent and bureaucratic coordination**, and **collective wisdom with hierarchical oversight** (2022-2025). The March 2022 organizational restructure into three business units—Ford Blue (ICE/hybrid), Ford Model e (EVs/software), and Ford Pro (commercial)—represents **directed strategy** creating conditions for **emergent strategy** within autonomous units.

**Strategy implementation assessment yields an overall score of 3.3/5.0**, indicating moderate effectiveness with significant variation: Leadership execution (4/5) and business model innovation (4/5) demonstrate strength, while employee engagement (2/5) represents critical weakness. Ford Pro's $9B EBIT (2024) validates the strategic approach, while Ford Model e's -$5.4B loss reveals execution challenges.

**Critical recommendation:** Ford must stabilize its management model on a sustainable hybrid approach, accelerate Model e profitability through a three-horizon strategy, and rebuild employee engagement to support cultural transformation. The February 2025 leadership changes—appointing Marin Gjaja as Chief Strategy Officer and John Lawler as Vice Chair-Strategy—signal recognition that business unit autonomy requires strategic coordination.

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# 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, Ford faces intense competitive pressure across multiple dimensions.

**Intensity of Competitive Rivalry (High):** Traditional OEM competition from General Motors and Stellantis, EV disruptor Tesla with its direct-sales model and software expertise, and rising Asian manufacturers like Toyota (hybrid strength) and Hyundai-Kia create multi-front competitive battles. Ford's response—the three-business-unit structure—attempts focused competitive strategies rather than one-size-fits-all approaches.

**Threat of New Entrants (Medium-High):** While capital barriers remain high ($8.5B R&D, 2024), the EV transition lowers entry barriers through simpler powertrains and fewer components. Tech companies entering mobility amplify this threat. Ford's Ford+ plan emphasizes software and services differentiation to defend against new entrants.

**Bargaining Power of Suppliers (Medium-High):** Limited EV battery manufacturers (LG, Samsung, CATL) and semiconductor shortages (2021-2023) demonstrate supplier power. Ford responds through vertical integration, including battery plants and supplier partnerships.

**Bargaining Power of Buyers (Medium):** Commercial customers (Ford Pro) wield significant fleet purchasing leverage, while retail customers have moderate power mitigated by brand loyalty. Ford's 9,006 dealerships (2024) provide customer access, though Model e explores direct-to-consumer sales (Ford Motor Company, 2025).

**Threat of Substitutes (Medium-Low):** Public transportation, ride-sharing (Uber, Lyft), and future autonomous mobility present substitute threats. Ford Next segment explores mobility solutions to address this force.

## Strategic Inflection Points (2020-2025)

**October 2020: Jim Farley Becomes CEO** — Replacing Jim Hackett, Farley brought marketing and product expertise from Toyota, signaling a shift toward product-focused, decisive leadership (CNBC, 2020).

**May 2021: Ford+ Plan Announcement** — Farley unveiled Ford+ vision: "Help build a better world, where every person is free to move and pursue their dreams" through "must-have vehicles" and "always-on relationships" combining existing strengths with new capabilities (Ford Motor Company, 2022). This represents oblique objectives (Birkinshaw & Goddard, 2009)—pursuing higher-order purpose to achieve profitability.

**March 2022: Business Unit Restructuring** — Ford reorganized into three customer-centered business units: Ford Blue ($75B revenue, $5.6B EBIT, 2024), Ford Model e ($7B revenue, -$5.4B EBIT), and Ford Pro ($53B revenue, $9B EBIT) (Ford Motor Company, 2025). Farley explained: "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). This exemplifies directed strategy (top-down reorganization) creating infrastructure for emergent strategy (unit-level innovation).

**February 2025: Leadership Refinement** — Ford appointed Sherry House as CFO (from investment banking), elevated John Lawler to Vice Chair-Strategy, and created a Chief Strategy Officer role for Marin Gjaja (25 years at BCG) (Ford Media Center, 2025). These changes signal strategic recentralization after three years of business unit autonomy—recognizing that emergence requires oversight.

**Table 1: Management Structure Evolution (2020-2025)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **CEO** | **CFO** | **Business\_Model** | **Key\_Strategic\_Initiative** | **Total\_Employees\_K** | **Organizational\_Changes** |
| 2020 | Jim Farley (Oct 2020-present) | John Lawler | Traditional Automotive Segment Structure | Product-first turnaround, EV announcement | 186 | Farley becomes CEO, emphasis on profitability |
| 2021 | Jim Farley | John Lawler | Ford+ Plan Announced (May 2021) | Ford+ plan, EV acceleration, customer relationships | 183 | Ford+ plan unveiled, signals upcoming restructure |
| 2022 | Jim Farley | John Lawler | Three Business Units: Blue/Model e/Pro (Mar 2022) | Business unit separation, EV investments | 173 | Major restructuring into 3 business units |
| 2023 | Jim Farley | John Lawler | Blue/Model e/Pro Maturation | Commercial leadership (Pro), EV cost reduction | 177 | Further organizational streamlining |
| 2024 | Jim Farley | Sherry House (Feb 2025) | Blue/Model e/Pro + Ford Next | Cost discipline, performance culture, strategic focus | 171 | 2025 leadership changes: House CFO, Lawler Vice Chair-Strategy, Gjaja CSO |

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

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# 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). They identify four dimensions, each with two polar approaches:

1. Objectives

2. Motivation

3. Coordination

4. Decision-Making

## Dimension 1: Managing Objectives — From Goal Setting to Obliquity

**Pre-2021 Approach:** Ford employed traditional goal setting with quarterly earnings focus and short-term profitability targets. The 2020 10-K emphasized "improving operating efficiency" and "cost reduction" without higher-order purpose (Ford Motor Company, 2021).

**2021-2024 Evolution:** Ford+ introduced oblique objectives: "Help build a better world, where every person is free to move and pursue their dreams" (Ford Motor Company, 2025, p. 1). This parallels IKEA's "better everyday life" approach that Birkinshaw and Goddard (2009) identified as achieving profitability indirectly through purpose. However, Ford balanced obliquity with direct goals—Ford Pro's $9B EBIT target and business unit P&L accountability maintained financial discipline.

Google CEO Eric Schmidt's insight applies to Ford: "I realized that none of the things that I'm supposed to be doing as CEO—maximizing revenue and shareholder value—are the goals of the company...You will eventually get extraordinary returns if all those goals happen" (Birkinshaw & Goddard, 2009, p. 84). Ford Pro's success validates this: pursuing commercial customer transformation (oblique goal) generated 17% EBIT margins (direct result).

**2025 Recalibration:** The $1B cost savings target and 2025 bonus cuts signal pendulum swinging from obliquity back toward goal setting (Ford Authority, 2025). While necessary for financial discipline, this risks undermining the purpose-driven motivation that attracted talent to Model e's EV mission.

Both approaches are necessary. Obliquity provides direction and inspiration (especially for innovation in Model e), and goal setting ensures accountability (critical for Ford Pro's commercial discipline).

## Dimension 2: Motivating Individuals — Balancing Extrinsic and Intrinsic

McGregor's (1960) Theory X assumes workers need extrinsic motivation (compensation, bonuses), while Theory Y emphasizes intrinsic motivation (achievement, purpose, peer recognition).

**Pre-2021:** Ford relied primarily on extrinsic motivation through traditional OEM compensation, performance bonuses tied to EBIT/revenue, and union wage scales (Ford Motor Company, 2021 Proxy Statement).

**2021-2024 Balance:** Ford+ introduced intrinsic elements: Model e's mission to "invent breakthrough EVs" attracted mission-driven engineers; the purpose statement "build a better world" appeared in every 10-K; and business unit P&L accountability created psychological ownership. Simultaneously, Ford maintained competitive compensation and stock grants (extrinsic). Kay Hart's 2025 promotion to Model e General Manager exemplifies this balance—intrinsic motivation (EV pioneer status from leading Team Edison) combined with career advancement (extrinsic) (Ford Media Center, 2025).

**2025 Shift:** Approximately 50% of middle managers lost stock bonuses as part of cost-cutting, projected to save $1B (Ford Authority, 2025). While emphasizing "high-performance culture," this shift toward performance-focused extrinsic motivation risks reducing the intrinsic commitment needed for cultural transformation.

Eikenberry's (2021) distinction applies: "Commitment is 'I want to'; compliance is 'I have to.'" Ford's 2025 approach risks shifting from commitment to compliance precisely when transformation requires discretionary effort.

The 2025 bonus cuts create management model tension. While cost discipline is necessary (extrinsic accountability), undermining intrinsic motivation during cultural transformation is strategically risky.

## Dimension 3: Coordinating Activities — Emergence Through Business Units

**Pre-2021 Bureaucracy:** Ford operated through classic automotive hierarchy with centralized decision-making, functional silos (engineering, manufacturing, sales), and a single "Automotive segment" structure (Ford Motor Company, 2021).

**2022-2024 Emergence:** The business unit structure enabled emergent coordination through:

- **Ford Blue**: Autonomous P&L focused on cash generation from ICE vehicles using traditional manufacturing coordination

- **Ford Model e**: Startup-like autonomy for "unbridled innovation" with agile software development and rapid iteration

- **Ford Pro**: Commercial customer-centric solutions teams developing unique capabilities (fleet telematics, services)

This aligns with **Resource-Based View** (Wernerfelt, 1984): business units develop distinctive capabilities—Pro's fleet software, Model e's battery technology, Blue's manufacturing scale—creating sustainable competitive advantage.

**Operations strategy concepts** illuminate this coordination approach:

- **Economies of Scale**: Blue achieves manufacturing scale; Pro leverages that infrastructure without duplicating facilities

- **Learning Curve**: Model e climbing the cost curve on EVs (still losing $5.4B but per-unit costs improving) (Ford Motor Company, 2025)

**2025 Balance:** Gjaja's Chief Strategy Officer role coordinates strategy across units (centralization) while units retain separate P&L (autonomy). Frick's expanded role overseeing all three units signals integration opportunity while Kay Hart's Model e GM position maintains operational focus (Ford Media Center, 2025).

**Analysis:** Ford successfully applied **emergence principles** through business unit autonomy, allowing differentiated coordination approaches. The 2025 recentralization recognizes that emergence without strategic guardrails creates fragmentation—demonstrating adaptive management sophistication.

## Dimension 4: Making Decisions — Collective Wisdom with Oversight

**Pre-2021 Hierarchy:** Pure top-down decision-making with CEO-driven strategy, centralized approval processes, and limited delegation (Ford Motor Company, 2021).

**2021-2024 Hybrid:** Ford adopted **collective wisdom** within hierarchical oversight:

- **Unit Autonomy**: Business unit presidents made operational decisions, product planning decentralized, investment authority within unit P&L budgets

- **Strategic Oversight**: Farley retained ultimate authority on capital allocation, overall EV investment ($50B commitment), and brand strategy

Ford Pro customer advisory councils informed product development (collective wisdom from end-users), while Farley's 2024 directive to slow some EV investments demonstrates hierarchical authority when strategic coherence requires it (CNBC, 2024).

**2025 Recentralization:** Gjaja's CSO reporting to both Farley and Lawler creates centralized strategy function. Lawler's Vice Chair-Strategy role elevates strategic decisions above unit level. This addresses the tension between **speed** (collective wisdom enables faster, customer-informed decisions) and **coherence** (hierarchical oversight prevents business units from conflicting strategies) (Ford Media Center, 2025).

**Analysis:** Effective management models balance both poles. Ford's 2022-2024 lean toward collective wisdom; 2025 correction toward hierarchy suggests the company is actively learning and adapting rather than rigidly adhering to one model.

## Management Model Comparison

Ford's management model evolution demonstrates that **no single model is universally optimal**. The company experiments, learns, and adapts. The 2025 changes suggest recognition that 2022's emergence model required more strategic oversight—a sign of management sophistication, not failure.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Dimension** | **2020 Approach** | **2021 Approach** | **2022-2024 Approach** | **2025 Evolution** |
| \*\*Objectives\*\* | Goal Setting (short-term financial targets) | Hybrid (Ford+ vision + financial goals) | Obliquity (customer freedom, better world) + Targets | Goal Setting (cost, performance) + Vision |
| \*\*Motivation\*\* | Extrinsic (compensation, bonuses) | Balanced (purpose + compensation) | Intrinsic emphasis (innovation, purpose) + Extrinsic | Extrinsic (performance bonuses cut for underperformers) |
| \*\*Coordination\*\* | Bureaucracy (traditional OEM hierarchy) | Emerging (Ford+ signals change) | Emergence (business unit autonomy) + Coordination | Balanced (autonomy + accountability) |
| \*\*Decision Making\*\* | Hierarchy (top-down, CEO-driven) | Hierarchy with consultation | Collective Wisdom (unit leaders) + Executive oversight | Strategic centralization (Gjaja CSO, Lawler strategy) |

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# III. STRATEGY FORMULATION & IMPLEMENTATION

## Ford+ Strategy Architecture

**Strategic Vision:** "Help build a better world, where every person is free to move and pursue their dreams" (Ford Motor Company, 2025, p. 1).

Ford's Ford+ strategy leverages three integrated pillars that combine its historic manufacturing strengths with emerging digital capabilities. The company's iconic brands—including the F-150, America's best-selling vehicle for 47 consecutive years—are reinforced by manufacturing scale reaching 4.5 million units annually and an extensive network of 9,006 dealerships. These existing strengths are augmented by new digital capabilities including advanced software platforms, vehicle connectivity, proprietary EV technology, and subscription-based services. These capabilities enable "always-on relationships" with customers through the FordPass app, over-the-air software updates that enhance vehicle features, and fleet management telematics that create recurring revenue streams. This integrated approach transforms Ford from a traditional vehicle manufacturer into a mobility and services company, addressing both consumer and commercial customer needs.

## Strategy Implementation Roadmap Assessment

Nieto-Rodriguez notes: "Between 60-90% of organizations fail at strategy implementation." Ford's implementation record across seven SIR pillars reveals both strengths and weaknesses.

### Pillar 1: Leadership Execution (4/5)

**CEO Vision:** Farley demonstrates "Level 5 Leader" characteristics—personal humility combined with professional will (Collins, 2001). Executive Chairman Bill Ford described him as "intensively competitive" and "a transformational leader" (Quarterdeck, 2024). Wolfe Research analyst Rod Lache called Farley "one of the most lucid executives," "deeply and personally invested in the business" (Chief Executive, 2024).

**Strategic Talent Deployment:** The 2025 leadership changes demonstrate sophisticated talent strategy:

- **Sherry House (CFO)**: External investment banking experience brings fresh financial perspective beyond traditional automotive finance

- **Marin Gjaja (CSO)**: 25 years at Boston Consulting Group provides world-class strategy capability

- **John Lawler (Vice Chair-Strategy)**: Long Ford tenure provides institutional knowledge, balancing external expertise with internal continuity

**Leadership Challenges:** Rapid C-suite changes (six major roles, February 2025) create uncertainty. The 2023 UAW strike (46 days) indicates labor-management tensions despite transformation rhetoric (The Detroit News, 2024).

**Score Rationale:** Strong CEO vision and strategic talent deployment, but execution challenges (employee engagement, UAW relations) prevent excellent rating.

### Pillar 2: Value Creation (3/5)

**Financial Value:** Total revenue grew 45.6% from $127.1B (2020) to $185.0B (2024), with net income swinging from -$1.3B loss to $6.6B profit (Ford Motor Company, 2025). EBIT recovered from -$2.9B (2020) to $11.3B (2024).

**Business Unit Value Creation Analysis:**

**Ford Pro (5/5)** — **VALUE CREATION LEADER**

Revenue grew 17.8% from $45B (2022) to $53B (2024) while EBIT increased 25% from $7.2B to $9B, yielding approximately 17% EBIT margin (Ford Motor Company, 2025). Pro's value creation stems from software subscription revenue (telematics, fleet management), high-margin service contracts, and commercial customer loyalty. The integration of product (vehicles) with services (software) creates sustainable competitive advantage that traditional OEMs cannot match.

**Ford Blue (3/5)** — **CASH COW IN DECLINE**

Revenue declined 3.2% from $77.5B (2022) to $75.0B (2024), with EBIT falling 22.2% from $7.2B to $5.6B (Ford Motor Company, 2025). Blue remains profitable but declining, facing the strategic challenge of balancing investment (maintain competitiveness) versus harvest (maximize cash for EV transition).

**Ford Model e (1/5)** — **VALUE DESTRUCTION**

Revenue grew 133% from $3.0B (2022) to $7.0B (2024), yet EBIT losses widened from -$2.1B to -$5.4B (Ford Motor Company, 2025). Industry reports estimate $40,000-$50,000 per-unit losses (CNBC, 2023). Scale is growing but unit economics are not improving, raising the strategic question: At what point does "strategic investment" become poor capital allocation?

**Shareholder Value:** Stock price declined 21% from $12.54 (June 2024) to $9.89 (February 2025), with market capitalization of $38.5B appearing low relative to $185B revenue (Ford Motor Company, 2025). The market remains skeptical of Ford+ value creation potential.

**Score Rationale:** Ford Pro's excellent value creation and Blue's stability are offset by Model e's value destruction, justifying mixed rating.

**Table 3: Business Unit Performance (2022-2024) - Revenue in $B, EBIT in $M**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Ford\_Blue\_Revenue** | **Ford\_Blue\_EBIT** | **Ford\_Model\_e\_Revenue** | **Ford\_Model\_e\_EBIT** | **Ford\_Pro\_Revenue** | **Ford\_Pro\_EBIT** | **Total\_Company\_Revenue** | **Total\_EBIT** |
| 2022 | 77.5 | 7200 | 3.0 | -2100 | 45.0 | 7200 | 156.2 | 10900 |
| 2023 | 76.5 | 6400 | 5.2 | -4700 | 48.0 | 7200 | 176.2 | 11200 |
| 2024 | 75.0 | 5600 | 7.0 | -5400 | 53.0 | 8100 | 185.0 | 11300 |

### Pillar 3: Business Model Innovation (4/5)

The three-unit structure successfully **differentiates** customer value propositions, **focuses** organizational capabilities, and **allocates** resources strategically. However, **internal complexity** from shared manufacturing creates transfer pricing challenges, **brand confusion** exists as consumers don't perceive "Blue vs. Model e" distinctions, and **cost duplication** occurs with three separate go-to-market strategies.

Applying **directed versus emergent strategy** concepts: Ford+ represents directed strategy (Farley's 2021 vision, top-down reorganization), while business unit execution demonstrates emergent strategy (units adapting to market realities). Ford Pro discovered fleet software opportunity through customer interactions (bottom-up insight); Model e shifted EV strategy based on market demand (pivot from sedans to trucks/SUVs) (California Management Review, 2022).

**Score Rationale:** Innovative structure with clear strategic logic, but execution complexity prevents excellent rating.

### Pillar 4: Culture Evolution (3/5)

Ford's 118-year manufacturing heritage created conservative, risk-averse, engineering-driven culture with adversarial union-management relations. Ford+ targets a tech-enabled mobility culture emphasizing innovation, collaboration, and customer-centricity.

**Positive Indicators:** Attracting software developers to Model e; Bronco brand resurrection shows creative risk-taking; rapid EV strategy pivots demonstrate adaptability.

**Negative Indicators:** 2023 UAW strike (46 days) indicates unresolved labor tensions; 2025 bonus cuts risk cultural backlash; workforce reduction from 186K (2020) to 171K (2024) includes involuntary turnover (Ford Motor Company, 2025).

Transforming 118-year automotive culture to tech culture requires generational time, not 3-4 years. Ford shows progress but faces significant resistance.

**Score Rationale:** Movement in right direction, but UAW strike and bonus cuts indicate cultural transformation incomplete.

### Pillar 5: Stakeholder Management (3/5)

Ford effectively communicates Ford+ plan through quarterly earnings, investor days, CEO town halls, and dealer councils. However, **stakeholder buy-in** remains mixed:

- **Shareholders**: Stock decline suggests skepticism about Model e timeline

- **Employees**: Bonus cuts and workforce reduction undermine buy-in

- **Dealers**: EV direct-to-consumer exploration creates channel tension

- **Suppliers**: Strong relationships through battery partnerships

- **UAW**: 2023 strike indicates low buy-in on transition strategy

- **Communities**: Generally positive sustainability messaging

**Score Rationale:** Communication adequate, but resistance (UAW strike, dealer concerns, stock decline) indicates incomplete stakeholder management.

### Pillar 6: Employee Engagement (2/5) — \*\*CRITICAL WEAKNESS\*\*

**Positive Factors:** Purpose-driven mission, Model e innovation work, iconic brand pride (F-150, Mustang).

**Negative Factors:** Job insecurity (15,000 jobs lost), 2025 bonus cuts (~50% of middle managers), restructuring fatigue (2020, 2022, 2025 changes), union tensions from 2023 strike (Ford Motor Company, 2025; Ford Authority, 2025).

While Ford maintains 10 Employee Resource Groups, health and safety focus, and leadership development programs, the $1B cost savings directly contradicts engagement investment. Constant restructuring exhausts the workforce.

Eikenberry's (2021) guidance: "You must work harder to support and inspire your team, rather than just telling them what to do." Ford's 2025 actions (bonus cuts, restructuring) appear more "telling" than "inspiring."

**Score Rationale:** Engagement declining due to cost-cutting and restructuring. This represents the highest-risk area for Ford+ implementation success.

### Pillar 7: Performance Measurement (4/5)

Ford demonstrates **industry-leading transparency** by reporting business unit financials separately since 2022—most automakers (GM, Stellantis) don't explicitly break out EV losses (Ford Motor Company, 2025).

**Performance Measurement Systems:**

- **Business Unit Dashboards**: EBIT, margins, subscription revenue, customer retention

- **Corporate KPIs**: Revenue, EBIT, net income, free cash flow, ROIC, market share, customer satisfaction

- **Real-Time Tracking**: Manufacturing KPIs, dealer inventory, sales data

- **Quarterly/Annual Cadence**: Earnings calls with detailed segment breakdowns

**Performance Gaps:** No public employee engagement metrics; EV profitability path timeline unclear.

**Score Rationale:** Excellent measurement systems and transparency, but strategic gaps (engagement metrics, EV timeline) prevent excellent rating.

## Key Performance Indicators (2020-2024) - Comparative Analysis

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Metric** | **2020** | **2024** | **Change** | **Ford Assessment** | **GM Comparison** | **Toyota Comparison** |
| Revenue ($B) | 127.1 | 185.0 | +45.6% | ✓ Excellent | GM: $171B (8% lower) | Toyota: $272B (47% higher) |
| EBIT ($B) | -2.9 | 11.3 | Positive swing | ✓ Strong recovery | GM: $10.1B (similar) | Toyota: $28.4B (2.5x higher) |
| Net Income ($B) | -1.3 | 6.6 | Positive swing | ✓ Profitable | GM: $10.1B (higher) | Toyota: $21.6B (3.3x higher) |
| R&D Spending ($B) | 6.7 | 8.5 | +26.9% | ✓ Innovation investment | GM: $7.2B (similar) | Toyota: $14.3B (68% higher) |
| U.S. Market Share (%) | 13.2 | 14.2 | +1.0 pts | ✓ Growing | GM: 17.1% (3 pts higher) | Toyota: 15.8% (1.6 pts higher) |
| Employees (thousands) | 186 | 171 | -8.1% | ⚠ Workforce reduction | GM: 163K | Toyota: 370K |
| Wholesale Units (M) | 4.2 | 4.5 | +7.1% | ✓ Volume growth | GM: 4.0M (similar) | Toyota: 9.6M (2.1x higher) |

\*Source: Ford Motor Company 10-K Reports, 2021-2025; GM and Toyota 2024 10-K Filings\*

**Competitive Context:** Ford's financial recovery (Revenue +45.6%, EBIT swing from -$2.9B to +$11.3B) demonstrates effective management of profitability in a disruptive period. However, compared to competitors: General Motors maintains higher market share (17.1% vs Ford's 14.2%) while managing similar EBIT levels ($10.1B), suggesting Ford's profitability relies more heavily on Ford Pro's 17% margins. Toyota's revenue ($272B) and net income ($21.6B) remain substantially higher, reflecting its dominant position in hybrid and traditional vehicles. Ford's unit volume (4.5M) positions it competitively with GM (4.0M) but significantly below Toyota (9.6M), indicating market consolidation around EV transition leaders.

## Strategy Implementation Summary

**Overall SIR Score: 3.3/5.0 (Moderate Effectiveness)**

Ford demonstrates **strong strategic planning** (clear Ford+ vision, business unit structure) but **uneven implementation execution** (employee engagement low, Model e losses widening, stakeholder buy-in mixed). The 2025 leadership changes address the weakest element—strategic coherence across business units—and could significantly improve implementation if successful.

**Critical Risk:** Employee engagement decline threatens the entire Ford+ plan. No strategy succeeds without a willing workforce.

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# IV. CHALLENGES & STRATEGIC RISKS

## 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).

**Strategic Dilemma:** Continue funding losses or pivot strategy? Continuing risks exhausting shareholder patience and capital; pivoting risks falling behind in critical technology transition.

**Management Model Implication:** Emergent strategy (Model e autonomy) allowed losses to widen without sufficient oversight. The 2025 strategic centralization (Gjaja CSO) may impose needed discipline.

## Challenge 2: Cost Pressures and Restructuring Impacts

The $1B cost savings target requiring 2025 bonus cuts and potential layoffs creates management model tension (Ford Authority, 2025). Root causes include profitability pressure from investors, EV investment cash drain, and competitive pricing pressure.

**Strategic Risk:** Cost-cutting damages culture, innovation, and employee engagement—precisely the organizational capabilities needed for transformation.

**Management Model Implication:** The shift from intrinsic motivation (purpose, innovation) to extrinsic pressure (performance, cost discipline) risks destroying cultural progress made 2021-2024. Eikenberry's (2021) distinction applies: "Compliance is 'I have to,' commitment is 'I want to.'" Cost cuts drive compliance, not the commitment needed for transformation.

## Risk Assessment Matrix

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Risk** | **Likelihood** | **Impact** | **Priority** | **Mitigation Strategy** |
| Model e profitability delay | HIGH | HIGH | \*\*CRITICAL\*\* | Cost reduction, selective focus, three-horizon plan |
| Employee disengagement | HIGH | MEDIUM | HIGH | Culture investment, transparent communication, reskilling |
| Future UAW strike | MEDIUM | HIGH | HIGH | Proactive negotiations, worker transition planning |
| Tesla Cybertruck competition | HIGH | MEDIUM | MEDIUM | F-150 Lightning improvements, brand loyalty leverage |
| Chinese EV entry to U.S. | MEDIUM | HIGH | MEDIUM | Innovation leadership, brand strength, policy advocacy |
| Dealer revolt (direct sales) | MEDIUM | MEDIUM | LOW | Dealer partnerships, revenue sharing models |

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# V. STRATEGIC RECOMMENDATIONS

## Recommendation 1: Refine Management Model for Sustainable Balance

**Issue:** Management model pendulum swinging excessively (2022 emergence → 2025 centralization).

**Recommendation:** Stabilize on balanced hybrid model combining best elements of both poles.

**Actions:**

1. **Objectives**: Maintain oblique vision ("better world") while setting realistic unit targets (Model e breakeven by 2027)

2. **Motivation**: Restore intrinsic/extrinsic balance by reversing 2025 bonus cuts for top performers and implementing innovation rewards separate from financial bonuses

3. **Coordination**: Preserve business unit autonomy with strategic guardrails—Gjaja coordinates strategy but doesn't dictate tactics

4. **Decision-Making**: Clarify decision authority matrix (unit presidents: operations/pricing; CEO + CSO: capital allocation/brand strategy)

**Expected Outcome:** Organizational stability, improved employee engagement (2/5 → 4/5), maintained innovation with added strategic coherence.

**Theoretical Grounding:** Birkinshaw and Goddard (2009) note: "There is no one best management model." Effective organizations consciously choose positions on each dimension based on competitive context. Ford's challenge is finding sustainable balance rather than oscillating between extremes.

## Recommendation 2: Accelerate Model e Profitability Through Three-Horizon Strategy

**Issue:** Model e -$5.4B loss unsustainable; EV transition strategically critical.

**Recommendation:** Implement three-horizon approach balancing short-term cost reduction, medium-term product focus, and long-term revenue diversification.

**Horizon 1 (2025-2026): Cost Reduction**

- Reduce per-unit loss from $45,000 to $25,000 through battery cost reduction (scale, in-house production), manufacturing efficiency (learning curve acceleration), and platform sharing with Blue

- Target: -$3B losses (2025), -$1.5B (2026)

**Horizon 2 (2026-2027): Selective Product Focus**

- **Prioritize**: F-150 Lightning (truck market strength), commercial EVs (Pro synergy)

- **Deprioritize**: EV sedans (weak market, Tesla dominance)

- **Launch**: Affordable EV ($30-35K) using lower-cost battery technology

- Target: Breakeven by end of 2027

**Horizon 3 (2027-2030): Software/Services Revenue**

- Develop subscription services (BlueCruise autonomous features, over-the-air capability updates)

- Fleet charging solutions integrated with Ford Pro

- Battery recycling business (circular economy)

- Target: 10-15% of Model e revenue from high-margin services

**Expected Outcome:** Clear path to profitability restores shareholder confidence while maintaining EV transition momentum. Operations strategy principles—economies of scale (higher volume lowers per-unit costs) and learning curve (experience reduces manufacturing time)—support feasibility.

## Recommendation 3: Rebuild Employee Engagement Through Stakeholder Capitalism

**Issue:** Employee engagement declining (2/5) due to restructuring and cost-cutting.

**Recommendation:** Apply stakeholder capitalism principles emphasizing employee value alongside shareholder value.

**Actions:**

1. **Transparent Communication**: Monthly CEO town halls explaining Ford+ progress and challenges; unit-level forums for employee voice; clear job security communication and EV transition workforce plans

2. **Reskilling Investment**: $500M EV workforce training program with guarantee that ICE workers can transition to EV jobs with training; UAW partnership on curriculum development

3. **Shared Success**: Restore bonuses for middle managers (performance-based); implement profit-sharing if company exceeds EBIT targets; unit-level team achievement bonuses

4. **Work-Life Balance**: Flexible work arrangements where possible; mental health support programs; recognition beyond compensation

**Expected Outcome:** Employee engagement improves to (4/5), reducing turnover, improving innovation, and supporting cultural transformation.

**Theoretical Grounding:** Eikenberry (2021) emphasizes: "You must work harder to support and inspire your team, rather than just telling them what to do." Rebuilding engagement requires genuine investment, not rhetorical commitment.

## Recommendation 4: Leverage Ford Pro Success for Competitive Differentiation

**Issue:** Ford Pro is star performer ($9B EBIT) but underleverage for competitive advantage.

**Recommendation:** Make Ford Pro the strategic differentiator by extending its model enterprise-wide.

**Actions:**

1. **Expand Pro Model to Blue**: Apply software/services approach to consumer vehicles; develop subscription telematics for F-150 retail customers (fleet management for individuals)

2. **Integrated EV Solutions**: Bundle Model e commercial EVs with Pro fleet software; offer charging infrastructure as service; provide total cost of ownership calculators showing EV savings

3. **B2B2C Strategy**: Use Pro commercial relationships to reach consumer customers; fleet drivers become brand ambassadors; employee purchase programs through commercial customers

4. **Data Monetization**: Aggregate anonymized fleet data for urban planning insights; sell predictive maintenance data to parts suppliers; offer benchmarking services to fleet managers

**Expected Outcome:** Ford Pro differentiates Ford from all competitors—none have equivalent commercial/software integration—creating sustainable competitive "moat."

**Strategic Logic:** Operations strategy resource-based view (Wernerfelt, 1984) suggests sustainable competitive advantage derives from unique, hard-to-imitate capabilities. Ford Pro's integration of vehicles, software, and services represents exactly such a capability.

## Implementation Timeline

**Q2 2025**: Management model stabilization (decision authority matrix); Model e cost reduction initiatives launch; employee engagement listening tour

**Q3 2025**: EV reskilling program announcement; Ford Pro expansion plan; quarterly strategic alignment process

**Q4 2025**: Bonus policy revision; affordable EV product announcement; UAW partnership on workforce transition

**2026**: Model e losses declining toward breakeven; employee engagement metrics improving; Ford Pro integrated EV solutions in market

**Success Metrics**: Employee engagement (2/5 → 4/5); Model e EBIT (-$5.4B → -$1.5B → $0 by 2027); Ford Pro EBIT ($9B → $11B); Stock price ($9.89 → $15+)

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# VI. CONCLUSION

Ford Motor Company's management and strategy transformation (2020-2025) demonstrates both the **promise and peril** of management model innovation in legacy industry disruption.

## Key Findings Summary

Using Birkinshaw and Goddard's (2009) MIT Sloan framework, Ford evolved from pure hierarchy (2020) to hybrid emergence (2022-2024) to balanced integration (2025), showing management sophistication through experimentation, learning, and adaptation. The company successfully balanced objectives (obliquity with goal setting), motivation (intrinsic with extrinsic), coordination (emergence with oversight), and decision-making (collective wisdom with hierarchical coherence).

Applying Nieto-Rodriguez's Strategy Implementation Roadmap, Ford scores 3.3/5.0 overall, demonstrating moderate effectiveness with significant variation: strong leadership execution and business model innovation, moderate value creation and culture evolution, weak employee engagement representing critical risk.

**Performance Paradox**: Ford Pro ($9B EBIT, 2024) validates strategy; Ford Model e (-$5.4B loss) reveals execution difficulty; Ford Blue (22% EBIT decline) indicates core business pressure. This mixed performance underscores that organizational transformation requires not just strategic vision (which Ford has) but also implementation excellence (which remains incomplete).

## Critical Success Factors

**What's Working:** Clear strategic vision (Ford+ plan); organizational structure (business unit focus); commercial excellence (Ford Pro); leadership talent (Farley, 2025 C-suite enhancements); transparency (business unit financial disclosure).

**What's Not Working:** EV economics (Model e losses); employee engagement (cost-cutting, restructuring fatigue); stakeholder buy-in (UAW tensions, dealer concerns, shareholder skepticism); execution speed (Model e learning curve).

## Future Outlook Assessment

**Best Case Scenario (35% probability):** Model e reaches breakeven by 2027; Ford Pro grows to $12B+ EBIT; employee engagement rebounds through reskilling programs; stock recovers to $18-20; management model stabilizes as competitive advantage.

**Most Likely Scenario (50% probability):** Model e losses persist but narrow (-$2B by 2027); Ford Pro continues strong performance ($10-11B EBIT); employee engagement remains challenged (3/5); stock modestly improves ($12-14); management model continues oscillating while seeking optimal balance.

**Downside Scenario (15% probability):** Model e losses force strategic pivot (reduce EV investment); UAW strike disrupts production; employee talent exodus to tech companies; stock declines further ($6-8); management model reverts to hierarchy, losing innovation advantage.

## Final Assessment

Ford's management model transformation is **ambitious and necessary**. The automotive industry's transition to EVs, software, and services requires new organizational capabilities that traditional hierarchical structures cannot provide. Ford's experiment with business unit autonomy, balanced motivation, and collective wisdom represents genuine management innovation.

However, implementation challenges are significant. The 2025 cost-cutting measures risk undoing cultural progress made since 2021. Model e losses test shareholder patience. Employee engagement decline threatens the human capital transformation requires.

The 2025 leadership changes—adding strategic oversight (Gjaja CSO, Lawler Vice Chair-Strategy) while maintaining business unit structure—signal recognition of these challenges. By attempting to capture benefits of both emergence and coherence, Ford demonstrates the organizational learning Drucker (1994) emphasized: "The theory of the business must be known and understood throughout the organization" (p. 95). Ford+ provides that theory; management model refinement will determine execution success.

**Ultimate Verdict:** Ford's management and strategy transformation is **partially effective** (3.2/5.0 overall) with **significant upside potential** if recommendations are implemented. The next 18-24 months (2025-2026) will determine whether Ford+ becomes a case study in transformation success or a cautionary tale of strategic ambition exceeding organizational capability. Success requires not choosing between traditional and modern management approaches, but rather finding sustainable balance between goal-setting and obliquity, extrinsic and intrinsic motivation, bureaucracy and emergence, hierarchy and collective wisdom.

As Birkinshaw and Goddard (2009) conclude: "There is no one best management model" (p. 90). Ford's journey proves this insight—the company's willingness to experiment and adapt represents exactly the management sophistication required for 21st-century competitiveness.

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# WORKS CITED