

**MANAGEMENT MODEL &  
STRATEGY IMPLEMENTATION ANALYSIS**

Ford Motor Company (2020-2025)

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# 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.

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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.

\*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). Their framework identifies four critical dimensions along which management choices vary: how the organization manages objectives and goals, how it motivates individuals across the company, how it coordinates activities across functions and units, and how it makes decisions and allocates decision authority.

## 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 (2019) 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, 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). Beginning in 2022-2024, the business unit structure enabled emergent coordination through three differentiated approaches: Ford Blue maintained autonomous P&L focused on cash generation from ICE vehicles using traditional manufacturing coordination, Ford Model e adopted startup-like autonomy for "unbridled innovation" with agile software development and rapid iteration, and Ford Pro developed commercial customer-centric solutions teams creating unique capabilities in fleet telematics and services. This aligns with **Resource-Based View** (Casadesus-Masanell, 2007), which posits that 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 approach: Blue achieves manufacturing scale while Pro leverages that infrastructure without duplicating facilities (economies of scale), and Model e is climbing the cost curve on EVs, still losing $5.4B but with improving per-unit costs (learning curve) (Ford Motor Company, 2025). By 2025, Gjaja's Chief Strategy Officer role coordinates strategy across units while units retain separate P&L, Frick's expanded role overseeing all three units signals integration opportunity, and Kay Hart's Model e position maintains operational focus (Ford Media Center, 2025). Ford successfully applied **emergence principles** through business unit autonomy, allowing differentiated coordination approaches, though 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, Ford employed pure top-down decision-making with CEO-driven strategy, centralized approval processes, and limited delegation (Ford Motor Company, 2021). From 2021-2024, Ford adopted collective wisdom within hierarchical oversight: business unit presidents made operational decisions with decentralized product planning and investment authority within unit P&L budgets, while 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). The 2025 recentralization reflects further sophistication: Gjaja's CSO reporting to both Farley and Lawler creates a centralized strategy function, and Lawler's Vice Chair-Strategy role elevates strategic decisions above unit level, addressing the tension between **speed** (collective wisdom enables faster, customer-informed decisions) and **coherence** (hierarchical oversight prevents conflicting strategies) (Ford Media Center, 2025). Effective management models balance both poles—Ford's 2022-2024 lean toward collective wisdom with 2025's correction toward hierarchy suggests the company is actively learning and adapting rather than rigidly adhering to one model.

## Management Model Comparison

Ford's evolving management model reflects conscious choices across four critical dimensions. First, on objectives, the company balanced obliquity (purpose-driven mission) with goal setting (financial targets), shifting emphasis across periods as strategic needs changed. Second, regarding motivation, Ford moved from pure extrinsic compensation to a balanced approach incorporating intrinsic elements like purpose and innovation, though 2025 cost-cutting risks over-rotation back toward extrinsic pressure. Third, in coordination, Ford transitioned from traditional bureaucracy toward business unit emergence while maintaining strategic oversight. Finally, in decision-making, the company evolved from pure hierarchy toward collective wisdom and distributed leadership, then recentralized strategic decisions in 2025 to ensure coherence. This four-dimensional framework captures Ford's sophisticated management evolution, demonstrating 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.

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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" (Nieto-Rodriguez, 2021). Ford's implementation record across seven SIR pillars reveals both strengths and weaknesses.

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

CEO Jim Farley demonstrates "Level 5 Leader" characteristics—personal humility combined with professional will (Collins, 2001)—earning consistent external validation of his leadership effectiveness. Executive Chairman Bill Ford described him as "intensively competitive" and "a transformational leader" (Quarterdeck, 2024), while Wolfe Research analyst Rod Lache called Farley "one of the most lucid executives," emphasizing his being "deeply and personally invested in the business" (Chief Executive, 2024). This CEO vision translates into sophisticated talent strategy across the C-suite demonstrated through the 2025 leadership changes. Sherry House's appointment as CFO brings external investment banking experience that provides fresh financial perspective beyond traditional automotive finance, bringing necessary external credibility to Ford's financial strategy. Marin Gjaja's creation as Chief Strategy Officer leverages 25 years at Boston Consulting Group to provide world-class strategy capability and consulting experience that external boards often expect. John Lawler's elevation to Vice Chair-Strategy maintains long Ford tenure and institutional knowledge that balances external expertise with internal continuity and understanding of Ford's culture. However, the execution of strong CEO vision faces significant headwinds. The rapid C-suite changes—six major roles in February 2025—create organizational uncertainty precisely when alignment is most critical. More importantly, the 2023 UAW strike lasting 46 days indicates persistent labor-management tensions despite Ford's transformation rhetoric (The Detroit News, 2024), suggesting that leadership excellence at the executive level has not yet translated into employee-level buy-in for the transformation. Strong CEO vision and strategic talent deployment demonstrate clear leadership strengths, but execution challenges including declining employee engagement and unresolved UAW relations prevent an 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 demonstrates innovative strategic logic by successfully differentiating customer value propositions, focusing organizational capabilities toward distinct market segments, and allocating resources strategically based on unit economics and growth potential. However, the structure creates execution complexity that prevents an excellent rating. Internal complexity from shared manufacturing creates transfer pricing challenges between units trying to optimize independently; brand confusion exists because consumers don't perceive clear distinctions between Ford Blue and Ford Model e offerings; and cost duplication occurs as three separate business units maintain redundant go-to-market strategies, marketing infrastructure, and customer support systems rather than consolidating where possible.

This structural innovation exemplifies the interplay between directed and emergent strategy. Ford+ represents directed strategy through Farley's 2021 vision and top-down reorganization creating the three-unit structure, yet business unit execution demonstrates emergent strategy as units adapt to market realities and develop capabilities bottom-up. Ford Pro discovered the high-margin fleet software opportunity through customer interactions rather than strategic planning; Model e shifted its EV strategy based on evolving market demand by pivoting from sedans to trucks and SUVs where consumer acceptance proved stronger (California Management Review, 2022). This combination of top-down strategic direction with bottom-up operational innovation creates a structure with clear strategic logic and innovation potential, yet the complexity of executing three distinct business models simultaneously prevents flawless implementation.

### 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. Evidence of cultural progress appears across multiple dimensions. Model e successfully attracts software developers to an automotive company by emphasizing innovation; the Bronco brand resurrection demonstrates creative risk-taking that would have been unthinkable in Ford's pre-2020 culture; and rapid EV strategy pivots from sedans to trucks show organizational adaptability to market realities. However, these indicators must be balanced against significant headwinds. The 2023 UAW strike lasting 46 days signals unresolved labor tensions despite transformation rhetoric, and the 2025 bonus cuts affecting middle managers risk cultural backlash precisely when alignment is most critical. Workforce reduction from 186,000 employees in 2020 to 171,000 in 2024 includes involuntary turnover that compounds job insecurity concerns (Ford Motor Company, 2025). Transforming a 118-year automotive culture into a tech-enabled culture requires generational time horizons, not the 3-4 year timeframe of Ford+'s first phase. Ford shows genuine progress in attracting innovation talent and demonstrating organizational flexibility, but significant cultural resistance persists, making this transformation incomplete.

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

Ford effectively communicates the Ford+ plan through quarterly earnings releases, investor days, CEO town halls, and dealer councils, creating formal channels for stakeholder dialogue. However, stakeholder buy-in remains mixed across constituencies. Shareholders' skepticism about the Model e timeline manifests in stock decline from $12.54 (June 2024) to $9.89 (February 2025), despite Ford's overall financial recovery. Employee buy-in deteriorates due to bonus cuts and workforce reduction, particularly problematic given the need for discretionary effort during cultural transformation. Dealers express concerns about direct-to-consumer EV sales exploration, viewing it as channel conflict that threatens their value proposition. Suppliers demonstrate strong relationships through battery partnerships, representing the most positive stakeholder dynamic. The 2023 UAW strike lasting 46 days signals low buy-in on the transition strategy among labor leadership despite negotiations. Communities respond positively to Ford's sustainability messaging and manufacturing investment announcements. This mixed stakeholder landscape—strong communication channels alongside significant resistance from critical constituencies (shareholders, employees, dealers, UAW)—indicates that while Ford's communication efforts are adequate, actual stakeholder alignment and buy-in remain incomplete.

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

Employee engagement represents Ford's most critical implementation challenge and strategic risk factor. Positive engagement drivers exist: the Ford+ purpose-driven mission attracts innovation talent; Model e provides intellectually engaging electric vehicle development work; and iconic brands like the F-150 and Mustang inspire workforce pride. However, these positive factors are overwhelmed by structural headwinds. Job insecurity from 15,000 jobs lost since 2020, combined with 2025 bonus cuts affecting approximately 50% of middle managers, creates material financial anxiety. Restructuring fatigue from three major organizational changes (2020, 2022, 2025) exhausts the workforce's ability to adapt and maintain motivation. Union tensions from the 2023 strike persist, reflecting labor leadership's skepticism about transformation sincerity. Most critically, Ford's $1B cost savings target implemented through these workforce reductions directly contradicts the engagement investment narrative of 10 Employee Resource Groups, health and safety programs, and leadership development initiatives. The contradiction between what Ford says about supporting employees and what employees experience through bonus cuts and restructuring creates credibility collapse. Eikenberry's (2019) distinction is instructive: "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, workforce reductions—communicate "telling," not "inspiring," precisely when the transformation requires discretionary effort and commitment. Without engaged, committed employees, no strategy succeeds, regardless of financial metrics or organizational structure. Employee engagement decline from previous years to 2/5 represents the highest-risk factor for Ford+ implementation failure.

### 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). The company's measurement systems are comprehensive and multi-layered: business unit dashboards track EBIT, margins, subscription revenue, and customer retention; corporate KPIs monitor revenue, EBIT, net income, free cash flow, ROIC, market share, and customer satisfaction; real-time tracking monitors manufacturing KPIs, dealer inventory, and sales data; and a quarterly/annual cadence includes earnings calls with detailed segment breakdowns. However, strategic gaps remain: Ford lacks public employee engagement metrics and provides no clear EV profitability path timeline. These measurement systems represent excellent transparency and sophistication, but the strategic gaps prevent an 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, 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.

## 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 |

## 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.

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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