# M5L19. Strategic Transformation

## Slide #1Strategic Transformation

We will use the Ford Motor case study to illustrate the role strategy plays in driving strategic investment decisions and introduce strategic portfolio management, a systematic framework for strategic decision-making.

## Slide #2Ford Became America's No.2 EV Brand in 2023

Ford Motor underwent a significant transformation to become the number two American electric vehicle company in 2023.

Ford's 2023 sales totaled 2 million vehicles, up 7.1%.

The company sold 72,000 all electric vehicles, including the Mustang Mach-E, F-150 Lightning, and E-Transit, making Ford the second leading brand in the EV segment, after Tesla in America.

## Slide #3Ford Motor Corporate Strategy

Ford's business performance aligns with the company's corporate strategy, communicated as the Ford Plus Plan, which leverages existing strengths, new capabilities, and customer relationships to enhance experiences and deepen loyalty.

Ford's corporate strategy encompasses three key product segments.

Ford Blue. This segment focuses on engineering iconic gas powered and hybrid vehicles.

It aims to continue delivering reliable and popular Ford trucks.

Sport utility vehicles and commercial vans, Ford Model e.

In this segment, the company develops breakthrough electric vehicles and embedded software that provide exceptional digital experiences for all customers.

The goal is to lead in the connected EV space.

Ford Pro, this business unit, assists commercial customers in transforming and expanding their businesses by offering tailored vehicles and services.

## Slide #4Ford Motor Competitive Advantages

According to Ford's public report, the company's competitive advantages reside in the following seven areas.

Product range.

Ford offers a diverse portfolio of vehicles, including trucks, SUVs, and electric models.

Their iconic F-series pickup trucks have a loyal customer base and contribute significantly to their success.

Supply chain management.

Streamlined supply chains enable cost effective production and timely availability of parts and components.

Other strengths include technological innovation, human resource management, production and distribution capabilities, among others.

## Slide #5Strategic Approach Driving Ford Transformation

We will explain how Ford's strategic approach has driven its transformation.

The purpose of these discussions is to illustrate the importance of aligning business decisions with an organization strategy and how to ensure this alignment.

In October 2017, Ford announced its strategic transformation plan, which includes accelerate the introduction of connected, smart vehicles and services customers want and value.

Allocate capital where Ford can win the future. Reallocating capital from cars to SUVs and trucks, and from ICEs to EVs.

Expand electric vehicle revenue opportunities.

A dedicated electrification team to create an ecosystem for electric vehicles.

Embrace partnerships, remain active in merger and acquisition, and collaborate to accelerate research and development.

The plan aligns with Ford's strategy and strengths, including a leading position in trucks and SUVs, as well as strong supply chain partnerships.

## Slide #6Strategic portfolio management is the

Strategic portfolio management is an advanced management practice that aligns projects, programs, and operational activities with the strategic objectives and priorities of an organization.

## Slide #7Purpose of Strategic Portfolio Management

Strategic portfolio management is crucial because it helps organizations Prioritize and select the right initiatives.

It ensures resources are optimally allocated to projects that maximize business value and support the organization's long-term strategy.

This alignment is vital in today's rapidly changing business environment, where agility and strategic adaptation are key to sustainability and growth.

## Slide #8Portfolio Management Framework

A robust portfolio management framework shall include the following major components.

Define clear portfolio objectives, which are aligned with strategy and business goals.

A systematic process to prioritize portfolios, set investment criteria, and assess risk and value ensures consistent decisions to allocate investment and develop an implementation plan.

A performance management mechanism to monitor implementation, as well as communicate progress and changes.

## Slide #9Portfolio Management Framework

Portfolio management should follow operational principles that include close collaboration with the business to translate strategic and business goals into portfolio objectives.

This approach ensures that portfolio decisions are transparent and based on consistent prioritization criteria and a decision-making process.

Portfolio management must remain unbiased and objective to facilitate informed decision-making.

It should foster an agile and entrepreneurial culture by leveraging partnership capabilities to develop and deliver innovative products.

Efficient portfolio management aims to minimize bureaucracy and excessive analysis and documentation.

Additionally, management should be encouraged to consider external options from partners alongside internal ideas.

## Slide #10Next: Portfolio Management Case Study

In the next video, we will use Ford's strategic plan as an example to present how to use portfolio management tools for decision-making.