

BMSK4004

Problem Solving and
Decision Making

Ford Written Report

Assessment

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Executive Summary

The purpose of this report is to conduct an analysis into the decline of Ford.

In modern day the motor industry is rapidly changing specially in a harsh economic climate, also rival competitors are looking to seek a change in the industry to move forward.

This report will include the nature, scope and impact of the problems faced by Ford. Also conduct a SWOT and PESTLE analysis, recommend potential solutions and discuss how it will be communicated.

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Introduction

Melanie squire from University of Wales Trinity Saint David requested this report written by Ciaran Fitzgerald due submission date of 10/01/2020. Purpose of this report to provide an analysis of problems faced by Ford using methods of SWOT and PESTLE to collect information. Also included useful research facts to support evidence throughout the report, with conclusion and suggest alternatives for improvements in Ford.

History of Ford



Henry Ford founder of The Ford Motor Company. Henry Ford had a vision to building easy operating cars to the public that everybody can afford. Henry Ford may have built the first gasoline-powered vehicle in 1896, but it would not be until the morning of June 15, 1903, at 9:30 a.m. when Ford and eleven other stockholders signed and submitted official paperwork to Michigan's Secretary of State Office. On June 16, 1903, the Ford Motor Company was officially incorporated. Before this date, twice Ford unsuccessfully attempted to form an automobiles manufacturing company. As Henry Ford continued to accomplish his dreams to be successful. Ford motor company would go on to be one of biggest most profitable companies in the world, with the company still thriving in over 100 years of success Ford continue to trade has one of biggest in the automobile industry. Modern day millions of Ford vehicles owned across the world are still known for their reliability and cost effectiveness and with cost effectiveness generates big profits for stakeholders. In incorporation to manufacturing vehicles from cars to trucks and comercial vans. Ford Known for cheap replacement parts, the company has automotive insurance operations, plus vehicle financing and leasing. Has of 2018 Ford motor group employs around 202,000

Written By: John Linden <https://www.carcovers.com/resources/the-history-of-ford/>

[Lamiman, Kevin J. Better Investing; Madison Heights Vol. 68, Iss. 7, \(Apr 2019\): 28-29.](#)

Ford motor company faces a dilemma in current time as the case study shows that the motoring company is acting too slow to develop new models to impress investors as shares drop. But Ford seeks an opportunity in favour of the “booming” SUVs and trucks market after General Motors made a decision to cut car lines and close factories.

Ford's opportunity can improve financially with the right combination of leadership, strategy and decision making. Action amongst the Ford group must act now and reinvest money with new designs of hybrid-electric vehicles to the market to keep up with competitors. With consumers now looking for environment friendly vehicles of making a difference in helping the planet. Therefore Ford must take a different approach to manufacturing cars in years to come for customer demand, otherwise customers may be eager to buy elsewhere.

SWOT Analysis on Ford



Ford's SWOT analysis shows the main issues that the company must deal with to expansion to grow its performance. The firm's aim is to become number one in the global automotive industry. To achieve this goal, Ford's strategic formulation process must include the issues in its SWOT analysis.

Strengths

- Brand reputation
- Strong brand image combined with the second most loyal customer base.
- Ford has produced the best-selling pickup truck in the U.S. market for a record 41 years in a row.

- Affordable.
- Global network.

Weaknesses

- Slow innovation on new models.
- Dependant on sales in the USA.
- Slow decision making.
- Decline sales in China.

Opportunities

- Innovation for new models on hybrid/electric cars.
- Market expansion across China and Asia.
- Eco-friendly vehicles.

Threats

- High Competition amongst rival companies.
- Global slowdown on consumers.
- Economic crisis.
- Exchange rates.

Ford experiences the threat of competitors like General Motors and Toyota, which engage in aggressive marketing and innovation. There is also the threat of technology firms like Google and Apple in their efforts to make driverless cars that could compete against Ford's products. Moreover, oil price instability threatens the sales performance of Ford products, the majority of which have internal combustion engines. Thus, this part of the SWOT analysis shows that Ford must innovate to maintain competitive advantage.

FEBRUARY 5, 2017 BY CHRISTINE ROWLAND [HTTP://PANMORE.COM/FORD-MOTOR-COMPANY-SWOT-ANALYSIS](http://panmore.com/ford-motor-company-swot-analysis)

Ovidijus Jurevicius | January 10, 2019
<https://strategicmanagementinsight.com/swot-analyses/ford-swot-analysis.html>

April 17, 2019 by Abhijeet Pratap <https://notesmatic.com/2019/04/swot-analysis-of-ford-motors-2019/>

Ford PESTLE Analysis

Political

The political scene provides both threats as well as opportunities for Ford motors. Political unsureness in the European Union, including Brexit, can result in a downfall result on Ford's performance in the car industry. In case of a *"hard"* Brexit the UK stands to lose access to free trade agreements with other E.U countries. This may result in a marked reduction of demand in the industry. Included with increased tariffs on imports/exports also with delays at the UK border, the European political scene may prove to be a cause for concern.

ECONOMICS

Modern times have seen a global slump in the number of car sales all around the globe. Even in the US, which accounts for the largest market share in case of Ford, even developing markets such as India have seen a downfall in the number of vehicles being sold. This is poised to be one of the significant factors that may be pushing the world economy towards another recession.

SOCIAL

Consumers today are literally inundated with choices when it comes to the automobile sector. With multiple players and a near-saturated market, Ford may find it difficult to attract buyers. There is opportunity, however, in the Electric and Hybrid vehicle category. Globally, demands for hybrid cars have been on the rise, and Ford has already taken steps to introduce variants in this category. With rising interest in eco-friendly and fuel-efficient cars, Ford can position itself as a major player in the hybrid car segment.

TECHNOLOGY

Technology plays a big role in the vehicular choice of today's consumer. A tech-savvy population has seen greater demands for cars that are equipped with modern technological devices such as automatic windows and rear-view cameras. Ford is not behind in this segment as it continues to incorporate the latest gadgets in their vehicles. However, this has to be done judiciously as the cutting-edge of today

Legal

Global environmental and safety regulations, labor laws and intellectual property rights are some of the legal factors that affect the growth of Ford. In order to increase its business Ford can align itself with these regulations by ensuring better product designs and a safe work environment.

Environmental

As mentioned earlier, the global demand is shifting towards environment-friendly cars, especially electric and hybrid vehicles that have little to no emissions and environmental impact. Ford has already made significant headway in this respect with the Focus Electric and Fusion Hybrid models. The company is certainly focusing on this emerging segment as it holds potential for growth

With the promise of increasing demand and better business conditions, emerging markets and technological advents hold ample opportunities for Ford to expand its operations and build on a developing customer base.

Umar Farooq August 10, 2019 <https://www.marketingtutor.net/ford-pestle-analysis/>

Conclusion

Ford is one of the leaders in car industry especially being over 116 years old. Ford have succeeded a big brand reputation of affordable cars worldwide to the consumer. Included in the analysis of SWOT and PESTLE Ford are under pressure in securing top spot in the automobile industry, as rival firms are introducing new models, with Eco-friendly designs, and Fords output around this need to change. Decision making needs to more aggressive, also seek change in wide global market such as in Asia and not just be dependable in the US.

Options for Ford

In consideration an aggressive action plan needs to be in place, as share prices are dropping investors are not that confident in what the future holds for Ford. Money needs to be reinvested in new designs and technology, Decision making needs to be more aggressive to up stand confidence amongst share holder and investors. and compete with rivals. "Ford may survive for a long time as a producer of trucks and SUVs, but it will no longer be the great American automobile company Henry Ford created and Alan Mulally restored. Playing to short-term shareholder demands rarely results in long-term success, On the other hand, Hackett may be betting when he moves on, Ford's strategic dilemmas will rest with a future CEO."

[Bill George](#)

Published 10:26 AM ET Mon, 30 April 2018 Updated 11:44 AM ET Tue, 1 May 2018

"But it's also vital that the core franchise adapt to market changes. This "Transformation A" is already well underway as well. Ford is discontinuing domestic production of the Fiesta, Focus, Fusion and Taurus. By 2020, nearly 90% of Ford's North American line up will be trucks, SUVs, and commercial vehicles"

"The future is arriving much faster than had been expected even just a couple years ago. By conducting small tests with consumers first, piloting early concepts in the market before investments reach the billion-dollar threshold, Ford is positioning itself to take advantage of new opportunities, rather than be disrupted by them."

[Mark W. Johnson](#) May 29, 2018 <https://hbr.org/2018/05/how-ford-is-thinking-about-the-future>

Action plan

Ford's action plan is to shake up workforce and reduce cost then reinvest money back into technology and design and innovation of new models.

When explaining the rationale behind the redesign, the spokesperson said: "The focus of the smart redesign has been to reduce bureaucracy, empower leaders at all levels, focus on the most value-added projects and eliminate non-value added work, and ensure we have the right cost structure around the world."

22/05/2019 Wed 10:38 in All markets by Priya Sunil

Communication is important internally and externally, so individuals can listen and review this action plan forward of what the future holds for Ford.

Through advertisement and internet and social media can have a big impact on how Ford's action plan can be successful.

Monitoring this action plan due to the changes, therefore important to collect and analyse data and gather more information into the change.

Prioritising this action forward and analysing effectively, then can identify if the action plan is working.

Reference list

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