

# **Strategic Management**

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## **Ford Motor Company**

Ford Motor Company is a multinational mobility and automobile company that designs, manufactures, markets, and services a full line of Ford cars, sport utility vehicles, pick-up trucks, automotive parts, and Lincoln luxury vehicles (FORD, 2020). The company mainly operates in the automotive industry, but has a presence in three other sectors; Central Treasury Operations, Financial Services, and Ford Smart Mobility LLC. Since its incorporation in 1903, Ford has thrived to become the second-largest American automotive company after General Motors. The company employs over 190 000 employees worldwide and is controlled by the Ford family (FORD, 2020). This paper looks at Ford's macroenvironment and industry structure and the resources, capabilities, and activities within the organization.

### **Macroenvironment and Industry Structure**

Ford Motor Company operates in an open system and is surrounded by external forces that make up the macro-environment structure. The macro-environment surrounding Ford has several forces that include political, economic, ecological, technological, and socio-cultural aspects. The political factors impacting Ford provide a tremendous opportunity for growth. For instance, the USA government's support for technological innovation and increasing international trade agreements is beneficial to its development (Rowland, 2020). Moreover, governments in developing countries show growing efforts to improve infrastructure, providing the company with an opportunity to set up their business in such countries.

The US economy is Ford's biggest market and continues to show slow but steady growth. However, the U. S dollar's strength makes Ford's products unattractive to developing countries, hence reducing its profit margins in such nations (Rowland, 2020). This indicates that the company must optimize its business efficiency and maximize opportunities in

international markets. Ford's operations are also subject to socio-cultural factors. For example, there is an increasing demand for electric and hybrid automobiles due to the growing concern for environmental conservation. Ford can take advantage of the market's moderate attitude towards customer services and improve the after-sale services.

Additionally, the ever-increasing wealth-gap threatens the company's Lincoln automobiles division that makes highly-priced luxury cars.

Rising ecological concerns determine Ford's operations to some extent. Climate change creates an opportunity for the company to grow by manufacturing environment-friendly products (Farooq, 2019). Through innovation, some of Ford's products are less dependent on carbon and use electricity or alternative fuels to address diminishing oil reserves' global issue. Technologies also enable Ford to compete in the industry. The widespread use of mobile computing allows the company to grow through mobile marketing and mobile service support. The company also takes advantage of online fulfillment services, through which it delivers automotive parts to customers.

Ford majorly operates in the automotive industry, whose main products include cars, SUVs, luxury vehicles, trucks, automotive parts, and engines. This industry is highly competitive and is characterized by changes in technology and vehicle design. The company's major competitors include General Motors, BMW, Chrysler, Mercedes Benz, Tesla Motors, Honda, Lexus, and Toyota Motors (Owler, 2020). To maintain a competitive edge, Ford produces an extensive portfolio of products and invests in customer services to improve loyalty and the brand image. Based on statistics, Ford claims a market share of 15.5% after General Motors, which has 19.8% (IvyPanda, 2019). The decline of Chrysler and General Motors in the 2008 financial crisis was advantageous for Ford, since many buyers preferred its products, increasing its competitive position in the industry and financial situation until today.

## **Resources, Capabilities, and Activities within Ford**

Ford Company has a strong brand image and is known to drive innovation, product quality, and passenger safety in the automotive industry. This translates into customer loyalty and consistent high performance over the years. Additionally, the company has a strong manufacturing capability and a well-established supply chain. The brand has nearly 60 manufacturing facilities worldwide, ensuring a continuous supply of the company's products to domestic and international markets (Pratap, 2020). The company has a broad product portfolio that comprises SUVs, luxury vehicles, cars, and pick-up trucks. Besides, Ford offers financial services through its 'Ford Credit division. Ford company has a strong emphasis on product innovation and spends heavily on research and development. The company pursues leadership in electric vehicles and autonomous driving and is reported to have spent approximately \$ 10 billion in R&D expenditure to achieve its objective.

Ford has strong marketing capabilities that have led to the popularity and higher brand recognition in international markets (Pratap, 2020). The brand spends a substantial sum on marketing and promoting its products. Ford has a strong financial position due to improving performance over the years. The company posted total revenues at the US \$ 155.9 billion and a US \$ 47 million net income as of 2019 (Owler, 2020). Lastly, the company participates in the US and China markets, the two most robust markets for vehicle brands globally. These markets play a significant role in increasing company sales revenues and profit margins annually.

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