



Story of Ford and Alan

Accepting that you can't rise to the top again is failure; alternatively you could view every setback as an opportunity. Helping a company rise from a setback is a more difficult task than it seems as it is not only about the changing numbers but also about lifting morale, keeping the faith of stakeholders, and building the right team to start the failure reversal program. In addition to all that it is about fixing what was wrong in the first place and creating opportunities from the setbacks.

Alan Mulally brought Ford back to life from the ashes. When he was given the responsibility to manage the company the shares were only worth \$ 1.01, the company was in debt and the losses were in the region of a whopping \$12.7 billion. So the company was breathing it's last breath if it were not for the superhero found by Ford in the form of Alan Murray.

For this herculean task, someone must have the passion and motivation to work hard and not lose hope in the most thickest of times. Alan Murray fervently believed in motivation and inspiring others to do the same.

He says "Leadership is having a compelling vision, a comprehensive plan, relentless implementation, and talented people working together."

As a leader Alan Mulally as the CEO of Ford believed the company could find an opportunity in the setback. He also believed the people must have a feeling that they are reaching out to a large number of people and doing their work for the greater good. By raising a simple sense of philanthropy in his team and the ability to not take

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a setback as a failure, he was able to not only recover the loss but also earn the company back to profits; by the time he retired the name of the company was written down in history as the “history-making revitalization”.

When it seemed to the public that Ford would soon file for bankruptcy, all the workers had already accepted their fate and had deviated from the vision of the company. Then Alan Mulally came along still unwilling to accept the looming bankruptcy believing in the silver lining of the cloud. He engendered the sense of togetherness in the workers, letting them know that all were in this together. With the one team approach, he was able to eliminate the turf battles and friction among the employees so increasing their productivity. The direct increase in productivity was due to the unity of people who were now following the leader unable to accept failure. This directly raised the profit of the company and warded off failure and bankruptcy.

By taking seemingly simple steps and not accepting failure Alan Murray increased the profit of Ford building it into a world class enterprise.

Alan Mulally’s “One Ford” plan

In 2006, Ford rose from the ashes like a Phoenix and became the leading automobile company in the world, all due to the herculean efforts by the newly appointed CEO Alan Mulally. How the CEO managed to do that will be studied by students of business and management for a long time. Here, we discuss some innovative decisions he took to achieve a goal even Bill Ford thought the company couldn’t attain.



Alan Mulally came up with the “One Ford” plan. To many, the plan doesn’t scream innovation, but it was creativity and business state of mind at its best. Below are some of the decisions he took under this plan:

Pledging the assets:

The post-WWII condition took a toll on the American automobile industry when the sales dropped from 16 million to 10 million in three years. The biggest competitors of Ford were GM and Chrysler, and the assets of all three of the companies were eroding. Alan Mulally took the decision of pledging the assets of the company for \$23 billion loans which gave the company enough resource to stand on its two feet. The decision also gave an edge to the company to its competitors as they lacked the required capital.

Using Union concessions:

Alan Mulally was also very wise about the union concessions. Instead of laying off workers as companies usually do when the times are tough he decided to use the union concessions to build the capital which was needed. Also, the decision to not layoff workers made them feel like a part of the Ford family and created the ambience of “we are all in this together” which also avoided any demands for increase of wage from the Union which the company could not afford.

Upgradation of technology:

The CEO knew that just introducing new models of cars and trucks would not increase the sales. This is why he brought entertainment to the automobiles in order



to create something new. The automobiles which had now become mobile entertainment centre with the collaboration of Ford with electronic companies received a great response from the consumers. The MyFord Touch offered the first panel in the automobile to be able to take verbal commands and sync with smartphones, unique apps and music systems. To this day, all automobile companies use Ford's personal technology as an essential component in their products.

Handling the capital:

Handling the profit generation, the capital and any decisions in the future greatly depends on the management. To handle the capital right Alan Mulally decided to fix the management of Ford.

Hostile environment before Mulally:

Before Mulally, the company meetings were a war zone and survival of the fittest. The employees practiced self-preservation instead of collaboration. Highlighting this Alan Mulally said as soon as he became the CEO when he made a shocking statement that "we have been going out of business for 40 years".

The traffic light system:

He introduced the traffic light system. The traffic light system was when that it was green light when everything was alright. Yellow was a warning, and Red meant that something was wrong. Every Thursday a meeting would be held for the management. The first meeting he attended there were only a few yellow lights with no red lights when the company was in great trouble. Mulally pointed that out, and by practicing



candour, he was able to impart that to the rest of the employees too. This had an instant result when in the meeting next week red lights were pointed out. Talking about taboo topics like the red lights the company was able to solve its problems.

The story of the first red light:

When the production of a new model had begun near the launch date during a presentation with the management Mark's slide showed red. With dead silence in the room, Mark explained how a noise was created by the suspension. Colleagues of Mark mused how someone else would be in charge of the Americas while another one thought that he was a dead man walking. But in that dead silence, someone clapped, and it was none other than Alan Mulally himself.

He clapped because Mark was honest. Mulally thought that's why we are losing that and now that we have the problem out in the open we can fix this. After clapping, he asked rest of the people in the meeting if anyone could help Mark. This appreciation of candour helped the other managers realise that Alan Mulally could be trusted and honesty was appreciated.

Collaboration and accountability:

Open discussion with honesty gave space to collaboration and red lights being pointed out developed accountability in the company. Both collaboration and accountability made data sharing easier which led to innovative endeavours and increase in profit.

Alan Mulally basically practiced the 6 C's of business for success which are:

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- Collaboration
- Communication
- Content
- Critical thinking
- Creative innovation
- Confidence;

and with that he was able to achieve a milestone which made history.

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