

EMBA Cycle 9 - Module 4

Organizational Behavior and Leadership

Ford Motor Company: Workforce Motivation

Team 2 | July 17, 2009

Preface

This paper outlines a plan allowing Ford Motor Company ("Ford") leaders to motivate specific segments of its workforce, while considering the current political and economic environment.

Executive Summary

Ford began a leadership development program in the 1990s,¹ it might therefore surprise that the company is now affected by leadership problems. Self-interest, territorialism, pervasive rejection of new ideas, and strategic fallacies are select issues that caused negative effects on employee motivation and company performance. In this paper, we will briefly review motivational theories and the industry, economic, and political environments. We identify internal workforce groups, organizational and motivational problems, and current and optional employee programs. We then prioritize and map our recommendation to issues, net of those dimensions that Ford has already embraced. Our recommendations for Ford are:

1. Complete a comprehensive workforce survey to guide future workforce management strategies
2. Assess the competencies management program's effectiveness and adjust it where necessary
3. Reinststate the Tuition Assistance program and align it with specific skill requirements
4. Conduct firm-sponsored values training for senior employees and managers
5. Implement a town-hall program that promotes communications between leaders and employees
6. Re-energize performance management, i.e. by use of SMART Goals and 360° evaluations
7. Revise the compensation program to establish a closer tie between pay and performance
8. Award modest rewards for achievements tied to firm performance and the business plan

¹ "Leadership DNA: The Ford Motor story," Stewart D. Friedman, Training & Development, March 2001, Vol. 55, No. 3

Motivational Theories

Of the seven motivational theories reviewed by Sunil Ramlall² (Maslow, McClelland, Adam, Vroom, Porter and Lawler extension of Vroom, Herzberg, and Hackman and Oldham), we chose one to develop Ford's workforce motivation strategy. In this paper, we will combine Herzberg's motivator/hygiene theory³ with Schein's career anchors.⁴

Herzberg on satisfiers and dissatisfiers

Herzberg argued that traditional motivators (asking, encouragement, incentives, force, or withholding), whether applied directly or subtly, do not lead to motivation but to "movement." A single application of a motivator leads to one move. Another move requires another motivator. His thesis is that firms should:

1. Prevent motivator-dependence and escalating incentive-expectations (i.e. monetary or benefits)
2. Use distinct motivators that cause "satisfaction"
3. Avoid hygiene factors that result in "unhappiness"

Herzberg's study determined empirically that six motivators lead "to extreme satisfaction": achievement, recognition, work itself, responsibility, advancement, and growth. In contrast, the following six "hygiene factors" cause "extreme dissatisfaction":⁵ company policy and administration, supervision, relationship with supervisor, work conditions, salary, and relationship with peers. Herzberg concluded:

1. "motivators were the primary cause of satisfaction, and hygiene factors the primary cause of unhappiness"
2. "of all the factors contributing to job satisfaction, 81% were motivators [and] of all the factors contributing to the employees' dissatisfaction ... 69% involved hygiene elements"
3. "the opposite of job satisfaction is not job dissatisfaction but, rather, no job satisfaction"
4. "Similarly, the opposite of job dissatisfaction is not job satisfaction, but no job dissatisfaction"

² "A review of employee motivation theories and their implications for employee retention in organizations," Journal of American Academy of Business, Cambridge, September 2004, 5, 1/2, p. 52

³ "One More Time: How Do You Motivate Employees?," Harvard Business Review, 1968 (Best of HBR, 'Motivating People,' January 2003)

⁴ "Career anchors revised: Implications for career development in the 21st century," The Academy of Management Executive, November 1996, Vol. 10, Issue 4, p. 80

⁵ Herzberg identified four more, which we ignore in this paper for the sake of simplicity. They are: Personal life, Relationship with subordinates, Status, and Security

Changing (or reversing) conditions assumed to result in employee's "unhappiness" therefore may not result in the desired behavioral changes. Motivation and expected behavior only materialize when the source of the satisfaction and, conversely, the cause of the dissatisfaction are properly understood and managed. Herzberg then goes on to propose how firms "install a generator in an employee." He argues that internal "drive" in an employee only results from "enriched" work ("vertical job loading"), and not from "enlarged work" ("horizontal job loading"). Table 1 contrasts these two terms:

Horizontal Job Loading

- Incentivize to increase output
- Adding "a meaningless task"
- "Rotating" alike assignments
- Reducing work complexity

Vertical Job Loading⁶

- Increase "accountability"
- Provide "complete natural unit of work"
- Increase "authority" / "job freedom"
- Information sharing by supervisors

Table 1: Vertical and Horizontal Job Loading (Herzberg)

Schein's anchors

Before reviewing "career anchors" as a "self-concept," we need to define the "self-concept." It arises from a "schematization of self ... [which] contributes to a sense of identity over time."⁷ Identity determination results from emotional awareness and qualitative assessments of personal characteristics, including own confidence and physical appearance, "values," relative position of one's role in a group, "status," "symbolic memories, goals, plans, intentions," and expectations for "the future."⁸ The self-concept explains how we view ourselves in life, amongst our friends, and at work. Schein argued that "self-perceived talents and abilities," basic values," and "the evolved sense of motives and needs as they pertain to the career" are self-concept determination mechanisms and determine "career anchors" (see table 2⁹).

⁶ Excerpt only

⁷ "Self-concept and self-representation," Kazdin, Alan E. (Ed), Encyclopedia of psychology, 2000, Vol. 7, pp. 208-209

⁸ Ibid

⁹ "Career anchors revised: Implications for career development in the 21st century," The Academy of Management Executive. November 1996, Vol. 10, Issue 4, p. 80

<u>Anchor</u>	<u>Definition</u>
• "Security/Stability"	Perception of guaranteed employment, as opposed to being given the opportunity to succeed in a position
• "Autonomy/Independence"	Perceived low dependence on employment (high "self-reliance")
• "Life Style"	"Preoccupation" with lifestyle questions (i.e. "geographic" consistency and other "adaptive modification of the traditional 9 to 5 job," versus economic stability)
• "Technical/Functional Competence"	Awareness that personal "competence [is] valued"
• "General Managerial Competence"	Exhibiting "interpersonal competence," being "highly motivated," having "emotional makeup" to be decisive "with only partial information"
• "Entrepreneurial Creativity"	Desire to open own business; exploiting new relatively new mobility "in the world today"
• "Service/Dedication to a Cause"	Desire "to do something meaningful in a larger context," i.e. "service oriented" organizations, and "managing the environmental problems."
• "Pure Challenge"	Definition of one's career by "solving the unsolved problems"

Table 2: Schein's Anchors

Schein's career anchors, viewed as *attitudes of employees*, "define how they see themselves and how they see their work."¹⁰ Schein's conclusions and recommendations pertain to the individual and the firm:¹¹

1. People can use anchors "wisely when choices have to be made."
2. Employees ought to better self-assess "their careers"
3. Firms should "do a better job" when matching employees and positions

¹⁰ "Getting a Handle on Employee Motivation," n.d., Anne Field, Harvard Business School Working Knowledge, retrieved from www.bettermanagement.com, April 11, 2009

¹¹ "Career anchors revised: Implications for career development in the 21st century," *The Academy of Management Executive*. November 1996, Vol. 10, Issue 4, p. 80

Industry Overview

Two issues presently affect Ford and the automobile industry: the financial crisis and changing customer requirements associated with environmental concerns.

Financial crisis

Sinking demand for cars lowers revenues and forces the industry to aggressively cut costs and explore emerging markets.¹² Although, the decline of consumer spending appears to have slowed¹³ and the May 2009 Consumer Confidence Index, as measured by The Conference Board, improved to 54.9 from 40.8 in April.¹⁴ ¹⁵ Worrisome is that the bankruptcies of Chrysler and General Motors (GM) threaten the remainder of the industry due to shared supplier dependencies,¹⁶ and that foreign auto makers "make acquisitions to gain a foothold in the West,"¹⁷ which increases competition in the industry. Yet, there is also opportunity for Ford: it could enjoy an influx of new customers from Chrysler and GM.¹⁸

Changing customer requirements

Datamonitor noted that "consumers become more conscious of environmental issues"¹⁹ and Ford has recognized that "the shift to smaller, more fuel efficient vehicles is permanent."²⁰ Customer interest in the total cost of owning a car is not a novel concept, although last year's oil price movements likely shaped the renewed interest when gasoline prices peaked at \$4.14 in June 2008.²¹ Some customers conceivably will make future purchasing decisions considering the following additional criteria:²²

¹² "Industry Survey Autos & Auto Parts," Efraim Levy, Standard & Poors, December 25, 2008

¹³ "U.S. Economy: Consumer Spending Slows, Job Cuts Mount (Update1)," bloomberg.com, April 30, 2009

¹⁴ "Consumer Confidence Survey Press Release, retrieved June 28, 2009 from <http://www.conference-board.org/economics/ConsumerConfidence.cfm>

¹⁵ Also, Goldman Sachs projects respectable automobiles sales in 2009. Although this assumes that congress passes a bill in support of a rebate program that encourages consumers to retire older cars. "Goldman Boosts '09 Auto Sales Forecast," Wall Street Journal, April 22, 2009

¹⁶ Associated Press, "GM and Chrysler's bankruptcy cases at a glance," June 12, 2009, "Industry Survey Autos & Auto Parts," Efraim Levy, Standard & Poors, December 25, 2008

¹⁷ "Industry Survey Autos & Auto Parts," Efraim Levy, Standard & Poors, December 25, 2008

¹⁸ "Fixing up Ford," CNN Money, May 12, 2009

¹⁹ Datamonitor "Global Automobiles Industry Profile," March 2009

²⁰ "Ford Motor Company Business Plan Submitted to the Senate Banking Committee," December 2, 2008

²¹ Energy Information Administration, retrieved online from http://tonto.eia.doe.gov/dnav/pet/hist/mg_tt_usw.htm on May 16, 2009

²² Traditional criteria are perception of brand value and purchase price, fuel economy and operating costs, vehicle safety, reliability, and quality, warranty terms and service options, product features and performance, and resale value. Sources: Ford Motor Company 2008 Annual Report, Ford Motor Company Business Plan, Submitted to the Senate Banking Committee, December 2, 2008

- Fuel economy: How far does the car drive before it needs a refill, and what does this refill cost?
- Ecological sustainability: How do I reduce the environmental impact while remaining mobile?

In response to these trends, Ford plans to reduce vehicle energy consumption through greater use of hybrid technologies and by incorporating advanced technologies.²³ During a panel discussion at the 2009 Green Car Congress²⁴ it was observed that only 5% of U.S. consumers are willing to "pay more" for green products and that this figure is not expected to "skyrocket soon." One panelists suggested that attitude towards issues is often "constant over one's lifetime." This could mean that the car industry must cultivate tomorrow's green car buyers today. In the interim, only some current buyers may base their purchasing decisions also on the aforementioned additional criteria.

Political and Economic Environment

The current U.S. administration could become a catalyst for political transformations throughout the Americas and worldwide. Current themes of interest include the Cuban trade embargo,²⁵ a re-energized debate around abortion,²⁶ a vacant Supreme Court position,²⁷ the pursuit of improved relationships with foreign nations,²⁸ and the global economic crisis. Political measures with potential impact on society values that are important to customers will have varying degrees of influence over Ford's strategic decision-making. On the other hand, those measures affecting the U.S. economy overall, and demand and spending in particular, are slightly more tangible. Political support for the development of renewable energies,²⁹ for example, shapes product development. In addition, the U.S. government's influence in the automobile industry³⁰ led to a debate around its role in a market economy.³¹ Internationally, economic protectionism (which emerges when economies suffer from a recession) usually results in restrictive trade

²³ Ford Motor Company Business Plan, Submitted to the Senate Banking Committee, December 2, 2008

²⁴ Green Car Congress, "Automotive Market Research Perspectives on Selling 'Green' in a Try-to-Survive Market," May 2, 2009. Retrieved May 16, 2009, from <http://www.greencarcongress.com/2009/05/green-trouble-market-20090502.html>

²⁵ Daniel Dombey, Edward Luce, Financial Times. London, April 14, 2009, p. 1

²⁶ John McCormick, McClatchy - Tribune News Service, Washington, March 24, 2009

²⁷ "New Justice Could Hold the Key to Presidential Power," www.nytimes.com, May 24, 2009

²⁸ Paul Haven, Telegraph-Journal, Saint John, N.B. January 26, 2009, p. A.8

²⁹ "White House Steps Up Support for Biofuels." The Caucus, New York Times, May 5, 2009

³⁰ "Who's Afraid of Industrial Policy?" The Nation, May 13, 2009

³¹ Rochelle News Leader, "Obama should not try to run auto industry," May 5, 2009 (e-Edition)

policies.³² During the next 20 years, two geopolitical issues are expected to affect the world. First, the move from a "uni-polar/bipolar" to a "multi-polar" global political landscape³³ will increase geopolitical complexity because of "the multiplicity of actors."³⁴ Second, general resource scarcity not only promotes a "fundamental energy transition away from oil towards natural gas, coal, and other alternatives,"³⁵ it could also result in conflicts between those groups of the "human population" who have access to "energy, food, and water," and those who do not.³⁶ These issues will be important to global firms like Ford, as complexity and conflict can affect a firm's assets, operations, and profitability.

The current economic recession is seen as "worse"³⁷ than the recession of 2001, and its attributes include:

- Demand is significantly reduced and "the engine of past recoveries –the American consumer– is in the repair shop," resulting in long-term consequences for the global economy³⁸
- There is still a probability of credit losses in commercial lending and consumer credit cards³⁹
- Another "source of demand" is needed since government intervention likely only prevents that the economy worsens,⁴⁰ also highlighting the problematic dependency on the housing market⁴¹

A report prepared by the Worldbank observes that:

- The current recession is "one of the sharpest global contractions in modern history," and GDP⁴² in "high income countries" will continue to decline in 2009⁴³
- The U.S., Euro Zone, and Latin America will experience contracting GDP (China, Indonesia, India, and Pakistan are countries that will enjoy positive GDP growth)⁴⁴
- Overall, the "outlook for 2010" remains uncertain⁴⁵

³² "Manning the Barricades," The Economist Intelligence Unit (EIU), Special Report March 2009

³³ National Intelligence Council, "Global trends 2025: The National Intelligence Council's 2025 project," November 2008

³⁴ Ibid; China and India are cited as exemplars for continued and fast economic growth and rising political influence

³⁵ Ibid

³⁶ "The coming anarchy," Robert D. Kaplan, in "Globalization and the challenges of a new century," 2000

³⁷ Knowledge@Wharton, "Global economic forecast for 2009: Will demand for good news outpace supply?," January 7, 2009

³⁸ Ibid

³⁹ Ibid

⁴⁰ Ibid

⁴¹ The Economist. "Building castles of sand," April 16, 2009, "Shelter or burden?" April 16, 2009

⁴² Gross Domestic Product

⁴³ Worldbank, "Global Economic Prospects 2009, Forecast Update, March 30, 2009"

⁴⁴ Ibid

⁴⁵ Ibid

The U.S. economy is still in a free fall, if measured by job losses⁴⁶, and Ford could therefore consider international revenue sources. To explore markets abroad, an automobile manufacturer needs global reach, competence, brand, and capital. Ford has all of that, and if these characteristics are of useful guidance, Ford may be well prepared to weather the current storm and grow its business profitably. EUI suggested in March 2009 that the euro zone has a "relatively inflexible economic structure" and highlighted labor and possible political conflict as key issues.⁴⁷ Yet, should Porsche and VW continue to battle over management control,⁴⁸ and since the buyer of GM's German and British subsidiaries⁴⁹ will be occupied with integrating the respective organizations, there may be opportunity for Ford to gain market share in Europe due to reduced competition. There may also exist favorable expansion opportunities for Ford in China and India, since these two economies are growing (albeit at a slow pace) and demand for cars is "massive."⁵⁰ Of course, all of this assumes that Ford will deliver appealing products and marketing.

⁴⁶ <http://finance.yahoo.com/news/631K-new-jobless-claims-total-apf-15314734.html?sec=topStories&pos=2&asset=&ccode>

⁴⁷ "Manning the Barricades," The Economist Intelligence Unit (EUI), Special Report March 2009

⁴⁸ Wall Street Journal, "VW Halts Merger Talks With Porsche Amid Rift," May 17, 2009

⁴⁹ BBC News, "Fiat improves bid for GM's Opel," May 24, 2009; New York Times, "In Global Shift, G.M. Plans Sale of Europe Unit," May 29, 2009

⁵⁰ The Economist Intelligence Unit, Webinar "Detroit's Dilemma and Beyond: the state of the Global Auto Industry," May 27, 2009

Workforce and Organizational Issues Overview

On the pages that follow, Table 5 provides an overview of workforce groups at Ford, and Table 6 illustrates past and present organizational issues at Ford, and their implications for motivation.

Ford Workforce Groups		
Workforce	Definition / Interests ⁵¹	
<i>Salaried Workers (unionized) and Management</i>	Permanent full-time employees, including management	Healthcare/Benefits Compensation Job safety Sound firm leadership Training Flexible work arrangements
<i>Hourly Workers (non-union and unionized)</i>	Contracted or temporary workers, non-management, incl. consultants	Healthcare/Benefits Wages Sound firm leadership Flexible work arrangements
<i>Diversity (Aging, Baby Boomers, Generation Y, etc)</i>	Baby Boomers', not far away from retirement	Healthcare/Benefits Compensation/Wages Retirement Benefits (safe) Flexible work arrangements
<i>Board of Directors</i>	Provides governance and leadership oversight	"Regulatory compliance Profitability of the firm Influence over management Sound strategy executed"
<i>Workforce abroad</i>	I.e. employees, hourly workers, and retirees in South America, Europe, Asia Pacific Africa	- most of the above interests - Cultural sensitivity of the firm
Departments / Work Groups	Definition / Interests	
<i>Management</i>	Non-union management team members	Success of business strategy: - Cost cutting - Product development/Profits - Effectiveness/Efficiency Management autonomy Board influence / CEO leadership Employee commitment/confide. Weak competitors/Reliable suppliers Market share/ Union concessions Customer demand/satisfaction Compensation Training/Development Flexible work arrangements
<i>Manufacturing</i>	Plants in which employees build vehicles	Reliable suppliers Customer demand Efficient production platform
<i>Administration</i>	Back-office functions, incl. Human Resources, Payroll, IT, Purchasing etc	Workflow input Profitability of the firm
<i>Financing Division</i>	Wholesale and retail credit products	Access to funds Asset management Value protection
<i>Marketing/Advertising</i>	Creative and production teams that advertise the brand to target customer groups	Brand excitement Consumer interest Consumer feedback
<i>Research and Development</i>	Product conception, design, testing	Creative freedom Innovation (i.e. electric) Funding Consumer preferences
<i>Subsidiaries</i>	I.e. Mazda minority share, Automotive Components Holdings LLC, Volvo	Firm leadership

Table 5: Ford Motor Company Workforce Groups

⁵¹ Source: Team Analysis; "Developing Management Skills, 7th ed.," Whetten & Cameron; Ford Motor Company 2008 Annual Report, Ford Motor Company Business Plan, Submitted to the Senate Banking Committee, December 2, 2008

Ford Organizational Issues		
Management Problem	Organizational Issues Categories	Implications for Ford
<p><i>Short executive tenure, little engagement (“transitional nature of Ford’s management”)</i>⁵²</p> <p><i>Deficient CEO succession planning</i>⁵³</p> <p><i>Ford family retaining much control, is a deterrent for leadership candidates</i>⁵⁴</p>	<p>Succession management (ineffective, lacking)</p>	<p>Low commitment/accountability for results</p> <p>Ineffective leadership and control</p> <p>Ambiguous management direction and oversight</p>
<p><i>Frequent job rotation of managers</i>⁵⁵</p> <p><i>Experienced workers replaced with younger, low-salary employees</i>⁵⁶</p> <p><i>Promising future leaders not kept in organization</i>⁵⁷</p> <p><i>Hiring/promotions not consistently based on candidate talent, position fit, or need</i>^{58 59}</p> <p><i>Lack of sales training (replaced with product emphasis)</i>⁶⁰</p>	<p>Competencies management (inadequate)</p> <p>Talent development (ineffective)</p> <p>Generational knowledge transfer (ineffective)</p>	<p>Slow organization growth & learning</p> <p>Cost overhead for repeat training/education</p> <p>Organization knowledge loss due to departures</p> <p>Intentionally underperforming managers avoiding promotion resulting in geographic move⁶¹</p> <p>Belief that new products sell “themselves”⁶² directly impacts revenues</p>
<p><i>Compensation and benefits freezes and cutbacks,⁶³ some leading to broken promises (i.e. healthcare coverage, devaluation of pensions)</i>⁶⁴</p> <p><i>Tier-grading system disadvantaged some employees^{65 66} and caused conflict due to its evaluative⁶⁷ nature</i></p> <p><i>“Hostile environment”</i>⁶⁸</p> <p><i>Industry uncertainty overall due to economic conditions,⁶⁹ workforce reductions at Ford</i>⁷⁰</p>	<p>Employee trust/morale/motivation⁷¹ (low)</p> <p>Employee engagement⁷² (deficient)</p> <p>Job insecurity</p>	<p>Performance/quality affected by low morale</p> <p>Culture of inability to admit mistakes⁷³ furthers self-interest as well as rationalization instead of problem-solving⁷⁴</p> <p>Low employee morale could negatively affect restructuring plan</p>

⁵² “Ford and the American dream,” Clifton Lambreth, p. 14

⁵³ Ibid, p. 42

⁵⁴ Ibid, p. 52

⁵⁵ BusinessWeek, “Alan Mulally: The outsider at Ford,” March 5, 2009; “The new heat on Ford,” May 29, 2007; CNN Money, “Fixing up Ford,” May 12, 2009

⁵⁶ “Ford and the American dream,” Clifton Lambreth, p. 18

⁵⁷ Ibid, p. 18

⁵⁸ Ibid, p. 49

⁵⁹ Ibid, p. 122

⁶⁰ Ibid, p. 47

⁶¹ Ibid, p. 122

⁶² Ibid, p. 47

⁶³ “Ford Motor Company Business Plan Submitted to the Senate Banking Committee,” December 2, 2008

⁶⁴ “Ford and the American dream,” Clifton Lambreth, p.18

⁶⁵ Ibid, p. 103

⁶⁶ “Goodyear motivation program a big failure,” Rubber & Plastic News, 09/23/2002; BusinessWeek, “The new heat on Ford,” May 29, 2007

⁶⁷ “Developing Management Skills, 7th ed.,” Whetten & Cameron

⁶⁸ “Ford and the American dream,” Clifton Lambreth, p. 103

⁶⁹ Ford Motor Company 2008 Annual Report, Ford Motor Company Business Plan, Submitted to the Senate Banking Committee, December 2, 2008

⁷⁰ “Ford Motor Company Business Plan Submitted to the Senate Banking Committee,” December 2, 2008

⁷¹ BusinessWeek, “Alan Mulally: The outsider at Ford,” March 5, 2009; “The new heat on Ford,” May 29, 2007

⁷² Corporate Leadership Council, “Business case for measuring employee engagement rather than satisfaction,” October 2006

⁷³ BusinessWeek, “Alan Mulally: The outsider at Ford,” March 5, 2009; “The new heat on Ford,” May 29, 2007; CNN Money, “Fixing up Ford,” May 12, 2009

⁷⁴ Ibid

Ford Organizational Issues

Management Problem	Organizational Issues Categories	Implications for Ford
<p><i>Lack of / ineffective executive leadership.</i>⁷⁵</p> <ul style="list-style-type: none"> - <i>Too confident (“defensive and negative”)</i>⁷⁶ - <i>“Arrogance” of leaders</i>⁷⁷ - <i>Leaders discarding views from those facing customers</i>⁷⁸ - <i>Leaders silencing dissenters</i>⁷⁹ - <i>Competitive management environment</i>^{80 81} and strong emphasis on hierarchy⁸² - <i>Rejection of new leaders and new ideas</i>⁸³ - <i>Culture of pressure from top, causes protecting self-serving interests and perception management</i>⁸⁴ - <i>Many decisions driven by Finance, instead of Engineering or Marketing</i>⁸⁵ 	<p>Collaboration, cooperation, and communication (poor/ineffective)</p> <p>Trust and openness⁸⁶ (absent)</p> <p>Change (resistance)⁸⁷</p> <p>Vision, focus, consistent strategy⁸⁸ (insufficient)</p> <p>Employee empowerment⁸⁹ (inadequate)</p>	<p>Complacency,⁹⁰ lack of dissent,⁹¹ and lack of innovation⁹² inhibit competitiveness of the firm in the market</p> <p>Loss of market opportunities because of acceptance of mediocre products, quality, standards, and results</p> <p>Wrong brand strategy⁹³ and engineering decisions⁹⁴ result in higher costs and lost market opportunity since market requirements not understood/met</p> <p>Employees not motivated properly given management’s divisiveness</p>
<p><i>Organizational silos in the firm</i>^{95 96}</p> <p><i>Knowledge hoarding by employees</i>⁹⁷</p> <p><i>Bad engineering but no accountability</i></p>	<p>Organizational learning (inhibited)</p> <p>Innovation opportunities (lost)</p>	<p>Inhibits synergies/operational effectiveness</p> <p>Higher cost due to duplication</p> <p>Promotes divisiveness and not team work⁹⁸</p> <p>Lost market opportunity</p>

⁷⁵ “Ford and the American dream,” Clifton Lambreth, pp. 30, 48

⁷⁶ Ibid, p.21, 48

⁷⁷ Ibid, pp. 47, 51

⁷⁸ Ibid, pp. 85, 86

⁷⁹ Ibid, p. 79

⁸⁰ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007

⁸¹ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009

⁸² BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007

⁸³ Ibid

⁸⁴ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009 – some remnants from the time when Henry Ford II ran the company in the 1970s, when safe ideas were preferred to innovation due to institutionalized and severe competition

⁸⁵ “Ford and the American dream,” Clifton Lambreth, p. 60

⁸⁶ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007; CNN Money, "Fixing up Ford," My 12, 2009

⁸⁷ “Ford and the American dream,” Clifton Lambreth, p. 80

⁸⁸ Ibid, p. 50

⁸⁹ Ibid, p. 48

⁹⁰ Ibid, p.70

⁹¹ Ibid, p. 79

⁹² Ibid, p.80

⁹³ Ibid, p. 61

⁹⁴ Ibid, p. 86

⁹⁵ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007

⁹⁶ “Ford and the American dream,” Clifton Lambreth, pp. 81, 107

⁹⁷ Ibid, p. 82

⁹⁸ Ibid, pp. 82, 107

Ford Organizational Issues		
Management Problem	Organizational Issues Categories	Implications for Ford
<p><i>Rewards without accountability,^{99 100} i.e. in management and engineering¹⁰¹</i></p> <p><i>Culture of problem rationalization instead of problem solving¹⁰²</i></p> <p><i>Union protection "even for those who don't work"¹⁰³</i></p>	<p>Compensation strategy (deficient)¹⁰⁴</p> <p>Performance management (ineffective, i.e. no tie between performance and pay)¹⁰⁵</p>	<p>Employees self-serving, focus on pay and personal gain instead of customer,¹⁰⁶</p> <p>Not accountable for results,¹⁰⁷ furthers acceptance of mediocre standards/results</p> <p>Demoralized employees,¹⁰⁸ lack of motivation/commitment to company¹⁰⁹</p> <p>Cost overhead, reduced productivity, poor quality, wrong strategy, lack of innovation¹¹⁰</p>
<p><i>Diversity managed like a "quota program"¹¹¹</i></p> <p><i>Minority hiring decisions not based on talent, fit, need¹¹²</i></p> <p><i>Overemphasis of political correctness,¹¹³ and despite the program insensitivity exhibited to some stakeholder groups¹¹⁴</i></p>	<p>Collaboration, cooperation, and communication (poor/ineffective)</p> <p>Talent development (ineffective)</p> <p>Values conflict (for customer base)¹¹⁵</p>	<p>Diversity program promotes inequality and divisiveness instead of integration¹¹⁶¹¹⁷</p> <p>Promotes employee's self-interest for personal gain¹¹⁸</p> <p>Possible brand rejection by customers¹¹⁹ due to values conflict</p> <p>Cost overhead, reduced productivity, poor quality, lack of innovation</p>

Table 6: Ford Organizational Issues and Implications

⁹⁹ "Ford and the American dream," Clifton Lambreth, pp. 46, 50-51, 68-69, 87

¹⁰⁰ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007; CNN Money, "Fixing up Ford," My 12, 2009

¹⁰¹ "Ford and the American dream," Clifton Lambreth, pp. 82, 84

¹⁰² BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007; CNN Money, "Fixing up Ford," My 12, 2009

¹⁰³ "Ford and the American dream," Clifton Lambreth, p. 130

¹⁰⁴ Ibid, p. 118+

¹⁰⁵ Ibid, p. 120+

¹⁰⁶ Ibid, pp. 36, 46, 87

¹⁰⁷ Ibid, p. 125

¹⁰⁸ Ibid, p. 121

¹⁰⁹ Ibid, pp. 134-135

¹¹⁰ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007; CNN Money, "Fixing up Ford," My 12, 2009

¹¹¹ "Ford and the American dream," Clifton Lambreth, p. 98

¹¹² Ibid, p. 100

¹¹³ Ibid, p. 105

¹¹⁴ Ibid, p. 104

¹¹⁵ Ibid, p. 104

¹¹⁶ Ibid, p. 98

¹¹⁷ Ibid, p. 99

¹¹⁸ Ibid, pp. 98, 100

¹¹⁹ Ibid, p. 104

Review of Motivational Programs

Tables 7a, 7b, 7c, and 7d provide an overview of motivational programs Ford could consider. The examples are grouped by source and some are likely more practical for Ford than others are.

Christine Andrukonis ¹²⁰	HR Focus magazine ¹²¹
<p>Performance management</p> <ul style="list-style-type: none"> • Goal setting, Interim/Year-end reviews <p>Rewards</p> <ul style="list-style-type: none"> • Performance-based base salary increases • Performance-based bonuses <p>Recognition</p> <ul style="list-style-type: none"> • Monetary and non-monetary forms of recognizing and incenting behaviors <p>Career development planning</p> <ul style="list-style-type: none"> • Career paths/career plan development • Job rotation programs • Training <p>Competency management</p> <ul style="list-style-type: none"> • Identification of employee competencies • Integration with performance management, development planning, rewards, and recognition • Mentor programs and coaching <p>Involvement and engagement forums</p> <ul style="list-style-type: none"> • Methods to provide feedback and input to the leaders and vice versa <p><i>Performance management, rewards, recognition, and competencies management must be tied to defined actions that drive business success</i></p>	<p>Policy-based</p> <ul style="list-style-type: none"> • No-layoff policy (job security) • Dress code • On-boarding process • 360 degree evaluation • Work schedule flexibility • Higher salary cuts for executives during bad times <p>Communications</p> <ul style="list-style-type: none"> • Information transparency • Frequent all-hands meetings • Executive manager access • Newsletters <p>Benefits</p> <ul style="list-style-type: none"> • Domestic partner benefits • Yoga classes/chair massages • Healthcare, also for family members • Paid child care, gym membership • Profit sharing/pension/401(k) match • Stock options • Time off for volunteering • Tuition reimbursement • Paid-time-off conversion to cash • Peer-funded employee assistance fund • New parent paid leave • Onsite access to stores (bank, travel, etc) • Paid lunch • Access to firm jet in family emergency • Above-market pay • Extra pay for all firm when performance target was met (i.e. based on benchmark)

Table 7a: Example Motivational Programs

¹²⁰ A professional colleague of this paper's author

¹²¹ "Motivation secrets of the 100 best employers," Vol. 80, No. 10, October 2003

People Management ¹²²	Whetten and Cameron ¹²³
<p>Employee programs</p> <ul style="list-style-type: none"> • Include regular employees and managers in design process <p>Policy-based</p> <ul style="list-style-type: none"> • Develop company values involving employees from throughout the organization • Design change program around values • Equal access to resources through decision council that approves spend for proposed work initiatives <p>Education</p> <ul style="list-style-type: none"> • Leadership training using train-the-trainer approach • Trainers selected from all levels of organization (not limited to managers) 	<p>Integrated Motivation Program</p> <ul style="list-style-type: none"> • Set performance expectations (goals) • Remove obstacles • Equitable rewards • Discipline • Timely and honest feedback • Work design (incl. autonomy, task identity)

Table 7b: Example Motivational Programs

IOMA's report on salary surveys ¹²⁴	Corporate Executive Board ¹²⁵
<p>Rewards</p> <ul style="list-style-type: none"> • Gift certificates • Cash • Office accessories • Jewelry <p>Recognition programs</p> <ul style="list-style-type: none"> • Informal recognition • Formal, including company-wide announcements 	<p>Work/Life Balance</p> <ul style="list-style-type: none"> • Home offices • Paid time off and holidays • Dependent care • Family, Medical and Military leave of absence • Additional leave (i.e. bereavement) <p>Financial and Security</p> <ul style="list-style-type: none"> • Short- and long-term disability • Reimbursement of lost cash • Commuting expenses <p>Rewards and Recognition</p> <ul style="list-style-type: none"> • Promotions and salary increases <p>Learning, Development, and Talent Management</p> <ul style="list-style-type: none"> • Performance evaluation periods • Educational assistance • Memberships • Employee referrals

Table 7c: Example Motivational Programs

Tip Fallon ¹²⁶
<p>Programs specific to millennial workers (also known as "Generation Y")</p> <ul style="list-style-type: none"> • Pride in ownership through relevant assignments • Frequent feedback/grading • Flexible work schedules and growth opportunities • Highlight relevance and value of assignment in overall context of the firm, if not the world • Volunteering time • Social activities at work • Integration/recognition of non-work related talents • Leaving room for their competitiveness, allowing them show off accomplishments

Table 7d: Example Motivational Programs

¹²² "The best policy," January 2009

¹²³ "Developing management sills," p. 335+

¹²⁴ Issue 03-04, April 2003

¹²⁵ Corporate Leadership Council, "Fact brief: Creating and managing HR policies," April 2007, partial list only

¹²⁶ "Retain and motivate the next generation. 7 ways to get the most out of your millennial workers," n.d.

Employee Engagement¹²⁷ Programs at Ford

Ford employs salaried and hourly workers. When we refer to employees from here on, we mean to be inclusive of both, salaried and hourly workers. As of May 18, 2009, Ford's website provided information about the following employee programs. Recently modified program aspects are shown in *italics*:¹²⁸

Rewards

- Performance/contribution-based rewards (*2009 increases and bonuses were eliminated*¹²⁹)

Benefits

- Healthcare coverage (medical, surgical, dental), incl. spouses and domestic partners (*some plans now require higher employee contributions*¹³⁰)
- Life and disability insurance
- Paid time off (vacation, holidays)
- Enrolment in retirement plan, including contributions by the company
- Access to financial savings and investment instruments (*investments not matched by company*¹³¹)
- Access to group rates for a variety of personal and home insurance products
- Access to Ford vehicle discounts
- Access to discount programs for recreational activities
- Gift matching program (i.e. donations to select charities)

Financial Support

- *Tuition assistance and dependent scholarship program*¹³²
- Relocation assistance (incl. living expenses, transportation)

¹²⁷ Corporate Leadership Council, "Business case for measuring employee engagement rather than satisfaction," October 2006

¹²⁸ Source of program overview: <http://www.mycareer.ford.com>; subsequent to viewing this information, the accessibility of Ford's career website was changed and this information is seemingly only available with registration

¹²⁹ "Ford Motor Company Business Plan Submitted to the Senate Banking Committee," December 2, 2008

¹³⁰ Ibid

¹³¹ 401(k) match eliminated, as per "Ford Motor Company Business Plan Submitted to the Senate Banking Committee," December 2, 2008

¹³² Eliminated, as per "Ford Motor Company Business Plan Submitted to the Senate Banking Committee," December 2, 2008

Learning

- Self-directed learning options (i.e. libraries, online classes) for engineers, business managers, and information technologists
- Leadership development program¹³³

Work/Life Balance

- Reduced work hours for family, career, education, or community service related matters
- Financial assistance for home caregivers
- Flexible work hours arrangements
- Paid child- and eldercare consultation services
- Material support by the company for childcare and educational centers serving Ford families
- Discount programs for recreational activities
- Paid time off to support community service programs (i.e. charity projects, volunteering, environmental cleanups, educational programs, etc)

Ford launched a comprehensive internal and external communications program to articulate its "One Ford Mission."¹³⁴ In line with theories on stimulating "positive change,"¹³⁵ Ford's relatively new CEO Alan Mullaly initiated Ford's new "Mission" to guide both, product design¹³⁶ and effective employee performance. The mission statement defines "expected behaviors"¹³⁷ in the dimensions of employee commitment/dedication, quality, collaboration, mutual regard, communications, and accountability. It also encourages transparent communications from leaders to employees (i.e. tailored around new products) to instill employees' belief in the future of the company.¹³⁸ Research has shown that an appealing "vision"¹³⁹ helps define "values and principles that will guide behavior," and help "individuals'

¹³³ "Ford Motor Company Business Plan Submitted to the Senate Banking Committee," December 2, 2008; "Leadership DNA, The Ford Motor story," Stewart D Friedman, Training & Development, March 2001, 55, 3

¹³⁴ For example, a website dedicated to the theme, at <http://www.ford.com/about-ford/company-information/one-ford>

¹³⁵ "Developing Management Skills, 7th ed.," Whetten & Cameron, p. 542

¹³⁶ "Fixing up Ford," CNN Money, May 12, 2009

¹³⁷ <http://www.mycareer.ford.com/HOWWEHIRE.ASP?CID=33>, retrieved on May 18, 2009

¹³⁸ "Ford Motor Company Business Plan Submitted to the Senate Banking Committee," December 2, 2008

¹³⁹ "Developing Management Skills, 7th ed.," Whetten & Cameron, p. 559+

[to] think differently about themselves and about their future."¹⁴⁰ Given Ford's long history of suboptimal performance and inflexible structures, a paradigm shift that results in different thinking, beliefs, and behaviors is exactly what Ford needs to transform itself.

Workforce Motivation Mechanisms for Ford

We identified employee motivation issues and resulting implications for Ford, which were previously shown in Table 6. Table 8 organizes these issues and implications by impact area¹⁴¹ in a condensed form to enable mappings to specific recommendations (shown in a later section). Issues Ford has already acknowledged, and in some instances has started to address, are shown in *italics*.

Operational Effectiveness and Learning	Innovation	Morale	Financial Performance and Market Share
<ol style="list-style-type: none"> 1. Inadequate competencies management, ineffective generational knowledge transfer 2. <i>Low commitment and accountability for results</i> 3. <i>Insufficient vision, focus, consistency in strategy</i> 4. <i>Ineffective leadership and control, ambiguous management direction and oversight</i> 5. Ineffective succession management and talent development 6. Performance, quality affected by low morale 7. <i>Culture of inability to admit mistakes furthers self-interest as well as rationalization instead of problem-solving</i> 8. Synergies, operational effectiveness inhibited; reduced productivity and operational performance 9. Employees self-serving, focus on pay and personal gain instead of customer 10. Organization knowledge loss due to departures 	<ol style="list-style-type: none"> 11. <i>Resistance to change</i> 12. Suboptimal communication and collaboration 13. Inhibited organizational learning, slow organization growth & learning 14. <i>Intentionally underperforming managers avoiding promotion resulting in geographic move</i> 15. <i>Wrong brand strategy and engineering decisions result in higher costs and lost market opportunity since market requirements not understood/met</i> 	<ol style="list-style-type: none"> 16. Ineffective compensation strategy, no tie between performance and pay 17. Lacking employee empowerment, engagement, commitment 18. Low employee trust, morale, motivation, morale 19. Job insecurity 20. <i>Lack of openness</i> 21. <i>Employees not motivated properly given management's divisiveness</i> 22. <i>Divisiveness instead of team work promoted</i> 	<ol style="list-style-type: none"> 23. Lost innovation and market opportunities 24. Cost overhead for repeat training, education, duplication 25. Belief that new products sell "themselves" directly impacts revenues 26. <i>Performance/quality affected by low morale</i> 27. Complacency, lack of dissent, and lack of innovation inhibit competitiveness of the firm in the market 28. Loss of market opportunities because of acceptance of mediocre products, quality, standards, and results 29. Values conflict (for customer base)

Table 8: Ford Organizational Issues Categorized

¹⁴⁰ "Developing Management Skills, 7th ed.," Whetten & Cameron, p. 558

¹⁴¹ Select overlaps between impacts and implications are accounted for in this summary table

Table 8 does not intend to establish perfect causations. Rather, in many cases, a natural sequence occurs in the categories shown. Depending on situational circumstances, many of these issues can be cause or effect of a firm's problems. Employee morale, for example falls in this category. Occasionally, however, a sequence of events leads to specific outcomes. Lacking competencies management, for example, affects organizational learning and innovation, which can depress employee morale and market leadership. We note the following additional observations:

1. Ford's unclear vision, focus, and strategy; its ambiguous management direction and oversight; and the lack of accountability exhibited by key employees have received some level of attention since CEO Alan Mulally joined Ford. Mulally ended frequent assignment rotations¹⁴² and initiated the "One Ford Mission"¹⁴³ to improve managerial competency and brand strategy.
2. Also attributed to Alan Mullay is a new approach on change and communications, for example by creating openness towards different ideas, insisting on personal accountability amongst managers, and promoting that problems are solved instead of "rationalized."¹⁴⁴
3. Mitigating feelings of job insecurity may not be possible for Ford in the near future, as workforce reductions are a component of its business plan. We therefore do not specifically address this issue, as no specific measures to eliminate fears of job losses can be implemented at this time.
4. Managing value conflicts that customers may perceive based on policies implemented by Ford¹⁴⁵ should be de-prioritized at this time, as addressing such subjective issues would distract from more pressing matters, such as developing new products and improving the firm's balance sheet.

Ford should direct its attention to the remainder of issues and implications immediately, and specific recommendations that should be implemented as soon as possible are shown in the section that follows.

¹⁴² BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009

¹⁴³ <http://www.ford.com/about-ford/company-information/one-ford>

¹⁴⁴ BusinessWeek, "The new heat on Ford," May 29, 2007; BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009

¹⁴⁵ Examples that come to mind include support of political parties, local community involvement, amount of government lobbying done by Ford, product strategy pursued that may stand in conflict with some people's personal beliefs, etc.

Recommendations

Our recommendations for Ford are two-fold:

1. With a long-term view in mind, Ford should complete a comprehensive workforce survey to guide future competencies management, talent recruiting, promotions decision-making, and staffing decisions
2. To improve employee motivation and morale in the short-term, Ford should implement specific employee programs that target the learning and performance management dimensions

Prior to implementing the recommendations around learning and performance management, Ford should engage an external organizational development consultancy to perform the comprehensive workforce survey, applying Herzberg's and Schein's theories, and study the specific attitudes, skills, and preferences of employees. This survey should probe which of Herzberg's satisfiers and dissatisfiers are most common amongst employees, and which of Schein's career anchors are applicable. We propose that Ford develops a logical organization (or grouping) of its employees based on common attributes (the firm's organization diagram should be a useful guide)¹⁴⁶, distributes the survey targeting specific groups, uses the proper delivery and information-gathering mechanisms, and analyzes the results using a variety of views of the information.¹⁴⁷ The survey's findings should be used to redesign Ford's competencies management, improve talent recruiting, guide promotions decision-making, and ensure the appropriate staffing of positions and projects where applicable. Ford should allow that the survey results predominantly guide *future* decision and not implement substantial workforce changes now, unless solid exception criteria have been determined upfront. This is relevant since all measures selected for implementation will consume resources and therefore must be prioritized and aligned with Ford's business plan. To ensure that the survey provides useful information, Ford must account for the following success factors:

¹⁴⁶ Actual organization charts could not be obtained as a reference for this paper

¹⁴⁷ For example, by nature of the work, by geography, by tenure, by age group, etc.

1. The survey design should account for all stakeholder groups. To improve the survey's effectiveness, the stakeholder breakdowns will have to be further developed. For example, within the manufacturing workers group, distinct groups of workers should be identified (i.e. assembly-line workers versus quality control specialists).¹⁴⁸ Developing this level of detail will enable Ford to keep the execution of the survey manageable, as distribution of the survey and collecting the results is more practical in moderately sized groups of recipients. Additionally, the categorization of survey recipients will enable the interpretation of results in a modular way, when results can be analyzed in a variety of combinations using multiple attributes.
2. Survey distribution and gathering responses should use appropriate mechanisms. For example, personal interviews may be more practical in factories and office workers may be able to respond using a form posted on the Intranet.
3. The presentation of results should be organized to highlight general tendencies and key findings. To illustrate this point, consider the following (simulated) result of an analysis of survey responses provided by manufacturing workers across all Ford factories (related theory identified in parentheses):

"68% of assembly-line workers in the south-western U.S. who build cars seek satisfaction through (Herzberg) work itself and recognition, are (Herzberg) dissatisfied by the relationship with supervisors and company policy and administration, and have the primary (Schein) career anchors security/stability and technical/functional competence"

Since a workforce survey is not a trivial project to complete, Ford should implement our short-term recommendations in the learning and performance management areas to improve employee motivation. The Tables 9a and 9b illustrate the remainder of Ford's issues previously shown in Table 8. Net of those issues that were recognized and partially addressed by Ford, 15 dimensions warrant immediate focus. We

¹⁴⁸ Again, organization charts will be a useful guide to complete this task

list these issues in two groups, Organization Learning and Performance Management, along with seven corresponding recommendations.

Issues	Recommendations
<p><u>Organization Learning, Innovation, Effectiveness</u></p> <ol style="list-style-type: none"> 1. Inadequate competencies management, ineffective generational knowledge transfer 2. Inhibited organizational learning, slow organization growth & learning 3. Ineffective succession management and talent development 4. Organization knowledge loss 5. Lost innovation and market opportunities 6. Complacency, lack of dissent, and lack of innovation inhibit competitiveness of the firm in the market 7. Cost overhead for repeat training, education, duplication 8. Belief that new products sell "themselves" directly impacts revenues 9. Suboptimal communication and collaboration 	<ol style="list-style-type: none"> 1. To guide staffing decisions, career planning, and to protect institutional knowledge, engage an external consultancy to assess effectiveness of Ford's competencies management¹⁴⁹ program, and improve it where necessary. 2. To enable employees learning new skills that are essential to supporting the business plan, reinstate the Tuition Assistance program (for salaried employees only, for cost reasons) and establish a redefined policy that ensures that educational goals align with specific shortcomings and/or skills requirements. 3. To improve decision-making and elevate information transparency, senior employees and managers attend firm-sponsored values training¹⁵⁰ 4. To increase employee's access to managers and enable them to obtain information and voice opinions, implement a comprehensive town-hall program that includes the following objectives: <ol style="list-style-type: none"> a. Recurring frequency in all areas of the organization b. Designed in a format that includes part formal presentation, part open Q&A c. Senior employees from all hierarchies nominated to function as hosts and presenters d. Senior managers exposed to other parts of the organization e. Informs employees about business performance and strategy f. Enables employees to raise concerns or questions (both, openly and anonymously through drop-boxes)

Table 9a: Recommendations for Ford – Organization Learning, Innovation, Effectiveness

¹⁴⁹ See Appendix 1

¹⁵⁰ See Appendix 2

Issues	Recommendations
<p><u>Performance Management</u></p> <p>10. Ineffective compensation strategy, no tie between performance and pay</p> <p>11. Employees self-serving, focus on pay and personal gain instead of customer</p> <p>12. Performance, quality affected by low morale</p> <p>13. Synergies, operational effectiveness inhibited; reduced productivity and operational performance</p> <p>14. Lacking employee empowerment, engagement, commitment</p> <p>15. Loss of market opportunities because of acceptance of mediocre products, quality, standards, and results</p>	<p>5. Engage a consulting firm to re-energize the performance-management program, with the intent to:</p> <ul style="list-style-type: none"> a. Institutionalize the use of SMART Goals¹⁵¹, in particular for managers b. Ensure effective 360 degree evaluations c. Use specific objectives that measure how integrative managers are d. Ensure that performance objectives are tied to the current business plan at all layers of the organization¹⁵² e. Institute disciplined execution of performance assessments (i.e. mid-year and year-end review) f. Ensure consistent application of rewards and penalties g. Use lessons from the leadership development program developed in the 1990s¹⁵³ <p>6. Study the existing compensation program to identify areas for improvement, and take into account:</p> <ul style="list-style-type: none"> a. Result of performance reviews b. Need for equality c. Need to connect performance to compensation d. Skill-levels and market-typical compensation levels <p>7. Launch a firm-wide benefits program that ties awards to substantial company goals when they have been achieved by work-teams; the awards should be relevant to the work a group engages in, widely publicized upon award, and include modest monetary awards; goals to be achieved in this program should include:</p> <ul style="list-style-type: none"> a. Quality measures and relevant improvements achieved b. Industry awards for customer service and quality c. Financial figures (sales, share price, profits, etc.) d. Innovative ideas (process, products, improvements) e. Objectives stated in the business plan

Table 9b: Recommendations for Ford – Performance Management

As survey findings emerge while the recommendations are implemented, measures may be added to complement the above list of programs. It will be important to refine the program based on new information. However, an appropriate evaluation and approval process should be instituted to ensure that

¹⁵¹ "Developing Management Skills, 7th ed.," Whetten & Cameron

¹⁵² The program should be designed in a modular way: employee goals derived from department goals, which are derived from divisional goals, which are derived from company-wide goals

¹⁵³ See Appendix 3

program enhancements are selected in a sensible way and do not have detrimental effects (for example, off-setting measures or avoidable program complexity that could jeopardize desired outcomes).

Conclusion

Under Alan Mulally's leadership, Ford has already experienced culture change. Mulally articulated the "One Ford" vision,¹⁵⁴ established a mission statement, began the breakdown of organizational silos, promoted greater information transparency, and removed the potential for humiliation at leadership meetings.¹⁵⁵ Ford should use the momentum created by Alan Mulally and promote culture change across the organization. To be effective, this far-reaching initiative will require a bottom-up approach and must engage all employees in the organization, no matter where they stand in the hierarchy.

Not mapping employee programs to stakeholder groups in our recommendations was intentional. Reward and recognition mechanisms that are designed for organization roles or groups, for example monetary awards for factory workers versus learning opportunities for managers, are suboptimal without analyzing the attitudes and preferences of employees in these groups first. Individual needs and preferences must be taken into account. Hence, our recommendation for Ford is to implement an employee program with a short-term and a long-term view on motivation. In summary, Ford should:

1. Complete a comprehensive workforce survey to guide future workforce management strategies
2. Assess the competencies management program's effectiveness and adjust it where necessary
3. Reinstate the Tuition Assistance program and align it with specific skill requirements
4. Conduct firm-sponsored values training for senior employees and managers
5. Implement a town-hall program that promotes communications between leaders and employees
6. Re-energize performance management, i.e. by use of SMART Goals and 360° evaluations
7. Revise the compensation program to establish a closer tie between pay and performance
8. Award modest rewards for achievements tied to firm performance and the business plan

¹⁵⁴ <http://www.ford.com/about-ford/company-information/one-ford>

¹⁵⁵ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007; CNN Money, "Fixing up Ford," May 12, 2009

Appendices

Appendix 1

Vakola, Soderquist, and Prastacos¹⁵⁶ explained that competency management constitutes "identifying, defining, and measuring... the abilities that are critical to successful job performance." Examples of competencies used in a model proposed by the authors include:

- "Interpersonal excellence"
- "Project operations management"
- "Business sense decision making"
- "Sales management"
- "People management"

The authors describe the objective of competency management as "integrating key HR activities such as selection and assessment, performance management, training, development and reward management," and note that "competencies can be used for translating strategy into job-related and individual skills and behaviours [sic] that people can understand and therefore implement in support for change."

Implications for Ford

Cataloging employee competencies is a useful step to guide staffing decisions, facilitate career planning, and determine knowledge-hubs that may require specific management to prevent organizational knowledge loss. The emphasis of this approach should be on functional skills and behaviors, which is different from the previously discussed analysis of Herzberg's satisfiers/dissatisfiers and Schein's anchors.

¹⁵⁶ Maria Vakola, Klas Eric Soderquist and Gregory P. Prastacos, "Competency management in support of organisational [sic] change," *International Journal of Manpower*, Vol. 28, No. 3/4

Appendix 2

Kathryn Tyler wrote that most firms educate employees on ethics to meet legal or regulatory requirements but notes that "the training also improve[s] employee morale, recruitment and retention." She suggests that an organization wishing to benefit from ethics training, as a first step, should "set standards for ethical behavior" and establish goals that should be conveyed through a training program. Other success factors mentioned include "mandatory" attendance for all staff, all employees receiving a copy of the ethics code, ethics courses that discuss applicable laws and compliance requirements, and using role-plays. A critical aspect, as per Tyler, is "senior management's continued public commitment to it."

Implications for Ford

Much has been written about Ford managers who are not forthcoming with information and a general tendency to "rationalize" mistakes.¹⁵⁷ Concealed, if not misleading information and a persistent neglect of the truth can have consequences in business. For example, capital investment decisions may be based on incomplete or false assumptions, increasing the possibility that the investment will not yield the desired results. Ford's issues are pervasive and therefore cannot solely be attributed to communications ineptness of some Ford employees. The company should form an ethics committee, comprising of employees from all hierarchies of the organization, which develops the code of ethics and designs a values training program using ethics-training concepts. Company values taught through these seminars should articulate the need to remain truthful at all times, and convey business ethics concepts, to enhance openness and promote transparency when employees handle business-critical information. The training will become a mechanism helpful as Ford's changes its culture. By integrating the ethics training with the existing leadership development program,¹⁵⁸ Ford will also multiply the positive outcomes of the program.

¹⁵⁷ BusinessWeek, "Alan Mulally: The outsider at Ford," March 5, 2009; "The new heat on Ford," May 29, 2007; CNN Money, "Fixing up Ford," May 12, 2009

¹⁵⁸ "Leadership DNA: The Ford Motor story," Stewart D. Friedman, *Training & Development*, March 2001, Vol. 55, No. 3

Appendix 3

Stewart Friedman's leadership development program, developed at Ford in the 1990s,¹⁵⁹ has an element that promotes change:

Our mission is to accelerate transformation to a consumer- and shareholder-driven business, to accelerate the identification and development of leadership talent, and to drive the company's mission, vision, and values deep into its culture.

The program emphasized that "business benefits" had to fall into the categories "customer satisfaction, cost reduction, or enhanced revenues." Ford leaders were taught how to become more skilled in critical thinking, and how to align their ideas and proposals with overarching company needs and strategies.

Implications for Ford

Because of Stuart Friedman's work, Ford has experience with project approval mechanisms that emphasize the analysis of projected benefits and facilitate criteria-based, objective decision-making.

These mechanisms should be used in Ford's employee performance evaluation program. Company goals derived from the business plan should guide the development of divisional goals, which in turn drive the development of department and team goals. From this level of detail, employee goals can be designed for every employee. In addition to quantitative goals (cost, quality, time, revenue), the goal setting should be inclusive of subjective measures of performance, for example:

- Collaboration: How do managers and employees demonstrate their ability to work with others?
- Communications: How do employees respond to inquiries from colleagues in other areas of the company? How forthcoming are they with information?
- Commitment: What does the individual do to support department or divisional goals?
- Innovation: How often does an employee suggest new or different processes? How receptive are decision-makers to novel ideas and approaches?
- Development: How do senior staff members and managers develop their peers or team members?

¹⁵⁹ "Leadership DNA: The Ford Motor story," Stewart D. Friedman, *Training & Development*, March 2001, Vol. 55, No. 3

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