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Turning Ford Around

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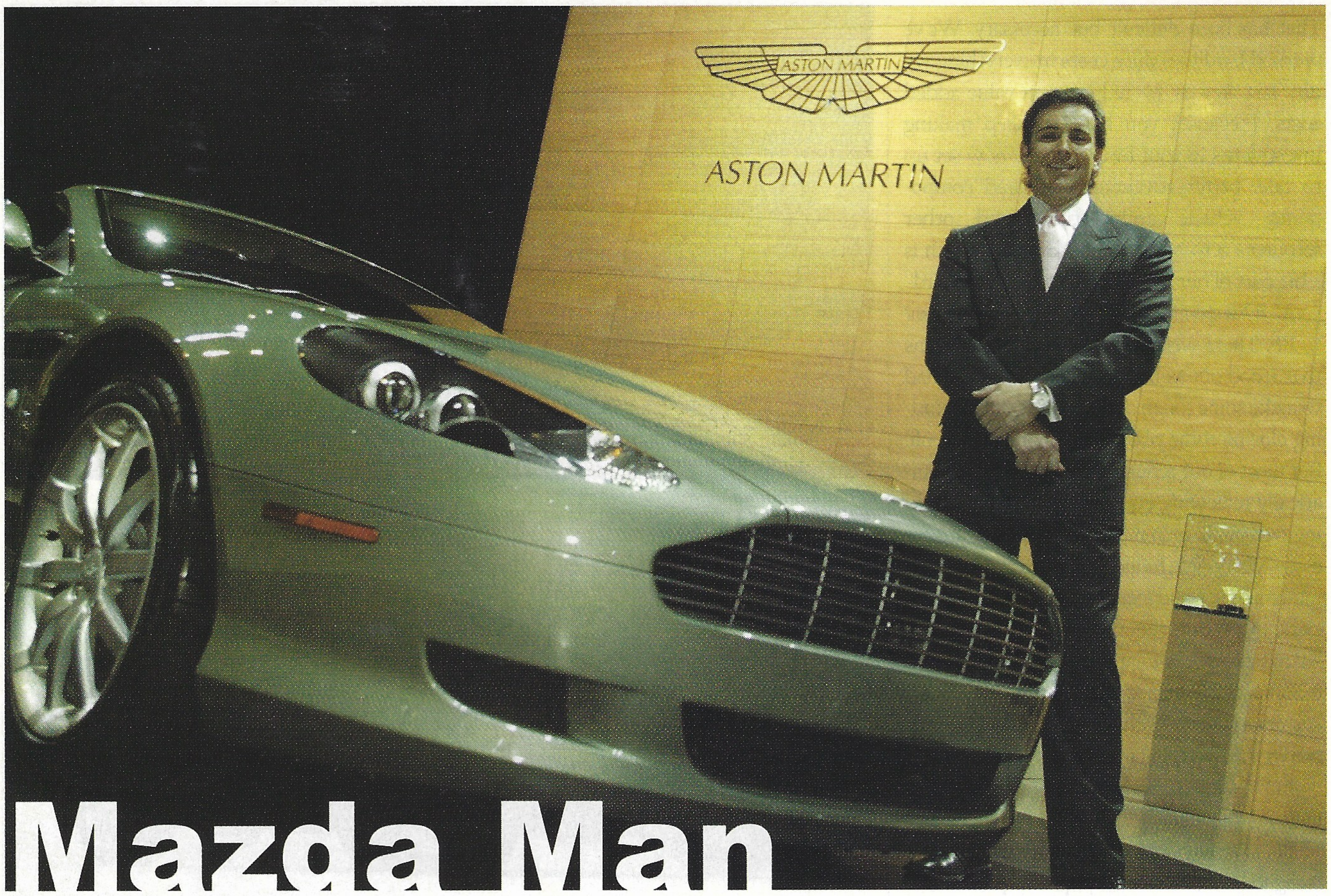

Mazda Man

■ Mark Fields hopes to work his Mazda magic on Ford's Premier Automotive Group.

by Gary Witzenburg

When Mark Fields was unexpectedly promoted to President and CEO of Ford affiliate Mazda late in 1999 at the tender age of 38, he had been there a year as global sales and marketing director. His first challenge was convincing the Japanese, who equate age with wisdom, that he knew what he was doing. "I have a son your age," some would say. "I have a dad your age," he would respond. "That kind of broke the ice."

He had a good understanding of the organization and the issues it faced. "From a financial standpoint," he says, "the company was in very poor condition. We had years of losses." And the products? "Earlier in the decade, we had tried to be like Toyota and Nissan and had major growth aspirations. But we didn't have the financial wherewithal to pull that off, and we forgot who we were in our brand positioning and product philosophy. Our designs became staid. We had over-expanded, had a product line that didn't reflect our strengths and a product dearth because we hadn't planned effectively to have the right product cadence."

Fields' first year was spent on redefining Mazda's personality and aiming it back toward its previous product character of stylish and spirited. After becoming CEO, his next priority was a cycle plan to deliver "a consistent set of products over the right cadence with the right brand attributes." Third was getting the structure right, which led to a November 2000 Millennium Plan "where we had to take some very difficult actions. We were the first blue-chip company in Japan to close a plant and let go 20 percent of its workforce."

This was neither easy nor popular in a culture accustomed to "lifetime" employment.

"The key in the Japanese culture," Fields says, "is that a deep understanding of the situation is vital for success in implementation. We announced the plan about 10 months after I took the CEO position because it took us that long to get the understanding within the senior management team to develop a plan and commit to act. Hiroshima is a company town where we were the largest employer, and there's a trickle-down effect in the community."

Fourth was focusing on the people and culture. He introduced the element of performance into the (seniority-based) compensation structure, and stock options to create a feeling of ownership in the company and its performance. "We also introduced a disciplined management education and succession process for our next generation of management, which was not a strong point of many Japanese companies. Another key element was communication. "I probably gave the Millennium speech, or iterations of it, thousands of times," Fields says, "because consistency to me and to the Japanese is extremely important." Still another was creating "a performance environment that linked everything to operational results because that, I told the team, is our report card."

On the financial side, "we took out a lot of structural costs [and] focused on costs of materials that went into our vehicles. We had many local suppliers who were dependent upon us for business, and we made it clear that if they could not meet the globally competitive benchmarks for cost, quality and technology, our business would be resourced. In some cases we did that. In other cases, we arranged for suppliers to become acquainted with global suppliers, and many of them were acquired, which allowed them to get the scale, technology and quality we needed. We also encouraged local suppliers to merge with each other."

On July 1, 2002, Fields was promoted to Chairman and CEO of Ford's Premier Automotive Group (PAG). Regarding Mazda, he says, "The best satisfaction has been seeing the company doing better than when I was there. We had a good turnaround, and as I was leaving we were launching the new products we had worked on. Those products have been successful, and the company is consistently profitable now. Mazda is a great organization, and we're proud that they got their spark and vigor back."

His new assignment was to transform Ford's upper crust, but money-losing, PAG (Aston Martin, Jaguar, Land Rover and Volvo) into a solid profit center. Then, in May 2004, as further reward for fixing Mazda, they gave him perennially troublesome Ford of Europe as well. Compared to Mazda, Fields explains, "PAG was a different situation [with] extremely strong brands. I found passion for the brands there in spades. But we needed that same amount of passion for delivering business results.

"My role was first to work with the brands to get them to work better together. Second was to drive operational performance within the brands. Third was to be the lens back to Ford. I needed to represent these global European luxury brands to the larger enterprise and vice versa. The strategy was sound but the discipline and control were not there. So I spent a lot of time on the management process, because that's how you execute the strategy."

Among his top priorities was to establish and communicate PAG roles and priorities, "because, when I did my first town hall meetings, a lot of the first questions were, 'What do you do for living? What is PAG?' I laid out my priorities, which were the same priorities I had at Mazda — quality, products, costs, process, distribution and people."

Another was establishing a PAG management and reporting process, which involved going to his brand CEOs to get agreement on key metrics on which to focus and putting reporting systems around them to measure their businesses every month. A third was bringing in some key people, including Bob Shanks (who was CFO at Mazda) as CFO and strategy head for PAG and Ford of Europe, Joe Greenwell and Benny Fowler (from Ford North America) as CEO and COO of Jaguar and Land Rover.

Addressing PAG's financial condition, he emphasizes that its quartet of brands were in different states of health. "Volvo is a good business that we need to turn into a great business. At Land Rover, we've invested a lot of money into products that are now coming on line. Aston Martin is launching new products that will grow that business fairly significantly over the next two to three years. At Jaguar, the business model and strategy that was laid down some years ago to aggressively grow that business has not panned out, so we had to look at that realistically and re-evaluate it." The result is a recovery plan that, among other measures, will see the marque's hugely historic Brown's Lane assembly plant in Coventry, England, cease production in September 2005.

"I feel very good about PAG's prospects," Fields asserts. "I think the strategy that we put in place a number of years ago, which has taken these four very strong global brands and combined them to get effective scale, is spot on. We have some execution issues, particularly in Jaguar, but we're determined to fix that. If you look at the rest of the businesses within PAG, we are bang on track with where we expected to be." ★

Mark Fields turned Mazda's fortunes by developing exciting products like the RX-8.

In a move that was a surprise to many, Jaguar pulled the plug on its multi-million dollar Formula One racing sponsorship to help stop the bleeding of red ink.