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Ford's Game of Thrones, Part 8

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Three years and two months ago, these paragraphs concluded my column on CEO Mark Fields' being fired from Ford and replaced by Jim Hackett.

So my unsolicited advice for anyone who might be considering taking one of the top positions with Ford is this: Ignore your pay package and bonuses; they aren't critical, as you probably won't be in the job for long.

However, whether out of guilt or because there's lots of money in the corporate petty cash account, severance packages with Ford are downright exceptional. Make a golden parachute severance package the primary condition of your accepting the top job at Ford. Because I'm guessing that, before my broadcasting career ends, the likelihood that I'll be writing about Ford's next CEO is fairly strong.

For the record, in my 28th year of broadcasting Mr. Hackett's predictable "retirement" makes him the 8th CEO of the Ford Motor Company to be shown the door. He will be replaced by Jim Farley, formerly of Lexus and brought to Ford during Alan Mullaly's very successful stewardship of the company. On Hackett's demise immediately listeners and readers started emailing me, wondering whether or not I knew anything about Farley or if he would be successful. In fact, I know a couple of things; he helped launch Scion cars in America, but that shouldn't be held against him. And his now deceased cousin once danced with Patrick

Swayze on Saturday Night Live in a skit where they were auditioning for Chippendales. That too should not be held against him.

I confidently wrote three years ago that Hackett's career at Ford would not set any longevity records because there is an undeniable pattern at Ford as to whether or not a CEO succeeds. You see, right as Alan Mullaly, one of the best CEOs in Ford's history, was hired, the company was forced to borrow $23 billion just to stay afloat. There luck counts for something; almost immediately after that the credit markets locked up and the Financial Meltdown of 2008 was on. However, Mullaly's steady hand ended the palace coups at Ford; dealers loved him, and he probably saved the company in the toughest of times. Well, technically it's always the dealer body that saves the auto manufacturer, not the other way around.

But in this case, Ford dealers loved being successful because they believed in Mullaly. Which helped lead to the end of his career. Because his name is not on the cars or the corporation headquarters; and sadly, the Ford Motor Company's history, right back to founder Henry Ford, shows that Fords want sole credit for all good things. The business media rightfully gave credit to Mullaly, and that's always a problem at Ford; Don Peterson, CEO of Ford in the late Eighties, was named CEO of the year by Fortune magazine. He too was gone shortly thereafter too.

So the question is, does Farley succeed when others have failed? Ok, as I pointed out three years ago, Mark Fields was fired after delivering two years of record profits. In came Jim Hackett, whom Bill Ford called his "thought partner," and the move was on to make Ford a mobility company, not just an automaker. (They actually bought one of those electric push scooter companies to show the direction Ford was headed. And paid $100 million for the pleasure of owning Spin.) The problem is that I remembered when Bill Ford took over his company after terminating Jack Nasser — a CEO who'd had Ford controlling 25 percent of the new car market in America in the late Nineties and poised to overtake General Motors. Of course, that level of success meant he had to go.

But in 2001 Bill Ford immediately started giving interviews laying out the future for Ford, which were almost identical to the plans he wanted Hackett to carry out. Fortune magazine's cover story on those pipedreams had Bill Ford in sunglasses up close with the headline, "Motown Cool." So, did those plans work? From late 2001's Motown Cool until Mullaly was hired in 2006, Ford needed to borrow $23 billion to survive. Don LeClair, then CFO, got those loans in place, then got shown the door.

Now for 3 years and a couple of months Mr. Hackett tried to breathe life into Bill Ford's 20-year dream of being more than an automaker — in an industry where you make more money selling one, count 'em, 1 Ford F Series truck than all of the electric push scooter companies in the world, combined with all of the Internet taxi companies in the world, such as Uber or Lyft, make. And after this last short 38-month period Ford again had to borrow $23.5 billion to tide them over.

So, here's how it works. Farley is focused and driven and has a solid track record. He has one great task ahead of him this year, and that's launching the next Ford F Series truck without all the production hiccups that accompanied last year's launch of the Ford Explorer. If he just accomplishes just that this year, he will be a hero to Ford dealers nationwide. Best guess? If Farley doesn't alienate upper management, already spread a bit thin, and brings them on board with his vision for Ford like Mullaly did, he will be successful.

But his biggest problem is not anything he can control at the moment. No, it's the coronavirus, which has everyone at Ford, including Bill, working from home. Here's why. Telecommuting has been fully practicable since the advent of high-speed home Internet connections 20 years ago. And this pandemic proves it's more than workable, except for one major issue corporations are already discussing. It's one thing to have individuals doing accounts payable from their home terminals, quite another when major problems arise at the corporate level. Because it's the personal interaction in real time in an office setting that resolves problems quickly — and often elevates the way that entity does business. Which is how a real team learns to work together, and that just doesn't happen with a Zoom video conference.

Now, assuming Farley overcomes that and moves Ford forward, history suggests that the moment that recent $23.5 billion loan is paid off, he will be retired from Ford and the CEO cycle resumes again.

But the business media needs to rethink their biases about, dare it be said, business in America. As pointed out many times, the term "disrupter" is a total misnomer. Yes, technology giants want a cut of the untold billions in revenues created by the auto industry, but they aren't disrupting it. The best self-driving software in any car today, hands down, is SuperCruise, offered on the Cadillac CT6 and soon on other models. It's a technology GM created in house. Yet the Financial Times, a respected British business journal, had the nerve to say Ford, Farley, and the industry face an existential threat from the tech giants. Really? Because maybe they didn't notice, but "disrupter" Uber just lost another $1.8 billion in 90 days, while excitedly claiming to have created a whole new company in Uber Eats. No, your drivers are just shuttling food instead of people, and you still lost $1.8 billion.

The same can be said for Spotify, WeWork, Snap, Zillow, Lyft, Pinterest, and Tesla. The only thing they are disrupting is a financial record: how many untold billions firms can lose and never have to close their doors?

In fact, the auto industry is the original and legitimate disrupter of the world's economy, replacing 5,000 years of riding horses. And it has since given us many higher tech innovations that have nothing to do with automobiles. For example, the modern refrigerator, which in turn allowed modern air conditioning; aviation advances, as Ford gave us the first commercial airliner; and Chrysler was the lead engineering contractor from our intercontinental missiles to the Saturn 5 that took us to the moon. Come to think of it, their engineers worked on atomic energy during the Second World War. In the Eighties GM bought EDS and Hughes Aerospace, and in time invented DirecTV. Now to be fair, DirecTV has never made money for any of the companies that owned it, but still it didn't disrupt cable TV either.

The point is that our world could live without iPhones or personal computers, but just try to work and function in a world without cars. That's what every auto manufacturer in the world has going for it, including Ford. We may buy vehicles to enhance our self image, but they're also a critical necessity. That's an industry that the public can't do without.

So, my advice for yet another CEO of the Ford Motor Company is this: Get your dealers on board with your vision. Keep engineering and designing world-class vehicles. Give slightly more than lip service to the Ford family about how much you love the idea of renting electric push scooters — but get the next F Series truck out on time. And finally, Mr. Farley, don't pay off that $23.5 billion too soon. As long as that hangs over the company, you've got a job. If you pay it off, the Fords are likely to ask Jim Hackett if he has any sons who want to be in the car business. Excuse me, the mobility business.

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