

## **The drive to transform**

*Bernard Simon and John Reed*

Ford's chief executive is upbeat, despite the rough terrain, write Bernard Simon and John Reed

Alan Mulally calculates that his drive to work takes two minutes and 42 seconds. That seemingly trivial factoid reveals some important things about the 63-year-old engineer, and how he has spent the past two years and two months since leaving the number-two job at one renowned US company, Boeing, to take the helm at another, Ford Motor.

The precision of his calculation attests to the orderliness that Mr Mulally has brought to a company long notorious for its disorderly, every-man-for-himself culture. His short commute is a sign of how immersed he has become in his drive to transform Detroit's number-two carmaker.

Explaining why he chose to live near Ford's headquarters not in one of Motown's executive enclaves, Mr Mulally says that "all the way home and all the way back here I always can see the blue oval on the side of buildings. It's neat, because it allows me to absolutely focus on Ford."

Many petrolheads were sceptical that Mr Mulally, an outsider to the car industry, could run a motor company when he arrived at the Glass House, as Ford's head office is known in Dearborn. Some diehards within Ford still have doubts. By many measures, the 105-year-old carmaker's performance under his stewardship has been dismal. Ford's share of its core US light-vehicle market has fallen from 17.5 per cent to 12.5 per cent since September 2006. It has been overtaken by Toyota in the US. Ford remains deep in the red and is expected to report another hefty loss when it announces third quarter results on November 7. Mr Mulally has had to admit failure over his promise to restore Ford to profitability by 2009, continuing the string of missed targets that became a hallmark of Bill Ford, his predecessor. Ford shares have fallen by nearly three-quarters since his arrival.

The past few weeks have pointed to a deeper sense of unease about Ford. Ford lost the services of two of its most experienced directors - Sir John Bond, retired HSBC chairman, and Jorma Ollila, Nokia's former chief executive - and replaced its chief financial officer. On Tuesday, Kirk Kerkorian, the casinos mogul and one of the largest outside investors, sold part of his 6.4 per cent stake and hinted that he may soon offload the rest.

In spite of these setbacks, few fingers are being pointed at the CEO. The overwhelming view is that Ford would be in even worse straits if Bill Ford, great-grandson of the founder, were still in the driver's seat, Mr Ford remains chairman. "I give Alan Mulally the absolute highest marks possible," says Peter DeLorenzo, publisher of Autoextremist.com, an industry blog. "He has brought focus to an organisation that has never had it. He understood immediately that Ford had to get smaller, before it could get better."

Mr Mulally was born in Oakland, California in 1945 but grew up in America's heartland in Lawrence, Kansas. His ambition to be an astronaut was dashed by being mildly colour-blind but he learned to fly in his teens. Mr Mulally joined Boeing in 1969 as an engineer, after a degree in aeronautical and astronautical engineering at Kansas University and spent 37 years there, earning a reputation as an "engineer's engineer," rather than someone adept with financial numbers. He became head of the commercial aircraft division but was passed over for chief executive after Phil Condit quit in 2003. At Boeing he was willing to be tough - axing 30,000 jobs in the aftermath of September 11 2001 - yet he was also quirky, often signing his name on letters, even on contracts, with "Alan" next to a caricature of an aircraft with a smiley face inside.

Mr Mulally has changed Ford by combining an affable demeanour with, when necessary, a quiet ruthlessness towards those who get in his way. One of his most effective tools, which he brought from Boeing - is a 2 1/2 - hour business plan review meeting, held each Thursday.

Senior executives are required to attend, in person or remotely, and to report on key business objectives. Their progress is tracked by red, yellow or green squares on as many as 300 slides. Mr Mulally has used these meetings to break down Ford's notorious regional and personal fiefdoms. He has encouraged managers, previously loath to pass on bad news, to acknowledge problems. But woe betide anyone who talks during a presentation, tries to score points or makes a joke at a colleague's expense. "I just stop the meeting and we all turn around and look at the person who's talking," Mr Mulally says. "And pretty soon they crawl under the table, or they crawl out of the room, or they leave the company."

Displaying the tough streak behind his boyish smile, Mr Mulally adds: "I've even had to facilitate that by removing a few vice-presidents over the years for that one reason alone. They just did not respect the process or pay attention or respect each other."

As he did at Boeing, Mr Mulally has courted workers on the shopfloor and sold cars in Ford car dealerships. One vehicle programme manager in Dearborn recalls that he won fans by driving a different Ford model home each evening, then sharing his impressions the next day. Though Mr Mulally sometimes absent-mindedly refers to car shows as air shows, he says that Ford has become his passion: work is his relaxation, he insists, apart from occasional golf, tennis and time with his wife, Nicky, a former elementary school teacher. They have been married for 38 years and have five children. "Man," he exclaims, "have I become a car guy!"

Detroit's crisis has confirmed Mr Mulally's confidence in plans for accelerated product development, a shift to smaller cars and the need to make whatever capacity cuts are necessary to fit demand. "This plan is more right than ever", he says. "The most important thing about the plan is that it's broad enough and specific enough to capture the changing business environment."

A senior Ford executive notes Mr Mulally has not fired people, but has intensively reshuffled his team. He has also impressed with his manner, he says. "I see people warming to his optimism." There are signs some of the reforms are working. Consumer Reports, an influential and independent US publication, said reliability rankings for the Ford, Lincoln and Mercury brands "continue to pull away from the rest of Detroit. Ford's reliability is now on par with good Japanese automakers".

Even the most committed car guy cannot insulate Ford from the crisis engulfing Detroit. But Mr Mulally is far better placed than his predecessors to keep it from ending up in the ditch.

**Fonte: Financial Times, London, October 25 e 26 2008, Primeiro Caderno, p. 7.**