

**Ford Motor Company Enterprise Wide Advantage:
A study in computer based simulations applied at Ford Motor Company
to drive business process transformation.**

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ABSTRACT

Ford Motor Company has always considered the Consumer its Number One priority. In order to address their Consumer's needs, Ford is changing the focus of their internal processes to allow them to reach the market and service their Consumers in more effective ways. Almost all of this focus change requires Ford to operate with an "enterprise wide mindset" rather than the traditional functional mindset – while not losing track of "the Brand".

To break away from the functional mindset, Ford has attempted to organize around the entire lifecycle of a vehicle within geographical areas (i.e. Ford Brand North America, Ford Brand Europe, etc.). Supporting the vehicles within their geographical areas are the traditional backbone functional organizations (i.e. product development, manufacturing, etc.). To illustrate the communication and understanding required across the enterprise to make this strategy work, Ford developed computer based business simulations.

This workshop shares the story of the development and use of two separate simulations. These simulations are used to provide a practice field to allow people to see the effect of decision making regarding shared resources on the functional organization as well as the entire enterprise. The simulations also show the business case for moving to an enterprise wide mind set, and how Ford might accomplish that, as well.

The learning's experienced through the use of these simulations have proved to be thought provoking and beneficial to Ford in adopting an enterprise wide perspective necessary to operate in the business structure.

Keywords: simulations, transformation, business, process, tools



Purpose

To experience the effect of decision making regarding the use of shared resources on corporate results.

Agenda

Background

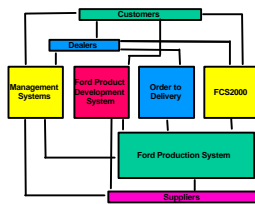
Simulation Exercise

Debrief on Simulation

Questions and Answers on the tools

Background

Yesterday



- Internal Focus
- Functional Efficiencies

Evolution from Ford 2000 to Future State

Evolution

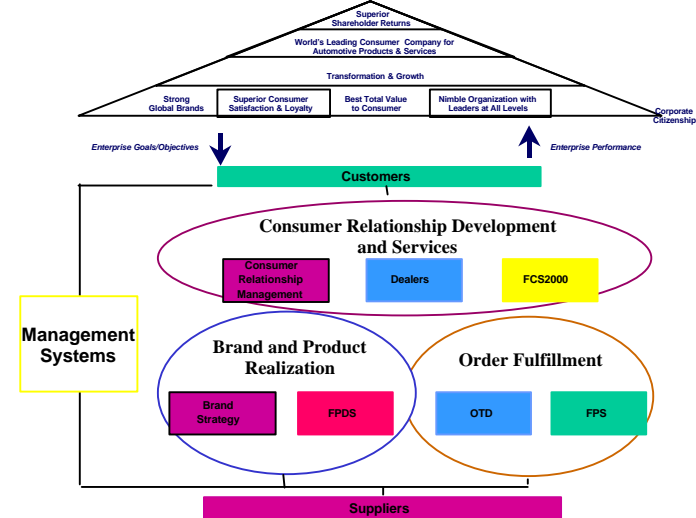
Add

Consumer Relationship Management

Brand Strategy

Transformation to a Consumer Driven Company

Future State



- Consumer Focused
- Cross Functional Process Ownership
- Consistent Brand Strategy
- Combine Order/Manufacturing/Delivery
- Vital few metrics that run the business

An Opportunity

Enterprise Model Computer Simulation



What is the Purpose?

To build a shared, across-the-organization understanding of: what it will take to implement the Enterprise Model from a company perspective which takes in to account all the units or pieces of the company from a systemic perspective. The simulation will also allow users to discover their role in the new reality.

Why would you want a Simulation?

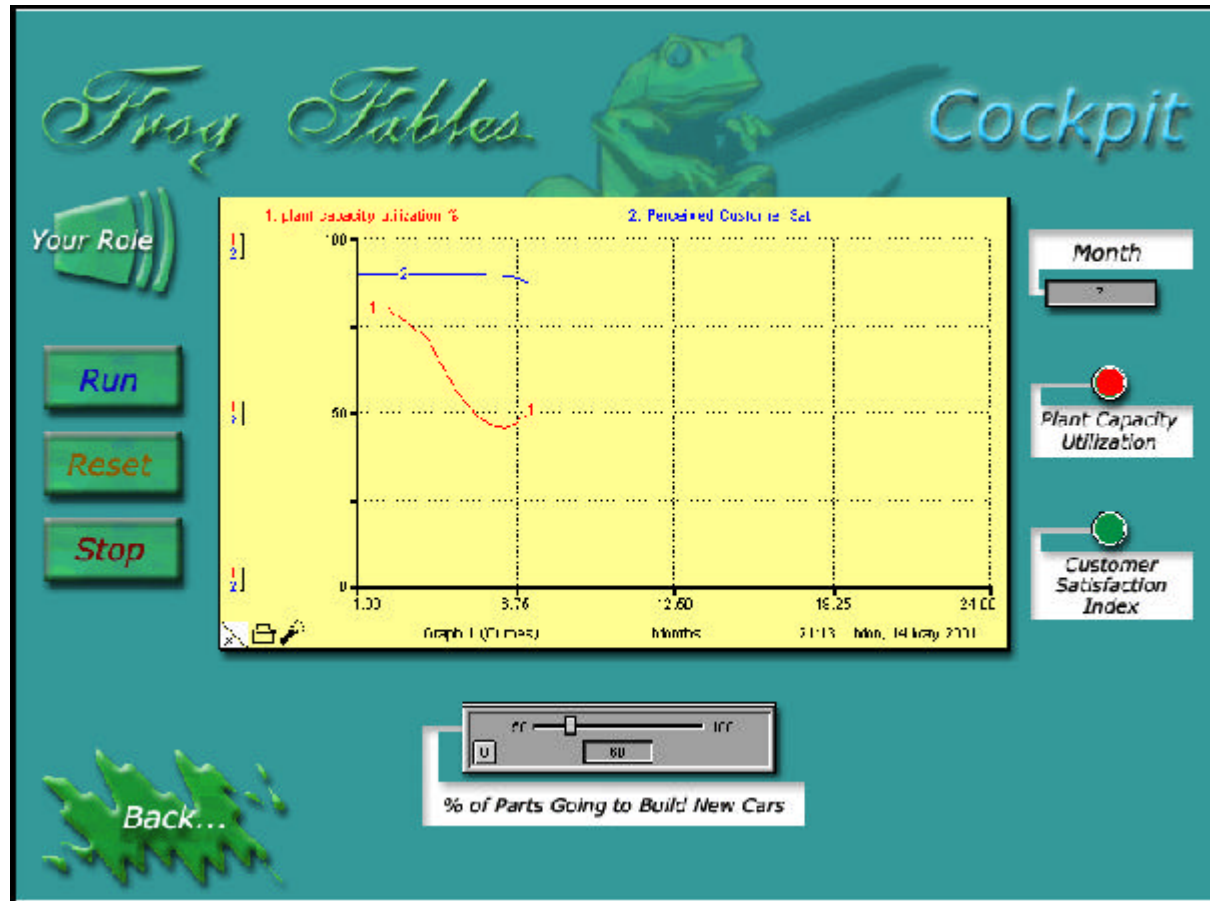
The key limit to learning by “living it” is that real-life playing fields stretch across organizational and geographic and temporal boundaries. People cannot see or experience the impacts their decisions and actions are having on others who reside beyond local boundaries. Simulations compress space and time.

Simulations are “practice fields.” People can make mistakes, and learn from the experience, but yet not have to bet the farm (or their career) on getting it right the first time. Learning occurs much faster than having to gain the experience by actually living it. Simulations dramatically compresses time, enabling much more learning to occur in much less time.

What is the Time frame for development?

6 months to completion. We will have a working simulation within 2 months of inception.

Frog Fables



Ford New Enterprise Simulation (FNES)

FNES Dashboard - Netscape

CBG1 (Ginny) - Vehicle Line Director's Dashboard

Start of Quarter 2

Select a Chart Run ▶ Tables

Financial: Profit Margin & Target Profit Margin

— Profit Margin CBG 1
 — Profit Margin CBG 2
 — Target Profit Margin

CBG-centric Measurement System

Annual Bonus (projected) \$0
 Cumulative Bonuses \$0

View outputs for: CBG 2

Request for MFG Capacity % CBG 2	100.00
% MFG Capacity Received CBG 2	46.51
MFG Capacity Utilization	125.00
Qtrly Sales CBG 2	7,705
Qtrly Revenue CBG 2 (\$M)	109.80
Qtrly Profit CBG 2 (\$M)	-1.54
Profit Margin CBG 2	-1.40
Annual Sales CBG 2	7,839
Annual Revenue CBG 2 (\$M)	111.70
Annual Expense CBG 2 (\$M)	111.34
Annual Profit CBG 2 (\$M)	0.37

Manufacturing

Request for MFG Capacity %

86

% of Max Buildable Combinations

50

Marketing

Discount %

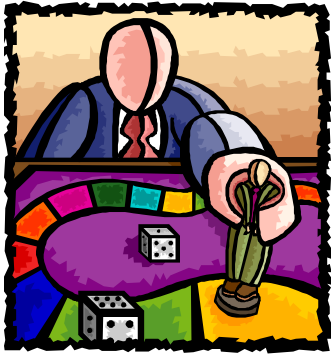
5

% over baseline mktg spending

0

1 of 2 players are ready

16:18

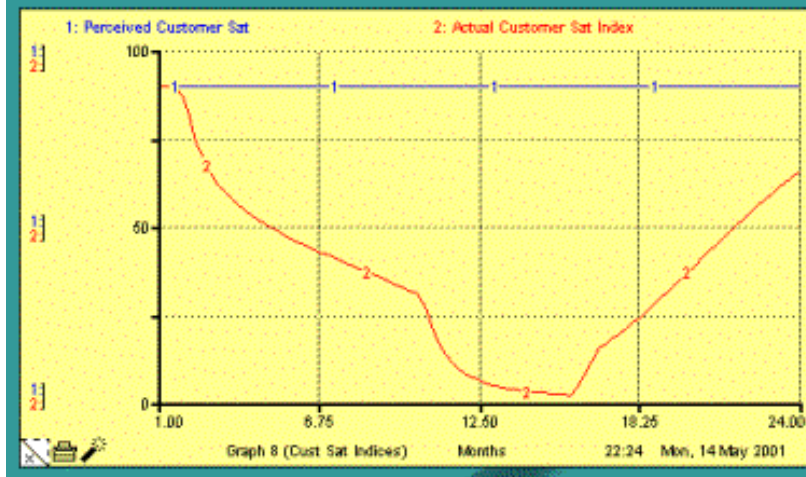


Rules of the Game

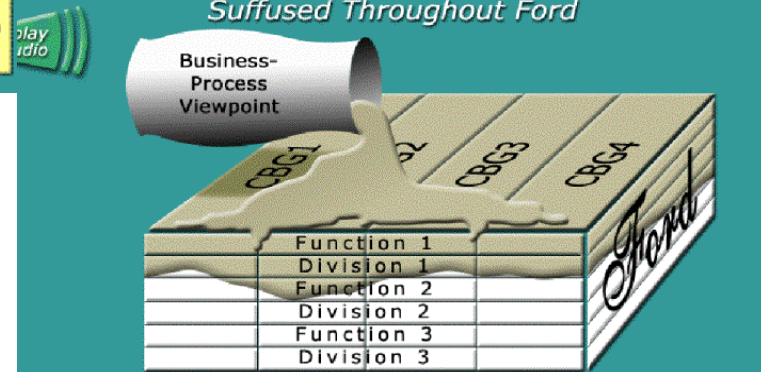
- You will be in teams to run the simulation.
- Everyone should have a chance to drive.
- The simulation runs for a 3 year period.
- Decisions are made at the beginning of each quarter.
- Have Fun!
- Explore the decisions made.
- Make use of the available output.
- Refer to the initial conditions

Results from Frog Fables:

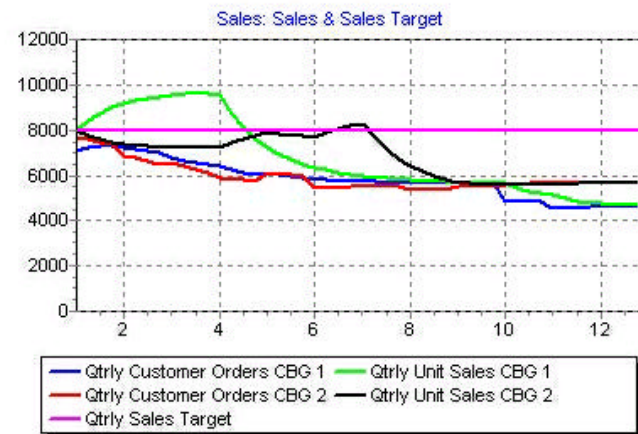
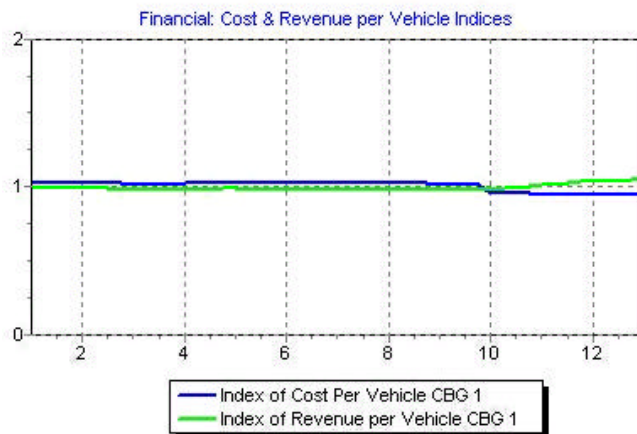
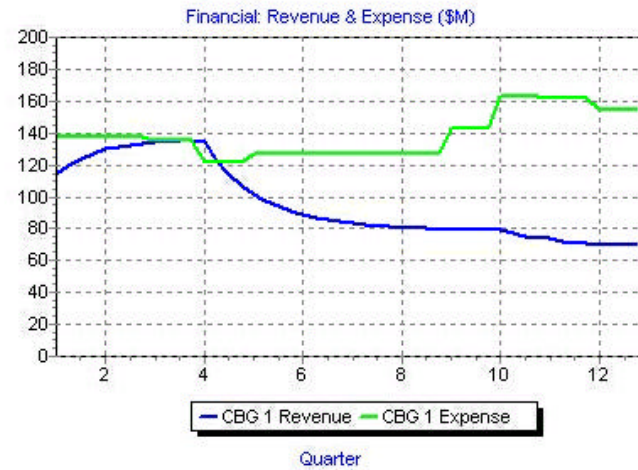
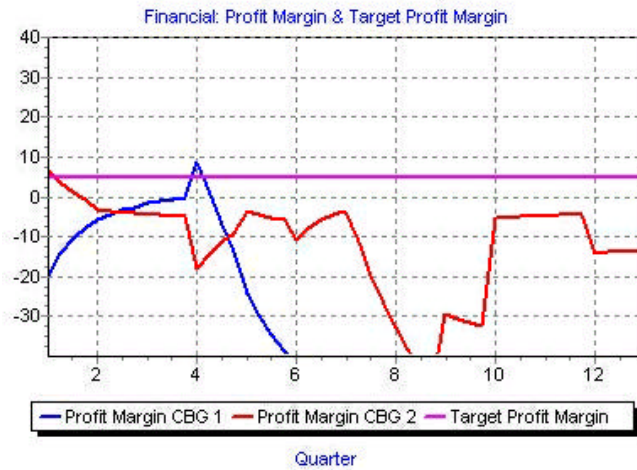
Customer Satisfaction Actually Took a BIG Hit!



For Actions to Yield Intended Performance Outcomes a Business-process Viewpoint Must Become Suffused Throughout Ford



Results from FNES:





***Questions
And
Comments***