

Ford Lust. At Last.



SUMMARY FORD IN 2005

2005 REVENUE & PROFIT

2005 marked 10th year of losses in overall market share

US\$1.6B loss in North America

BRAND

Poor performance due to conservative design, lack of customer focus, and slow development cycle

Lack of differentiation between Ford and Mercury brands

(Source: Ford internal interview)

ORGANIZATION

10,000 workforce reduction

(Source: Wall Street Journal, Jeffrey McCracken, 'Way Forward' Requires Culture Shift at Ford, January 23, 2006)

Continued resistance from union

Organizational barriers from risk averse, hierarchical, short-term focused culture

(Source: Wall Street Journal, Jeffrey McCracken, 'Way Forward' Requires Culture Shift at Ford, January 23, 2006)



LUST IMPLEMENTATION PLAN

VISION

To dramatically improve profit and market share through lustworthy design.

FOCUS

Our focus for this strategy is building an implementation plan around the “Ford” brand of vehicles (cars & minivans, trucks, sport utility vehicles).



LUST IMPLEMENTATION PLAN

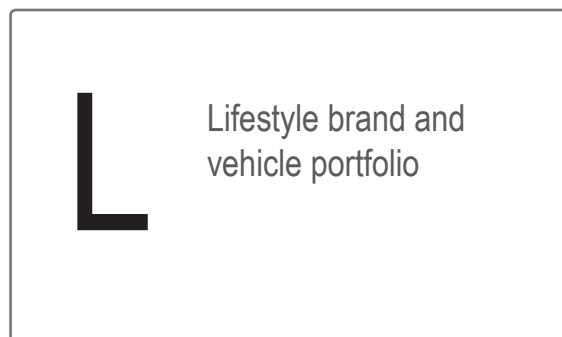
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Lifestyle brand and
vehicle portfolio

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User-centered
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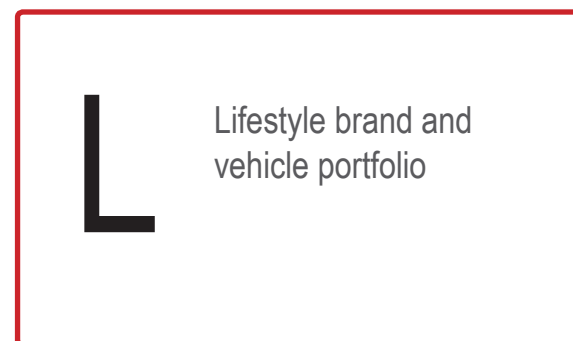
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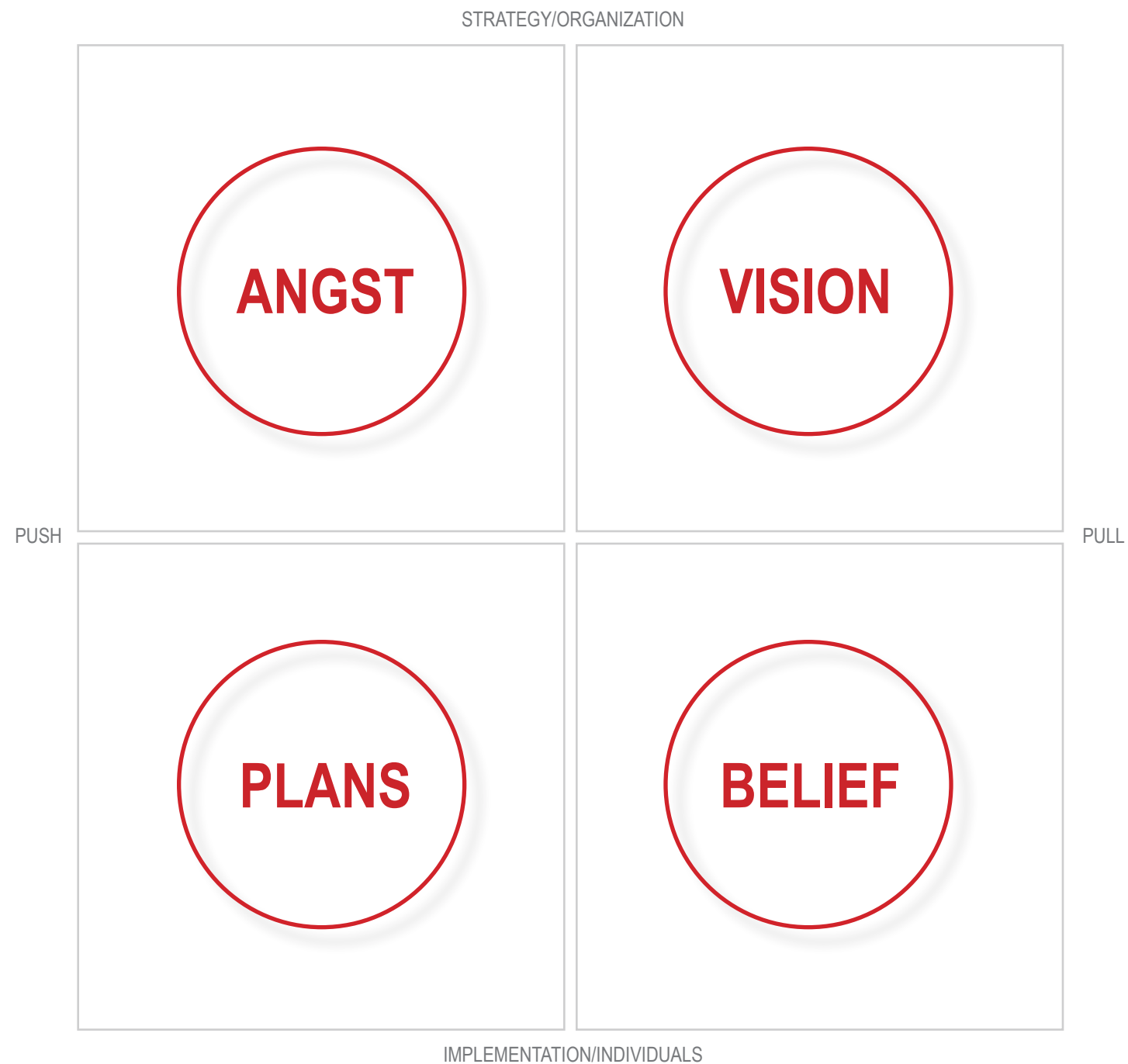
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LUST CHANGE READINESS MODEL



ANGST

“Change or die.” - Bill Ford, Jr., CEO, Ford

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BELIEF

Design Team is capable

J Mays, Group VP and Chief Creative Officer
Camilo Pardo, Chief Designer in Living Legends Studio
Joseph Baker

Ford history and heritage
Ford Brand legacy

PLANS

Ford LUST Plan



LUST PROCESS

PRINCIPLES & PRACTICE

Redefine and cross-pollinate Ford's design approach, encourage practice of new processes and methods, enable mass-customization

L Lifestyle brand and vehicle portfolio

Lifestyle brands

Establish lifestyle brands as new segmentation strategy for Ford:

Adventure, Mobile Office, Friends & Family, Heritage

Assess

Conduct a comprehensive audit of the Ford portfolio, including Mercury brand.

Communications

Develop segment-targeted communications plan based on the lifestyles.

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Education

Educate the company about the value and economics of design

Metrics

Develop company-wide metrics for measuring the effectiveness of design

Prolocols

Develop protocols that involve design research and planning at early stages of process

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Methods/Toolkits

Develop innovation and design process models/toolkits.

Knowledge share

Leverage cross-functional optimization team to share best practice information throughout organization.

Workshops

Workshops for employee development of innovation methods.

T Total manufacturing excellence

Mass-customization

Move toward mass customization processes, which integrate with Ford's lifestyle brand definition.

Manufacturing optimization

Processes to gather and distribute efficiencies in manufacturing methods.

Leverage

Global leverage of the supply chain procurement processes to further reduce cost of mfg., tooling, etc.



LUST PEOPLE

PRINCIPLES & PRACTICE

Establish the right performance measurements and create effective internal communication

L Lifestyle brand and vehicle portfolio

Measurement

Measure performance by effectiveness of internal and external brand communications

Expertise

Bring in professional expertise from other lifestyle brand industries

U User-centered design

S Sustainable, empowered culture

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Effective communication

Ensure each lifestyle essence has been clearly communicated through design teams

Talent

Acquire and retain world class designers and design-related staff

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Target focus

Shift objective of design to focus on specific segments rather than a "one-size fits all" approach

Decision-making

Encourage people to take measured risks

Discipline

Create discipline and honor in using evaluation systems

T Total manufacturing excellence

Reduction

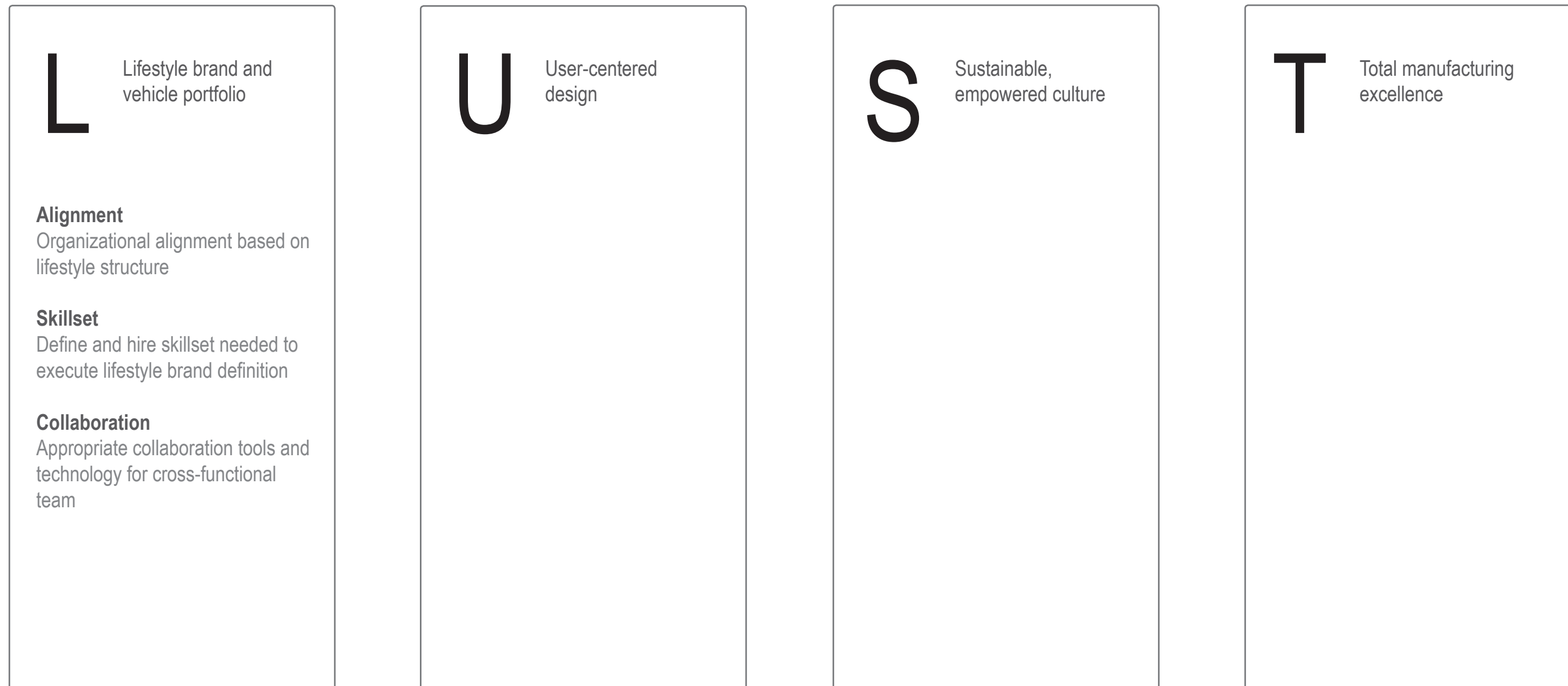
Lay-offs and re-assimilation of people from plant closures into other parts of the organization



LUST STRUCTURE

PRINCIPLES & PRACTICE

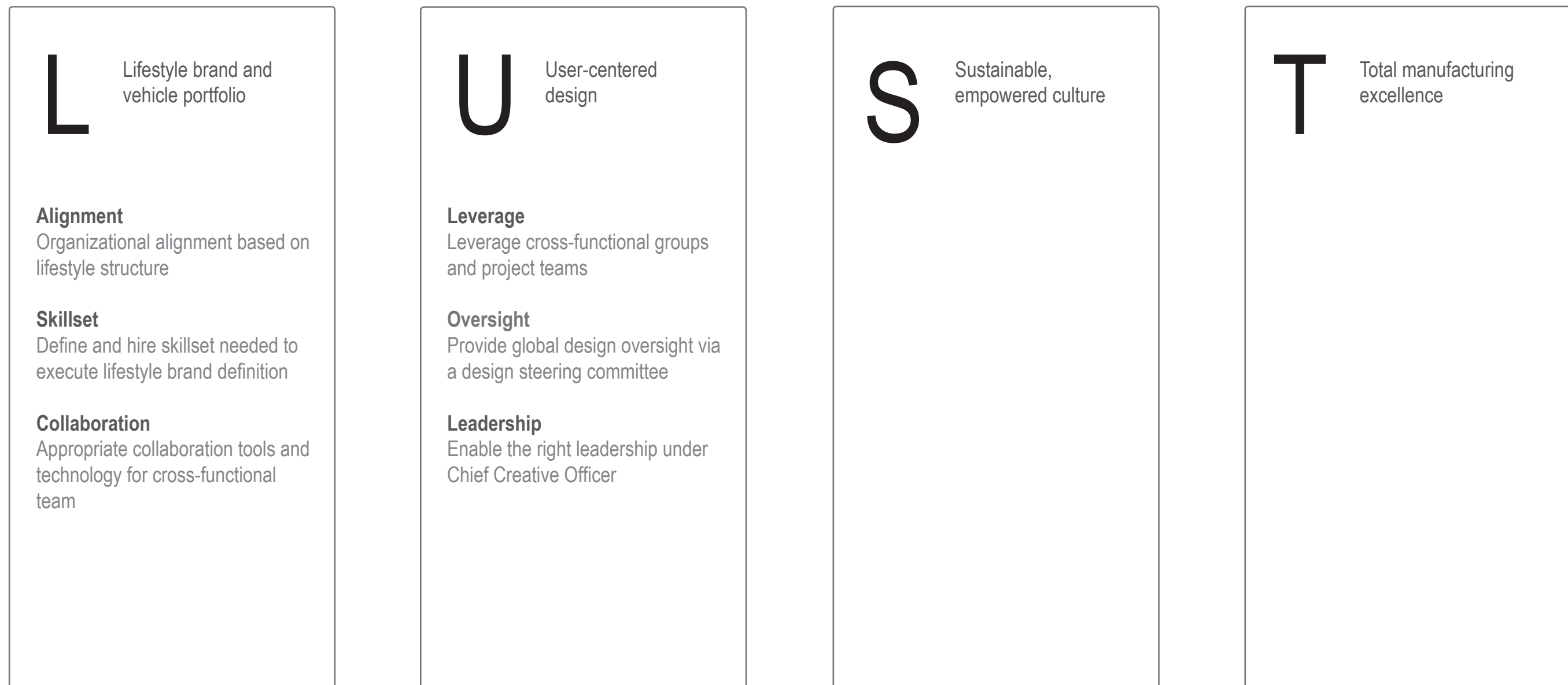
Establish alignment across organizations and effective collaboration practices among teams



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L Lifestyle brand and vehicle portfolio

Alignment

Organizational alignment based on lifestyle structure

Skillset

Define and hire skillset needed to execute lifestyle brand definition

Collaboration

Appropriate collaboration tools and technology for cross-functional team

U User-centered design

Leverage

Leverage cross-functional groups and project teams

Oversight

Provide global design oversight via a design steering committee

Leadership

Enable the right leadership under Chief Creative Officer

S Sustainable, empowered culture

Transparency

Establish transparency between organizations (minimize silo approach)

Practice

Create Design Centers across various sites

Training

Develop education and training around different management levels

T Total manufacturing excellence

Distribution

Leverage IT systems to send mass customization information to plants for manufacture.

Consolidation

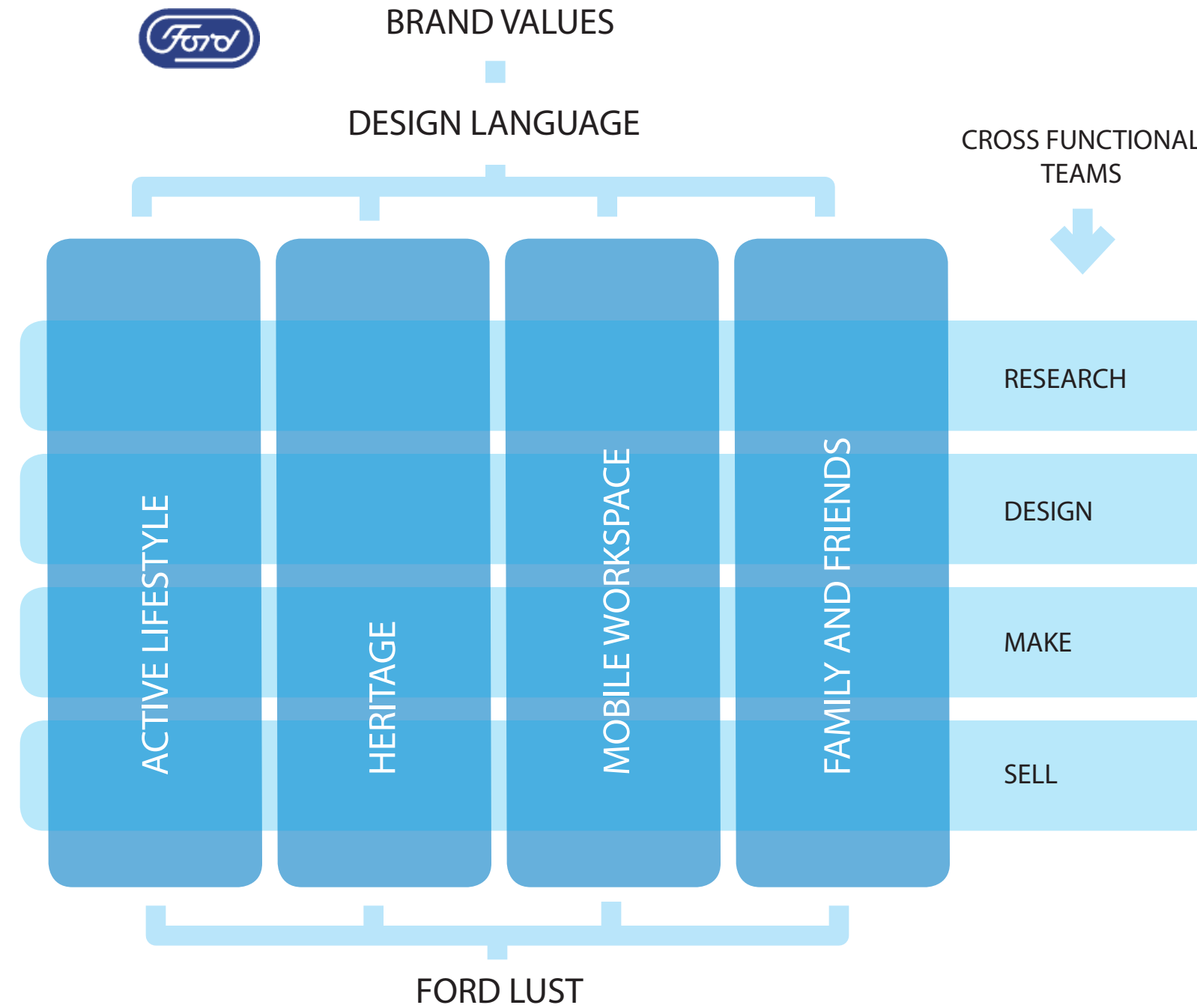
Consolidation of plants

Cross-function teams

Create cross-functional manufacturing optimization team



LUST ORGANIZATION BASED ON LIFESTYLE BRANDS



LUST ROADMAP

ESTABLISH PROTOCOLS

LIFESTYLE BRAND DEFINITION

ASSESSMENT

INTERNAL COMMUNICATIONS

DESIGN PROTOCOLS

METRICS

DECISION-MAKING

ORGANIZATIONAL ALIGNMENT

DESIGN STEERING COMMITTEE

DISCIPLINED PRACTICE

EXTERNAL COMMUNICATIONS

ECONOMY OF DESIGN EDUCATION

METHODS/TOOLKITS

WORKSHOPS

OUTSIDE EXPERTISE

TALENT/LEADERSHIP

COLLABORATION TOOLS

TRAINING

OPTIMIZATION

MASS-CUSTOMIZATION

ENGINEERING OPTIMIZATION

SUPPLY CHAIN LEVERAGE

DESIGN CENTERS

KNOWLEDGE SHARE SYSTEMS



Ford Lust.
Built for the Road Ahead.

