Ford Business Structure

Phase 3 Individual Project

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The organizational structure within any industry is often dictated by the market conditions in which the various companies operate. Consequently, it is often likely to find different companies adopting the same business structure, not out of competition, but due to the necessity of such a structure based on the market needs. The motor industry has experienced different changes in the structure of businesses within the sector, primarily due to an increased impact of globalization and changing market needs in the motor vehicle industry (Frogatt, 2017). Ultimately, companies such as Ford and its competitors need to take advantage of the opportunities presented by globalization for them to profit as much as possible from the improved access to additional markets. Therefore, an organizational structure that isolates and provides to the needs of the different markets in which the company operates would be most ideal in ensuring significant improvement in Ford’s market share on the global platform.

 Firstly, the development of an ideal business structure depends on understanding the current structure and the possible challenges that could be facing it to the extent of not helping the company realize the ultimate success within the industry. Notably, Ford operates within the global economy on the basis of a structure divided into three markets; the Americas, Asia Pacific, and the European, Middle East and African Markets. (Smithson, 2017). Grouping the markets into divisions based on geographical locations is an ideal approach that ensures ease in the management of issues experienced within the different markets. After all, there is often the likelihood of similarities within markets in the same geographical space, which explains the dependence on the geographically oriented market segmentation.

Nonetheless, the model has so far not been effective for Ford Motor Company as the business continues to trail other manufacturers within the market. For instance, irrespective of the specialized production in the various markets as distinguished according to geography, Ford is not a leading car manufacturer in either of the three markets. In any case, one would expect the company to be a success in the Americas, the home country, but it still trails Toyota in the United States. Consequently, challenges exist with the existing model in which case the large market size could be limiting the company from identifying the specific needs of the different markets. For instance, the market needs in the Malaysian market may be different from those in the South Indian market, despite the two being classified as the Asia Pacific. In essence, concentrating on the company’s largest markets would be ideal for the success of the company’s production processes.

An ideal market structure ought to leverage Ford’s strengths and use the opportunities available in the global market to convert the strengths into a marketing effort for the company. Notably, the company is primarily known for having car units whose prices are relatively higher than the cost of similar units from alternative manufacturers. Therefore, it would be ideal if the identified markets, on which the company would focus, would have relatively high per capita income, to guarantee that the consumers are able to make the purchases. Ultimately, such an approach would ensure that Ford focuses its resources on meeting the needs of specific markets, which would avoid chances of stretching the resources too thin, without necessarily getting high returns on the investment.

A market-specific production and marketing approach would be highly effective for Honda, in which case it would evaluate its strengths within the different markets, abandon others while channeling more resources in those ones where it is a relatively competitive company. For instance, Honda has always been the stronger company in the production of pick-up trucks and sport utility vehicles in the American market (Great Speculations, 2018). Therefore, the company ought to leverage the strength in being a more effective producer of the units and surpass the performance of any other vehicle manufacturer within the segment in the country. Channeling all the resources in the pickup truck and the SUV market within the United States would guarantee a better outcome in research and development, in addition to guaranteeing a better marketing approach for the single product.

On the other hand, the company would focus on the European market, based on the most successful product in the market, it would focus its production efforts to ensuring that Ford is in a position to succeed as much as possible in meeting the people’s needs through the specific production. Consequently, the approach would require an individualized approach to the various markets based on countries as opposed to the generalization of the entire European, Middle Eastern, and African markets as a single division. After all, although the SUVs could be performing well in the European countries, it could be that the crossover ford units are the best sources of revenue within the Middle Eastern market. Such information would ensure that ford directs its resources to highly responsive endeavors, an approach that would make the company a market leader in each of the markets where it would be operational.

The cost of Ford vehicle units has always been an issue for most consumers and could be one of the primary factors that keep the company in its market position. However, the cost is always just as high, relative to the income levels of the consumers in the markets in which the units are sold. According to economic indicators, the American economy has experienced significant improvement over the past few years, a factor that could lead to an increase in the amount of disposable income among most households (Great Speculations, 2018). If ford marched the projected growth in household income with an improved focus on some of the most successful units within the company being the primary focus of the production process, then the company could just as easily manage to acquire a significant market share within the country over the near future.

In conclusion, the most appropriate organizational design or Ford, under the existing market conditions, would be one which focuses on individual consumer needs, based on smaller sized market divisions than those the country currently operates on. The current divisions lead to a loss of valuable specifications for various markets due to too many generalizations, which leads the company to spend too many resources in the production process, with limited returns to investment. On the contrary, focusing on a higher specificity of the markets would improve the company’s ability to tend to individual needs of the consumers therein, which ultimately improves the ability to appropriately meet the needs of consumers within specific markets. In this case, Ford will be better posed to gain the full advantage of globalization, which in turn increases the level of business success.

References

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