

American Icon: Alan Mulally and the Fight to Save Ford Motor Company

by Bryce G. Hoffman

Published: 2012 (Hardcover) and 2013 (Paperback) by Crown Business, 422 pages

by Paul R. Duncan

Book Review

Author Bryce Hoffman, a Detroit News journalist when he wrote this book, carries the reader along in a fast-paced narrative of the events surrounding Ford Motor Company's (FMC) successful reorganization during the 2008-2009 financial crisis. Both General Motors and Chrysler were forced into bankruptcy and I remember thinking that the entire Detroit auto industry would collapse like Lehman Brothers. Their combined indebtedness was in the multibillions and no one except the Federal Government was capable of lending.

The author recalls that he met Alan Mulally on September 5, 2006 when the FMC CEO William Clay Ford, Jr., great-grandson of the company founder Henry Ford, introduced Mulally as the newly appointed CEO. Hoffman hoped for Mulally's success. At that time, FMC was in serious financial trouble and Mulally was being brought in to 'turn things around' as he had done with Boeing. Around 2010, Hoffman was aware that FMC had accomplished an amazing turn around and approached CEO Mulally and chairman of the board Bill Ford, Jr. about telling the FMC story. Hoffman, an outside journalist became a "partner" with FMC executives to tell this remarkable story. How was it possible that one of America's stellar "brand name" companies was in financial trouble? Ford was an industrial giant that had introduced the Model T and later turned its efforts during WWII into leading the US Government's "Arsenal for Democracy" that won the war.

In 1999, Bill Ford, Jr., became chairman of the board of FMC and in 2001 became CEO. He knew FMC had too many employees, too much debt, too many products, too many factories and non-competitive union wage and health benefit contracts. They were also burdened with strict new federal fuel efficiency regulations. Bill Ford began the process of down-sizing and losses were decreased for a few years. However, his efforts were too little too late. There was talk of bankruptcy, selling or parting out the company to other automakers or private equity firms but Bill Ford held firm that FMC was not for sale. He believed that FMC needed new leadership from outside the

company. He recommended that FMC hire Alan Mulally, an aerospace engineer and executive at Boeing.

Mulally had recently been bypassed as CEO of Boeing. He liked what he saw at FMC and agreed to take over as CEO with a total compensation of \$28 million. Hoffman opines "This would be the best investment Ford Motor Company made in its 103-year history."



The author details the steps of the FMC recovery including an analysis of the US financial lending climate in the years preceding the lending market crash in late 2008. During this period FMC sold Volvo, Range Rover and Jaguar and in 2010 discontinued their Mercury brand ending a 70-year production run. Ford then had a \$6.7 billion profit, retired \$14.5 billion in debt and ended the year with more cash than debt. Hoffman writes: "Mulally and his team globalized product development, shared platforms and introduced new vehicles that looked better, drive better and cost less than the ones they replaced."

This 2012 book gives the reader important historical and financial information regarding the US automobile industry. A Prologue sets the stage for the needed solution. Chapters 1-20 brings FMC back to profitability. In Chapter 21-The Road Ahead, the author emphasizes the uniqueness of the Ford family ownership, Bill Ford's strength in asking Alan Mulally for his help and the Mulally team effort demonstrating that a "company can still succeed by building a good product and selling at a fair price.

Editor's Note: Alan Mulally retired from FMC in 2014. The current CEO of FMC, James Farley was a Toyota executive who was recruited by Alan Mulally in late 2007. He was named the 2022 MotorTrend Person of the Year. Farley has now positioned FMC with new electric vehicles in the pipeline including the Mustang Mach-E, the Ford Bronco Sport and the Ford F-150 Lightning. Bill Ford remains as chairman of the board in his twenty-third year. Henry Ford would approve of the current FMC focus and leadership.