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Bill Ford: Automaker's biggest problem is 'lack of confidence'

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Ford Motor Co.'s executive chairman, Bill Ford, said during an afternoon interview on CNBC that the biggest problem facing the struggling automaker is “a lack of confidence, because the criticism pours in daily.”

The company's new president and CEO, Alan Mulally, a respected executive and engineer who revived Boeing Co. after the Sept. 11, 2001 terrorist attacks battered the aviation industry, might be needed to shelter Ford from that criticism during what appears to be a difficult year ahead. Many industry experts have cautioned Ford is facing a difficult period as it restructures and faces a drier spell of new cars and trucks.

“You could hope he could instill confidence in all aspects of the organizations as they work through that,” said David Kudla, CEO & chief investment strategist, for Mainstay Capital Management, LLC in Grand Blanc. His firm manages $400 million in assets for area workers and retirees, many from General Motors Corp., Ford and Chrysler.

Shares of Ford Motor Co. were up a modest 1.31% to $8.50 in mid-day trading on the New York Stock Exchange, as investors continued reacting to the news from the automaker. The former Boeing Co. turnaround expert, who rescued the company after the Sept. 11, 2001 terrorist attacks battered the industry, was appointed to the post late Tuesday. Bill Ford, who had held the post since 2001, will stay on as executive chairman of the company, a position he has held since 1999.

While credited with is cost-cutting skills at Boeing, Mulally sought to calm employees about any concerns that he might slash Ford much deeper.

Responding to a question on WWJ radio Wednesday morning about whether he was “Mr. Axe Man,” about to slash more jobs, Mullay replied: “I am absolutely not Mr. Axe Man. My entire life … has been based on creation, developing new airplanes that continuously improve the travel experience and all great companies focus on continued investment in their products and services and they also focus on continuous improvement in quality and productivity.

“Right now is a tough time. Clearly the world continues to change.”

He also said the company would invest more in passenger cars going forward.
The initial reaction to Mulally's appointment seemed resoundingly positive, but as experts digested the news today, it became clear that some have doubts that Mulally can fix Ford - and fix it fast enough.

The automaker is retooling its second turnaround plan in four years after posting a half-year loss of $1.4 billion.

The problems at the 103-year-old family-controlled company are plentiful: sales of the company's bread-and-butter F-Series are down, market share is slumping and insiders report that the employee morale is in turmoil.

Workers already faced the prospect of 30,000 hourly job cuts and the closure of 14 plants under the company's Way Forward turnaround plan, first announced in January. A deeper, more accelerated plan is now expected by the end of September.

“We remain cautious,” said Himanshu Patel, an automotive analyst with JP Morgan, said of Mulally's appointment. “Ford faces a challenging product cycle over the next 12-18 months.”

John Murphy, an automotive analyst with Merrill Lynch, also tempered the enthusiasm about Mulally with his assessment that this was a “small positive …

“We believe it will take time for him to learn the ropes of the complexities of the auto industry and Ford itself. Most importantly, we believe that Mulally will need to learn how to manage a company that we believe will continue to structurally shrink, with the best case scenario of stabilizing market share and volumes in a few years.”

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