

Ford

A ProfitAbility Case Study



Ford's North American plant managers are masters of cost control. For decades, they have managed the business to minimise fixed overhead costs, and control employee headcount. Their reporting, their bonus systems, and their culture all reinforced the same set of behaviors. But they recently realised that some of these behaviours were in direct conflict with the need to improve quality, build brand loyalty among their customers, and ultimately create value for the shareholders (SVA).

ProfitAbility was challenged to help produce a mind shift, away from 70 years of "control labour and overhead" and toward "Think Shareholder Value". Ford was adamant that it had to be done in one day, because it was not possible to take the operating committee (i.e. the whole top management team) out of a plant for 2 whole days, and they were the target audience.

As part of the preparation, ProfitAbility's development team interviewed most of the plant managers, and a variety of subject matter experts in sales, quality, engineering, HR, and other disciplines. A picture was built up of the knowledge, attitudes, and concerns of the target population. A range of daily management decisions in the plant were also identified where the managers' normal response would destroy SVA, while minimising labour and overhead. By building these situations into the simulation, ProfitAbility could make the managers confront them again and again. By defining success in the simulation as an increase in customer satisfaction, profits, and SVA, it was possible to get them to move out of their habitual mind set, and start behaving in such a way as to enhance SVA, even when it meant doing the exact opposite of the existing cultural norm.

Given the learning outcomes Ford required, ProfitAbility had to build a simulation that modelled the whole business, and had considerable detail in the way that manufacturing is shown, so that key plant management decisions could be built into it. This meant that the lessons learnt were directly recognisable by the participants, as relevant to their daily work.

It also meant that achieving their outcomes would require a 2-day programme. One participant commented:

"I came here totally convinced that this program had to be run in one day. After what I have learned, I can see that that would be a disaster. I absolutely needed the work we did today, to make sense of what we learned yesterday. This program just has to be two days, and we will have to get the managers to plan for it."

That comment was reflected around the group, and the consensus was that, hard as it was, the programme should stay at two days and be done right.

During the pilot run, at Kentucky Truck Plant where the Explorer is made, the plant manager stood up at the end of the introductory session, and said:

"I want you all to pay attention to this. This is not just a simulation that was pulled off the shelf. This is an accurate picture of where our plant stands today, with all the same problems we face, and all the same opportunities. So when we finish playing the game, we are going to talk about what we can do at KTP."

After the simulation, the same plant manager took control of the planning session, and gained a commitment from his managers to 60 million dollars in financial improvements during the current financial year.

When asked what the simulation had done for him, he said that it had created the understanding of SVA that he needed in his managers.



“ I could not have held that meeting, and gotten those results, without the ProfitAbility simulation. ”

Kentucky Truck Plant Manager

