Building Quality Organizations

Assignment two

Student’s Name

Institutional Affiliation
# Table of Contents

Introduction ........................................................................................................................................ 3

Human Resource Management Strategy ......................................................................................... 3

Human Resource Management Planning and Recruiting ............................................................... 5

Human Resource Management Training .......................................................................................... 6

Human Resource Management Problems ....................................................................................... 10

Conclusion ........................................................................................................................................ 11

Reference List .................................................................................................................................. 13
Introduction

Ford Motor has become a well-known company and gained respectable position in the automobile market since its early days, when Henry Ford started designing cars about two hundred years ago. Ford Motor was ranked on the 10th place in the list of the largest public companies in the U.S. Fortune 500 in 2011. In addition, it also ranked on the 25th place in the list of the largest corporations in the world Global 500 in 2011. Ford Motor Company has been operating for more than 100 years now and is controlled by the Ford family. In such a way, it is one of the largest companies under family control in the world. At the same time, Ford Motor is a public company, and its shares are listed on the New York Stock Exchange. The Company’s plants are located worldwide in such countries as the United States, Canada, Russia, Spain, China, Mexico, Brazil, Argentina, and other countries.

Human Resource Management Strategy

Jacques Nasser, appointed CEO of Ford Motor Company in 1999, joined the company in 1968 as a financial analyst with the Australian representative Ford. From the very beginning of his career in Ford, Nasser engaged in reconstruction of the entire corporate culture. In result, in 2000, Ford conducted the first certification of 18,000 employees worldwide. According to the results of this testing, each employee has been assigned to a category - A (the highest mark), B or C. Category A was awarded to 10% of employees, 80% received category B, and another 10% – category C. This year conditions were somewhat alleviated. In such a way, only 5% of workers received category C, 85% – category B - and 10% – category A. Employees who received lower ratings may not apply for higher wages and receive bonuses. Those who were in this group for two years in a row faced demotion or even dismissal. Nasser was the initiator of the practice of
explaining the essence of changes to employees individually. Every manager, designer, engineer, and other employees in the company had to change their way of thinking. The only way to appeal to every employee was training. The company came to the conclusion that learning was an amazingly effective way to change the current structure of the company. The training programs have been implemented. In result, employees brought the company an additional $2 billion by increasing revenues or reducing costs due to the fact that their way of thinking has changed.

Many top managers have become intuitive to use training as a way to manage employees. In formal and informal settings, they share information with their subordinates; for example, the views on issues of strategy and competition; or act as mentors, helping subordinates in developing their abilities. For many years, Nasser taught employees, but did not realize what he was doing. Nasser spoke about the history of Ford, which was his own history. He talked about his positive and negative experiences in different divisions of Ford and used these stories as a way to show what challenges and opportunities may arise. In result of this approach, Nasser managed to systematize the practice of teaching, turning it into an instrument of transformation.

The company's management has constantly used its ideological message and sent it to a much wider and diverse audience than before. The curriculum of the company under Nasser called for twelve programs. The key programs included: Capstone, Business Leadership Initiative and Executive Partnering, Let’s Chat about the business. All the above mentioned programs have a common foundation: the employees of Ford talk to their peers about what is the new direction of the company and why it is needed.

Ford Motor is traditionally associated with the emergence of the concept of corporate culture: Mr. Ford was the first to greet the workers with a friendly handshake and congratulate
them on holidays; he took care about his employees in order to create a favorable atmosphere at workplace and develop the personal commitment of employees. Unfortunately, innovation, which ensured the company’s financial success at one time, was driven by the standards of corporate governance.

The central point of the mission is to answer the question about the main goals of the organization. In such a way, the interest, values and expectations of consumers (buyers of products) should be in the first place. In particular, the mission statement of the Ford Company is to offer people a cheap transport. This is a clearly defined area of activity - transport, consumer products - people and focus on their diversity. This mission statement is likely to have a decisive impact on the strategy of the entire organization. This helped to create a positive image of Mr. Ford in the public, who viewed him as a capable businessman. This helped Ford Motor to turn from a tiny company into a giant enterprise that has transformed American society.

**Human Resource Management Planning and Recruiting**

Staff recruitment is one of the main responsibilities of HR managers or recruiters. Personnel are the main service offered by recruitment agencies and Internet sites. Proper selection of the candidates can help to increase productivity, profits and employee loyalty. The wrong choice usually results in the large staff turnover and lack of competence in the employees.

Personnel selection in the Ford Company begins with a description of the vacancy and the adequacy of analysis of the situation in the company. If necessary, the job description is corrected. Next phase is the search for candidates.

Ford Company focuses on using the internal sources of the reserve personnel and current employees of the company. The most effective methods of recruitment from outside sources are traditionally recruitment and direct sourcing of candidates for profiling (Price 2004).
The company is also using the executive search (search for rare specialists and/or mid-level managers); however, it is the most expensive strategy and is usually applied by agencies. When working on this basis, an advance payment of 30% of the contract is required. When one works in this particular area, he/she focuses more on specialization in a certain market segment or business. SC with a clear sectorial specialization has quite extensive contacts in the circles of specialists, and may at any time give analytical information on various occupations and working conditions. The main disadvantage of such a method used by the company is that it is completely dependent on the state of the industry which it operates in.

Headhunting is another method used by Ford Company for the personnel recruiting. It focuses on “hunting”, the particular specialist from one company to another company. Headhunting is one of the most inexpensive services. The cost of it is usually no more than 10% of annual income.

**Human Resource Management Training**

The process of transforming Ford venture into a global company with a unified strategy focused on financial markets and consumers through the creation of DNA, which would be common for the entire company. This DNA has several key components: a global outlook, understanding consumers, the constant pursuit of growth and unrelenting desire to learn from the leaders.

How to change a company that employs 340,000 people in 200 countries around the world? With training, argued the president of Ford Motor Jacques Nasser. In the past three years he engaged in intensive "avalanche" educational program that engages each of the 55,000 full-time employees. It all started with the fact that the senior executives of the company were obliged to carry this reorganization of Ford to their direct reports. They, in turn, were to become
teachers and leaders, who had to explain to its staff why the company makes these transformations.

Although the reform program of Ford is based on learning, it is not limited to traditional classroom teaching. Education in Ford is achieved through diverse initiatives, including small group discussions of strategy, mandatory social activities and two-way feedback. The training center hosts a three-day workshop. At the end of this workshop, the participants are given the task: they ought to find a new and significant source of revenues or cost reduction within next 100 days.

According to Nasser, the training initiatives, proved to be so effective that Ford intends to extend them to employees on a time basis. The company realized that change must occur at the individual level. Every manager, designer, engineer and other employees should change their way of thinking. The only way to achieve this is to educate (Cooke 2003). The management has found that this is a very efficient approach to reform the organization. Curricula that was held for the past three years, has allowed the company to earn $2 billion by increasing revenues and reducing costs. The company began to improve its position on the world market. Ford took the lead in quality, improved relations with the unions, the employees of the company changed. It – produced the positive outcome, and Ford began manufacturing cars on time and within budget. The company started making profits.

What makes an effective learning tool for reforms? Nasser argued that the teacher should, first of all, explain why the company needs reforms, why should it reorganize its operations. – One may hear a lot of myths concerning the policy, which do not correspond to reality. In result, between the top leaders of the company and the people who implement the strategy, misunderstandings may arise. Employees know that executives need changes to be made, but do
not understand why, so they do not care. The education lifts the veil of secrecy over the management's plans. Jacques Nasser came to realize that it is learning, and more specifically, the training what determines the success of company. It should be based on the principle of the "transfer of vision," which turns the company's leaders to teachers, then their students into leaders and teachers, and so on. The vision is a written statement of the views of the employees, the key elements of the organizational strategy. It explains to colleagues, management or employees, why the employees should work in a particular way and not otherwise. In addition, it also discloses the views, beliefs and experiences.

The process, "transfer of vision" in Ford seeks to involve all employees. It plays an important role in the sequence in the given direction. First, the vision should be formulated by the senior executives. Then, these documents are discussed, criticized and corrected. This process takes time and is rather labor-intensive. For example, Nasser and his associates formulated his vision for the four months during four meetings. Then the training begins. The executives convey their vision to the leaders of the next level, and those participating in the discussion will develop their own versions of the approach. New leaders and teachers should pass the elaborated approach to the subordinates. Thus education is expanding within the company. There are three main factors, which determine the effectiveness of the method of "transfer of vision":

1. The very process of formulation and elaboration of the vision of developing leadership qualities of people. They have an opportunity to look beyond the workflow; they begin to understand why they should do their work in a particular way and not otherwise. Along with that comes a greater awareness of themselves, their organization and business in general. These are listed in the system of knowledge, which gives managers an opportunity not to lag behind events,
reacting quickly, and act consciously and purposefully, anticipating developments and preventing the occurrence of problems.

2. The strength of the "transfer of vision" in its cascade of proliferation. When Nasser outlined his approach to work, he immediately apprehended 200 leaders to train additional 1,200 people, and they, in turn, had to teach another 55,000; all in one year.

3. "Transfer of vision" helps to solve one of the most difficult and important tasks of a leader - to develop leadership qualities in other people. The traditional approach, based on personal example, is time-consuming and often does not take into account many of the subtleties of the situation. Articulating a vision allows leaders to present their approaches in a clear and concise manner. The vision is the foundation, based on which leaders develop their approaches and motivate employees.

Capstone is the first training program of Ford Motor. It was founded in 1996 by Alex Trautmann, who was the chairman of the Board of Directors at the time. The aim of the program was to train 100 managers, and it continues up to this day. Thus, it is necessary to discuss the essence of Capstone. First of all, Nasser and his team have selected four major strategic challenges that the company was facing. For example, one of these problems was to determine how the channels should be changed, with the development of the Internet and the appearance of large retail outlets. Each of these tasks is then instructed to the team of six senior executives. Its solution is given in six months. One of the members of the management team is assigned to the group as a sponsor, mentor and consultant.

The six-month marathon starts with an intensive five-day workshop. Participants will learn a lot. Senior management expresses its strategic vision and establishes the two-way feedback. The ways of team building, planned social events, consultations and discussions about
upcoming projects are also an important part of the process. The workshop ends up with a long (3-4 hour) conversation between the president and the employees, with the members of their families present. The workshop participants are asked to prepare their own “vision” of the new strategy.

After this, the heads and employees get back to their daily work. Capstone projects will now occupy about 30% of their working time during the next six months. Due to the fact that the team members came from all over the world, their joint work can be very difficult. They need to find ways to hold meetings, learn how to effectively use e-mails, and organize video and teleconferencing. All participants are going to report and get advice. Teachers are the members of the management team or former members of the Capstone program. That's the main point of the reformation the leaders teach and train new leaders.

Capstone curriculum is not easy, but it brings practical results. An example can be seen in the channels’ distribution problem that was already mentioned. For six months the team was dealing with this issue, carried out studies, evaluated the performance of Ford relative to other companies, and has worked closely with dealers. On the basis of this analysis, it has offered a completely new strategy. It is recommended to purchase representative dealer companies in different regions and establish a network of its own retail centers with them. The proposed business model comprises a plan for its implementation, presents proposals for the management and manages to convince the top management in its usefulness. All this is done in the incredibly short period. A few weeks after the launch of the project, the implementation of this plan was started. Today, it is an essential part of a long-term strategy of Ford.

**Human Resource Management Problems**

Any organization, regardless of size and scope, can get all the benefits from a system of career management. The main problem of the HRM in the Ford Company is the lack of the open
system of the career management. First, there has to be company's attention to the career of its staff. Moreover, such a system in the organization has to be present in order to work for a positive HR- brand and form a corporate culture that attracts people, who are active, focused on long-term plans, expansion and achievement (Nankervis 2011). Job interviews should include issues related to the attitude of the person to his/her career, the explanation of how the company can offer help in this area, and the dialogue with the candidate on the subject that he/she is viewed as a valuable employee of the company. Continuous development, values and interests of the employees in their daily work give them the opportunity to self-fulfillment and self-improvement. Medium-term and long-term planning is of particular importance to the growth oriented employees and their future in the company. In order to implement the company’s plans, employees’ support by a supervisor is necessary. There have to be direct discussions with the head of the company in regard to one’s goals and plans in a supportive atmosphere. Open transparent system, the criteria and procedures for the appointment, and promotion relieve tension and suspicion.

Conclusion

Ford Motor Company is in quite a good position in the car market at this point of time. It positions its products as high-quality and inexpensive cars. The company divides its segment into two classes (B - low degree of pretentiousness, C - the elite class) and works with each of them in its own way. However, regardless of the class of buyers, each car model meets European standards of quality, comfort and safety. The range of cars is constantly updating. The system is flexible in sales, and the company makes attractive offers to its customers and owners of Ford from time to time. This is a result of the strategic changes and the right management approach
used by the company’s management and supported by the effective organizational structure, which is divided into the regions based on performance.
References

