Ford Motor Company and Ford China – Culture Change Journey

Almost 200,000 employees globally
“Opening the highways to all mankind”
Founder Henry Ford (early 20th century)

“A good company is one that makes a profit selling products customers want; a great company makes the world a better place”
Bill Ford Jr. (21st century)

Did you know? Only 56 companies on US Fortune 500 in 1955 are still in business today.
# Ford’s Winning Aspiration Today

**OUR BELIEF**
- Freedom of movement drives human progress.

**OUR ASPIRATION**
- To become the world’s most trusted company.

## Creating Tomorrow Together

### Customer Centric & Passion for Product

<table>
<thead>
<tr>
<th>Winning Portfolio</th>
<th>New Propulsion</th>
<th>Autonomous Technology</th>
<th>Mobility Experiences</th>
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<tbody>
<tr>
<td>Create a portfolio of passion for great products and deep market-specific customer insights.</td>
<td>Work to perfect the latest performance and style as we march towards a zero emissions future.</td>
<td>Create a world-class, ingenious user experience, the safest performance, and scalable business models.</td>
<td>Support vehicle transitions and expand customer choices to ownership and subscriptions, and delivers high margin, recurring revenue streams.</td>
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### Customer Experience

Create customer advocates by delivering owner and user experiences with honesty, expertise and care.

### Fitness & Metrics

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<tr>
<th>Fitness</th>
<th>Metrics</th>
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<tbody>
<tr>
<td>Build, Partner, Buy</td>
<td>Growth</td>
</tr>
<tr>
<td>Capital Efficiency</td>
<td>EBIT Margin</td>
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<tr>
<td>Strong Balance Sheet</td>
<td>ROIC</td>
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**OUR PEOPLE**

- Culture & Values
The automotive business globally is in radical transformation from vehicle ownership to mobility.
How do we compete? Changing The Way We Work

Our Culture Operating System
What is Culture and Why is Culture Critically Important?

What is Corporate Culture?
The beliefs and behaviors that determine how employees and management interact to deliver the business objectives.

Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires.

Why is Culture Important?

“Culture eats strategy for breakfast, lunch and dinner”
- Peter Drucker, world renowned management expert

“Our ability to change our culture is the leading indicator of our future success.”
- Satya Nadella, CEO of Microsoft

“The importance of culture renovation is to preserve the best of what exists while building for the future. And for culture renovation to succeed, it must be led from the top.”

Every organization, no matter how storied or successful, must regularly recharge and evolve its culture if it is to survive and win in the future.
What is a Healthy Culture? – i4cp – Institute for Corporate productivity

**Healthy Culture Index (HCI) from i4cp***

1. The work environment brings out the best performance in its employees
2. Innovative thinking is nurtured and applied
3. Work is highly collaborative
4. Execution and accountability are valued
5. Everyone is obsessed with delivering value to customers
6. Speed-to-market is a high priority

**Note:** ranked by correlation to MPI (Market Performance Index: profitability, revenue, customer satisfaction and market share)

**A Healthy Culture Index positively correlates to stronger business performance.**
Our interactions create **Experiences**
People form **Beliefs** based on those **Experiences**
People take **Action** based on their **Beliefs**
The **Results** we are getting today is from those **Actions**
The Results Pyramid®

Culture

Results

Actions

Beliefs

Experiences
A Shift in Desired Results Demands a Shift in Culture

Leadership must create $C^2$ in order to deliver $R^2$
Ford’s Culture Evolution Journey

2017 through 2019

1. Corporate Culture dialog kicked-off; Brand Strategy, Corporate Strategy, and Culture Strategy efforts linked
2. Culture Strategy room built and key stakeholder tours conducted
3. Global Culture Hackathons launched in every region
4. Culture Cabinet and Culture Street Teams Around the World
5. Evolution of Values & Behaviors = Our Truths
6. China Culture Evolution
7. … the journey continues
Culture Strategy Rooms

Welcome to Ford's Culture Strategy Room

Take a Tour of the Culture Strategy Room

Culture Strategy Room Tour - Update
Global Culture Hackathons

Shangha

From
- process obsessed
- bureaucratic
- slow
- meeting
- conservative
- hierarchy
- follower
- teamwork
- alignment

To
- risk control
- tolerant of failure
- innovative
- move fast * 3
- risk taking
- simple
- customer centric
- change
- disruptive
- go big or go home

From / To
- Family
- Open
- Diversity & Inclusion
- Employee
- Careering

Exercise

Global Culture Hackathons

HIGHLIGHTS OF OUR CULTURE HACKATHONS
Culture Cabinet & Culture Street Team

Culture Cabinet
- 20–30 people; cross-functions and business units; diverse group
- Touchpoints with Team V & other senior leaders
- Connect with other energizers to help build the movement; galvanize the teams
- Advise on actions the company should take to bring culture to life

Culture Street Team
- 4,500+ and counting⋯!
- Opt in; volunteer based
- Advocate culture change within their organization and networks
- Social media energizers
- Arms & legs for monthly cascade artifacts
- “Word on the Street” sentiment opportunity
- Early access to campaign materials
Culture Evolution – Ford’s Global Truths

**Ford Culture**
OUR TRUTHS

**PUT PEOPLE FIRST**
We are a company driven by purpose. Whether it’s our customers, employees, partners, or communities, we obsess about the wants and needs of people to drive human progress.

**DO THE RIGHT THING**
We begin with the belief that trust in our brand, and in each other, comes from acting with integrity and transparency. We foster safe, inclusive work environments that create freedom to be our whole selves and do our best work.

**BE CURIOUS**
We approach the world and each other with a sense of interest and wonder. We are humble enough to know we can learn from every situation, and actively question to understand and think critically.

**CREATE TOMORROW**
We cultivate meaningful change to optimize today and create tomorrow. We look ahead in our focal length and bring clarity to the future. We solve problems creatively, accept risk, and experiment boldly.

**BUILT FORD TOUGH**
We accept challenges and overcome them with confidence, courage, and optimism. We put the world on wheels, embracing disruption to evolve. We are resilient and in it for the long haul.

**PLAY TO WIN**
We are accountable. We are in business to create value, and we celebrate when we do. We are focused on our competitive fitness, efficiency and agility. We make quality decisions, and are each empowered to deliver excellence.

**ONE FORD**
We rely on, respect, and care for each other. We build networks and partner without boundaries. We welcome everyone’s unique contributions, communicate candidly, and work together as ONE team — we are a family.

These truths guide how we live, act and communicate. They keep us focused on what matters most.
发布会：破浪前行 进驱未来
THE FUTURE STARTS TODAY
Ford China as a Business Unit Enables:

“Thinking Like a Chinese Consumer”
- Product features uncompromised for the market
- Cycle Plan with aim to win first-time customers
- Value offerings to meet Tier 4/5/6 markets

“Acting Like a Chinese Competitor”
- Decision making at China Speed
- Fully utilize local supply base
- Reducing duplication, reporting and bureaucratic drag

“Translation of Lincoln Luxury”
- Interpret Lincoln as the American luxury choice for young and discerning Chinese customers
- China as engine for global Lincoln growth
Transforming China Business Model

Key Operating Principles

- ‘Autonomy’ And Responsibility To Run The Business
- Profit / Loss Entity Driven
- Lean Mindset, Competitive In China
- Develop People Talent With True China Expertise
China Culture Evolution Objective

To enable implementation of the Ford China 2.0 Plan with aligned and expected **Best of Ford and Best of China behaviors** from our People Leaders and employees.
People and Culture Strategy for China

**ORGANIZATION**
- Established leadership team with rich China expertise and ecosystem connections deeply ingrained in China market practice
- Distinct profit pillars with teams focused on value creation and tech partnerships with new business models
- Fit China footprint with creative collaboration

**SKILLS & CAPABILITIES**
- Deep Chinese customer centricity through application of design thinking and consumer insights
- Foster and develop a learning mindset & entrepreneurial/innovative spirit
- EV/AV/AI expertise with China centric design

**TALENT**
- Capable and agile leadership
- Build, Buy, Borrow and Bond local talent to deliver China 3.0
- Strong General Management talent bench

**“BEST OF FORD & BEST OF CHINA” CULTURE**
- P&L centric driven by customer insights, can-do mindset, challenging status-quo, cultivating innovation and One Team
- Continue acting with a sense of urgency and the highest level of integrity

A key pillar to our strategy is a Best of Ford / Best of China Culture.
4 Steps to Architecting a Culture Change

- **Define it**
  - Why do we need to change?
  - 7 Our Truths defined globally
  - Defining Best of Ford / Best of China Truths Behaviors

- **Measure it**
  - Regular monitoring of culture health
  - Seek continuous improvement

- **Integrate it**
  - Expected behaviors embedded into our key people practices from hiring to learning, development and reward

- **Internalize it**
  - Employees understand the behavior expectations
  - Employees act upon the expected behaviors

- **Why do we need to change?**
  - Employees act upon the expected behaviors
  - Expected behaviors embedded into our key people practices from hiring to learning, development and reward
What We Have Now for China
**Purpose/Mission**
To become among the most respected and trusted automotive businesses in China

**Expected Behaviors**
- Be P&L centric driven by deep customer insights
- Have a can-do mindset, challenge status quo, cultivate innovation
- Build respect, work as One Team, and hold ourselves accountable
- Act with a sense of urgency (China speed)
- Behave with highest level of integrity

**Principal**
- Tied to our Truths, Bringing Together “Best of Ford & Best of China”
How Did We Generate This?
“Best of Ford and the Best of China”: Culture

Next Steps:
In order to ensure we are delivering on our business objectives AND cultivating a culture our employees are proud and excited to be a part of, please engage your Team in a face-to-face forum to ask:

1) What is / is not working with the present culture in China?
2) What are the elements of a “Best of Ford (our Truths) / Best of China” culture that we need to cultivate in order to deliver our China 2.0 plan?

Please complete the assignment by mid July. We will reconvene shortly after to discuss and align on our culture priorities.
## Define: Culture Team Framework

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<th>Responsibilities</th>
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<td><strong>Chief Culture Architect</strong></td>
<td>To lead Ford China culture evolution as Champion, continuously and repeatedly cascade and promote Best of Ford and Best of China in all channels among leadership team and all employees and be the role model of expected behaviors.</td>
</tr>
<tr>
<td><strong>Ambassadors</strong></td>
<td>To be the role model of expected behaviors for Best of Ford and Best of China, and continuously cascade, train, educate, and influence employees via team meetings and communication sessions, with collaboration with global culture cabinet team.</td>
</tr>
<tr>
<td><strong>Coaches</strong></td>
<td>To be the role model of expected behaviors for Best of Ford and Best of China, and continuously cascade, guide, and monitor team members to integrate expected behaviors into daily work practice and key processes, with partnership with HR and culture street team.</td>
</tr>
<tr>
<td><strong>All Employees</strong></td>
<td>Be responsible to be aware of and understand Best of Ford and perform daily work with expected behaviors.</td>
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To change the culture we need to engage employees and leaders at all levels.
What We Are We Doing Now?
Internalizing the Culture Evolution

Define

Internalize

Integrate

Measure

Content:
- Purpose/Mission
- Principle
- BOF/BOC
- Expected Behaviors
- Culture Team

Platform:
- LL3+ Culture Exercises
- Individual Leader/Team input
- China OCM discussion and voting

Content:
- Printed materials – bilingual
  (purpose/mission/principle, expected behaviors)
  - Poster / Standy rack
  - E-version materials-bilingual
  - Communication deck

Channels:

Online
- CEO Live Chat
- China Town Hall Meeting
- China OCM leaders video promotion
- Mandatory manager sessions
- Ford Online article on home page
- iFord China
- Ford China Recruitment WeChat
- TV show (slide presentation) in SH/NJ

Offline
- Materials display in office areas (SH/NJ)
- Culture dialogue sessions (SH/NJ)
- Culture emersion workshop (SH/NJ)
- Campus talk/hiring event
- Ongoing leadership reinforcement in all channels (e.g. OCM, skip-level, etc.)

How Change Happens
Communication & Promotion following 4As principle
- Awareness
- Acknowledgement
- Adoption
- Application

Communicate, Communicate, Communicate AND Demonstrate, Demonstrate, Demonstrate
• Work with Communication Team to organize one session of CEO Live Chat on culture evolution;
• Produce China OCM leaders’ short video of talking one of the 7 Truths /Key Expected Behaviors on a rotation basis;
• Generate communication deck and leverage skill team leaders and HRBP for team cascade and awareness
• Conduct ½ day leadership orientation workshop for LL5+ leaders focusing on understanding of Ford China expected behaviors and Ford China business strategies/key processes
• Continue to roll out Culture Speed Dialogue in SH/NJ for wider spread of our truths and expected behaviors;

Communicate, Communicate, Communicate AND Demonstrate, Demonstrate, Demonstrate
What’s Next?

- Integrate into our People Processes – hiring, learning & development, performance evaluation, promotion selection
- Review our policies for continued simplification and refinement

Culture change is an ongoing journey; it must be continuous as the business continues to evolve
Our People – Our Culture and Values – are foundational to Creating Tomorrow, Together
“To become the world’s most trusted company”

Our Corporate Truths and China Expected Behaviors are the belief system by which we act, live and communicate. Our policies and practices create experiences, which shape our culture.

Our new workplaces

Diversity

How we interact with our people systems, processes, and tools shape our culture.
Appendix
Ford China External Awards History – Employer Branding

2012
2013
2014
2015
2016
2017

Best Training Award

2018