Making a mark!

Author : Henry Blodget

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After a record first full year on the job, Ford CEO Mark Fields doesn't worry about Tesla, Apple, or Trump

*The **Ford** Motor Co. that Mark Fields took over in 2014 had survived the Great Recession and was well on its way to resurgence. Last year, the No. 2 US automaker posted record operating results. Now Fields, a 26-year **Ford** veteran, is trying something more dramatic: remaking **Ford** into what he calls "an auto and mobility company." That means a future in which **Ford** is behind everything from F-150s and Mustangs to bicycling and ride sharing.*

*Fields dropped by Business Insider's offices ahead of the New York International Auto Show and talked about trade, **Donald Trump**, and new competitors from Silicon Valley, where **Ford** has itself set up an R&D outpost. (This interview has been edited for clarity and length.)*

Henry Blodget: The US car industry has had an amazing recovery from the collapse, and **Ford** was the only US car company that came through whole on its own. The US just hit, very recently, the same level of car sales as before the crash: 17.5 million. Is that the peak? Can we go to 20 million? Where are we in the cycle?

Mark Fields: When you look at the economic metrics, you look at the wage growth, you look at the income growth, you look at consumer confidence, all those things are telling us that the next couple years in the industry could be pretty good, [with sales at] the current level, maybe a little bit higher. But I think it's about the appropriate level now.

There was a lot of talk a little earlier this year about recession, and when we look at those metrics, they're giving us a different story. Plus, if you look back over the years, there's never been a recession in the US without having an increase in unemployment, and you're not seeing that. And then when you combine it with the age of the cars in the US, it's the oldest it's ever been.

When you look at things like pickup trucks, which are very important to our business, they're even older. Fifty percent of the pickup trucks here in the US are 10 years or older. So when you look at all that together, we think that in the next couple years the economy supports a very healthy level of industry sales, probably about the same level you're seeing now, maybe some slight growth. And part of that is that we — as well as a number of other industry participants during the downturn in 2007, 2008, and 2009 — took out a lot of capacity.

Blodget: In terms of the age of the cars, how much of that is consumers have not been able to af**ford** to buy new cars and maybe now they can? And how much of it is you all are just making much better and more durable cars than you used to, so a 10-year-old pickup truck is great?

Fields: It's a combination of both. We have worked very hard at quality over the last number of years, and our quality is in the top echelons of the industry. So part of it is vehicles are lasting longer. When I was growing up, when you saw a 20-year-old car it was like, *Oh my gosh — that thing's on its last legs.* Now you see a 20-year-old vehicle and in many cases it looks pretty good. So part of it is that, but the other part is when we went through the downturn, clearly there were a lot of deferrals of people replacing vehicles.

Blodget: Let's talk about trade, and specifically **Donald Trump**. When he launched his presidential campaign, which at the time most people assumed was a joke, he took a huge shot at **Ford**, saying he'd slap a 35% tariff on you and how outrageous and unpatriotic of you for opening a facility in Mexico. I have several questions about that. First, is it unpatriotic for a global company such as **Ford** to open facilities in other countries?

Fields: Absolutely not. We are a multinational company going back to our founder. Our approach is "build where we sell." We take great pride at **Ford** of what we do to drive economic development here in the US. Since 2011, we've invested over $10 billion in our facilities, we've hired more than 25,000 people — 80% of our capital expenditures in North America are done right here in the United States, and 97% of engineering is done here.

And over the next four years we have publicly committed to invest another $9 billion into our facilities here and creating and retaining another 8,500 jobs. So it is really important to us as a company to drive economic development here in the US, and we are very proud of that. Now, we have presidential politics, and sometimes the facts get lost in the fog of those campaigns. We're just going to keep everybody focused on the facts.

Blodget: So do you think that threat is just presidential politics? Or do you think that a President **Trump** would in fact move to slap a 35% tariff on you and Nabisco and any other company?

Fields: Those are all hypotheticals, but clearly we have trade agreements like Nafta and others, and of course as a company we make sure we fall within compliance of those.

Blodget: I think the idea is that a tariff would make it more economic for you to build factories in the US. Is that true?

Fields: Overall, when we look at our production facilities, we look at the overall cost and the value that we can provide our customers. But again, we are a multinational company. We sell in over 100 countries around the world, and in many cases it's important for us to manufacture where we sell.

Blodget: You have an extremely successful business in China. Most of the cars you sell in China you make in China. You import some, but it turns out China has big tariffs on the cars that you import there. So is Mr. **Trump** right that, "Hey, they're fighting with tariffs — we should have huge tariffs too. Hasn't killed your business in China." Should we become a protectionist country right away?

Fields: We have always been a big supporter of free trade. We've supported every free-trade agreement since the 1950s. For us that's been good as a business, and it's been good for our operations here in the US. And I think the thing that's lost on people is when we do business around the world, you have to remember, all that profitability comes back to us here in our world headquarters in the United States of America, where we can make decisions on how we invest that.

That's very different from some of our competitors that are in different countries, that take advantage, for example, of currency, places like Japan. We've been on record on the TPP that again we support overall free trade. But we want to make sure that there's currency disciplines in there. And in those cases, we're going to make sure that we're working on a level playing field as a company.

Blodget: And so what is that level playing field? If you had direct influence on the United States government, and the mission was to make you more competitive globally, what would the policies be?

Fields: Very simply, for us the main policy is making sure that currency is not used as a weapon, if you will, to manipulate the cost of products, whether they're imported or exported. We can compete with anybody around the world. We can't compete with central banks.

Blodget: So self-driving cars — you are doing some very intensive testing. Things seem to be going well. When are we going to get self-driving cars?

Fields: When it comes to autonomous vehicles, we've been at this for over 10 years. We were part of the original Darpa contest over 10 years ago. What we have said is, somebody by the end of this decade will probably have a Level 4 autonomous vehicle, [whereby] the driver does not have to step into a predefined area which has already been 3D-mapped. What we have said is, we may not be the first, but when we do, it will be true to our **brand**, which means accessibility. We want to make sure it's available to everyone, and not just folks who can af**ford** luxury cars.

Blodget: So by the end of this decade, the regulators will have OK'd fully autonomous vehicles in the United States?

Fields: We've been really pleased with the partnership we've had with the regulators. They're very forward-leaning on this.

Blodget: The word "disruptive" gets thrown around in Silicon Valley all the time. There's this theory that, because **Tesla** has a battery-powered car, all of you Detroit-based companies are toast. Google's going to come out with its little bubble cars, and nobody is going to buy a **Ford** or GM car again. Is anything that is happening actually disruptive? Or are you guys going to lead the next wave?

Fields: It's a very exciting time at **Ford**, because we are transitioning from an auto company to an auto and a mobility company. Mobility for us, at the very simplest level, is to allow people to live, play, and work where they want. How do we help enable them to get around to do that? And there's a lot of talk around technology companies disrupting the auto industry. Our approach is very simple: We're disrupting ourselves.

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The way we're looking at the business is our core business of **design**ing, developing, and manufacturing great cars and trucks — we're going to love that business, and we're going to continue to strengthen it and continue to invest in it. But then at the same time, we're going to look at the emerging opportunities around mobility and mobility services.

So our business model used to be just based on number of vehicles sold. We're now saying, we're going to challenge ourselves and say, *Hey, our business model can also be around vehicle miles traveled.* And how do we help make people's lives better and how can we enable that?

The business rationale for going after these emerging opportunities is the traditional auto industry globally is about $2.3 trillion a year. Transportation services, which include things like taxis, ride sharing, those type of things — not including plane rides — that's about $5.4 trillion. We literally get none of that, nor does the rest of the industry. That's our opportunity, and then combining that with the customer experience, just as great as our products are, we want a great customer experience. That's why we are introducing something called **Ford**Pass, which is a very consumer-centric platform that hopefully allows people's lives to be easier by allowing them to be mobile and enabling that.

Blodget: If it's vehicle miles traveled, or it's mobility, are you not selling cars anymore? If so, what are you selling? What am I going to buy from you?

Fields: First off, we need to put it into perspective. There are folks out there that will say, "Oh, you know in 10, 20 years, the world's just going to be populated by autonomous roaming vehicles and any time somebody wants to get around, they'll hit their smartphone and a vehicle will show up." For many, many years, people in many parts of the world and very different regions will buy, own, and drive vehicles the way they've had for many, many years.

At the same time, we're looking at some of the societal factors of growth of "megacities," the growth of the global middle class, and, of course, the first thing they want to do is buy a car to show that they made it.

Millennials like access versus ownership, particularly in high-cost urban areas. So, for us our business model will continue to be one of vehicles sold. But at the same time looking at the vehicle miles traveled, and how do we help enable that? How do we look at these societal factors and say, "You know what, we may have less density of cars in urban areas." Actually you're seeing cities starting to regulate, and actually legislate, potentially, the use of private ownership. Either costing more, or in some cases in the future, they could outlaw that. So we're thinking about, as you look at these vehicle miles traveled, how do we not only solve a consumer problem but at the same time have some business-model **innovation** that says, "How can we make some money at this?"

Blodget: And what's the answer? What am I buying from you if I don't own a car and I'm pressing a button and an autonomous car pulls up?

Fields: You're buying transportation as a service.

Blodget: From you, or from Uber?

Fields: We just formed a subsidiary called **Ford** Smart Mobility. That team's remit, if you will, is to build, grow, and, in some cases, invest in mobility services. It runs the gamut, and that's why we're doing a lot of experimentation. We started last year with over 30 experiments globally, and we really hold it down to two areas, which are flexible use in ownership and what we call multimodal urban mobility solutions. That's a fancy word for saying, *How are we helping to integrate cars, trains, and bikes into customers' daily commute?* Particularly large areas like New York City.

Blodget: So it's a subscription. I'm going to get a subscription to **Ford** mobility services that is going to enable me to get a bike to the train, to an autonomous car possibly?

Fields: It could take that form. Managing fleets maybe another. How do we work with commercial vehicle customers, particularly in large urban areas where it's difficult to get vehicles around? How can we have a business model that allows fleet operators to use their vehicles more efficiently and in some case autonomously, to be more productive?

Blodget: A year or two ago someone discovered that **Apple** might be preparing to build a car. Immediately the Valley concluded: "That's it, Detroit's dead. **Apple** effectively already has a multibillion-dollar car business." Do you think **Apple** actually will make and sell cars? And if you were the **CEO** of **Apple**, would you recommend that they do that?

Fields: I read what everybody else reads. Are they doing one or not? Our working assumption is they will do a vehicle and just like they do in a lot of their products it will have a great user interface, very connected, and for us, that motivates us even more to push **innovation** in our company.

Blodget: You've set up a new research-and-development center in Silicon Valley. Tell us about that.

Fields: We now have over 120 professionals — that's going to grow to 150, 160 folks by the end of this year. And it's staffed with, as you can imagine, data scientists, software engineers, controls engineers, user-experience folks, and this is really around making sure that we have great talent inside the company. But when you look at some of these trends we realize we're going to have to bring in additional talent and some new talent into the company. So we have decided to go in an area of the world where a lot of that talent is.

And it's been wonderful because what we learned out there is not only is it a great community of ideas because you're rubbing up against other companies. You're meeting them in the Starbucks. There's things called MeetUps where groups of people come together and share ideas. We've had a number of initiatives that have grown out of that. So it's really been a great success for us.

The other thing we've learned, and this applies not only to Silicon Valley but I think in general for younger people: People want to make their dent on the universe. They want to work on really cool stuff, and they also want to work for companies that stand for something. And in our case we've said we're a company that wants to help change the way the world moves just like we have in the past, and we want to do it as ethically as possible. And that really resonates with people, so it's been a great success for us.

Blodget: You made a controversial decision a few years ago, which was to keep Lincoln. And you're making a splash with it at the auto show this week. Why?

Fields: Strategically it's important. The luxury industry represents here in the US, in any given year, between 10% and 13% of the total industry. And globally, it's probably around 8%, 9% of the total industry. But from a profitability standpoint, it represents over a third of the profits. So clearly there's a business rationale. Secondly, as we've been able to grow our **Ford** business — and our team has done a wonderful job of growing our business since the Great Recession, and as you pointed out, we didn't take taxpayer assistance money — as we've grown, we have all these customers that when they're ready to buy a luxury vehicle, we want to be there for them.

We made a very big commitment to Lincoln about three years ago saying we want to turn Lincoln into a world-class luxury **brand** with a client experience to match. And we've had a lot of success implementing that strategy. We grew our sales and our market share two years in a row. In the first couple of months of this year our sales are up 19%. And we have literally revamped our entire product lineup. But it's really around what we call quiet luxury. We think we're carving out a very unique place in the industry around quiet luxury that has a serenity to it and a refinement to it so that when you see the vehicle and also when you get in the vehicle you relax, and you're not overcome just by technology for technology's sake. It's intuitive, it's warm, personally crafted experiences. Because let's face it: We are one of the smallest automotive luxury **brand**s. We need to use that to our advantage.

Blodget: Does luxury have to be a separate **brand**? **Tesla**, for example, is operating on the premise that it can make the super-high-end luxury car and the car that everybody drives, the Model T of the era. No?

Fields: In our case, we think having a **Ford brand** and a Lincoln **brand** on the luxury side makes a lot of sense. Keep in mind, you know, if you define luxury as price paid, we saw a lot of vehicles on the **Ford** side that that fit into that. You can buy F-150s, F-250s, Explorers, etc., you know north of $50,000.

And they're pretty luxurious. They're, in some cases, very luxurious. But Lincoln, as I mentioned, is really around having a differentiated and relevant **brand** that delivers something different not only from the **Ford brand**, of course, but from all the other luxury marks that are out there. We're not trying to out-German the Germans. We're trying to be Lincoln.

Blodget: So you did something that a lot of automotive analysts were very nervous about, it seemed very bold. You changed the material of the new **Ford** F-150 truck, your most popular vehicle, in fact the most popular vehicle in the country. It is now made out of aluminum. Why, and did it work?

Fields: It absolutely did work. What customers said is that a lot of them use the F-150 as their tool. They want better capability, they want more payload, they want more low-end torque, those type of things. So we looked at it and we said listen, one of the ways of doing that is lighten the vehicle. So the team came up with an idea of keeping the steel frame but also making the vehicle aluminum. And that would allow us to take up to 750 pounds out of the vehicle, which increases not only the capability for towing, and payload, and those things, but you get the added benefit of also better fuel economy. So we studied it. We wanted to make sure we took appropriate risks, not reckless risks, because this is such an important product for us. And the team did a great job. It's a smash hit in the marketplace.

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Blodget: What do you drive?

Fields: I drive right now an Explorer Platinum, which I love, and I have a Mustang as well.

Blodget: You started at **Ford** in your late 20s. Presumably there were a lot of folks like you. You're **CEO**; what do you attribute that to?

Fields: Well there's that old saying luck is the definition of opportunity and preparation. So I guess I've been pretty lucky. I think the key is first you got to love working with people. And I've always worked with teams and always tried to what I call, "dream with a deadline." No matter what position I was in in the company or business I took over, it was always kind of thinking out four, five years, what did we want that business to look like? And then rewind back to today, and then live every day making sure you're working towards that. Because understanding this, there can be good days, you take two steps forward, and there's going to be bad days when you go home you want to put your head through the wall. But you've got to keep focused on that North Star.

Second, is making sure that you spend time to self-reflect and get feedback from wherever it comes from. I remember the first time I did 360-degree feedback a long time ago, where your peers are evaluating you — your supervisor but also the folks that work for you. I remember getting my first one and I'm reading through it I'm like: "Well, they must have mixed up the reports because that's not me. But I stood back and I said, 'You know what, that's looking yourself in the mirror,' and then saying, 'How do I take that input and do something with it?'"

Blodget: And what did they say that wasn't you?

Fields: They said, listen, you weren't allowing the team the freedom to do what they needed to do. You weren't a great listener. And I thought about that and I'm like, Wow. At first it hurt, but since then, I have always sought out feedback to try and become a better leader, a better husband, a better dad, all that kind of stuff.

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Blodget: So you talk about the North Star four to five years out. What is the Mark Fields' vision for **Ford** five, 10 years out?

Fields: Well, very simply, the vision is we want to be known as one of the world's leading automotive and mobility companies that stays true to the 'why' of **Ford**. And every company has to have a 'why.' And the 'why' of **Ford**, going back to our founder Henry **Ford**, was around making people's lives better and help changing the way the world moves. He did it over a hundred years ago with the Model T, and was able, for the first time, to allow people the freedom to actually travel beyond 3 miles outside of where they grew up.

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