

# ABC World News Tonight turns to McTevia to analyze the future of Ford

Ford Takes More Fuel-Efficient Focus

Automaker Invests \$550 Million in Next Generation of Compacts; CEO: 'We're Fighting for the Soul of Manufacturing'

By CHRIS BURY

WAYNE, Mich., May 6, 2009 -- Racing to return to profitability, Ford Motor Co. today announced plans to retool its Michigan truck factory to build a new generation of smaller, more fuel-efficient compacts.

Investing \$550 million, Ford, the nation's second-largest automaker, will create more than 3,000 jobs in Michigan alone.

The plant, which was once home to some of the company's most popular sport utility vehicles, like the Expedition and Lincoln Navigator, will be converted to produce a new Ford Focus compact, including an all-electric model to be sold worldwide.

CEO Alan Mulally announced the plans to expand the automaker's production of compact cars in front of an eager crowd of 500 employees and Michigan's Gov. Jennifer Granholm.

"Thank you for choosing Michigan," said Granholm, lauding the creation of jobs in the state.

Mulally said more than 2 million compact cars will be produced each year. The redesigned Focus will reach showrooms as early as next year.

"We're fighting for the soul of manufacturing in the United States of America and worldwide," Mulally said to applause from the crowd. "And we're going to make it right here in Michigan."

As Ford Expands, Competitors Struggle

Behind Ford's fanfare is a not-so-hidden agenda: The company is driving home the fact that Ford, unlike General Motors Corp. and Chrysler, is investing and expanding.

Facing a severe downturn, Chrysler declared bankruptcy in April, and GM is in the midst of a massive restructuring to stay afloat.

So, how has Ford reached a position to break away from the pack? In 2007, Ford mortgaged all its assets -- everything from factories to its blue logo -- to raise nearly \$24 billion in capital.

"We knew that we were moving into a recession both in the U.S. and worldwide, we took that into account," Mulally told ABC News.

While it was a gamble, the funds gave Ford enough liquidity that the company was not forced to beg for government loans -- unlike its competitors.

"It gives them a good advantage of an image, the fact that here's a company that was able to solve its problems without taxpayer support," said James McTevia, whose company, McTevia & Associates, specializes in reorganization programs for businesses. "It allows Ford to make decisions without having somebody second-guess them."