

McTevia to AP: Ford's Plan Unknown

Ford restructures as Wall Street frets

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DETROIT · Richard Bazy owns three Ford dealerships in Pittsburgh's northern suburbs, and his livelihood depends exclusively on the nation's second-largest automaker.

But by nearly all accounts, Ford is in trouble.

Its sales are dropping. It has the oldest model lineup in the industry. It relies heavily on truck and SUV sales to make money when gas prices are sending people to cars and crossovers. It doesn't have enough new models in the pipeline, and it is moving too slowly with its "Way Forward" restructuring plan.

The company, which reports second-quarter earnings on Thursday, halved its dividend last week. Its stock is stuck near a 52-week low, and its credit rating has been pushed further into junk status. Ford lost \$1.2 billion in the first quarter of the year, and Wall Street uses words like "ominous" to describe the company's future.

Yet Bazy says he's not worried.

"I believe that the leadership is in the right hands," said Bazy. "It's not like we're a ship without a plan." It's the plan, though, that has Wall Street and others wondering if Ford can compete in a marketplace.

"I think Ford is in much worse shape than General Motors," said Gerald Meyers, former chairman of American Motors who teaches leadership at the University of Michigan.

General Motors Corp., Ford's closest U.S. rival by market share, lost \$10.6 billion last year. But it is talking with Renault SA and Nissan Motor Corp. about forming an alliance. The company plans to close 12 plants by 2008, and it made a \$445 million profit in the first quarter.

Ford's share of the market has declined from around 26 percent in the early 1990s to 17.3 percent at the end of June. The rate of decline is starting to slow, even rising slightly in June.

The company unveiled its "Way Forward" restructuring plan in January, announcing that it will cut 25,000 to 30,000 jobs and close 14 facilities. Ford expects 12,000 hourly workers to take buyouts or retire by the end of the year.

But recently, the company has given few specifics on the plan's progress.

"I don't think anyone knows where Ford is or what it's doing," said Jim McTevia, a corporate turnaround specialist in Bingham Farms, Mich.