

Ford - Dell  
Wednesday, November 1, 2006

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**Key Manager Abilities (*The Goal*)**

- What to change
- What to change to
- How to cause the change

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**Ford Case**

- What to change?

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## Ford Case

- What to change?
- What to change to?

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Can Ford be like Dell?

Can it virtually integrate?

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### Characteristics of Dell

- Suppliers
- Product
- Distribution

### Characteristics of Ford

- Suppliers
- Product
- Distribution

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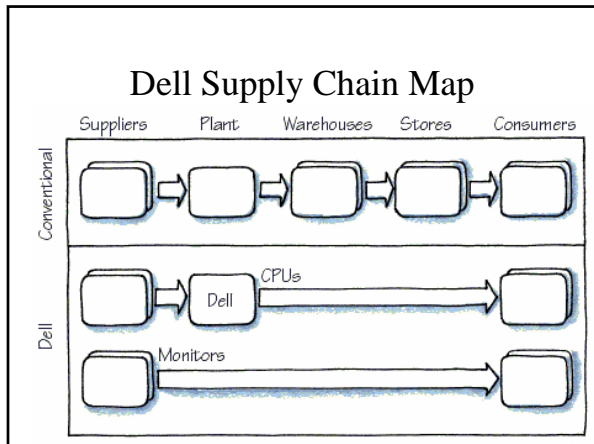
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### Typical Ford Participation

43% of Revenue Stream

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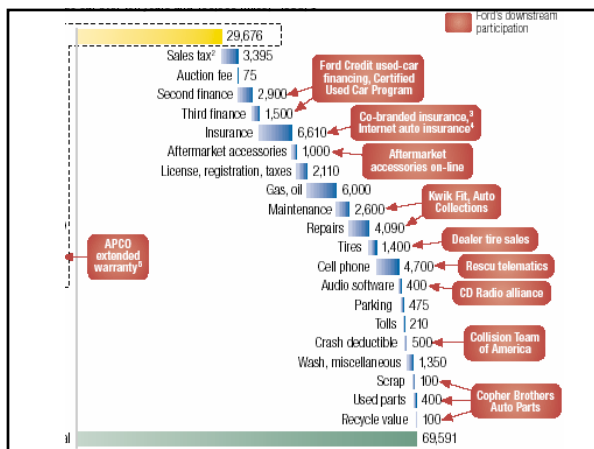
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### Vertical integration

- Additional Infrastructure
- Maintain stronger control
- Difficulty with Scalability

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### Virtual Integration

- Nimble response
- Low Inventory Costs
- Requires excellent and methodical relationship with suppliers

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### Ford vs. Dell

- |                                    |                             |
|------------------------------------|-----------------------------|
| • Numerous suppliers at many tiers | • Few suppliers at one tier |
| • Lots of unique parts             | • Modular & Std parts       |
| • Long lead times                  | • Short lead times          |
| • Numerous design variations       | • Few Designs               |

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# Is Operational efficiency a function of Design?

How yes and how no?

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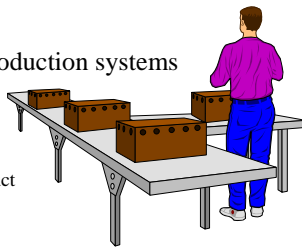
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## Product Design

- Standard parts
- Modular design
- Highly capable production systems



Who has the ultimate Product Design?

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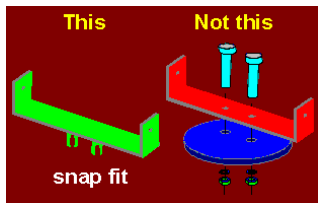
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## Design for Assembly



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Supplier Level vs. Vertical Integration

Which works for being like Dell?

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What could Ford have done?

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**Alternatives for Ford**

- Understand the Customer Experience
- (How is the customer experience different?)

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### Ford Vs. Dell The Customer Experience

- Emotionally connected to lifestyle / identity
- Purchase takes hours
- Large aftermarket support
- Usually doesn't require financing and is less connected
- Purchase may take minutes
- Support but less comprehensive

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### Alternatives for Ford

- Understand the Customer Experience
- Supplier Relations
- Dealer Relations
- Deal with Functional Silos

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### Dell's Advantage

- Virtuous Cycle

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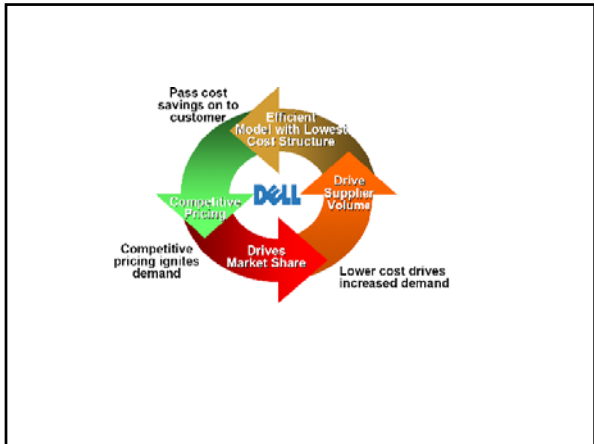
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### Dell's Advantage

- Virtuous Cycle
- Design for Assembly
- Order to Cash rather than Order to Delivery
- Direct to Consumer
- Integrated Suppliers

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