

FAST COMPANY

"We want people at all levels who will

take risks

and who can make decisions."



grassroots leadership:
FORD MOTOR CO.

Home Base: **Dearborn, Michigan**

Year Founded: **1903**

Story: **Keith H. Hammonds**

Photographs: **Robbie McClaran**

Stew Friedman is
the architect
behind Ford's
massive program
to manufacture
grassroots leaders.

APRIL 2000

“How many

of you feel comfortable being here? About half.

Okay. Well, I hope to change that

this week. I want all of you to be uncomfortable. Because if you're comfortable, you can't really be a revolutionary, can you?"

—Janine Bay, now director of vehicle customization for Ford Motor Co.'s Automotive Consumer Services Group, speaking to participants in Ford's New Business Leader program.

Welcome to Dearborn, Michigan—cradle of the coming revolution. It is an unlikely cradle. Dearborn is the archetypal company town, home for nearly a century to Ford Motor Co. Up and down the Southfield Freeway, along Michigan Avenue and American Road, stand testaments to Ford's enormity and prosperity: huge steel-and-glass structures, each housing hundreds or perhaps even thousands of engineers, marketers, and financiers.

Powerful specters haunt these buildings. There's old Henry Ford, the farmer's boy whose urge to create a car for the masses transformed an entire nation—but whose autocratic stewardship nearly destroyed his company. There are the "Whiz Kids," Robert McNamara's band of honors grads, who wrested authority from local managers and amassed a powerful, professional oligarchy at Ford headquarters.

And, of course, there is the legacy of success itself—a legacy that still resounds through the industrial economy. Massive scale yielded massive economies, which yielded competitive advantage. But, as the organization grew larger, individual jobs became granular and focused. Just as old Henry's assembly line parceled an intricate manufacturing operation into discrete tasks, executives at Ford and other companies cleaved their businesses into smaller product groups, then into functional units. If you worked at Ford, you were a Lincoln man or a manufacturing guy; your allegiance and your thinking ended there. Since the executives at the top were the only ones who could see above the partitions, they made the decisions, nudging increasingly immobile giants along their courses.

The Ford business model perpetuated stability, and, as long as the universe remained in order, it worked reasonably well. But, as Ford steers into a technology-driven global economy, its weaknesses are becoming evident. Of course, the company is still making money: Profits in 1999 hit an all-time high. But those profits resulted mostly from truck sales, and were made mostly in the United States and Canada. Elsewhere, Ford is sagging. It faces dramatic industry overcapacity and near-flat worldwide demand. As a result, its stock is now trading at less than 10 times its earnings—just one-third the multiple accorded the Standard & Poor's 500 as a whole. Ford's CEO, Jacques Nasser, 52, argues that the company has become too rigid, too slow. To keep pace with the competition, he believes, it must find new

ways to innovate—and fast. It must drive down decision making into the ranks, to enable, as Nasser says, "nimble leaders at all levels."

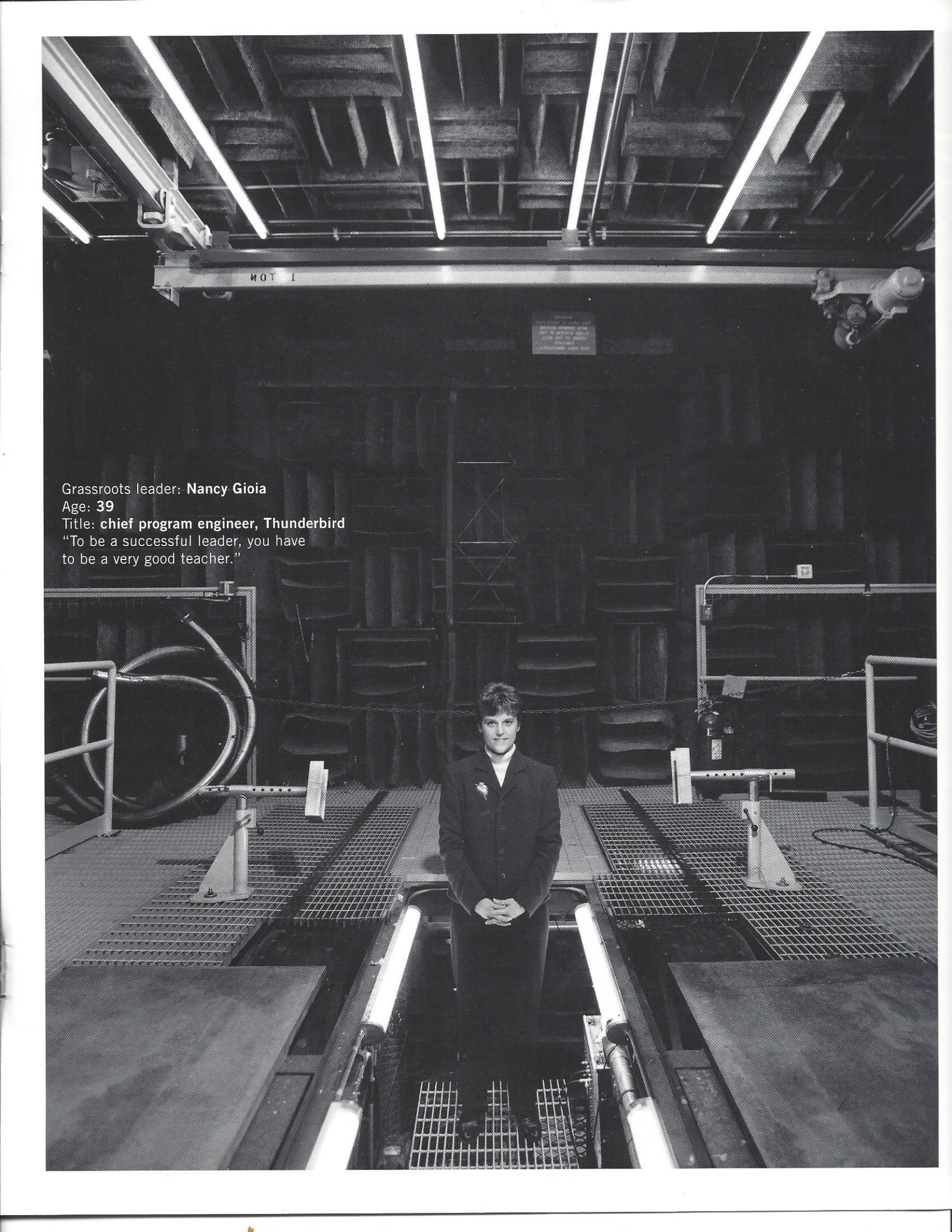
So the future of Ford comes down to this: a stark classroom located off Dearborn's main drag. Here, early on a winter morning, 28 new frontline Ford managers are hatching their plans for the company's big transformation. It is radical stuff: Brian Zapinski, a supervisor at the company's Edison, New Jersey, assembly plant, proposes a fleet of mobile service units to service Ford vehicles at their owners' homes or offices. Michael O'Brien, 28, worldwide-revenue coordinator for compact SUVs, wants to create Ford-branded leisure and adventure trips. Kris Rogers, 33, who works on Ford's Common Automotive Receivable System Conversion, proposes free oil changes and other services during the warranty period.

How do you start a revolution? You train revolutionaries. Ford has always attracted and nurtured capable managers and technicians, but it has failed to do the same for change agents and leaders. So, as part of the automaker's cultural overhaul, Ford is embarking on a sweeping attempt to mass-manufacture leaders. It wants to build an army of "warrior-entrepreneurs"—people who have the courage and skills to topple old ideas, and who believe in change passionately enough to make it happen.

This year, Ford will send about 2,500 managers to its Leadership Development Center for one of its four programs—Capstone, Experienced Leader Challenge, Ford Business Associates, and New Business Leader—instilling in them not just the mind-set and vocabulary of a revolutionary but also the tools necessary to achieve a revolution. At the same time, through the Business Leaders Initiative, all 100,000 salaried employees worldwide will participate in business-leadership "cascades," intense exercises that combine trickle-down communications with substantive team projects.

"This leadership effort is about as scaled up as any that I've ever participated in," says Noel Tichy, a professor at the University of Michigan Business School and the author of *The Leadership Engine: How Winning Companies Build Leaders at Every Level* (Harper-Business, 1997) who has acted as a consultant to Ford for the past three years. Indeed, Ford intends to accomplish what Tichy did at General Electric's now-famed Crotonville, New York training center in the 1980s—only much, much faster. "As far as leadership goes, Jack Welch was ahead of his time," Tichy says. "But he had time. In today's world, he would have to do what he did 10 times faster."

Ford's effort is both massive and many-pronged. It demands that leaders themselves do the teaching, because teaching will make them stronger leaders. It proposes to create "total leaders" who can



Grassroots leader: **Nancy Gioia**

Age: **39**

Title: **chief program engineer, Thunderbird**

"To be a successful leader, you have
to be a very good teacher."

grassroots leadership agenda

Nancy Gioia, a chief program engineer at Ford, heads a team of engineers, designers, marketers, and purchasing managers who work on the Ford Thunderbird. A Capstone graduate and a key senior executive, Gioia has been with the company for almost 18 years.

But Gioia has another job: She's a mentor to participants in the New Business Leader and the Experienced Leader Challenge programs. On the first morning of a recent NBL session, she sat down with six participants to review their Quantum Idea Projects and to offer feedback. This is what she told them.

Always stretch. "Where do you want to stretch to? Pick one or two challenging things that you want to learn, because those things will usually prove to be the most rewarding experiences. Keep pushing yourself. Start to explore areas outside of your silo."

Truly transform. "Ask yourself, What does it take to be transformational? Is what you're doing not only transforming the company but also transforming you as a leader? Understand what it is that you want to get out of this."

Favor a bias for action. "Anybody can write up a business plan. You need to put your plan into action. That's what transformation is about. Lots of people and things have the potential to slow you down. Don't let them."

Create a "teachable vision." "So now you have a transformational idea. Well, how will you present it? You have to get on the right person's calendar. Or, if you've got only a few minutes with someone in an elevator, you have to be persuasive—fast. You need to know how to use those few minutes as effectively as possible."

Value your teammates. "Work in groups, and leverage the variety of perspectives that you'll find in those groups. Use your team this week to create a network that you'll use for the rest of your career. And when you get back to your workplace, bounce your ideas off of your colleagues. Share your ideas and your energy."

Revel in change. "Your idea will change over the course of this week, as you learn more and hear new perspectives. Come Friday, your idea may bear no resemblance to the one that you came in with on Monday. That's healthy. It means that your idea is getting better."

effectively integrate their work with family and community. It enforces group work, both as a pedagogic vehicle and as a way to promote employees' understanding of Ford as a whole. And it demands feedback and accountability: This test *does* count, folks.

Ford views grassroots leadership as the best vehicle for creating a nimbler business. "We want people at all levels who will take risks, who are prepared to coach and to counsel, and who can make decisions," says David Murphy, 54, vice president of human resources. "We can't afford to wait for decisions to come down from the top. If we did, the consumer would be pissed off about having to wait so long—and would be gone before those decisions even got made."

At the same time, Ford needs business results. That's why every element of its leadership-development strategy is rooted in action. Ford wants to grab its people by the throat and shake them up. A project that creates discomfort promises great learning and profound improvement. Ford's new leaders are actually responsible for instigating discomfort, for forcing change up to the higher levels of an unwilling organization, while Nasser forces it down from above.

If its leadership initiative succeeds, Ford will create a company that is built on a foundation of discomfort. It will create an organization that is flush with people who test the boundaries, who revel in accountability, and who make decisions themselves, rather than pushing those decisions up the line. Ford's leaders will think of themselves as crusaders in the service of transformation. In short, they will revolt.

LEADERS ARE MADE—AND BORN

Tom Iseghohi is a born leader. Growing up in Nigeria, he helped his mother run a construction-supply company. He was passionate, entrepreneurial, and savvy. After completing his MBA, he joined Ford's finance operation in 1989. And then, two and a half years later, he left.

Eleven years ago, Ford was no place for an entrepreneur. And Iseghohi, now 36, loved pushing the envelope and questioning the status quo. Ford's slow-paced, structured environment frustrated him. So he accepted an offer from Pepsi-Cola, where he thrived on diverse assignments ranging from sales to product engineering. By 1997, he reported directly to Pepsi-Cola's chief financial officer.

Then Ford asked him to come back. He agreed. "I'm still shocked that I left Pepsi," says Iseghohi. "But I was convinced that Ford's top leaders were serious about change. They understood what it took to attract someone like me. Talented people don't want an easy slam dunk; they want a challenge. They're passionate about winning, and



Grassroots leader: **Karl Heid**

Age: **34**

Title: **in-plant assembly specialist**

"There are green lights everywhere we turn."

they want the people around them to share that passion. To be a successful entrepreneur, you must accept risk. You have to be comfortable standing on the precipice, asking, 'Why not?'"

Ford needed more people like Iseghohi. To find and train them, it needed a leadership guru, someone who would fuel the revolution with waves of fresh troops. The automaker wanted an outsider, someone who was unburdened with corporate history. It wanted someone with real-world credibility and political savvy who could make radical ideas stick in a conservative organization. It wanted a leader with a backbone who wouldn't buckle at the first sign of a challenge.

It found Stew Friedman.

A year ago, Friedman, now 47, was a professor of management at the University of Pennsylvania's Wharton School. He was well known in human-resources circles as a leading thinker on work-life issues; he was coauthor of a forthcoming book, *Work and Family: Allies or Enemies?* (Oxford University Press, 2000); and he was on *Working Mother* magazine's list of the top 25 men who had succeeded in improving the lives of working parents.

But more to the point, in 1991 Friedman had created a leadership program that would become a defining experience for Wharton's first-year MBA students. The program drew on Friedman's training as an organizational psychologist and on the ideas of Tichy and other professors at the University of Michigan, where he'd studied in the 1980s. It combined personal growth with team development.

And it was not immediately popular. Students who had come to Wharton for its strong finance and general-management faculty found themselves learning about personal development and work-life balance. And some faculty members balked at Friedman's promotion of interdepartmental course offerings. "Wharton prepared Stew well for any resistance that he's now facing at Ford," says Jessica DeGroot, 38, a Wharton graduate who has worked with Friedman on work-life research.

In 1997, Ford was starting down a similar path. Tichy designed a program called Capstone to develop those executives who had the potential to move up to the top. The idea was that each year Ford would tap 36 of its brightest stars to visit Dearborn for a week

Grassroots leader: **Ramesh Parameswaran**

Age: **34**

Title: **supervisor, stamping and toolroom support**

"I expect resistance, oh yes. When you drive change, you face a mental block."



of classes. Those executives, grouped in teams of six—each including members from diverse areas of the company—would be assigned a strategic group project by Nasser himself. Six months later, the teams would report back to the CEO on their findings.

Tichy also masterminded the Business Leadership Initiative (BLI), which sprang from a series of meetings that were led by Nasser in 1997. Nasser had realized that few of his top auto executives fully grasped the fundamentals of Ford's business. Many of them didn't even know what Ford's price-earnings ratio was—or what "P/E" meant in the first place. Nasser explained: Here's why we have to transform Ford. Look at our P/E ratio. Chrysler's is higher; GE's is much higher. Look at our asset utilization—also low. If we want to survive, then we must find a way to change that.

And then, he commanded his lieutenants: Explain this to your people—all of them. And so, guided by Tichy, executives led the first "cascade" to 300 direct reports. That second tier taught 2,000 more employees. Within 9 months, 55,000 U.S. employees had learned about Ford's P/E ratio and why it mattered. The next year, the cascade



Grassroots leader: **Mary Swift**

Age: **44**

Title: **controller, Lincoln Mercury product development**

"We have potential that's untapped because people stay buried in their jobs."

exploded—reaching all 100,000 salaried workers worldwide.

Friedman's mandate was to do leadership development on an epic scale, to extend the principles of Capstone and the BLI deep into the organization. "I had an opportunity to combine everything that I had ever done into something with a much broader scope and impact," says Friedman. "This was about creating dramatic change. It was about training legions of crusaders in the service of transformation. It was a daunting task, but it was an exciting one."

FORD'S LEADERSHIP CURRICULUM

On the fourth floor of Ford's monolithic quality, manufacturing, and purchasing center, an army of engineers pack a dense cubicle labyrinth. Roughly 100 of them spend a large part of their day focusing on packaging. As an in-plant assembly specialist for the department, Karl Heid, 34, develops material-handling processes, as well as guidelines for implementing new model and corporate programs. The job bears all the trappings

"The program makes you

a better leader by charging you with the task of developing other leaders.
We teach to learn."—Stew Friedman

of an airtight functional silo, and Heid struggles against the siren of institutional myopia. A newly promoted supervisor in May 1999, he was among the first chosen for Ford's New Business Leader program. Now he has returned to the silo, eager to bust out.

"It was a great week," says Heid. "It renewed for me the idea that I'm not supposed to look around for leadership. I'm working on a project that could change the nature of Ford's relationship with its customers. People often ask me how this project applies to my job. Well, it doesn't. But in order to drive change, I have to step out of my functional competency. This idea *will* get implemented—if not by my team then by someone else. Either way, Ford wins."

Such is the energy of grassroots leadership. Within months of leaving Wharton, Stew Friedman's long-term strategy emerged: He would retain Capstone as the vehicle for top-tier leadership training. To that, he would add the Experienced Leader Challenge, a similar program aimed at newly promoted managers who are one or two levels away from the top—180 of them a year. A program called Ford Business Associates would target managers right below them. Perhaps most important, Friedman would hold 60 New Business Leader sessions a year, accommodating some 2,000 first-level supervisors. The result: nimble leaders at all levels.

The programs vary in their sophistication and intensity, but the urgency behind them is consistent. "You are in the vanguard of a revolution," Friedman exhorts his New Business Leader recruits. "You are the first wave of change, of how we will grow the future leadership of this company."

And the programs share a few core canons. For one thing, they're all committed to "action learning." A month before their weeklong workshop, New Business Leader trainees get an assignment. They must each identify and develop a "Quantum Idea Project" (QIP) that will transform Ford into a more consumer-driven, shareholder value-driven company. They must then present that idea to their peers and instructors on the first day of the workshop. After that, they have three months to get the project rolling.

"The value of learning by doing is great," Friedman says. "People learn more when they're the ones who are pulling in the ideas, the people, and the resources." Every Ford leadership project must also require participants to negotiate the entirety of Ford, "up and out" of their roles and divisions. Every project must force participants to encounter the rest of Ford—and the rest of Ford to encounter them.

For employees whose entire careers have played out within the shelter of one functional silo, this is a fearsome prospect. Kathy D'Herin, 42, has spent 19 of her 25 years at Ford working in the

payroll-services department. (She is currently supervisor of the tax section.) As one of the first New Business Leader participants, she felt challenged by the QIP requirement. When instructors said that her idea didn't take her far enough out of her function, D'Herin says, "that sense of challenge turned into nervousness."

Some projects will hit pay dirt, maturing into truly company-changing events. Bobbie Gaunt, who entered the 1997 Capstone program just as she became president of Ford of Canada, recalls her team's mandate to uncover new sources of top-line revenue growth. "Our big breakthrough was something very simplistic: laying out the value chain, and then looking at our core competencies and where our customers were going," says Gaunt, 53. Her team recommended that Ford enter the parts-recycling business, start a for-profit driver-education program, and develop a chain of brand-ed maintenance and repair shops. The company has done all three.

But most projects won't get nearly as far. The ideas that they encompass will simply be merged into existing initiatives, or will expire without achieving any marked results at all. "In reality, there's no way that a company-changing project *should* get done by a front-line supervisor in three months," says Joel DeLuca, 51, a former Wharton colleague of Friedman's who helped chart the New Business Leader curriculum. Even ideas that are never implemented, though, help to reset the culture at Ford. The goal, ultimately, is a company whose thousands of leaders, unencumbered by silos, engage continually in quantum ideas that extend throughout the organization.

The Ford program has another core principle: "leader as teacher." "The program makes you a better leader by charging you with the task of developing other leaders," Friedman says. "We teach to learn. By doing so, leaders learn more about the company. What's more, we believe that today's executives ought to take responsibility for the growth of tomorrow's leaders."

The Leadership Development Center is populated by very few professional trainers. Rather, in-house executives lead the BLI cascades and most of the newer initiatives. Nancy Gioia, 39, chief engineer for Ford's Thunderbird program, graduated from Capstone in 1998. Today, she's coaching a half dozen New Business Leader trainees through *their* QIPs and serving as a client-sponsor for an Experienced Leader Challenge team that's charged with developing ancillary products to extend the Thunderbird brand.

Why does Gioia invest the effort? In part, because it's expected of her. More important, she says, "the networking that the experience promotes is critical to my personal growth. I do a whole lot of learning very quickly, because I'm exposed to new sources of ideas

“Pick one or two

challenging things that you want to learn, because those things will usually prove to be the most rewarding experiences.”—Nancy Gioia

and to new people whom I can bounce my ideas off of. For me, it's sort of like having access to free consultants.”

Friedman envisions a vast and dynamic “internal market of mentors and protégés.” Executives such as Gioia will serve as models and mentors for future generations. And leaders will teach and interact up and down the career ladder, cross-pollinating ideas and developing networks outside of their normal areas of command. In other words, learning will perpetuate beyond the classroom.

“Total leadership” is another principle behind Ford's programs. “In order for leaders to be effective in their work, we need to integrate the different roles that they play in the world,” he says. “Integration makes people more focused, more concerned with results—and more creative, because they draw from different experiences.”

On the morning of their first workshop, before they hear about the leadership mind-set or the consumer headset, before they consider organizational politics or finance, New Business Leader trainees are confronted with the notion of work-life integration. Clarify what's important to you as a person, they are told. Recognize and support your whole person. Continually experiment with work strategies in search of greater balance.

Indeed, in their first days together, Experienced Leader Challenge participants make plaster casts of their faces, and then decorate the masks to show what kind of leader they'd like to become. They also get in touch with their bodies as expressive instruments by dancing daily. They come to class with a written story about the kind of leader they want to become and about how achieving that vision will be of value to them in their life beyond work. It's pretty puffy stuff. It doesn't sound much like Ford at all—and that's the point.

TALKIN' (AND WALKIN') REVOLUTION

It's Friday afternoon at the Leadership Development Center, and Stew Friedman is ready to send his latest New Business Leader graduates out into the world. While promising to reunite for dinner, the graduates and their teachers gather for a picture. “Say, ‘Revolution!’” Friedman calls out. “Revolution!” the group shouts back. A voice from the back pipes in: “Say, ‘QIP!’” “QIP!” returns the chorus, amid laughter.

These people are pumped. Many have worked until midnight every night, all week, refining their quantum ideas. They've been charged with wreaking change on Ford, and they're taking the order seriously. They feel a new sense of permission, a sense that anything goes. “I've got this idea that could transform the company,”

Kris Rogers says, “and no one is telling me that I can't try it out.”

Jason Harvey will now return to his marketing post at Lincoln Mercury's Irvine, California headquarters—and to his vision of inventing a frequent-customer club that would reward points for purchases. “I always wondered, ‘How do I bring this idea to the big boys?’” says Harvey, 30. “Now, not only do I have an idea that can change the company, but I also have license to pursue it.”

Of course, Friedman and his colleagues are pleased with this reaction; it is exactly the sort of focused passion that they had hoped to instill in their leaders. Yet, the transformation of Harvey and his peers also presents Ford with some intriguing challenges.

Most important of which: How will Ford sustain all of this energy? Friedman's initiative has won the support of Nasser and other top executives, but it hasn't had time to take hold among the ranks. “The transformation is happening person by person,” says Philip Mirvis, a respected change consultant who has helped design and teach the Experienced Leader Challenge. “It holds the promise of redefining, companywide, what work is and how it gets done, and of becoming the way that Ford does business. But we're still far from that.”

Ford's solution, in essence, is to flood the system with new leaders: 36 this week, followed by 36 more next week, and 36 more the week after that. It has to happen quickly, so that the fervor of the first wave doesn't fade by the time the next wave arrives. Even at this quick pace, it will take Ford several years to build a critical mass of converts throughout the ranks. So about once a year, it must repeat the Business Leadership Initiative, in order to refocus the organization on the mission of its new leaders.

But therein lies another question: What happens when 36 New Business Leader participants a week—almost 2,000 a year—try to implement their projects? How will all of those ideas mesh with existing initiatives and with the thousands of other projects that come out of the Business Leadership Initiative? How will employees balance their many ideas with the day-to-day work at hand?

Simply put, Ford risks facing organizational anarchy. It risks compromising its mission in a frantic rush to action. Even though Friedman speculates that many individual projects will quickly die off, he worries about this prospect and is considering strategies to channel creativity without killing it off. But make no mistake: Ford *wants* chaos. After all, it beats the alternative. Says Friedman: “Our old way of getting things done needs to change.”

And it will—36 leaders at a time. ★

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