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The Outsider: Alan Mulally's Leadership at Ford Motor Company

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Abstract

This research contributes to the family businesses literature by providing a case study about recent developments with Ford Motor Company, the Ford family, and former CEO Alan Mulally. Family business research has only recently begun examining conditions for effective nonfamily members' leadership as CEO in family owned or controlled businesses. The Ford family has remained an influencing force throughout its storied automotive company's history, and both family and nonfamily members have led the company as CEO. Business analysists have lauded Alan Mulally's leadership in his dramatic company turnaround during the 2008 Great Recession, and a number of researchers have chronicled the Ford family story. However, no specific research exists examining the relationship dynamics between the Ford family and Ford's various CEOs. Through our research, we seek to demonstrate how Mulally not only was Ford's most transformative CEO, but his success stemmed largely from the Ford family's united support for him. This paper presents a literature analysis pertaining to the family business genre relevant to the Ford family. We then provide a brief overview of Ford CEO leadership prior to Mulally with special attention given to family involvement during various tenures. Finally, we outline Mulally's strategic policies for change while emphasizing how crucial the Ford family's backing truly was for successful implementation of his plan and achieving positive outcomes.

Keywords: Family Business, Alan Mulally, Ford Motor Company

1. Introduction

This research contributes to the family businesses literature by providing a case study about recent developments with Ford Motor Company, the Ford family, and former CEO Alan Mulally. Family business research has only recently begun examining conditions for effective nonfamily members' leadership as CEO in family owned or controlled businesses. The Ford family has remained an influencing force throughout its storied automotive company's history, and both family and nonfamily members have led the company as CEO. Business analysists have lauded Alan Mulally's leadership in his dramatic company turnaround during the 2008 Great Recession, and a number of researchers have chronicled the Ford family story. However, no specific research exists examining the relationship dynamics between the Ford family and Ford's various CEOs. Through our research, we seek to demonstrate how Mulally not only was Ford's most transformative CEO, but his success stemmed largely from the Ford family's united support for him. Following a literature analysis pertaining to the family business genre relevant to the Ford family, we then provide a brief overview of Ford CEO leadership prior to Mulally with special attention given to family involvement during various tenures. Finally, we outline Mulally's strategic policies for change while emphasizing how crucial the Ford family's backing truly was for successful implementation of his plan and achieving positive outcomes. We conclude with a recommendation to all parties associated with family businesses to consider the implications of following the Ford family's model in their own contexts.

2. Literature Review

Intergenerational succession has recently developed into a growing body of research, especially with the cultural value shift of supporting small, locally owned businesses as opposed to large, multinational corporations. Studies have considered how family controlled corporations, such as Wal-Mart, Mars, Chick-Fil-A, and Ford Motor Company, must approach transitional periods into leadership by the next generation wisely in order to provide a continuation of company values and culture. These studies have focused on areas including, but not limited to, the strengths and weaknesses of a family business compared to a managerial structure free from familial attachment, strategies to ensure successful transferring to successors, and response to family conflict regarding the company (Colli and Rose, 2007; Kellermanns and Eddleston, 2004). However, few articles exist examining the presence of people outside the family engaged in leadership roles within the business, and thus this study seeks to offer a specific example of this phenomenon. It is hypothesized that a non-family member as a CEO can significantly influence the family business, but pride and jealousy may inhibit family members from recognizing potential leadership candidates, even existing internal employees, from outside the family despite the perspective they could offer. The following literature review assists in following along this argument to offer support for the hypothesis.

2.1Succession process

Family interests often drives the succession process in choosing a new leader as family members work to ensure their values and interests successfully transfer into the company's future. The research of Sharma, Chrisman and Chua (2003) focuses mainly on stakeholders' theory and organizational, behavioral, and economic theories. This view points out that since the current largest work force and generation (the baby boomers) are beginning to age into their 60's, the amount of businesses being passed down to the next generation will be larger than in years prior. Thus, Davis and Harveston's (1998) research becomes quite valuable. Their research sought to understand the dynamic of the four direct influences in the scope of a family's succession plan as the family navigates through the succession process. The family in the family business needs to be cooperative with the transition in order for the successor and the business to thrive (Sharma, 2001). Nonfamily CEOs are responsible for generating superior business performance like their peers at other businesses but in an environment that daily resembles a large family reunion (Blumentritt, Keyt, Astrachan, 2007). Davis and Harveston (1998) identified the four most influential levels as individual-level (owner/manager), the group-level (family), the organizational level, and the resource level. The study hypothesized that the individual-level and the organizational level called for greater attention to a well detailed succession plan, while the more stabilizing forces of the family itself and the basically fixed resources did not require as much consideration or concern when outlining the plan.

2.2 Challenges to succession

However, the economic effects of mass business closer and failure or simply poor quality as well as family harmony has a direct correlation to succession satisfaction and the succession process and must not be neglected (Wiklund, Nordqvist, Hellerstedt, Bird, 2013; Sharma et al., 2003; Sharma et al., 2001). The approaching reality of a significant proportion of current family business owners unable to enlist a beneficiary in the near future proves potentially troubling (Sharma et al., 2003) because either adult family members have no aspirations of inheriting ownership of the business, or children are too far removed from an appropriate age for ownership. Thus, the lack of a succession plan likely signals a business is not anticipating continuing much longer (Wiklund et al., 2013; Lansberg, 1988). Davis and Harveston (1998) confirmed its hypothesis through the use of a national phone survey conducted by the Gallup Company in 1993 and 1994 of owners of medium to large family businesses. It reached a conclusion that family alone is the generational stabilizing force when held in the right balance, an inference drawn from the fact the company's existence rests primarily on the family commitment to their namesake. Due to their sense of loyalty towards one another, family members will often times make sacrifices that they would not normally in another business situation with a non-familial source or partner (Sharma et al., 2003; Miller et al., 2014).

Economic crises especially encourage families to bond together and fight for the business' life, while a non-family controlled business may feel less emotional incentive to save the business (Minichilli, Brogi, Calabro, 2015). Selecting a CEO from the family implies a shared sense of continuity and cohesion among the family because the CEO will work toward the interests of the family in business decisions (Wiklund et al., 2013). Additionally, the family may actually desire to bring in a CEO from outside the family, but if that person is highly skilled and knowledgeable, then the business must invest a premium to enlist that person (Lee, Lem, and Lem, 2008), and thus closing down seems a better option. Davis and Harveston (1998) asserted that while certain values continue flowing through each generation, commitment to prior succession patterns diminishes by the third generation.

Often, though, these businesses struggle to even reach this point where this is an issue. Sharma, et al. (2003) quote an article by claiming that, "Estimates show that only 30% of family firms survive the transition to the second generation, and only 10% make it to the third generation" (Beckhard & Dyer, 1983; Ward, 1987). This estimate could suggest the idea that many of the current family owned firms will be closed in the next 5-10 years, and if they do survive, they would be poorly run or in disrepair. Nonetheless, companies can combat this by utilizing family members involved in the company's day-to-day operations to actively engage in the succession planning process because they best understand the company's needs for a leader, which may include considering a non-relative (Davis and Harveston, 1998).

2.3 Family relationships in succession process

Families must refrain from refusing to hire an outside CEO simply on the basis of the common misconception a lack of experience within the company disqualifies a candidate. Salvato, Minichilli, and Piccarreta (2011) offer evidence of successfully tenured CEOs in family controlled businesses because those individuals benefited from their acquired managerial experience even if not directly from within the company they now control. Especially during a severe economic downturn, families must consider the whole package of an individual because limiting leadership openings to existing employees may stunt the business from growing and neglect acquiring individuals who truly will assist the company. According to Miller and colleagues (2013), these situations call for non-family CEOs to best lead large family firms. Skills gained from other external occasions transfer into a leadership role in a family firm despite unwarranted concerns this would have a detrimental effect on the business (Salvato et al., 2011).

Several studies recognized their potential negligence of the reality of relatives' relationships with each other, in which conflict or awkward dynamics can skew sound judgment and decision making (Davis and Harveston, 1998), so other researchers have sought to rectify this. The nature of a family business often finds itself seeking seemingly contradictory pursuits as well-meaning decisions often walk the tightrope in the tension of competing business and family pulls (Sorenson, 2000; Wiklund et al., 2013). Some families establish clearly defined lines between what constitutes each realm and never allow them to intersect, recognizing the business' potential to destroy relationships. Others attempt to weave threads of both elements through their daily actions and decisions because of the unique opportunities of their situation. A key component to successful family firms is a governing board given freedom to act apart from the constant interference of the family (Fernández-Aráoz, Iqbal, Ritte, 2015). One option for families insistent their voice is not lost is to create family councils, a structured forum for family issues to be aired outside the business activities of the family firm. Though families generally desire positive outcomes for both their relationships and the success of their family-owned business, inevitably conflict will arise challenging their commitment to each other and their shared values as Davis and Harveston (1999) discuss. Family businesses under several members' control especially must be aware of the likelihood they are not in unanimity regarding the choice for a new leader (Wiklund et al., 2013). Sorenson (2000) cites Dyer's (1986) classic article about family businesses which strongly supports the need for these institutions to embrace change in their organizational cultures toward involving their employees and horizontal leadership team in active participation in decision making.

Conflict especially manifests when the founder passes control of the business over to the next generation (Davis and Harveston, 1999). Davis and Harveston (1999) hypothesized that as this succession takes place, it produces an environment ripe for conflict among family members. Founders and succeeding generations often have difficulty releasing their influence over the business, so these family businesses tend to always retain characteristics of these people. Thus, family businesses also tend to retain a large degree of continuity, following the patterns of their elders mostly due to new leaders fearing resistance from their relatives. In a survey of a number of family small businesses throughout Texas, the results confirmed the expected hypothesis of participative leadership offering the most positive correlation to family and business values (Sorenson, 2000). The study also showed how leaders who follow this model willingly recognize their personal need for assistance from outside consultants, which, as a result, avoids awkward and potentially destructive confrontations from relatives. On the other hand, actually hiring a CEO from outside the family may reveal a lack of unity among the family because their disagreements about choosing the next leader reached a breaking point (Wiklund et al., 2013).

Nonetheless, once the business comes under third generational or later control, conflict arises apart from the founder's controlling influence as more pressing issues come into the limelight (Davis and Harveston, 1999). How family members resolve these concerns tests the determination of both the family and the business because they must make decisions without the founder's guiding and sometimes stifling hand. Family members assuming leadership roles are therefore tasked with carrying on the tradition of their ancestor while striving to live into their vision for the company. Under strong economic conditions, families with dispersed ownership may tend to squabble over peripheral subjects, but economic hardship tends to bond a family as they garner support behind their relative serving as CEO (Minichilli, Brogi, Calabro, 2015). Family members realize the dire straits of the business' survival and thus become quite invested in taking whatever steps necessary to ensure continued existence (Minichilli et al., 2015). This may help explain Wiklund et al.'s (2013) finding that as ownership becomes more dispersed with each succeeding generation the potential for enlisting the services of a better skilled external CEO increases proportionally.

The literature supports our hypothesis that outside CEOs can positively lead a family business if the family provides the appropriate conditions for their success. Leadership succession remains a significant subject for family businesses to address, and thus its proper implementation is crucial for sustaining the business' life. Many dynamics play into the decision to transfer business control into the hands of someone outside the family, but it may provide exactly what the business needs to continue its existence. However, what remains unclear from the existing literature is the underlying factors for this person's success compared to both CEOs from the family and CEOs unrelated to the family. Thus, this study seeks to examine Alan Mulally and his tenure at the family controlled Ford Motor Company, and the reasons for his unparalleled achievements in light of the reality of not being a member of the Ford family.

3. Discussion

As titans in not only the American automobile industry but American corporations as well, the Ford family has held a tight grip in exerting influence in the company and historically transferred power reluctantly outside the family sphere. However, Ford broke with tradition and invited Alan Mulally into the fold to lead a company long in decline back into the forefront of American cultural pride. This came on the heels of Bill Ford Jr.'s acknowledgement that his leadership alone would not save the company, another break from past Fords who had ruled with sole authority and dictated their power over their executives. Only in the 1980s and 1990s did men from outside the family lead as CEO, but despite their successes none of the men felt entirely supported by the namesakes of the company as the general internal feeling was time only stood in front of the next heir to the throne. A Ford lay in waiting to eventually take their place. Five years prior to Mulally's hiring, Bill Ford finally gained his long-coveted CEO appointment, making him the absolute decision maker within the company. However, despite his best efforts, neither he nor the men he enlisted to assist him could halt Ford's rapid descent toward possible obscurity. Two decades prior, non-Ford CEOs were reluctantly hired and treated as such, but when Ford reached rock bottom, it eagerly welcomed Alan Mulally into its fold. After decades of almost exclusively Ford family leadership, Alan Mulally, an outsider, rose above generational power and proved himself as the most transformative leader in the company's history through his radical corporate cultural and structural changes, saving Ford from extinction.

3.1 Overview of early Ford leadership

From the very beginning, Ford Motor Co. has been independent, independent from similar businesses, government funding and political control. Its founder and CEO for many years, Henry Ford, based his company on innovation and simplicity. He created and maintained the "Model T" for many years, a simple and yet productive model that held the Ford Motor Co. in high regards with the American people. With a vision to improve people's lives, he developed a mission the company continues emulating through its current mission statement (Farfan, 2016), even though current trends obviously have caused some evolution in the actual implementation of that vision (Kirkland, 2013). Although Henry Ford led his company and its employees to success, behind the scenes he was not always the hero he seemed. The legacy of the Ford Motor Co. has been superiority in its vehicles and innovation to ultimately the Ford family themselves.

From a very young age, Edsel Ford was 'groomed' for his position at Ford, being made ready for the responsibility in his future. However, not only did Edsel as CEO fail in his father's eyes, so did many of the Ford generations to come. To the outside world, Edsel Ford was an innovative thinker with new and exciting ideas. He was young, handsome, quiet and wholesome, everything opposite of his father. These attributes were apparently not enough as it seemed that despite Henry Ford's age and declining health, he continued to control his son and the business. In 1945 Henry Ford II took over control of the company following his father's, Edsel, death and took on a role more like his grandfather: domineering, threatening, boisterous, crude and single minded.

Henry Ford II was a boorish boy, even when he was a child, he would bully and control others. The employees at Ford said, "Young Henry was like a hyena, he ate all he could and peed on the rest" (Mercer, 2003). Henry Ford was a force to be reckoned with, despite his siblings' mild personalities, he was a commanding individual. Henry Ford II was not one to back down from challenges from anyone. As Lee Iacocca rose to fame through his development of the Mustang model, Henry Ford II, concerned about this threat to his power, eventually removed Iacocca from Ford after a long, dramatic struggle between the two men (Ingrassia and White, 1994).

Because family succession plays a central role in a business' continued influence in society, Hoffman (2012) spends considerable time chronicling the narrative of Ford family members' rise to power within their automobile empire and the family's role in that process. Miller, et al. (2014) supports many of the contentions raised regarding the leadership of this family owned empire. Initially, keeping in line with agency theory (Miller et al., 2014) traditional leadership succession (Davis and Harveston, 1998) prevailed within Ford as Henry Ford II took over from his grandfather, keeping the company under a Ford's leadership through the 1970s. Ford traditionally groomed the succeeding generation by raising them through the organization as this provided the best transfer option for retaining family values and strengthening family bonds (Wiklund et al., 2013; Fernández-Aráoz et al., 2015). Additionally, showing traditional wisdom in the succession process (Lorsch and Khurana, 1999; Fernández-Aráoz et al., 2015), even when non-family members became CEO, each of them had spent considerable time growing through the company.

3.2 Non-Ford family CEOs

A new wave blew through Ford's culture in 1979 when the first individual from outside the Ford family assumed the CEO role (Blumentritt et al., 2007). When Ford experienced a lack of family leadership possibilities, it sought to hire a new, skilled CEO from outside the family. The coming two decades would bring five non-family members into this role in leading the company, each experiencing vastly different situations and with fluctuating Ford family support, but all exhibiting egotism shaped by years of fighting for the Ford throne. Henry Ford II had decided Ford leadership no longer was gained through inheritance, but rather attained by merit (Koenig, 2013), a sentiment echoed years later by Bill Ford, Jr. who said "There are no guarantees for any of them [family members]" (Ramsey, 2013). To succeed him, Henry Ford II chose his longtime compatriot, Philip Caldwell, a dedicated and driven individual but not without the ego of the typical Ford executive. Nonetheless, in the face of more fuel efficient and environmentally friendly European and Japanese cars rapidly growing in popularity among Americans, Caldwell shifted the company's focus. Responding to government legislation and consumer demand, Ford sought to develop more appealing vehicles, such as the Taurus introduced in 1985, which became the best selling car in America for three years, selling over six million models. Henry Ford II remained an influential figure on the company's board throughout this time, but despite observers' charges Caldwell maintains he never felt constricted in leading the company (Lyons, 2013).

In Donald Petersen's succession of Caldwell, Ford for the first time in its history executed an orderly leadership transition, setting itself up for success as a result (Fernández-Aráoz et al., 2015). Petersen led Ford through a remarkably similar turnaround in the 1980s as Alan Mulally did twenty years later, but by the end of the decade he fell out of favor with the Ford family for decisions regarding family members' role on the board (Taylor, 2012). Petersen placed Edsel B. Ford II and his cousin, William Clay Ford, Jr., as directors on the board, but because he detested their likely rise to top power simply because of their surname, he refused to appoint them to meaningful committees, thus drawing the family's ire. Among other reasons, but especially his haphazard succession plan and fearing an attempt to mute their influence, the family decided to forcefully remove Petersen from leadership. His position was handed over to one of the financial executives, Harold Poling, who would then lead the company into the 1990s (Ingrassia and White, 1994).

In 1993, after years filled with loss, both financially and in confidence, Baron Alexander James Trotman assumed the CEO, becoming the first foreign-born CEO at Ford. Stemming from booming sales of the Explorer model, Ford under Trotman experienced outstanding profit growth between 1993 and 1998 as they surged past the Japanese. When the trend eventually began reversing, "Trotman and his team concluded: [there was] lack of integration among Ford [all over the world], functional organization prevented synergistic interaction among manufacturing, engineering, marketing and other realms" (Mercer, 2003). Thus, the group identified key areas needing change and developed a plan called Ford 2000 where Ford North America, Europe, and Automotive components would be merged into Ford Automotive Operations. Although Trotman and Ford experienced excellent revenue sums through the decade, persistent problems reemerged leading to substantial loss, and in 1999 Jac Nasser took over as CEO.

Believing his years of experience within the company worldwide as well as his ethnic lineage prepared him well for the job, Ford promoted Jac Nasser in hopes he could curb the rapidly declining state of Ford. As an Australian of Lebanese descent, Ford hoped that Nasser would bring the international experience needed to knit together Ford's complex global presence (Mercer, 2003). Despite his innovative ideas and efforts, several factors, including disagreements with the Ford family, kept Ford in a downward trajectory and a Ford soon returned to the mantle on top of the company (Hoffman, 2012).

3.3 Bill Ford

Bill Ford, as the family's favored young son, even amidst minor relative maneuvering, rose to executive power in the late 1990s and became CEO in 2001. However, Hoffman (2012) also details the Ford family's response to again reaching outside their family tree and even the automobile industry (Lee, Len, and Len, 2013) to appoint the top man in the company. This followed Bill Ford's acknowledgement he needed a more gifted leader to steer the company out of turmoil (Sorenson, 2000). Against conventional wisdom (Salvato et al., 2011; Lorsch and Khurana, 1999), he chose a leader with a background in the aviation industry, but Alan Mulally's proven ability to steer Boeing out of hopelessness offered reason to believe he could do the same at Ford. Bill Ford recognized his tendency to allow for sacrificing financial advancement in order to maintain assumed family stability and traditions as well as harmony among executives. However, according to behavior agency theory, a non-family member CEO would feel less inclined to serve the truly trivial whims of the family, instead pursuing a more aggressive market strategy (Miller et al., 2014). Also, unlike his predecessors, Bill Ford understood the flaws of a co-CEO structure—he had personally experienced this during the failed arrangement with Jac Nasser—so he completely turned the reins over to Alan Mulally (Hoffman, 2012; Miller et al., 2014). Though this may have appeared to be a decision to decrease family involvement (Wiklund et al., 2013), future events revealed this was not the case. Whereas previous non-family Ford CEOs had generally been treated as merely "seat warmers" (Lee et al., 2008) until a prospective family member could assume control, Mulally entered with the assurance he had the responsibility to turn the company around without a Ford waiting to take his place.

Determined and steadfast to maintain his family's legacy, Bill Ford epitomizes the family patriarch demonstrating "family gravity", a commitment to retaining the uniqueness of a family business (Fernández-Aráoz et al., 2015). Ford notified his relatives of his intention to step aside and offer Mulally his role of chairman and CEO, but Mulally understood Ford's continued leadership presence was crucial to the company's success, and conditioned the agreement must include Bill Ford continuing as chairman (Carey and Keller, 2012). Ford, unlike many of his wealthy relatives living luxuriously off huge inheritances, had actually toiled many years to reach his current position, a fact employees appreciated (Ingrassia and White, 1994), and his humility and selflessness attracted Mulally's interest and eventual acceptance of the position. Ford admitted to having devoted much of himself into the company, but "not his ego" (Langley and Mccracken, 2006), a stark contrast to previous Ford CEOs' flamboyant personalities and power obsessed careers. The first conversations between the two men revealed Ford was prepared to not only transfer his authority to Mulally, but also reduce cumbersome, internal barriers to success a century of existence had produced, a position putting him at odds with long time executives and shareholders (Cassano, 2011). Nonetheless, he recognized Mulally's ability to foster teamwork among the company leadership would promote a dramatic transformation within the company (Langley and Mccracken, 2006). Ford's unwavering support to eliminate any policy Mulally deemed bloated and periphery to the vision, while always deferring objections to the fact Mulally was the man in charge, showed the true heart of Ford (Reuters, 2011). In effect, Bill Ford, Jr. became Alan Mulally's biggest cheerleader.

The Ford family models Miller's (2014) contention that a family yielding their power to a non-relative and allowing him or her to steer the company without their interference tends to create much more financially successful businesses. With a firmly established forty percent voting share in the company (Muller, 2010), the Fords influenced the company's direction, but they usually extended freedom to CEOs in operational decision making. Concern regarding Alan Mulally's decisions, especially the elimination of the family's common stock dividend, created tension within the family leading to recommendations for outside consultants to advise them on a proper direction. In a family council meeting (Blumentritt et al., 2007), the family considered selling its shares to secure a return while they still could in the midst of a seemingly hopeless situation. Following his presentation of his anticipated course of action, however, they resolved to support him and endorsed his plan to return their company to prominence (Hoffman, 2012; Cassano, 2011). Mulally recognized the significance of the Ford family's continued influence in their company, and while he felt somewhat less emotional attachment to the company (Blumentritt, Keyt, Astrachan, 2007), unlike some non-family CEOs (Wiklund et al., 2013), he legitimately sought to gain the family's backing for his strategies.

This acknowledgement of the necessity of family support demonstrates Lee, Len, and Len's (2008) proposition that this scenario envisages the successful transfer of power to a non-family member leader. Alan Mulally understood Ford was an American icon and continued family ownership embodied much of its story, which allowed him to convince the family he would work diligently to protect their interests and shared values, even in the midst of the crushing economic crisis (Minichilli et al., 2015; Sharma et al., 2001; Blumentritt et al., 2007; Fernández-Aráoz et al., 2015).

Although few family members remained engaged with the company's daily operations, they still recognized Mulally truly would fully devote himself to Ford's success and would unashamedly instill necessary changes to transform the company (Ramsey, 2013). Even a rumored inquiry of a majority shareholding buyout one year later in 2008 by a wealthy billionaire did not change the family's resolve to stand behind Mulally (Hoffman, 2012). As a result, the Ford family thus supports Miller's (2014) findings of positive outcomes for family firms hiring an outsider to lead their company, but only when they provide the right environment and structure for the CEO to work.

3.4 Alan Mulally Arrives

When Alan Mulally arrived in 2006, Ford had become an organization with countless burdening pursuits pulling it far from its central mission statement and core values. Company executives seemed oblivious to how their past decisions had left Ford in its current state and were initially resistant to changes Mulally proposed because of their investment into those endeavors (Hoffman, 2012). The perspective Mulally offered provided the harsh reality of the action necessary many executives were too blind to see.

The Ford family had allowed the company to stray from prioritizing consumers to instead pursuing personal ventures and thus muddling its core identity. "At Ford, it was OK to just be competitive, but there wasn't a commitment to be best in class", so Mulally directed Ford on a path toward excellence and restructuring Ford's global identity (Erisman, 2010). Lacking partiality but possessing deep commitment to the cause Mulally began centering his team to focus all their transformative efforts to constantly remain connected to the key mission and values he prescribed for the organization. He also recognized the deep talent base already existing within Ford, but he sought to place these individuals in positions in which they could better maximize and leverage their contributions (Erisman, 2010). Mulally's excitement and energy even in the face of a depressing situation infected his team in a way Bill Ford and other Ford leaders had been unable to achieve.

Believing his role stemmed from service to his employees, Mulally fostered a friendly, inclusive, and uplifting environment, and modeled a commitment to his convictions through his daily actions, a style completely foreign to decades of past Ford leadership (Kirkland, 2013). Additionally, no longer would inefficiency and petty communication shortfalls reign at Ford. Mulally implemented weekly Business Plan Review meetings where the entire global Ford leadership gathered either physically or remotely to address specific issues, report on recent developments, and thoroughly analyze trends and results (Kirkland, 2013). The progress of the executives was marked on a computer slide projection by red, yellow, or green squares, often frustrating the team (Guerrera, Reed, & Simona, 2007). One executive said, "We use to think it was kindergarten management but after a while we realized it worked" (Guerrera et al., 2007).

Whereas Ford leaders traditionally had instituted a style of professional leadership fostering a competitive but strongly self-seeking culture, and the Ford family cultivated an exclusive, paternalistic style, Mulally brought a participative leadership approach as he valued input from all levels within the company (Dyer, 1986). Likewise, instead of the "governing" rule of other nonfamily Ford CEOs, which neglected family values in favor of operational priorities, Mulally used the Ford family legacy to shape his management of the company (Fernández-Aráoz et al., 2015). These BPR meetings aligned with his leadership convictions and distinguished him from his predecessors and perhaps more than any other factor changed the fundamental culture within Ford.

Even Henry Ford strived to develop a consistent and rigid production format, but this proved problematic when it struggled adapting to necessary changes (Erisman, 2010). Thus, Mulally's executive team's initial reluctance to embrace this change, and even some resigning from their inability to adapt (Kirkland, 2013), revealed the company's deeply ingrained stubbornness to pivot from its long held patterns (Hoffman, 2012). However, as Ward (1987) notes, businesses refusing change likely stand little chance of surviving in the rapidly changing marketplace. Don Lecliar, Ford's CFO said, "It's not so much that you need to change the people, but the organization has changed, and how people interact with each other has changed" (Guerrera et al., 2007). Constantly reorienting his team to their central mission and strategic plan labeled "One Ford", where all global divisions moved forward together, Mulally set the company on a path toward a hopeful success (Kirkland, 2013).

When Ford, GM, and Chrysler reached the brink of bankruptcy at the end of 2008, Mulally remained determined Ford would survive without Washington financial assistance. In declaring bankruptcy Congress almost assuredly would force the Ford family to relinquish majority control, and thus abolish the storied dynastic power of this American icon, and Mulally nor the Ford family desired this outcome. Ford Motor Company represented a lasting symbol of American ambition, and failure would tarnish both parties' images and legacies, and possibly placing Ford in a hopeless situation until it eventually permanently ceased all operations (Hoffman, 2012). As a result of Ford's commitment to saving itself internally, the family was rewarded for their patience as many Americans responded in appreciation through letters and automobile purchases (Cassano, 2011). Additionally, because Mulally and Ford stayed the course and had continued developing innovative products throughout the recession, it emerged with an outstanding product line to offer consumers and immediately began turning a profit. The family had stood behind Mulally, and he delivered on their trust.

As Ford raced ahead in the automobile industry, speculation swirled about potential candidates to replace Mulally, and Bill Ford confirmed it would be an internal hire (Reuters, 2011). Ford's revamped management structure and company culture primed the next succession process to achieve a successful hire. Bill Ford's pronouncement proved true as Mark Fields had demonstrated his commitment to carry Mulally's values forward stemming from a BPR meeting in which Fields exhibited the team's first truly honest problem assessment (MIT, 2015; Erisman, 2010), and thus gained the confidence of his superiors. Fields had embraced the new culture and from his passionate study of Mulally's leadership example, he received the honor of succeeding his boss in 2014 (Muller, 2014). Leaving the company in capable hands, Mulally's phenomenal success at Ford led to his induction into the Automotive Hall of Fame in 2016, and he remains confident his efforts have left a lasting impact on Ford and positioned it for continued success for decades to come (MIT, 2015).

4. Conclusion

Unlike prior Ford CEOs who merely developed temporary solutions to fix recurring problems, Alan Mulally tackled the root causes of the ailing company and radically altered Ford's trajectory like no other company leader had done before. While past leaders had saved Ford from deep financial losses, none of them faced a crisis like the Great Recession of 2008, and their strategies likely would have not sufficed in that situation because they lacked a commitment to the true change Mulally executed. Even still, Mulally could not have succeeded without the crucial support of the heirlooms of the Ford dynasty and especially William Clay Ford, Jr. Mulally has rightly been hailed by pundits as leading one of Corporate America's greatest comebacks and transformations, but the Ford family remained a solid foundation in backing Mulally every step of the way. Previous nonfamily CEOs had presided over consistent internal dysfunction and seemingly never truly experienced harmonious relationships with the family. Mulally, on the other hand, recognized the family for the American icons they were and always made decisions with them in mind. An outsider, of the family, of the industry, and of the prevailing company culture, did not hinder Alan Mulally from leading Ford Motor Company like no one had ever before, saving the company from bankruptcy and near oblivion and establishing a legacy American businesses will not soon forget.

5. Implications

As a result of this study, families engaged in family businesses can learn from the Ford family's example of transferring leadership outside the family tree. First, the Fords meet annually to ensure they remain informed of recent developments and are prepared to address necessary issues surrounding and within the company. This demonstrates families must stay actively involved with the business—though not necessarily day-to-day operations—to ensure their voice is heard. The Fords, secondly, also demonstrate how to ensure their values continue even when a non-relative assumes control. Because the family generally remains a stabilizing force in the business, leadership change can initially pose a threat, but Ford illustrates this actually can prove vital to the business' health. Vision and values can successfully transfer if the family follows a succession plan designed to find a leader who understands the unique dynamics of this business structure and garners the family's trust in his or her firm belief in the family's story. Finally, as Bill Ford humbly recognized he did not possess the ability to lead the company well, family business owners must sometimes likewise swallow their pride and even fears and enlist the necessary external assistance to strengthen their business. If a leader like Alan Mulally is recruited, the family will have no need for worry.

Regarding CEOs entering this management scenario, Mulally illustrates how to expertly navigate the dynamics of leading a company under familial control. First, the CEO must recognize how the family's values have been interwoven into the business and then begin identifying the crucial elements of that relationship. However, the CEO must also address the aspects contradicting the family's stated values as well as components actually inhibiting the business' growth. Traditional patterns and methods may prove counterproductive, but since they are so ingrained into the company culture, it requires a courageous leader to break the mold and declare a new system to radically advance the company. Finally, embracing the legacy established by a family business should inspire the CEO to eagerly foster a culture where employees not only work for a company, but also a unique organization within the business landscape.

All parties associated with a family business can benefit from the model the Fords and Mulally provided regarding outsider CEOs assuming leadership, as this extends to any family business, whatever size or business structure is present in the company. A healthy and dynamic relationship between the leader and the family is crucial to lasting success and a thriving work environment. A mutual commitment to shared values assures a family can confidently transfer company leadership outside the family and expect continued success. Non-familial CEOs can and do positively influence the family business and can inspire growth beyond what the family could have ever achieved.

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