**Business Strategy: Case of the Ford Motor Company**

**1. What was the key strategy behind manufacturing of low price car of Ford motor?**

**Ans.1** Obviously the key strategy of Ford Motor Company to produce the first lowest priced car in U.S.A. and the company President Mr. Lee Iacocca wanted to rush the development of a car costing less than $ 2000, as he promised the public that his company will bring out car at that price (as low as $2000) and also fight the growing popularity of Volkswagen’s Beetel. The entire object was to build such a car which has cost effective than other competitors and able to create a different identity of low priced car in automobile segment.

**2. What was the ultimate result of the business strategy?**

Ans. 2 The first view of the business strategy was getting overwhelming responses from every corner and a kind of grand success but on the flipside one of the cars met with an accident, killing all the passengers travelling in it. The competitors influenced the newspaper to publish this accident significantly and the newspaper in U.S.A. highlighted the absence of the safety features. This incident resulted not only in the loss of current sales but also in the closure of the great unit resulting in a loss of $250 million to the company. Although preliminary test showed that it involved an additional cost of $ 11 to enhance the safety of the car. The company president organized the meeting of the executives of the company to decide how to reduce the cost below $2000.

Many executives suggested that the company should sell the car at $2011 by including the safety features. But some executives viewed that the company should sell the car at $2000 as was promised by excluding the safety feature. In nut shall it can be said that the company violated the ethical issues and lost its business. This case study indicates that business should consider ethical principles while making decisions in order to achieve its basic objective of survival. The problem regarding manufacturing of the car has not been due to lack of information and knowledge but due to the non-acceptance of principles of ethical behavior. Just to fulfill the promise made randomly by the president kept the cost low i.e. 2000$ and did not add safety feature, resulting people injured and lost their life due to absence of such features.

**3. If you were the President of Ford Motor what changes would you like to implement?**

Ans.3 Being a president of Ford Motor company, firstly I will never make any false promise without considering the proposal of exact price of the car because future is always unpredictable and you can never bet on race unless you run. There are many micro and macro variable which are dynamic in nature and no one can exactly anticipate the coming events. Mr. Lee Iacocca made unnecessary promise to manufacture the car less than 2000 $ and wanted to win competition from other market players. As it is well said that be late than never and hope for the best and prepare for worst. I will always recommend safety feature no matter cost raise by 11$ or more and at the same time I convinced the people that safety parameters has a significant feature which is more than the promise. In fact that could be more beneficial strategy if you disclose everything and let the people decide and act on the proposal of safety. The company should consider the safety and services of the people first then fulfills profit motives. Once you win the confidence of the people you can convince them to pay more for any kind of added feature of the car. I always consider ethical principles while making decisions in order to achieve basic objective of survival. Business person has to perform the activities more ethically, judiciously and wisely. Business has the responsibility of product selectivity in the sense that it has to produce the good and services that contribute to the welfare and well being of the people at large. I may choose alternatives which could contribute more substantially to the building up of the kind of prosper community.