
Ford replaces CEO Fields as challenges mount

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Ford Motor Co on Monday said it was replacing Chief Executive Officer Mark Fields with James Hackett, the head of the unit developing self-driving cars, in response to investors' growing unease over the U.S. carmaker's stock performance and prospects.

The departure of Fields, 56, is among a series of management changes announced. Hackett, 62, a former CEO of furniture manufacturer Steelcase Inc, will take the helm in a broader shake-up aimed at speeding up decision-making and improving operations.

Ford shares were up 2.3 percent in trading before the market opened. At Friday's close, they had fallen 37 percent since Fields took over three years ago, at the peak of the U.S. auto industry's recovery.

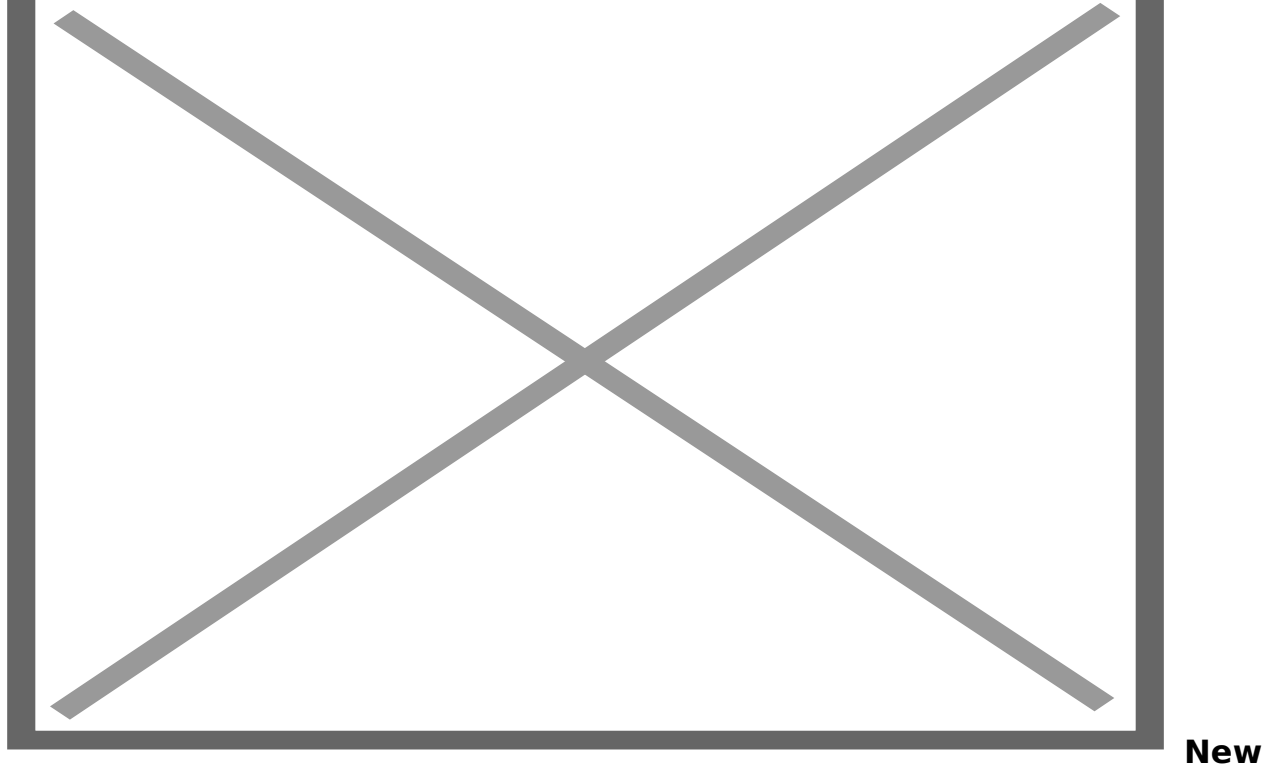
U.S. sales are slipping, and Ford's profits are trailing those of larger rival General Motors, whose shares fell 13 percent over the same period. Ford's board and Chairman Bill Ford Jr. have been unhappy with the company's performance and sought reassurance that investments in self-driving cars, electric vehicles and ride services would pay off.

"We're moving from a position of strength to transform Ford for the future," Bill Ford said. "Jim Hackett is the right CEO to lead Ford during this transformative period for the auto industry and the broader mobility space."

The upheaval at Ford underlines pressure on all three Detroit automakers to prove they can avoid losses as the U.S. market begins to slow from last year's record sales.

Fiat Chrysler Automobiles NV is fighting diesel emissions-cheating allegations from U.S. and California regulators following CEO Sergio Marchionne's failed bid to find a merger partner.

GM CEO Mary Barra is fending off attacks from hedge fund Greenlight Capital, which wants to install three new directors and split the company's stock.



New

Scrutiny

In March, GM sold its money-losing Opel division to France's PSA Group, effectively exiting Europe in a move Barra promised would free cash for share buybacks.

The shake-up at Ford may bring new scrutiny of its own plans in the region. Jim Farley, Ford of Europe chief since January 2015, is set to move to oversee all of the company's regions, global marketing and sales, as well as its Lincoln Motor Co.

Joe Hinrichs, head of the Americas since December 2012, will manage global product development, manufacturing and labor affairs, purchasing, and environmental and safety engineering, while Marcy Klevorn, vice president of information technology and chief technical officer since January, will oversee Hackett's Ford Smart Mobility.

The company is also replacing its head of communications.

Ford **posted a record \$1.2 billion profit in Europe last year** but warned the impact of Britain's vote to leave the European union would put a dent in 2017 earnings.

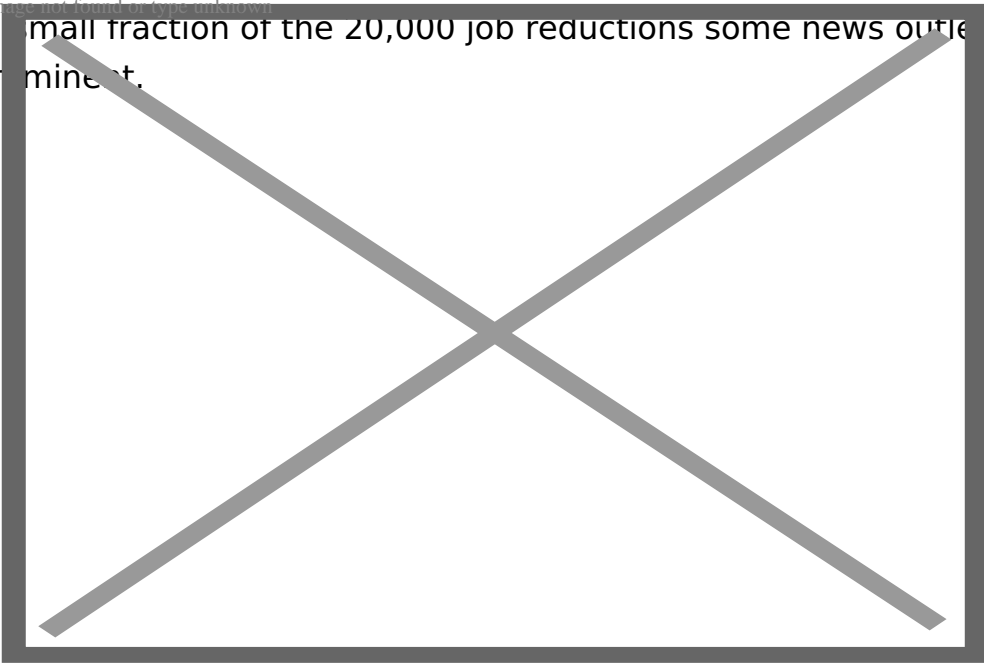
Fields, who earned \$22.1 million in 2016, also faced a clamor for share repurchases, which boost the value of stock, at Ford's annual meeting earlier this month.

"Confidence is created by hard currency, not proclamations that are often qualified," one investor said in a question read by the chairman.

Ford said last week it would **cut 1,400 staff positions in North America and Asia,**

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a small fraction of the 20,000 job reductions some news outlets had reported were imminent.



Challenging times

Fields had outlined a variety of plans to confront challenges from technology companies such as Alphabet Inc that want to control a future of autonomous, data-intensive vehicles.

“You have to have one foot in today ... but also one foot in the future,” Fields told reporters last month. “I think investors understand our strategy.”

Among his bets on technology is **a plan to invest \$1 billion over the next five years** in tech startup Argo AI.

Ford has churned out strong profits on his watch, reporting a record \$10.4 billion in pretax earnings in 2016.

However, investors were concerned by a weak first quarter and lower profit forecast for 2017, as well as higher costs for investments in “emerging opportunities.”

Silicon Valley electric car maker Tesla Inc was valued at \$51 billion on Friday, more than Ford’s \$43 billion. The contrast is a dramatic sign of how little confidence investors have that old-line automakers can transition to a future where software substitutes for pistons and transportation is sold by the mile or the minute.

At the same time, GM is turning up the pressure on Ford in the North American truck and sport utility business, the source of 90 percent of Ford’s profits.

GM is gearing up an “onslaught” of trucks for the North American market, President Dan Ammann told Reuters last week, including a new generation of the Chevrolet

Silverado large pickup that competes with Ford's primary profit machine, the F-series line.

Ford also tangled with President Donald Trump, who spent more than a year criticizing the automaker on the campaign trail for expanding operations in Mexico. But Trump praised Ford in January for scrapping a planned Mexican car factory and announcing plans to add 700 jobs in Michigan.

Fields has made several trips to the White House this year.

(By David Shepardson and Laurence Frost, Reuters)