

Automotive News

AUGUST 10, 2020

Entire contents © 2020 Crain Communications Inc. All rights reserved.

\$169/YEAR; \$6/COPY



A CALL TO ACTION
PART 4 OF A 4-PART SERIES: Stories of the countless individuals who stepped up to make a difference in a time of crisis | **PAGES 30-37** |



future product pipeline
PART 3 OF AN 11-PART SERIES
 Germany's luxury giants gearing up to charge into U.S. electric vehicle market | **PAGES 22-26** |



Executive Chairman Bill Ford, left, will hand the reins of his family's company to Jim Farley, center, who in October will succeed Jim Hackett as CEO.

AUTOMOTIVE NEWS ILLUSTRATION

FORD'S NEW MR. FIX-IT?

Nailing vehicle launches key for Farley as next CEO

Michael Martinez
 mdmartinez@crain.com

DETROIT — Jim Farley's gambit at the outset of the Great Recession to leave a flourishing career at Toyota Motor Corp. to help save a foundering Ford Motor Co. has paid off: In less than eight weeks, he'll become CEO.

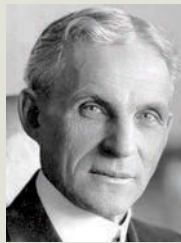
While Ford is nowhere near the precarious position it was in when Farley moved from Southern California to Michigan at the end of 2007, the 58-year-old will enter the chief executive's office Oct. 1 with much to fix.

He inherits a company that remains out of favor on Wall Street with a balance sheet weighed down by legacy warranty costs and the effects of an \$11 billion global restructuring begun by his predecessor. After Ford botched the rollout of the Explorer in 2019, Farley will have to execute flawless launches of four of the automaker's most highly anticipated vehicles in recent memory.

see **FARLEY**, Page 50

INSIDE

■ Voices: What dealers, others had to say | **PAGE 50** |



■ Leaders: Each has his own story | **PAGE 51** |

■ Bill Ford remains upbeat | **PAGE 12** |

'Change agent' Hackett departs with mixed results

Michael Martinez
 mdmartinez@crain.com

DETROIT — Part of Jim Hackett's deep-thinking management style involves sorting through problems using an imaginary bull's-eye with the words "now," "near" and "far" in concentric circles.

After three-plus years enacting sweeping changes as CEO of Ford Motor Co., Hackett departs believing he set the automaker up for success in the near term and into the future. But he never quite mastered the "now."

Ford's stock has fallen roughly 38 percent under Hackett's watch, and he couldn't overcome investors' initial impatience with a slow-developing restructuring plan, even after taking major actions such as cutting thousands of jobs and eliminating low-margin sedans. Ford's profits have disappointed in each of the past two years, and any financial progress this year was stunted by the coronavirus pandemic.

see **HACKETT**, Page 51

Retailers hopeful after Q2 rebound

But inventory, virus challenges remain

Melissa Burden and David Muller
 mburden@crain.com

Matt Bowers' Southern United Auto Group had record results in June. And July was even better.

"We lit it up," said Bowers, president of the growing dealership group with six stores in Louisiana, Alabama and Tennessee.

Pent-up demand, expense cuts and Paycheck Protection Program money, plus automaker support and temporary relief from lenders and vendors, helped many dealers turn a profit in the second quarter — some even boasting earnings records.

It is a far cry from the financial bloodbath many feared in late March as the coronavirus pandemic stifled consumer demand and led to government stay-at-home orders and closed showrooms. Sonic Automotive Inc. CEO David Smith in April predicted the second quarter would be the worst in the dealership group's history.

Instead, the sixth-largest U.S. new-vehicle retailer saw sequentially stronger results over the three months. Higher new-vehicle margins aided by inventory shortages, increased used-vehicle sales and strong finance and insurance performance, along with big cost cuts, helped Sonic post higher net income than a year ago.

All six public dealership groups ended up profitable for the quarter, with Lithia Motors Inc. and AutoNation Inc. both posting adjusted earnings records.

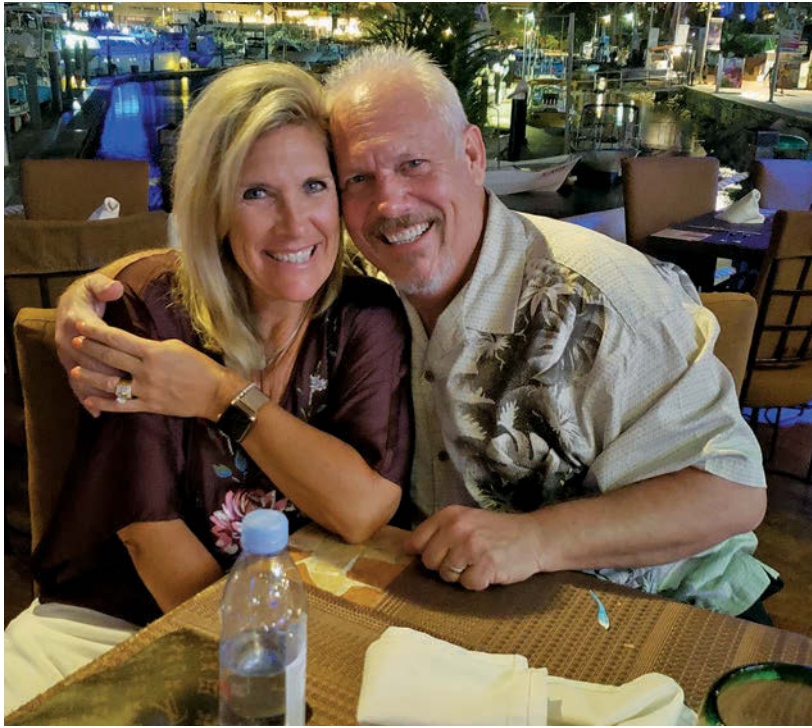
see **FINANCIALS**, Page 49



"We lit it up."

Matt Bowers, Southern United Auto Group

THE POWER OF ONE

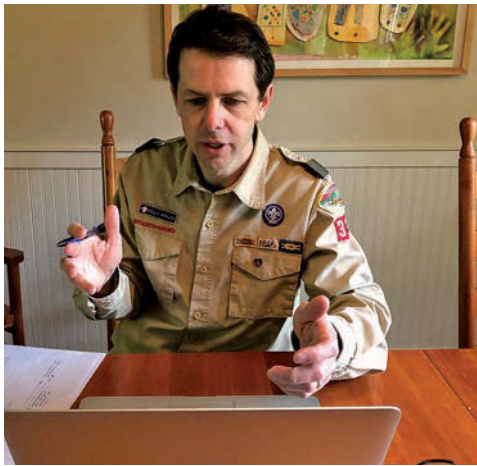


Far left: Bob Falcone, an Indianapolis Subaru and Volkswagen dealer, with his wife, Angela. "My wife and I are so upset at how the restaurant industry has been devastated from COVID," he said. They are giving thousands of dollars in tips to workers at restaurants and other places, left.

ACTS OF GIVING

A stitch here, a tip there. People throughout the automotive industry, in the U.S. and globally, are finding big and small ways to help make life better during the COVID-19 pandemic.

Right: Kelly Whalen, an associate at Honda R&D Americas, provided virtual counseling to 100 Boy Scouts to help them earn merit badges during quarantine.



Below: Brian MacCleery, an engineer at testing company NI, shows how to build intubation tents to protect hospital workers. To encourage others to build them, he posted instructions and the supply list on LinkedIn.



Engineering specialist Sandy Munro, who's known for his vehicle teardowns, hands a box of face shields to Tony Mack, a manager at a Detroit-area grocery store. Munro also suggests donating cash cards for grocery workers.



Above: Jaguar Land Rover workers in Birmingham, England, paid for tablet computers so hospital patients can stay in touch with loved ones.

Left: K-Lynn Reynolds, an associate at Subaru of Indiana, learned how to sew and joined with the Seamstresses of Greater Lafayette to make face masks.