



HONESTY REMAINS THE BEST POLICY

Guiding Principles are Key to Strong Financial Communications

Written by Bob Shanks

There are a few constants in life. The sun rises and sets. The moon revolves around the earth. And once a week, early in the morning, each member of the Ford Motor Company global executive team gathers in Dearborn, Michigan to connect with leadership around the globe to assess the risks and opportunities facing our company and the industry.

We call it our Business Plan Review. It has sustained our company through the Great Recession and keeps us focused on innovating and manufacturing great vehicles. It has also allowed us to strengthen the core parts of our business as we work to capitalize on emerging opportunities in electrification, autonomy and new mobility services that will define the next century of transportation.

Critical to this process is a commitment to transparency, honesty and clarity throughout the business.

It Starts at the Top

At Ford, that commitment starts with Bill Ford, our Executive Chairman, and Mark Fields, our CEO.

I have known Mark since our time at Mazda in Hiroshima, to our European operations in London, to now in Dearborn. He is a leader who is grounded in facts and believes in honesty and transparency above all else. He models these values every day.

Under Bill Ford's leadership, we have had the honor of being named to Ethisphere's *World's Most Ethical Companies* list for seven years in a row. While we are a global company with more than 200,000 employees, it still feels very much like a family business.

The same sense of transparency, honesty and clarity drives our communication with the investment community.

Transparency

After hitting bottom during the Great Recession, auto sales are now in a dynamic comeback from a low of approximately 10.6 million vehicles sold in the United States in 2009 to more than 17.8 million last year. Many investors and auto analysts remain fixated on when sales will peak.

On each of our quarterly financial reporting calls, we communicate our business outlook. This year when we started to see weakening US retail vehicle sales, we told investors the trend was foreshadowing a plateau in US auto sales over the next couple of years. This type of transparency is the right thing to do from an ethical standpoint, and it builds trust and confidence between the company and the investor community.

Transparency also means accessibility. So aside from our quarterly financial reports and calls, Ford holds "Let's Chat" sessions in New York twice a year. This is a touch point with investors and analysts where members of our financial leadership team share information and answer questions in an open forum covered by the media.

This fall, we also held an Investor Day gathering to discuss how we are transforming our business from an auto company to an auto and mobility company and to give a longer term forecast. This is in addition to over a thousand contacts with investors this year alone.

Honesty

Without honesty, transparency and clarity hold little value. This dialogue, from our third-quarter financial call, highlights our commitment to these:

Financial Analyst: *A lot of the investors have been struck by the difference in optimism versus pessimism between yourselves and one of your [competitors]...*



At Ford, we've announced our intent to have a high volume, fully autonomous vehicle—with no steering wheel, no break, no gas pedal—in commercial operation in 2021 for use in ride sharing and ride hailing services.

Mark Fields: *...first off, I would call our approach realism. Not optimism, not pessimism; it is realism. A number of us have been through a number of cycles and we're looking at the data and a big part is interpreting what it means for our business.*

Mark's answer serves as a perfect illustration of how we are trying to communicate without obfuscation.

Rooted in our Business Plan Review process, we are constantly scanning the environment for risks and opportunities and when we identify them in the economic environment, we'll call them out.

Clarity

Ford Motor Company is a Fortune 10 company, generating \$149.6 billion in revenue last year with an adjusted pre-tax profit of \$10.8 billion. Our business and our finances are complicated. Couple this with an effort to communicate with investment analysts who are covering not only our company, but also in many cases dozens of other auto companies and suppliers, and it means simplicity and clarity are critical to give real value to the investment community.

Lately, we've made our quarterly financial presentations more streamlined and easier to read. This year we began to include narrative bullets along with our charts and graphs, so even if you are unable to join our quarterly calls, the explanations are right there along with the numbers.

We also brought more clarity to our news releases by transforming a multiple page release into a two-page document highlighting critical pieces of information while still providing access to the comprehensive data our investors expect. Each quarter, we complement a release with a graphic that clearly depicts our performance—whether it's up or down.

And we created a Twitter channel, @FordIR, which is tailored to the investor community. While we can't communicate everything in 140 characters or less, we're always looking for ways to deliver news in the clearest way possible.

Looking to the Future

Things won't be getting any simpler in the future of the auto industry. We've announced our intent to have a high volume, fully autonomous vehicle—with no steering wheel, no break, no gas

Did you know that getting involved as early as possible and shifting the mindset from “enforcer” to “enabler” will pay dividends in managing third-party risks.



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pedal—in commercial operation in 2021 for use in ride sharing and ride hailing services.

We've acquired Chariot, an app-based, crowd sourced shuttle service that adapts to customer demand. It began in San Francisco and now has launched in Austin, with plans in four more cities over the next fifteen months.

And that's just the beginning. In opening the 2016 AutoMobility LA conference in November, Mark Fields said we stand on the cusp of a mobility revolution and laid out an ambitious challenge to envision the city of tomorrow and the future of transportation systems.

Ford sees substantial revenue opportunity in providing mobility solutions to millions of commuters in the US and the growing base of workers—many of whom do not own vehicles or do business with us—in several major global cities.

As we work together to realize this vision of navigating and leading a mobility revolution, you can bet that every week Ford Motor Company's global executive team will gather in Dearborn to connect with leadership around the globe, making an open and transparent assessment of the risks and opportunities facing our business and industry, guided by principles of transparency, honesty and clarity.

Author Biography

Bob Shanks was named Ford Motor Company's Executive Vice President and Chief Financial Officer effective April 1, 2012. Shanks has overall responsibility for the company's financial operations, including the Controller's Office, Treasury and Investor Relations. He also oversees Ford's global data and analytics team.