



A STRATEGIC PLAN FOR FORD GROUP PHILIPPINES, INC.

A Strategic Management Paper
Presented to the Faculty of the
Graduate School of Business
De La Salle University – Dasmariñas
Dasmariñas, Cavite, Philippines

In Partial Fulfillment of the Requirements
for the Degree of
Masters in Business Administration

MA. CRISTINA OLANO
01 October 2011



EXECUTIVE SUMMARY

For so many years, Ford Motor Philippines has been well-known as one of the leading manufacturers of vehicles in the Philippines. Ford Motor Philippines is leading because of the quality performance of all the products that they are producing for the satisfaction of the consumers.

This paper aimed to find appropriate strategy or strategies for Ford Group Philippines.

Based on CPM, the strength of FGP lies on the Management experience, and followed by its compliance to the quality requirements of the vehicles.

The analysis of the external factors affecting the operation of FGP with the use of the EFE matrix (3.10 weighted score) revealed that FGP is doing well by taking advantage of its external opportunities and avoiding the threats facing the industry and the company. While in the internal analysis, using the IFE matrix, FGP only got a 2.50 weighted score, meaning FGP is internally weak.

The SWOT, SPACE, IE, and Grand Strategy Matrixes resulted in twenty one (21) possible strategies that were further evaluated using the QSPM. The QSPM gave four (4) strategies for FGP that involve Market Penetration, Market Development and Product Development. These strategies according to David (2009) offer substantial focusing advantages



and hence in congruence with the focus strategy that is being employed by FGP. The strategies that were generated are as follows:

Market Penetration

1. Offer attractive fleet sales discounts to the BPO sector, telephone companies and hotel establishments.

Product Development

1. Tie-up with insurance companies, banks and other financial institution for the program of providing loaner car to owners whose vehicles are in the shop of the dealers for repair or under Periodic Maintenance Schedule.

Market Development

1. Increase number of dealerships throughout the country.



TABLE OF CONTENTS

	Page
TITLE PAGE	1
DEED OF DECLARATION	2
APPROVAL SHEET	3
BIOGRAPHICAL SKETCH	4
EXECUTIVE SUMMARY	5
TABLE OF CONTENTS	7
LIST OF TABLES	9
LIST OF FIGURES	11
LIST OF APPENDICES	12
I. Introduction	13
II. Research Design and Methodology	17
Scope and Limitation	18
III. Vision and Mission	19
IV. Environmental Analysis	23
External Analysis	23
A. Market	23
B. Competitors	24
C. Socio-cultural, Demographic, Trends, Lifestyle Change	26
D. Technology	30
E. Environment	31



F. Economic	32
G. Political and Legal	38
Key Success Factors	40
Competitor Analysis	45
Competitive Profile Matrix	46
V. Industry Analysis	
A. Industry Analysis	49
B. Porter's Five-Forces Framework	51
Opportunities and Threats	55
EFE Matrix	56
VI. Company Analysis	58
A. Financial Aspect	62
Financial Ratio Analysis	67
B. Organizational Aspect	71
Strength and Weaknesses	88
IFE Matrix	89
VII. Strategic Objective	91
VIII. Strategy Formulation	92
A. Generation of Strategic Options	92
SWOT Matrix	92
SPACE Matrix	98
Internal – External (IE) Matrix	100



Grand Strategy Matrix	102
Quantitative Strategic Planning Matrix	104
B. Recommended Business Strategies	115
C. Recommended Organizational Strategies	117
IX. Action Plans and Departmental Programs	123
X. Strategy Evaluation Monitoring and Control	133
References	144

LIST OF TABLES

Table	Page
1 Analysis of Ford's Mission	21
2 Analysis of FGP's Proposed Mission	22
3 Competitors in the Automotive Industry with Market Share	25
4 Average Number of New Vehicles Registered	27
5 Family Income and Expenditure Survey	34
6 Average Remittances per OFW	36
7 Paired Comparison Table for the CPM	47
8 CPM for FGP	47
9 YTY Vehicle Sales of ASEAN Countries	50
10 Paired Comparison of External Factors	56
11 EFE Matrix for Ford Group Philippines	57
12 Distribution of Ford Dealership per Region	60



13	Industry Consensus Report	61
14	Comparative Balance Sheet of FGP	63
15	Comparative Statement of Income of FGP	65
16	Comparative Operating Expenses of FGP	66
17	Liquidity Ratios of FGP	67
18	Leverage Ratios of FGP	68
19	Activity Ratios of FGP	66
20	Profitability Ratios of FGP	70
21	Comparative Sales per Model	77
22	Paired Comparison – Internal Factors	87
23	IFE Matrix for FGP	90
24	SO Strategies for FGP	93
25	ST Strategies for FGP	94
26	WO Strategies for FGP	95
27	WT Strategies for FGP	96
28	Formulated for FGP using the SWOT Matrix	97
29	Computation of Directional Vector Coordinates	99
30	Tally Sheet for All Matrixes	104
31	QSPM for Market Penetration Strategy for FGP	105
32	QSPM for Market Development Strategy for FGP	111
33	QSPM for Product Development Strategy for FGP	113
34	Projected Income Statement of FGP for 2011 to 2016	130



35	Projected Operating Expenses	131
36	Sales Forecast for 2011 to 2016	132

LIST OF FIGURES

Figure		Page
1	Headline Inflation Rates in the Philippines (June 2010 to June 2011)	35
2	Peso per Unit of US Dollar	37
3	Full-year Projected Vehicles Sales	49
4	Porter's Five-Forces Framework for an Automotive Industry	54
5	Location of Ford Plants	58
6	Entities of Ford in the Philippines	59
7	Retail Volume and Market Share as of June 2011	61
8	McKinsey's 7s Framework	71
9	Number of Provincial Dealers	74
10	Number of Metro Dealers	75
11	Sales per Model	76
12	Key Executives of Ford in the Philippines	83
13	Ford Brand Marketing and Sales Team	83
14	Mazda Brand Marketing Sales Team	84
15	Ford Customer and Service Division	85
16	Finance and IT Team	86
17	HR Team	87



18	Graph of the SPACE Matrix for FGP	100
19	FGP's position in the Internal - External Matrix	101
20	Grand Strategy Matrix for FGP	103
21	Modified Functional Structure of FGP	118
22	Modified Ford Brand Marketing and Sales Team	119
23	Modified Finance and IT structure	120

LIST OF APPENDICES

Appendix

Page

1	Number of Current Provincial Dealers	135
2	Number of Current Metro Dealers	136
3	Future Number of Provincial Dealers	137
4	Future Number of Metro Dealers	138
5	Expanded Ford Dealer Network	139
6	Dealers per Region	140
7	Statement of Cash Flows	141
8	FIP Key Executives	142