**Case study: Ford and Honda**

**Haig Simonian** on two car groups' different routes to the global market.

Rising costs and the worldwide spread of shared tastes in car styling have prompted the indus­try's giants to exploit global economies of scale. But rivals such as Ford and Honda have approached the task very differently.

Ford is one of the world's earliest multinationals. Its first foreign production unit was set up in Canada in 1904 - just a year after the creation of the US parent. For years Ford operated on a regional basis. Individual countries or areas had a large degree of auton­omy from the US headquarters. That meant products differed sharply, depending on local execu­tives' views of regional require­ments. In Europe the company built different cars in the UK and Germany until the late 1960s.

Honda, by contrast, is a much younger company, which grew rapidly from making motorcycles in the 1950s. In contrast to Ford, Honda was run very firmly out of Japan. Until well into the 1980s, its vehicles were designed, engi­neered and built in Japan for sale around the world. Significantly, however, Honda tended to be more flexible than Ford in developing new products. Rather than having a structure based on independent functional departments, such as bodywork or engines, all Japan's car makers preferred multi-disciplinary teams. That allowed development work to take place simultaneously, rather than being passed between departments. It also allowed much greater responsiveness to change.

In the 1990s both companies started to amend their organisa­tional structures to exploit the per­ceived strengths of the other. At Ford, Alex Trotman. The newly appointed chairman, tore up the company's rulebook in 1993 to create a new organisation. The Ford 2000 restructuring programme threw out the old functional departments and replaced them with multi-disciplinary prod­uct teams.

The teams were based on five (now three) vehicle centres, responsible for different types of vehicles. Small and medium-sized cars, for example, are handled by a European team split between the UK and Germany. The develop­ment teams comprise staff from many backgrounds. Each takes charge of one area of the process, whether technical, financial or marketing-based.

Honda, by contrast, has decen­tralised in recent years. While its cars have much the same names around the world, they are becoming less, rather than more, stan­dardised. 'Glocalisation' - a global strategy with local management -is the watchword. Eventually the group expects its structure will comprise four regions - Japan, the US, Europe and Asia-Pacific - which will become increasingly self-sufficient.

Two reasons explain Honda's new approach. Shifting to produc­tion overseas in the past decade has made the company more attuned to regional tastes. About lm of Honda's 2.1m worldwide car sales last year were produced in the US. A further 104,000 were made in the UK. No other manu­facturer has such a high propor­tion of foreign output.

Honda engineers also reckon they can now devise basic engi­neering structures which are com­mon enough to allow significant economies of scale, but sufficiently flexible to he altered to suit regional variations. The US Accord, for example, is longer and wider than the Japanese version. The European one may have the same dimensions as the Japanese model, but has different styling and suspension settings.

Both Ford and Honda argue their new structures represent a correct response to the demands of the global market. Much of what they have done is similar, but intriguingly, a lot remains differ­ent.