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**MotorWorld** by Alex Taylor III

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LAST UPDATED: MARCH 25, 2008: 1:53 PM EDT

## Handicapping the succession race at Ford

*Thanks to an untimely disclosure, the competition to follow Alan Mulally as CEO gets off to an early start.*

By Alex Taylor III, senior editor

NEW YORK (Fortune) -- In recent months, life seemed to have returned to near-normal at Ford Motor. New CEO Alan Mulally had settled in after 18 months in the job, and the company was well along executing his major objective: integrating the company's global operations.

But normalcy has a short half-life in Dearborn, and chaos returned this week, thanks to a remarkably thick-headed remark by a top executive. In an interview with *Automotive News* published Monday, Ford's group vice president of human resources, Joe Laymon, decided to disclose the names of six executives he said were being considered to succeed Mulally.

Laymon resigned his job 24 hours later. But not before the company went into panic mode.

"I'm not going to go there," said one of the purported candidates, Americas boss Mark Fields, when *Automotive News* asked him about the report. "I'm going to let the chips fall where they may."

Another candidate, global marketing head Jim Farley, who has only been on the job for a few months, also tried to downplay the report. "You earn those opportunities," he said. "Right now, I haven't done anything."

Laymon's untimely disclosure will have the following negative effects on the company:

**It immediately sets up a horse race** among the six candidates that could create unnecessary conflict and backbiting. Ford has a history of corporate infighting going back decades (Harry Bennett and Henry Ford II, Henry Ford II and Lee Iacocca, Bill Ford and Jac Nasser) and hardly needs any more of it.

**It immediately makes Mulally a lame duck**, even though his contract doesn't expire until 2011. Scuttlebutt around the copy machine will now focus more on who will replace Mulally than what Mulally himself is trying to accomplish.

**It preempts the board of directors** (including two members of the Ford family), which has the exclusive right to pick the CEO.

"It was not what I would advise a client to do," said veteran headhunter Greg Carrott, managing director of Chicago-based Cavoure LLP, an executive search firm

Says Carrott, who frequently consults with companies on succession planning: "When you make succession planning public like this early on, you create a horse race. In an environment that has been historically as political at Ford, you run the risk of creating opposing camps when they should all be working together. As those camps start to form, the CEO's authority will be demonstrably undercut."

Laymon had a history of speaking out of turn, apparently to demonstrate his corporate clout. In an interview with *Fortune* in 2004, he volunteered the information that all the top executives at Ford worked with executive coaches and that he was the coach for chairman and CEO Bill Ford. Laymon's off-the-cuff comment produced some scrambling at headquarters, including demurrals from Ford executives who said they didn't know what an executive coach actually was, and they certainly didn't have one.

So, who made Laymon's list? The two marketing guys, Fields and Farley. One numbers cruncher, CFO Don LeClair. A manufacturing specialist, Joe Hinrichs. And two Ford of Europe executives, Lewis Booth and Steve Odell,

There is one curious omission: Derrick Kuzak, group vice president of product development. Kuzak is leading the effort to integrate the company's engineering resources globally, is in charge of developing all of Ford's new cars and trucks, and is arguably the second most powerful man in the company. He's to Ford (F, [Fortune 500](#)) what Bob Lutz is to GM (GM, [Fortune 500](#)).

Kuzak certainly isn't campaigning for the job, and some insiders say he doesn't have the personality for it, but he's widely respected within the company, has worked in both England and Detroit, and, at 57, isn't too old to take over when Mulally leaves.

So if you are Ford, what do you do to put the genie back in the bottle?

"Laymon stepped out of line," says Carrott. "You start a horse race like this, you come up lame. Ford is treating succession planning like a class election."

So if you are Ford, what do you do to put the genie back in the bottle?

Get Mulally to say that he'll stay on the job as long as needed - even if it means staying passed 2011 - to make sure that a qualified successor takes his place.

And then cross your fingers in the hope that peace and quiet will return to Dearborn. ■



FIRST PUBLISHED: MARCH 25, 2008: 10:30 AM EDT