

Yesterday, we released our financial performance to Wall Street, and you'll have seen that I made a comment saying "I'm not happy with 2018." I'm not. That doesn't mean I'm unhappy with you or your colleagues, but we can't become who we need to be if we accept mediocre results.

And 2018 was mediocre by any standard. Yes, we made \$7 billion last year. But think of it this way: this represents a 4.4 percent operating margin, about half what we believe is an appropriate margin. So we are aiming for much closer to \$14 billion.

But it's time to bury the year in a deep grave, grieve over what might have been and become super focused on meeting, and, in fact, exceeding this year's plan.

Today, I want you to know how I think about the issue of when we fall short of where we should be. First: When I realize we're not doing as well as we should, as many would be, I become mad for a short time. Likely mad at myself, but also because I know we are better than that ... I know that our competition hasn't been better than us by magic.

The anger passes quickly because there's no benefit in staying there. I get up the next morning and become focused on what we can do to be better. This is something I've often written about ... influenced first by my very optimistic father and then later a great coach.

But I don't forget what that short anger state taught me: I hate shallow or mediocre outcomes. I don't want to be there again. We can learn and focus to be better, but insanity is doing the same thing and expecting a different result.

Candidly, this is why I've been so consistent every time I get a chance to speak up: we have to design

our business to capitalize on the growing vehicle intelligence and how it is now interacting with the environment in which it operates.

Smart Vehicles in a Smart World is our path out of an overall mediocre performance.

Second: Rather than stay mad, work to become more intelligent about what went wrong and what can be better. With that mindset, I ask myself first not “what was wrong with the other people I work with” but rather “what was wrong with the approach?” Did we understand the real central question? Did we have the right design for the answer we needed? Did we second guess ourselves too much to go where we need to go to win?

Third: Rally those around you to want to be better and focus on unleashing our collective talents to “make things happen.” In this way, I do think about the people ... I look for those who aren’t happy either and have the same mindset I do. I can tell you the top team is talking this way to each other and we can’t wait to get into 2019 with our plans.

So take stock with me on January 24, 2019, of where we are. This part of the huddle gives me energy. I hope it does you, too.

We started over 20 months ago to THINK deeply about the issues we faced:

- Did we have the right product portfolio?
- Why were we continually losing money in product lines that had no plans to get better?
- What about moving up our time frame for electrification?
- How can we learn from the trends we missed in China to be a bellwether?
- What could we do to double down on products that were doing very well but needed more investment and energy?

Now with these questions – and many more – could we be clever and thoughtful about what to change ... to turn lemons into lemonade?

I found as I arrived that the collective IQ of our company has got to be among the best in the world. And yet I was worried as I saw the list of problems (above) that we were somewhat insular in our thinking. I wondered if we could become more curious about the world outside of Ford. How could we make curiosity shift from being a sign of weakness or giving in to the wrong thinking, to instead build up our confidence, or sharpen our thinking?

In fact, “Be Curious” made it to our list of cultural truths that we want to never lose sight of.

We decided to address the challenges I’ve outlined above, head on. It took us short of a year to figure all of this out and from that time to now we’ve actually come to clear POINTS OF VIEW about what we want to do.

We’ve clarified the portfolio. There’s obviously more work to do here, but it’s in much better shape.

We’ve decided that in the markets where we have waited too long to address the design of their business, that we should do it now before a recession in the future. We announced key alliances with VW and Mahindra, which not only assists us in some of those market issues, but also speeds up our commitment to platforms that make more profit.

Further, those partnerships will likely reduce our share of the future investments we make. For example, we’re public about our progress with AVs – vehicles that are so smart they can drive themselves. The cost to engineer the brain of those vehicles requires the best talent in the world and our ARGO joint venture is receiving praise for its progress. And in addition to talent, it takes time. When you add that together (talent + time), I want to make sure that we find investors to help us in that effort.

This is the year where we take those points of view and PLAN THEIR IMPLEMENTATION. I’m seeing those plans to get the products in shape, the markets restructured and the alliances up and running.

I have more to do in my own reflection of what should change to ensure that we win.

Yesterday, I sat through a new and game-changing program that a group of Ford folks put together that essentially celebrates the intersection of the critical thinking model and our early success with empowering teams using design thinking techniques. In fact, I want to give you a sneak peek of the program with this video.

I'm taking the liberty of showing this early because the momentum for our future is inspired with ideas like this. And it got me up today with a great smile on my face, and hope for our collective future.

Thank you for what you do for Ford Motor Company every day.