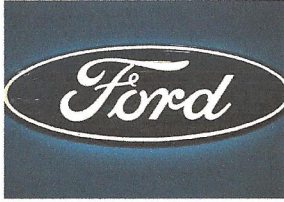


# Production problem idles Ford F-150 plant in Kansas

Keith Naughton and John Lippert, Bloomberg News 7:03 p.m. EDT April 29, 2016



(Photo: Mandel Ngan / Getty Images)

Ford Motor Co., which posted record quarterly earnings Thursday, said it's idling its F-150 pickup factory near Kansas City for a week next month to fix a problem that's preventing the plant from reaching production targets.

The shutdown will start May 9, temporarily furloughing 4,626 workers who build the aluminum-bodied pickup that helped drive net income of \$2.5 billion in the first quarter. Ford initially said in an emailed statement Thursday that the move was to "align our capacity with consumer demand." In a subsequent interview, Joe Hinrichs, Ford's president of the Americas, said that "consumer demand for the F-150 is outstanding."

Ford needs to adjust the Missouri factory's body shop and paint operations, which have prevented the plant from achieving its daily production targets for the pickup, Hinrichs said. So the company pulled ahead a down week that had been scheduled for the fall to fix those problems, he said.

"We can work on the equipment sooner and get Kansas City's daily production up to the level it needs to be," Hinrichs said. "We want to work on both the body and paint shop in Kansas City to work out a few bugs."

Ford spent much of the previous two years converting the Kansas City factory and a plant in Michigan to build the F-150 with an aluminum body, the highest-volume vehicle ever to be built with the lightweight material. With the F-150 finally going at full tilt in the first quarter, Ford booked record North American pretax profit of \$3.1 billion. U.S. sales of the F-Series truck line, which includes the F-150, rose 5 percent in the quarter to 186,121, as Ford total light-vehicle deliveries climbed 8.4 percent.

"We're getting the full benefit of the F-150, which is why we had a great quarter, among other things," Chief Financial Officer Bob Shanks said in an interview Thursday.

## Extra inventory

Ford had built up an inventory of 288,000 F-Series trucks as of April 1, according to Automotive News Data Center. That represents a 105-day supply in an industry where a 60-day supply is considered ideal.

Most of that extra inventory is of the larger Super Duty version of the F-Series that Ford is redesigning and re-introducing this fall. The automaker is "very comfortable with where we are" on F-150 supply, Hinrichs said.

Ford sold 780,354 F-Series pickups in the U.S. last year, making it the nation's top-selling vehicle line for the 34th straight year. Analysts have said each of the trucks generates a pretax profit of more than \$10,000, accounting for the majority of Ford's North American earnings.

Any lost production of the F-150 is costly for Ford, which is why the automaker decided to resolve the production problems at the Kansas City plant next month rather than waiting for the scheduled down week in the fall, Hinrichs said.

"We chose to pull this week ahead so we could fix the problem sooner rather than later," Hinrichs said.

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A promotional banner for Preston Ford. On the left is the Preston Ford logo featuring a green frog. The text reads "UNBEATABLE PRICING ON ALL NEW 2015 AND 2016 FORD VEHICLES". In the center are three vehicles: a white Ford Focus, a yellow Ford Fiesta, and a black Ford F-150. On the right is a red button that says "View Inventory". The AdChoices logo is in the top right corner.

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