

# Ford forms distinct EV and combustion-engine divisions in major restructuring

Article

**The news:** Ford, which recently received more than [275,000](#) electric vehicle pre-orders, has decided to restructure by creating two separate divisions, one for EVs and another for

internal combustion engine vehicles.

**Why it's worth watching:** Ford CEO **Jim Farley**, who has been leading the company since 2020, said developing and selling EVs requires new technical expertise and a different sales strategy than those for traditional combustion-engine vehicles, [per](#) The Wall Street Journal.

- The **Ford Model e** division will focus on digital innovation and EV production while **Ford Blue** will stick with internal-combustion vehicles. These divisions will have their own management and their own profit-and-loss statements.
- Having a separate division for EVs will give Ford room to develop new technologies and solutions. “Our legacy organization has been holding us back. We had to change,” Farley said.
- The restructuring ends speculation that Ford would spin off its EV division. “Startups would love to have the industrial know-how of our company,” Farley said. “Why spin out Model e and risk that?”

**Why this could succeed:** Ford says the creation of Ford Model e was informed by the success of smaller, mission-driven teams that developed the **Ford GT**, **Mustang Mach-E** SUV, and **F-150 Lightning** pickup, as well as Ford’s dedicated EV division in China.

By separating EV from combustion, Ford is making room to compete at the highest level without any crossover or baggage from its established combustion-engine business.

- An EV-focused division will help attract new talent to solve various manufacturing, charging, and technology challenges.
- Other carmakers, like [Nissan](#), [Mercedes-Benz](#), and [Volvo](#), made commitments to produce only electric-powered vehicles by 2030, although Volvo created a spinoff company for non-EVs.

**What's next?** Automotive companies shifting to EVs are realizing that to compete against Tesla, they need to focus on the future and pivot away from legacy product development, marketing, and sales.

- Ford’s restructuring is a commitment to its EV future while maintaining its current gasoline- and diesel-powered cash cow.
- It’s also a signal of massive change coming to the automotive industry and could lead other car manufacturers to dedicate part of their business to EVs or seek [partnerships](#) that can help keep them competitive in the coming decade.

# Top 10 EVs in the USA (1st Half of 2021)

Tesla Model Y

81,802

Tesla Model 3

56,755

Chevy Bolt EV

20,141

Ford Mustang Mach-E

11,068

Nissan LEAF

8,253

Volkswagen ID.4

5,743

Porsche Taycan

5,285

Audi e-tron

5,258

Hyundai Kona EV

4,875

Kia Niro EV

2,847

Source: Experian

1065090964777

InsiderIntelligence.com