Ford To Expand U.S. Production By 13 Percent

Tom Krisher, AP Auto Writer

SAN FRANCISCO (AP) — Ford Motor Co. will increase factory production 13 percent in the first quarter because of higher demand for Ford and Lincoln brand cars and trucks, and further increases are likely through the year, company executives said Sunday.

The Dearborn, Michigan, automaker said its sales to individual buyers rose 27 percent in January, a strong increase that shows demand for Ford products like the Explorer sport utility vehicle is on the rise. Ford's overall sales, including those to big fleet buyers such as rental car companies, rose 9 percent last month.

"We're trying to catch up to just the customer demand," Jim Farley, Ford's global marketing chief, told reporters at the National Automobile Dealers Association conference in San Francisco.

The first-quarter increase, to 555,000 vehicles, could mean additional jobs. U.S. sales chief Ken Czubay said Ford is studying whether to add a third shift to factories that now are on two shifts and working overtime. The company also could add production by raising the assembly line speed or by paying more overtime to extend work time.

Czubay said demand for vehicles like the revamped Explorer has been so high that the company has only a "single-digit" days' supply of the model on dealer lots. Automakers like to have around 60 days worth of a product so customers have adequate selection.

Ford's Chicago plant is most likely to get additional jobs or overtime because it builds the new Explorer. It's based on a car chassis and gets better mileage than the old Explorer, and arrived at dealers late last year.

Ford already has announced plans to hire more than 7,000 workers in the next two years, including engineers and factory workers. But those jobs will be to build new models like the revamped Ford Escape midsize SUV.

The executives also promised six new or updated models for the Lincoln brand during the next three years as they try to revive its sales. Dealers who attended a meeting Sunday with Farley and Czubay said no specifics were given on the models. Ford has phased out its Mercury brand, leaving some dealers with only Lincoln. Lincoln sales rose 3.6 percent last year but lagged the overall U.S. auto market, which was up 11 percent, according to Autodata Corp. In January, Lincoln sales fell 21 percent compared with the same month of 2010.

The Ford executives said they are offering sales bonuses to Lincoln dealers who meet company requirements on perks for customers, such as car washes and loaner

cars, staff training, sign changes and having 30 percent of their used-car sales certified. That means the cars pass dealer inspections and meet Ford standards for their mechanical and physical conditions.

The dealers have until Sept. 1 to meet the new standards and start getting the bonuses. Ford wouldn't give specifics on how much the bonuses would be.

Many Lincoln dealers also sold the Mercury brand, which Ford phased out at the end of last year.

Ford is trying to reduce the number of U.S. Lincoln dealers to make the remainder more profitable. It has about 1,100 across the country.

Glenn Mears, a Lincoln-Nissan dealer from Dover, Ohio, south of Cleveland, said there was little animosity at the meeting from dealers who lost their Mercury businesses. He said already he's coming close to making up the lost Mercury sales with the Lincoln brand.

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