Written by **Steven J. DuBord** on November 3, 2009

Ford Made Nearly $1 Billion Last Quarter

The Ford Motor Company has posted a net income of nearly $1 billion in the third quarter of this year, no thanks to Uncle Sam. Ford was the only Detroit automaker to escape federal bailout money while steering clear of bankruptcy court.

On November 2, Ford disclosed that it took in $997 million, or 29 cents per share, during the quarter. This is the first pre-tax operating profit since Ford's first quarter in 2008. Looking ahead, the company "now expects to be solidly profitable in 2011, excluding special items, with positive operating-related cash flow."

Several other highlights were mentioned. Ford's North American division "posted a pre-tax operating profit of $357 million, its first profitable quarter since the first quarter of 2005." Ford Credit "reported a pre-tax operating profit of $677 million, a $516 million improvement from a year ago."

Ford saw market-share gains in Europe and in North and South America, "as well as continued improvements in transaction prices and margins." In Europe, "market share was 9.2 percent for the quarter, up 0.6 points from last year and the highest third-quarter level in 10 years." U.S. market share "increased 2.2 percentage points compared to last year as the Ford, Lincoln and Mercury brands all posted sales gains."

There are some potholes in Ford's road to recovery. The United Auto Workers union on November 2 rejected an agreement with the automaker that would have brought Ford's labor costs into parity with General Motors and Chrysler. The union indicated it would not be coming back to the bargaining table.

Workers didn't like clauses that would have limited their right to strike and frozen entry-level wages. They also rejected rules that would have forced skilled tradesmen to work in teams and do more than one job. Seven out of ten production workers and three out of four skilled tradesmen voted against the deal.

Ford nonetheless issued a statement of its willingness to work with the union in an effort to keep the company competitive and enable further investment in North American auto plants.

The automaker's turnaround is headed in the right direction despite the labor woes. After losing over $14.6 billion in 2008 and going without a full-year profit since 2005, the nearly $1 billion of income is welcome, if unexpected, news.

Consumer Reports magazine recently rated the reliability of 46 of 51 Ford, Lincoln, and Mercury models as average or better. This beats the track records of rivals GM and Chrysler.

All of this goes to show that government bailouts aren't necessary to keep an automaker afloat. If a company is well managed and pays attention to the quality, reliability, and value of its products, the profitability will be there. Ford remains free from the meddling of the federal government and is, to a degree, the master of its own destiny.

Actually, the customer is the decider for Ford, not Uncle Sam. Consumers are literally in the driver seat as they decide if Ford stays on the road to profitability — and that is the way it should be.

Photo: AP Images