

	<p><b>The People's Tycoon; Henry Ford and the American Century</b> Steven Watts</p>
<p><b>1. The Situation</b></p>	<p>This book about the life of Henry Ford (1863 – 1947) tells the story about a man who, by means of the production of affordable cars for everyday people and the invention of assembly line production, changed society.</p>
<p><b>2. The Challenge</b></p>	<p>Ford's mission was to make automobiles accessible for average people. He did so in 1908 with the Ford-T, which became an enormous success. With his invention of assembly line production, he was able to keep production costs and thus prices of his cars low.</p> <p>It took Ford a lot of time and effort however, to get there:</p> <p>Henry Ford grew up on a farm in Dearborn. Even though his father preferred his son to become a farmer as he was, Ford eventually turned out to be a gifted mechanic.</p> <p>Before his career really took off, Ford had several jobs and made several attempts as a businessman. He worked as a machinist, repairing steam engines, he repaired watches, fixed farm machines, and worked as an engineer and machinist at the Edison Illuminating Company. '</p> <p>In 1896 he fabricated his very first means of transport; a quadricycle which was eventually sold for \$200 to continue R&amp;D to produce a car for mass audience.</p> <p>In 1897, Ford finished his second prototype automobile and in 1898 he went to search for investors for his first real venture; in 1899 the <b>Detroit Automobile Company</b> was a fact. Unfortunately, this soon turned out to become a failure (the prototype wasn't a very good car, car parts were mainly fabricated elsewhere and often needed adjustments, Ford kept altering the – mechanical – design of the car and in general, Ford seemed to have a difficulty with authority). In 1901, the Detroit Automobile Company was dissolved.</p> <p>A few of the former financiers however, remained confident in Ford and in November 1901, the <b>Henry Ford Company</b> was founded. Unfortunately, the same problem occurred quickly; Ford failed to get a commercial model ready for manufacture. This time because Ford was more interested in building a race car with which he directly won a racing contest in October 1901. Besides victory, racing brought Ford a lot of free publicity [p. 70]. Unfortunately, at the time Ford struggled to connect this publicity to the manufacturing of a commercial car for the Henry Ford Company. His racing endeavours only severed the tensions between Ford and his stockholders. Therefore, three months after its launch, Ford left the Henry Ford Company.</p> <p>Ford's continued with the manufacturing of race cars, which cars broke speed records with the help of racer Barney Oldfield. It later turned out to be the launch of both their careers; Ford would use his new obtained fame to finally manufacture and launch an affordable commercial car for the people. In the summer of 1902, Ford teamed up with coal dealer Malcomson and in the spring of 1903 the prototype Model A was completed. In June 1903, after enough investors [p. 87] were found by the two men, the <b>Ford Motor Company</b> was incorporated. The Model A became successful and the FMC had to move its plant within Detroit from Mack Avenue to Piquette Avenue in late 1904. By that time, the FMC employed 300 workers. This first success had a lot to do with the introduction of James Couzens within the FMC. This young clerk of Malcomson was the first to urge Ford to get the cars onto the market, even though they were not yet as perfect as Ford wanted them to be.</p>

	<p>This avoided a repetition of the problems which occurred during Ford's preceding ventures. Moreover, it was Couzens who set up the agency sales structure for the FMC. By the fall of 1905, he had signed up more than 450 agencies, using a system with salaried employees, rather than independent agents, with a system of bonus and other incentives to reward sales. In 1905, the FMC produced 25 cars a day, selling roughly 1700 cars per year, making a gross turnover of around \$ 2 million in one year. It goes without saying that Ford and Couzens became allies. This made Malcomson nervous. On top of that, Malcomson and Ford began to differ from opinion: Ford wanted to make an affordable car for the people [p. 97]. In contrast, Malcomson wished to make a luxurious car for the upper class.</p> <p>This deadlock resulted in the incorporation of the <b>Ford Manufacturing Company</b>, which was a clever manoeuvre of Ford and Couzens to sideline Malcomson. The FMC II was organized without the participation of Malcomson with the purpose to divide the activities of the companies: the FMC II would produce engines and car parts and sell them on to the FMC. To strike back, Malcomson started his own competing venture. However this became the reason for the FMC board to ask Malcomson to resign, in 1906 he sold his stock to Ford. Later on, Malcomson's allies followed and sold their shares to Ford and Couzens as well. The FMC II was taken into the FMC. Just as planned.</p> <p>In 1906, the Model N became another success for the FMC. Because of internal mass production of engines and car parts, the price of the Model N was kept low. This was just the intention of Ford:</p> <p>'There are a lot more poor people than wealthy people. We'll just build one car for the poor people.'</p> <p>With regard to the purpose to optimize production to keep costs and prices low, Ford hired Walter E. Flanders, an expert in machine tools. Flanders realigned machine placement for a smoother flow and trained workers in more efficient production methods.</p> <p>The final crucial piece to the puzzle turned out to be the light weight steel vanadium, which enabled the FMC to manufacture a low priced, light weight car of good quality. In 1908 the Model T was introduced to the consumer and sales exploded:</p> <p>'Ownership of an automobile has now reached a point of being an accepted essential of normal living.'</p> <p>Eventually, the Ford factory moved to Highland park and later to River Rouge, as production kept expanding. In 1913, production exploded with the introduction of the assembly line: in 1913 production grew from 82.000 to 189.000, in 1916 585.000 cars were manufactured, in 1921 Ford hit the 1 million mark and in 1923, 2 million cars were produced.</p>
<p><b>3. The Method</b></p>	<p>In the first place, persistence and confidence in combination with mechanical skills and a sense for business brought Ford his success.</p> <p>Ford, as one of the first, saw and understood that you have to enable people first if you want them to buy your product. To reach his goal, Ford had a two way approach:</p> <p>At one side, Ford was able to keep production costs low and thus his cars affordable for the average American by means of assembly line production.</p>

	<p>At the other side, Ford embarked on projects to stimulate consumption. In 1914, he introduced the 'Five Dollar Day' which meant that every worker in the Ford factory, received a generous \$5 wage a day. According to Ford, the reasons for the pay raise were that he a) wanted to share the profits realised by the FMC and b) wanted to enable his workers to take part in the consumption society.</p> <p>Also, Ford understood the importance of good publicity. As the best publicity is free publicity, Ford cars participated in races and Ford dealers gave demonstrations of did stunts to get the attention of the people and the press. Besides these publicity stunts, the 'regular' paid Ford advertising campaigns illustrated a shift at the time: they reflected a transition from meeting practical needs to fulfilment of desires [p. 126].</p> <p><i>'Buy a Ford and spend the difference.'</i></p>
<p><b>4. The Success</b></p>	<p>The success is evident: departing from the early twentieth century, the FMC grew rapidly to become the biggest car manufacturer of the USA and the Ford T the most popular car for over a decade.</p> <p>In 1923 however, the success of Ford declined. In the 1930's the Ford company even started to lose money. This negative spiral was mainly due to Ford's attitude towards his own company. On one hand, Ford lost interest in his company and spent his time on many other projects. On the other hand, Ford wouldn't delegate his authority within the company, and held it in an iron grip. This attitude nearly led to total chaos, just before his death in 1947.</p> <p>Nowadays, the Ford Motor Company is involved in the most up to date developments and improvements one can implement in a car. The models available since 2013 contain an embedded navigation system which stores several kinds of data. Besides that, the new models can be delivered with a voice-activated SYNC system, which controls audio, climate, navigation and other features and which can be paired via Bluetooth to a driver's mobile device. Once again, the FMC is ahead of the game.</p>

Ford was a man of many controversies which sometimes explain the success and decline of the FMC during his life:

1. Even though Ford stimulated consumption and thus independency amongst Ford workers, he also had a strong urge to moralise. He had the tendency to disseminate certain moral standards and expect people to follow them (even though they were often based on poor knowledge of facts and backgrounds). For an example: in return for the Five Dollar Day, Ford demanded his workers and their families to meet certain moral standards and fulfil certain social obligations. By many this was seen as an intrusion in the private lives of the workers and as paternalistic. In 1920 Ford's sociological department was cancelled.
2. During WW I and the beginning of WW II Ford was known to be a pacifist, partially because he thought that war was only initiated by 'commercial parasites' who sought to profit from it. In contrast thereto, Ford also had let himself in with anti-semitism. Under the influence of his own distrust of financiers, bankers and other institutions of economic power he started to develop a dislike for Jews. This aversion was further stimulated by his secretary Ernest G. Liebold who had anti-semitic thoughts himself.
3. Although Ford can be seen as one of the founders of modern society as we currently know it and obviously became very wealthy from his company, he resented luxury and had a great aversion with anything related to Wall Street. Assumably because of his own rural background, Ford instead preferred a conservative and sober life during which he glorified everyday life and the everyday people.