

CHAPTER XXIII

STUDYING THE AUTOMOTIVE INDUSTRY

When Grandfather had sufficiently recovered to take the road again, Mr. Boyd told Mr. Hazen that if he would have Mr. Parlin study the automotive industry, the study could be made profitable to the company. A man less broad-minded than Mr. Boyd would probably not have done this. Mr. Boyd probably already had ambitions at the proper time to succeed Mr. Hazen, and his only competitor was Mr. Latshaw. Commercial Research was Mr. Latshaw's idea. Parlin was Latshaw's man - found, developed and vigorously promoted by Mr. Latshaw.

Commercial Research had been tried for two years; it had produced some impressive looking reports, Parlin had made some effective speeches, but there was little as yet to indicate that the adventure was likely to prove financially profitable and was doubtless looked at skeptically by a number of the directors. A man with petty jealousies might easily have made a successful attack on the idea of research or might have killed it by indifference. Mr. Boyd, however, always had broad vision and exceptionally keen instinct for the practical.

He saw how to make research arrive - what matter if it were Latshaw's idea - let's make it pay.

When Grandfather arrived in Chicago to get Mr. Boyd's instructions for the study, Mr. Boyd said: "I wish you to study the automobile industry in your own way. I have only one suggestion. Some of the men in the Chicago office know considerable about the industry and have some definite ideas about it. I suggest that you go off by yourself and not talk to these men until you have your own ideas well enough grounded that you will not be

unduly influenced by their opinions. When you have established independent judgments, come back to Chicago and these men will do everything they can for you with their opinions and will get you interviews with leading manufacturers in Detroit."

So once more a new start was made - again a lonesome but interesting job was undertaken. From coast to coast distributors and dealers were interviewed and then leading manufacturers in Detroit were interviewed. In one respect, however, this study was very different from the preceding two. Both in Agricultural Implements and in Department Stores, leaders in the industry were suspicious - they gave information guardedly, if at all. The automobile industry had all the frankness of a youthful industry. The Saturday Evening Post, as several expressed it, was the advertising "Bible" of the industry - The Curtis Publishing Company was one of the outstanding factors in the industry - what could they do to help?

The industry had had an amazing growth. Banks would not adequately finance the industry. Manufacturers were so preoccupied by the multitude of problems - new designs, building sales organizations, planning advertising, erecting new plants, worrying about cash for pay day - that they had had no time to analyze the industry. They were in a hectic and dizzy game. Where was the automotive industry headed for? What were the underlying trends? If The Curtis Publishing Company could tell them, they would be glad to stop for an hour to help with the study.

It was a crucial time in the industry and a wonderful opportunity for a student, freed from other worries, to try to understand the direction of the fast-moving currents. It would go far beyond the bounds of this book to tell of the interesting meetings with the early leaders of the industry, but because he already was becoming a national figure, perhaps a description of the first meeting with Mr. Ford may be interesting.

Mr. Ford's lieutenants were cooperative, but an appointment with Mr. Ford was quite impossible. Mr. Ford was democratic - he would talk with me if he could be caught on one of his trips to the plant, but he would not make and keep appointments. No one knew when he would next come to the plant. Mr. Hawkins, who was at the time Mr. Ford's colorful sales manager, agreed that he would phone to the Pontchartrain Hotel when Mr. Ford appeared at the factory. After two days of patient waiting, the telephone rang. "Mr. Ford is here. Come quickly." Arriving as quickly as the taxi could get to the Ford plant, "Where is Mr. Ford?" "Mr. Ford is in that office with his attorney, you sit in that room and when he comes out, I will catch him for you," said Mr. Hawkins.

Later Mr. Hawkins had to leave. "I will have the office boy catch Mr. Ford for you." That did not look good. It seemed better to stand close by. At just that moment Mr. Ford emerged and Mr. Hawkins said: "This is Mr. Parlin, the young man whom I mentioned to you as wishing to obtain some information from you." "Oh, yes," said Mr. Ford dreamily, "stand right there until I return."

Some minutes later he returned, walking briskly with another man. "This is Mr. Wills," said Mr. Ford. "Let's eat," said Mr. Ford, leading the way into the courtyard where stood a Model T (the Ford car which had obtained almost a monopoly of the low-priced field). Mr. Ford took the wheel, Mr. Wills cranked the car, and we started off. The motor sputtered a bit. "An experimental car," said Mr. Ford.

At a roadside restaurant, after a lunch in which frogs' legs comprised the main dish, Mr. Ford graciously offered to answer any questions he could and for an hour or more he discussed various phases of the automobile industry. When he spoke of the concrete - of such subjects as

design, mass production, holding to a single model, the power of price to sell cars - Mr. Ford spoke with clear vision. When he was plied with questions on the abstract - on sales methods other than price, on advertising, on value of appearance and prestige - the impression Mr. Ford gave can best be illustrated by a story told by one who knew Mr. Ford well.

This man said that a writer had urged him to secure an interview with Mr. Ford, that he might write an article on the human side of Mr. Ford. "I told the writer," said the man, "that there was no such story as he was looking for, but finally I arranged for an interview and the writer set off in fine spirits. A couple of hours later he returned and sitting down before the open-grate fire, put his head in his hands. 'Are you ill?' I inquired. 'No,' replied the writer, 'only dizzy.' 'Did Mr. Ford meet you?' 'Oh, yes,' he said glumly. 'Was Mr. Ford courteous to you?' 'Oh, yes, very courteous.' 'Well, tell me,' I persisted, 'just what happened that upset you so?' 'It was this way,' he said, 'Mr. Ford greeted me cordially and we started to walk through the garden, Mr. Ford pointing out some of the flowering shrubs. Shortly we were in the middle of a big bird cage, when Mr. Ford suddenly seemed to become conscious that he was being interviewed, stopped and said: 'I don't believe in History.' Now just where we went from there I don't know - I am all dizzy and I cannot figure it out.'"

Two other stories told by a man very close to Mr. Ford in the early day of the Ford car are entertaining. Whether or not they are literally true at any rate they illustrate the determination with which Mr. Ford held steadfastly to a single model in spite of pressure from his sales organization.

A time came when other manufacturers had adopted gear shifts. This made it difficult for the Ford managers to sell Model T, which still had planetary transmission. The managers, having been called to Detroit for a

meeting, agreed among themselves to tell Mr. Ford that they could not sell the Ford car with the planetary transmission. "You be the spokesman, Bill." "No, John, you tell him." So the job of "putting the bell on the cat" went down the line. The last man said, "All right, I will tell him if you will all agree to stand pat." It was agreed.

When Mr. Ford entered the meeting, the spokesman began. "We are all agreed." "Yes, yes," said Mr. Ford, "what is it?" "We have all been talking the matter over and we are unanimous." "Yes, yes," interrupted Mr. Ford, "what is it?" "Why, we are all agreed, Mr. Ford, that we cannot sell planetary transmission."

"When the Board of New Managers meets," quietly said Mr. Ford to Mr. Wills, the secretary of the meeting. "But I don't understand you," said Mr. Wills. "When the Board of New Managers meets," repeated Mr. Ford. "But," again interrupted Mr. Wills, "I do not know what you mean by the new managers." "Oh," said Mr. Ford, "these men have all resigned and we will have to appoint new managers to take their places. When the new managers meet" - "But these men did not mean to resign," said Mr. Wills. "They did not mean to resign?" said Mr. Ford. "They believe they can sell planetary transmission? What is next on the program, Mr. Wills?"

At a later meeting the managers wished to sound out Mr. Ford about a self-starter, but they remembered the experience on planetary transmission and proceeded carefully. As Mr. Ford passed through the group, one said: "We were wondering, Mr. Ford, whether you had any thought of putting a starter on the car." "Yes," said Mr. Ford. "Good," says the man, "and about when?" "About August 1st," said Mr. Ford, and the managers went home to whisper the word about that a self-starter would appear on the Ford about August 1st, and one manager was reported to have announced the forthcoming Ford starter in a city daily.

August 1st came, the price of the car was cut \$50, but there was no starter. Weeks went by and another managers' meeting was held. Again talking informally as Mr. Ford passed, one said: "We thought we were to have a starter." "Yes, yes," said Mr. Ford. "We thought we were to have the starter about August 1st." "Yes, yes," said Mr. Ford. "But, Mr. Ford, we did not get the starter." "Did not get a starter?" said Mr. Ford. "Did I not cut the price \$50? If that would not start the car, what would?"

Mr. Ford had a mechanic's pride in the model he had invented and a belief that the model was perfect enough and needed no modification. Through this unshakeable confidence in his creation, he found the key to unbelievable success. While other manufacturers changed their models annually, Mr. Ford for many years kept Model T unchanged and was enabled thereby to develop mass production - to create huge machines which turned out unheard of quantities of a single part. He established an assembly line, so that as a car passes along an endless chain, one man puts on a certain part, another tightens certain bolts, finally gas is put into the tank, the starter crank is given a whirl and the car moves off the line under its own power. This enabled lower and lower price - Mr. Ford was reported to have said "\$500 is a lot of money to a lot of people" and to have kept it constantly in mind that if he could get his car to \$500 he would find a vast market.

In all this he was right, and starting with about \$25,000 of capital, he built the most amazing business ever created in one man's lifetime. Yet in all this there were elements of weakness, and the automobile report pointed out how a competitor might some day take a large piece of the Ford market.

"Real competition with Ford is likely to start at \$750. When a group of manufacturers have developed quantity production at this price, it is probable that one or more of them will lower prices and enter into direct competition for the low-grade market.

"If the developments of the automobile and the appearance of real competition should force Henry Ford to make a material change in his chassis, a company that was in a position to make a strong attack at the moment would get an opportunity to catch him.

"For the moment that an announcement is made that a materially different Ford chassis is to be made, an immediate depreciation of the stock in the factory and in the hands of dealers would take place, and whether production be stopped to allow for a clean-up, or whether the new production follow closely upon the heels of the old, a period of disorganization would be likely to occur that would give a competitor a real opportunity.

"It is possible for a manufacturer with a good car, at a price somewhere near the Ford figure but improved in appearance, to increase that market, and if a period of disorganization occurs at the Ford plant through labor problems, factory mishaps, the necessity of changing chassis, disruption of the sales force, or any other reason, the company in the field will have a real opportunity to grasp a considerable portion of the business."

Dodge and Overland started along this track, but Dodge worked up into a higher priced class and Overland was diverted by the war. It was not until fifteen years later that Chevrolet tried the formula and found that it worked. Ford was forced to change his model and in the disorganization which ensued, Chevrolet seized a large slice of the market.

Following the completion of the report, a series of meetings with all leading factors in the automobile industry were held in rapid succession.

Mr. Boyd attended many of these meetings and, with his broad knowledge of the industry and his great resourcefulness, in a conference was very helpful.

The report "went over big". Substantial orders of advertising from manufacturers indicated faith in the conclusions presented. Mr. Boyd had shown how to make Commercial Research pay. Commercial Research had arrived.