

Wheels for the world: Henry Ford, his company, and a century of progress, 1903-2003.

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Wheels for the World: Henry Ford, His Company, and a Century of Progress, 1903-2003.

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By Douglas Brinkley.

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By Mira Wilkins

The one hundredth anniversary of the founding of the Ford Motor Company in 2003 has encouraged new studies of the corporation's history. Allan Nevins and Frank Ernest Hill's *Ford*, a history in three volumes (published in 1954, 1957, and 1962), had its genesis in the fiftieth anniversary celebrations. My book, *American Business Abroad: Ford on Six Continents*, coauthored with Hill, appeared in 1964. While much was written before these studies appeared, and a good deal has been published subsequently, there is clearly a need for a carefully updated history.

Indeed, for a number of years, the Ford Motor Company had discussed with various scholars the possibility of a sequel to the Nevins and Hill volumes. The company contributed an immense amount of money for historian David Lewis to prepare such a history, but his book never materialized. In 1992, Douglas Brinkley, a prolific U.S. historian (who would succeed the late Stephen Ambrose as director of the Eisenhower Center in New Orleans), was approached by the company to take on this project. Brinkley countered with a proposal to prepare a single-volume business and social history of the Ford Motor Company. He received a sizable advance from his publisher to do so. The Ford Motor Company gave Brinkley access to archival data, albeit Brinkley found that the oral history collections "proved to be [his] most indispensable primary source material" (p. 831). And the book is greatly enriched as it draws on these reminiscences.

This is an enjoyable, readable, and absorbing book. Roughly two-thirds of it covers the era of the first Henry Ford. A mere 150 pages deal with the period that begins where the account by Nevins and Hill (and Wilkins and Hill) leaves off. Thus the bulk of the book tells a familiar story and tells it very, very well. This is a "good read." The importance of Henry Ford and his company emerges, as does the fascination of Henry Ford the man. Ford's role in "originating the universal car, in using productivity as a means of increasing wealth of all, and in letting the assembly line set the pace of a modern economy" (p. 514) is never obscured by details of his personal foibles. The creation of Ford Motor Company "was a reflection of what was essential to the man" (p. 519). Ford's achievement was in "thinking big. . . . Henry Ford was a futurist. . . . He brought imagination to the business world" (p. 521). Yet, this is no "powder puff" history;

throughout, Brinkley's Henry Ford is a plausible, completely rendered individual, with a dark side as well as a heroic one.

Brinkley also focuses on the personality of Henry Ford's son, Edsel, whom Brinkley greatly respects. Brinkley attempts to analyze Edsel's role in shaping the company. In a chapter entitled "Model Y: The Ford Americans Never Knew," I anticipated an examination of the company's strategies on the international stage; most of the chapter, however, is not on the car model designed for the British (and continental European) markets, but rather contains a digression on the artist Diego Rivera and Edsel Ford. In 1945, when the twenty-eight-year-old Henry Ford II (grandson of the founder) became president, the company had fallen into an abysmal state. Edsel, Henry II's father, had died two years before; his elderly grandfather would die in 1947. The story of the company's remarkable resurgence under young Henry is, once again, a familiar one, well told by Brinkley, although his presentation contains little new material. Indeed, none of his splendidly written account of events prior to 1960 adds anything substantive to the voluminous literature on this company, which, as Brinkley approvingly points out, was described at the time of its fiftieth anniversary as having had "the greatest influence of all time" (p. 557).

Henry Ford II died in 1987, at the age of seventy. From 1945 to the start of the 1980s, he was the dominant figure in the company's history. He and the men to whom he delegated authority transformed the Ford company into a modern corporation. At the time that he took over its corporate leadership, the firm had sunk to number three in the U.S. industry, trailing behind General Motors and Chrysler. Ford brought in experienced executives from GM and set out to replicate his rival's managerial model. GM became the template for Ford Motor Company's strategic policies in all spheres, both domestic and international. By 1960, however, there was a recognition in Dearborn that "Ford could no longer move forward simply by copying the GM model" (p. 565). The company had been reborn and had reclaimed its position as number two in the industry. The top executives who had been hired away from GM were nearing retirement; a new cadre of men, known as the "Whiz Kids," recruited by Henry Ford II and closer to him in age, were assuming leadership positions. From this

point, Brinkley takes up the story where Nevins and Hill left off.

The Whiz Kids enjoyed a short period of partial hegemony in the 1960s: Robert McNamara, one of this group, was president for less than two months before going to Washington as John F. Kennedy's secretary of defense; next came John Dykstra (not a Whiz Kid), who filled in as president from 1960 to 1963 and in turn was followed by Whiz Kid Arjay Miller. At decade's end, "Bunkie" Knudsen (from GM) spent a brief time in leadership, to be succeeded by Lee Iacocca, who served as president from 1970 to 1978. By the late 1970s, Philip Caldwell had risen to prominence, and then in the 1980s and 1990s, Donald Petersen, "Red" Poling, and Alex Trotman. In 1999 the company came full circle, when forty-one-year-old William Clay ("Bill") Ford Jr. (the great-grandson of Henry Ford and nephew of Henry Ford II) became chairman. All the while, this modern corporation was family controlled. The board chose Jacques "Jac" Nasser as president and chief executive officer, an appointment that lasted two years; in October 2001, Bill Ford Jr. himself assumed the lead position at Ford. The company he took over remained number two in the U.S. automobile industry. By then, however, there were only two domestically owned automobile producers (in 1998 Chrysler had become DaimlerChrysler, part of a German multinational enterprise); Japanese companies that manufactured cars in the United States had become important competitors. In 2003 the American—and indeed the world's—automobile industry was very different from the one that existed in 1960.

The section of the book covering the last forty to fifty years of Ford history is disproportionately, and disappointingly, brief. It is impossible to do justice to the era in the limited space the author has allotted to these decades. Part of the problem may lie simply in Brinkley's decision to prepare a one-volume company history and to devote most of its pages to the well-known aspects of the story, rather than to the new ones. When writing about the post-World War II years, Brinkley continues to focus on personalities, largely through interviews, oral history reminiscences, and journalists' renditions of events. (Brinkley had access to some of the interviews David Lewis had conducted with Henry Ford II in the 1980s.) Brinkley's narrative reveals the highs and lows of the company's history,

although not in the context of American economic history nor of American, much less global, automotive-industry history. Thus, while carefully attending to the company's attempt to match GM in the 1950s, Brinkley missed significant changes that occurred in the entire industry. Absent from his book are data on American demographics in that decade: on the initial impact of the baby-boom generation; on the growing number of American children; on station wagons; and, most important, on the expanding size of American basic car models. American cars had lost their competitive edge in world markets. As Brinkley does point out, in 1957, for the first time since the early twentieth century, U.S. car imports exceeded exports. And this situation persisted.

The book features little on the post-World War II revival and expansion of European car output and how this development affected Ford (because its exports were not competitive in world markets, Ford would have to expand its foreign production in order to reach those markets). Brinkley never discusses "captive" imports; indeed the term (which refers to separating out intracompany sales) is not introduced. In 1959, when imports exceeded 10 percent of U.S. sales, American companies responded with compact cars. Ford's entry was the Falcon. Imports plunged. Not until 1968 did imports again exceed 10 percent of the American market. When Brinkley considers the late 1960s and 1970s, he fails to appreciate the new role of imports and overlooks the impact of enlarged global production on the domestic industry. Ford's activities as a multinational enterprise are badly shortchanged. And there is no discussion of either the U.S. Trade Expansion Act of 1962 or the strong dollar in the late 1960s.

The continuing rise in imports into the United States during the 1970s is only partly explained. Neither Ford nor the rest of the American automobile industry understood the emergence of the Japanese automobile industry, and Brinkley does not analyze the Ford company's reaction. The problems of the 1970s, including newly elevated oil prices and the revised regulatory structure, compounded by lax quality control, drove the U.S. domestic automobile industry into retreat. The contracts signed in the 1950s and 1960s with the United Auto Workers (UAW) created special difficulties for Ford, but Brinkley does not elaborate on them.

Between 1980 and 1982, Ford showed major losses. Although we are told that the key managers responsible for the company's subsequent recovery had had experience in Ford's European operations, Brinkley's treatment of Ford in Europe (much less in the rest of the world) continues to be too cursory. There is no discussion, for example, of the impact of the United Kingdom's entry into the European Economic Community (in 1973) and the success of the European Union. The reader is told that by about 1994, "after at least six different incarnations, Ford's 'international' operations disappeared, in effect, to be replaced by one company sending ideas and cars throughout the world" (p. 719). I tried to find an account of these incarnations, in vain. The reader does not have a clue as to what this last change entailed.

In 1989, Americans purchased more Honda Accords than any other car; about 60 percent of them were made in the United States. How did Ford react? We discover only that Ford's new Taurus model was able to bump the Honda Accord to second place in 1992, and the Taurus, as a single model, remained number one through 1996 (p. 727). Obviously, to meet the competition from imports and, more critically, from the Japanese transplants (which are not discussed), the Ford company began to pay attention to product quality improvements. However, Ford's experience with the new manufacturing processes is not discussed. The book refers to EI (employee involvement), but not to PM (participatory management). We do not learn when, where, and to what extent Ford adopted (and adapted) Japanese methods of lean production, just-in-time procedures, team activities, and total quality control—or about their impact on Ford's productivity. Nor are we told how much assistance Ford supplied to Mazda's management in the mid-1990s, when Ford acquired a substantial interest in this Japanese enterprise.

In the Epilogue, which reviews the events of 2002 and looks into the future, Brinkley indicates that, following the lead of Toyota and Honda, Ford "is also on the verge of creating a revolutionizing new flexible vehicle assembly system for its North American operations" (p. 763). The "flexible plants" will have "modules, built from a select group of components." This

is described as a completely new system. Does this represent the first such Ford venture in this direction, or the "next generation" of flexible manufacturing systems? Surely, Ford had experimented with these "newer" manufacturing methods in prior years. If not, why not? A book about Ford, published in 2003, ought to include a discussion of the application of statistical quality control to manufacturing. It ought to tell the reader about "modules" and "platforms," and it should describe the appropriate software applications for design, purchasing, production, and distribution. It certainly ought to explain "cost centers."

In my view, Brinkley does not adequately cover the application of modern management methods as a response to the Japanese competition. He is okay on products, but not on processes. Nor is his treatment of the Ford-UAW relationship adequate. What was the impact of Walter Reuther's death in a plane crash in 1970? UAW contracts are not discussed, nor are job-classification rules; similarly, the cost implications of Ford's pension obligations are never spelled out. Despite Brinkley's attention to personalities, I came away with little sense of Henry Ford II's contribution; a recent history of the company's activities in Europe, by contrast, shows that that he was very involved in Ford's European plans (see Hubert Bonin, Yannick Lung, and Steven Tolliday, eds., *Ford, 1903-2003: The European History*).

Brinkley never mentions the North American Free Trade Area (NAFTA) and its profound influence on the Ford company's strategies. Likewise, no reference is made to the fall of the Berlin Wall, the breakup of the Soviet Union, or the entry of China into the World Trade Organization (WTO). Brinkley does document some of the Ford company's strategies for diversifying, both domestically and internationally, in response to the new global competition during the 1980s and 1990s: in 1985, Ford bought First Nationwide Bank; in 1987, Hertz became a partially owned affiliate, and in 1994, a fully owned one (Brinkley is silent about Hertz's international business); in 1987, Ford acquired the British car company, Aston Martin; in 1989, Jaguar was brought into the fold; in 1996, Ford enlarged its earlier interest in Mazda (expanding its holding in the company enough so that it could make a difference in the company's management); in 1999, Ford

purchased the passenger-car division of Volvo; and in 2000, Ford took over Land Rover. And then, in 1999-2000, the company entered into a range of Internet-related joint ventures. These were dramatic acquisitions, calling for new strategies. At the same time, from 1999 to 2000, following a pattern that GM had adopted, Ford spun off its automotive-parts business, renaming it Visteon. The new Visteon, at origin, was an international business (it was the second largest radio manufacturer in the world and the largest in Europe).

The material on Ford Motor Company in the decades since 1960 has not been presented by other authors as a unit and thus is new, but the rendition of these years is too thin. Worse still, it is unfortunate that Brinkley, who has written on diplomatic history, fails to place Ford's business in a global context. He recognizes the importance of international business to the firm, yet, just as in the earlier parts of the book, so in this segment on the past forty years, the treatment of Ford's role as a multinational enterprise is scant. Aside from the omissions I have already noted, there is nothing at all, for example, on the company's activities in post-World War II Brazil or Argentina.

When I put down Brinkley's volume, I wondered about the next one hundred years. While Bill Ford Jr. is seen by some as young and inexperienced, one must keep in mind that his uncle took over when he was only twenty-eight. Bill Ford appears to have vision. Who knows, he may preside over the age of hydrogen fuel cells. He does not appear to be resistant to change. And, if history is any guide, he will make mistakes, but he will survive and keep the company intact. There will be revitalized product lines and innovative manufacturing processes that offer new flexibility, lower changeover costs, and, ideally, renewed attention to quality control. Ups and downs notwithstanding, undoubtedly the Ford company has a future.

Mira Wilkins is professor of economics at Florida International University in Miami. Her field of expertise is the history of multinational enterprise. Her most recent book, *The History of Foreign Investment in the United States, 1914-1945*, will be published in the spring of 2004 by Harvard

University Press. In 2003 she published a retrospective on her 1964 book about Ford Motor Company abroad in *Ford, 1903-2003: The European History* (edited by Hubert Bonin, Yannick Lung, and Steven Tolliday).

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