

Henry Ford

by Henry Ford (1922)

He was born 30Jul1863 on a farm near Dearborn, Michigan. At 12, he was excited to see a horseless carriage (steam powered). At 13, he put a watch together so it worked. 1893 he made his first gas buggy (2-cylinder, 4-horsepower). 1899 he quit his job and with some investors started the Detroit Automobile Co (later became Cadillac), but resigned in 1902 and in 1903 formed the Ford Motor Co.

Most men give too much attention to the finances of a business instead of service. The money should come as a result of work, not before it. A business should start small and grow out of the earnings. A manufacturer is not through with his customer when a sale is made, he is just beginning. The worst advertisement is a dissatisfied customer. 1903 he built two race cars (4-cylinder, 80-hp). He found a man without fear named Barney Oldfield to drive it.

He started with 25% of the stocks, but had 51% by 1906. By 1919 he had 100% of the stock. At first all manufacturing was done to his specs by outside manufacturers and he assembled the car. You want the power up and the weight down. The model 'A' was a 2-cylinder with 8 hp & weighed 1250#. They were tough, simple & well made. They made touring cars for a couple of years, but it wasn't as profitable as mass produced economy. Sell for cash, take cash discounts, have no debts, put profits back into the business & keep a large cash balance.

1905 he found the French were using vanadium in their steel to make it lighter & stronger (he started using it). In 1909 the model 'T' was the car they made themselves. That is when he became consumed with efficiency and created the assembly line in 1913. He found machines could do the heavy and mundane chores. With thousands of parts and thousands of employees, every improvement helps. He made the environment more productive. Just because one man failed at a certain method does not mean another man will not succeed.

The nucleus of a business is an idea to better serve a human need. 1914 he set a minimum wage at \$5/day (better than national average) (6 days at 8 hrs each) and expected a minimum output. He had a high turnover rate and was happy to hire anyone that wanted to work. Economic cycles create feast or fasting (hard times force us to find ways to save). **Save in the good years for the bad years.** Give the best quality for the least price.

He bought a local railroad to cut cost on delivering coal and cars. Heat from the blast furnaces (steel) creates electricity from steam. By selling a large number of cars at a small profit allows more people to buy them and employs more workers. Before WWI the British pound was the standard of exchange; after that, it was the US dollar. He also sold tractors (4-cylinder, 25 hp, 2425#). Germans were sinking supply ships to England and tractors could do 6x as much work as a horse & plow (& cost less).

Charity should not give food to people, it should give self-reliance to them. He started a boy's school and a hospital. Prosperity will naturally withdraw from a business that does not serve. He, Edison, Firestone & Burroughs (a naturalist) were friends.

Quotes:

“Results always come when you work hard enough.”

“Any customer can have a car painted any color that he wants so long as it is black.”

“When the work is done, the play can come, but not before.”

“Everything can always be done better than it is being done.”

“The man who does not get a certain satisfaction out of his day’s work is losing the best part of his pay.”

“The object of education is not to fill a man’s head with facts; it is to teach him how to use his mind in thinking.”

Year	cost	cars
1903	\$850	1708
1907	\$750	8423
1909	\$850	10,607
1910	\$950	18,664
1911	\$780	34,528
1912	\$690	78,440
1913	\$600	168,220
1914	\$550	248,307
1915	\$490	308,213
1916	\$440	533,921
1917	\$360	785,432
1918	\$450	706,584
1919	\$525	533,706
1920	\$510	996,660
1921	\$400	1,250,000