

Management style of henry ford management essay



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Automobile manufacturer Henry Ford was born July 30, 1863, on his family's farm in Dearborn, Michigan. From the time he was a young boy, Ford enjoyed tinkering with machines. Farm work and a job in a Detroit machine shop afforded him ample opportunities to experiment. He later worked as a part-time employee for the Westinghouse Engine Company. By 1896, Ford had constructed his first horseless carriage which he sold in order to finance work on an improved model.

The Early Years:

Ford was born the first of six children July 30, 1863 to prosperous farmers in Dearborn, Michigan. Not liking his farming life and his studies in school, Ford set off at the young age of sixteen to the nearby town of Detroit to work three years as a machinist's apprentice. After his experience he went back to his home in Dearborn working only part time for Westinghouse Engine Company and spending his spare time working in a small machine shop that he put together on the family's land.

Ford's marriage to Clara Bryant in 1888 required him to get a better paying job. In 1891 he started as an engineer for Edison Illuminating Company and was promptly promoted to Chief Engineer. The job required Ford to be on call 24 hours a day. In his on-call time he began to experiment with internal combustion engines and created the Quadricycle, the first " horseless carriage", powered by gasoline and riding on four bicycle wheels. This invention led to the founding of Ford Motor Company.

Ford Motor Company:

Ford made several attempts to establish his company. In 1903 with \$28, 000, eleven men, and Ford as Vice President and Chief Engineer, Ford Motor Company was incorporated. They produced only three cars a day and had up to three men working on each. In 1908 the company produced the famous Model T, a reliable and affordable vehicle for the mass market. Ford drove and raced this vehicle at every opportunity to prove how reliable it was. By 1918, half of all cars in the U. S. were a Model T.

Assembly Line Innovation:

In response to growing demand, Ford built a new factory using standardized interchangeable parts and a conveyor-belt based assembly line. The factory was able to build a car in just 93 minutes, producing around 1 million vehicles a year (one every 24 seconds). With this advancement in production, Ford was able to market to the general public. The factory had everything it needed to construct the vehicles including a steel mill, glass factory, and the first automobile assembly line.

Management Style:

Ford had a complex, conflicting and strongly opinionated personality. Most of the company's struggles were linked to his stubborn management style. He refused to unionize with the United Automobile Workers, and to prevent his employees from doing so he hired spies and company police to check in on his workers. When work on the assembly line proved overly monotonous and sent employee turnover rates to over 50%, he doubled the going wage to \$5, buying back their loyalty and upping productivity.

Other Innovations and Inventions:

Ford was responsible for cutting the workday from nine hours to eight hours, so that the factory could convert to a three-shift workday and operate 24 hours a day. He also continued his engineering innovations, patenting a transmission mechanism in 1911 and a plastic-bodied car in 1942. He also invented the first one-piece engine, the V-8. Ford fought and won a patent battle with George B. Selden, who was being paid royalties by all American car manufacturers for his patent on a "road engine".

Losing the Top Spot:

In the 1920s, General Motors and others began offering cars in a variety of colors with added features, extending credit so that consumers could afford them. Ford insisted on keeping costs down by offering limited features and just one color (black). But after losing market to GM, the company shut down for several months to transition to the redesigned Model A. After this Ford came out with the "V-8". The vehicles were both successful, but the company remained outsold by General Motors.

Legacy:

Henry Ford died April 7, 1947 and his presidency was passed down to his grandson Henry Ford II. Today Ford Motor Company is one of the world's leading consumer companies for automotive products, including a family of widely-recognized brands: Ford, Lincoln, Mercury, Mazda, Jaguar, Land Rover, Aston Martin, and Volvo. The Henry Ford Museum in Greenfield

Village, a rural town which Ford sponsored the renovation of, is one of America's top history attractions.

Henry Ford Quotations for Entrepreneurs:

Nothing is particularly hard if you divide it into small jobs.

If money is your hope for independence you will never have it. The only real security that a man will have in this world is a reserve of knowledge, experience, and ability.

The best we can do is size up the chances, calculate the risks involved, estimate our ability to deal with them, and then make our plans with confidence.

A market is never saturated with a good product, but it is very quickly saturated with a bad one.

People can have the Model T in any color—so long as it's black.

Failure is simply the opportunity to begin again, this time more intelligently.

There is one rule for the industrialist and that is: Make the best quality of goods possible at the lowest cost possible, paying the highest wages possible.

Business is never so healthy as when, like a chicken, it must do a certain amount of scratching around for what it gets.

I do not believe a man can ever leave his business. He ought to think of it by day and dream of it by night.

It has been my observation that most people get ahead during the time that others waste.

The competitor to be feared is one who never bothers about you at all, but goes on making his own business better all the time.

A business absolutely devoted to service will have only one worry about profits. They will be embarrassingly large.

All Fords are exactly alike, but no two men are just alike. Every new life is a new thing under the sun; there has never been anything just like it before, never will be again. A young man ought to get that idea about himself; he should look for the single spark of individuality that makes him different from other folks, and develop that for all he is worth. Society and schools may try to iron it out of him; their tendency is to put it all in the same mold, but I say don't let that spark be lost; it is your only real claim to importance.

Fordism And Scientific Management

FORDISM, SCIENTIFIC MANAGEMENT AND THE LESSONS FOR

CONTEMPORARY ORGANISATIONS Fordism and Scientific Management are

terms used to describe management that had application to practical

situations with extremely dramatic effects. Fordism takes its name from the

mass production units of Henry Ford, and is identified by an involved

technical division of labour within companies and their production units.

Other characteristics of Fordism include strong hierarchical control, with

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workers in a production line often restricted to the one single task, usually specialised and unskilled. Scientific management, on the other hand, “originated” through Fredrick Winslow Taylor in 1911, and in very basic terms described the one best way work could be done and that the best way to improve output was to improve the techniques or methods used by the workers. (Robbins p. 38) Many comparisons can be made between the two theories, such as the mechanisation, fragmentation and specialisation of work and that a lack of intellectual or skilled content will speed up the work at hand. Fordism’s mechanisation of mass production further emphasised many of Taylor’s popular beliefs about management being divorced from human affairs and emotions, using ‘ humans as instruments or machines to be manipulated by their leaders’ (Hersey p. 84). Fordism fused and emphasised the scientific methods to get things done by Ford’s successful mass-production processes. Contrasts also exist between the two theories. Fordism dehumanised the worker whereas scientific management convinced the workers that their goals could be readily achieved along with their employers goals, therefore they should all work together in this direction. Fordism suited industrial companies participating in mass production, whereas Scientific Management could be used in many types of organisation. Large companies such as Ford Motors, The Reichskuratorium für Wirtschaftlichkeit (RKW) in Germany examples these theories in practice. These theories of the past are lessons for the way modern organisations are run today. Managers now realise that they should treat their workers more democratically and since the mid-70’s, sweeping changes in markets and technology have encouraged managers and manufacturers to use greater product diversity and more flexible methods of production. Movements

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towards a more flexible organisation have become apparent. Examples of organisations such as Nissan, NASA and Toyota serve as modern day examples of post-Fordism and depict movement towards a modified Scientific Management. Comparisons that can be made include Fordism's mechanisation of mass production and Taylor's attempts at using employees as machines. Taylor designed this using his principles of management that included developing a science for each element of work and finding the quickest way the job could be done. Henry Ford's ideal types of Fordist production system included using fixed and dedicated machines in individuals work, rather than turning the employee into a machine.

(Hollinshead 1995) With Taylor attempting to prove to the world that there was a science to management and that the quickest way was the best way, he attacked the incompetence of managers for their inefficiencies in running the railroads and factories. Using time and motion studies, Taylor achieved productivity increases of up to 200 per cent. (Dunphy, 1998, p. 4). His thoughts were echoed by others: during a 1910 Interstate Commerce Commission hearing, Louis D. Brandeis argued that US railroads could save a million dollars a day if they introduced scientific management into their operations (Oakes, 1996). Taylor showed the world that the methodical and scientific study of work could lead to improved efficiency. He believed that by defining clear guidelines for workers many improvements could be made to the production of goods. Fordism like Scientific Management in the newly mechanised industries of the early 20th century emphasised that efficiency came from precision in job design, clear division of responsibilities and tight policing of implementation (Taylor, 1911). Taylorism and Fordism were

consistent with notions of the organisation as " a ' military machine' first
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developed by Frederick the Great of Prussia, and later refined by Henri Fayol". (Taplin, 1995, p. 430) Scientific Management encouraged firms to improve efficiency by analysing individual processes of industrial production and then recreating them to produce maximum output from any given size labor force. (Hudson, 1997) Ford's production-line innovations compounded scientific management's efficiencies into the economy. Taylor believed it would be best to scientifically select, train, teach and develop the workers. (Robbins, 1997) However, in contrast, Fordism was based on mass production using semi skilled workers who could be easily replaced. Fordism did not care for the workers to work as a team and to 'Heartily co-operate ... to ensure that all work is done in accordance with the principles of science' like Taylor's ideas of scientific management did (Robbins, 1997, p. 40). Although Fordism borrowed many scientific management ideas, it then advanced upon them to produce a new form of management that included management having hierarchical authority and technical control. Fordism enabled managers to regulate production and safeguard their own position within firms as well as meeting the efficiency criteria set by owners. The obvious efficiencies of Fordism and features that were responsible for the economic successes of this system, also caused problems. Fordism proved particularly suitable to manufacturing in a mass consumption economy, required only occasional innovation of new products and used machines that only made specific goods. Often, these were of low-quality, low-value, high-volume nature, and competition was price based. Low quality could easily become poor quality; workers were poorly motivated with resulting high labor turnover and absenteeism; and coordinating the flow of materials through production processes was difficult (Wood, 1993). Fordism led to <https://assignbuster.com/management-style-of-henry-ford-management-essay/>

massive increases in productivity in certain industries, but the human cost was significant. At one point Henry Ford's assembly lines had an annual employee turnover of 380 per cent (Encarta, 1998). Fordism alienated workers and allowed no creativity. Where scientific management looked to divide work and responsibility almost equally between management and workers, Fordism was after minimum discretion between management and workers with fragmented work and minimal tasks for employees. Examining what happened at the Ford Motor Company supports these facts. In 1913 Ford began using monotonous assembly-line techniques in his plant. Although assembly-line techniques greatly increased productivity, many people soon left their line jobs, because of the unpleasant monotony of the work and the repeated increases in production quotas. This is something that contemporary management techniques have realised; it is beneficial for employees to become involved within their jobs and not expected to be machines. Ford partly overcame this problem by doubling the daily wage then standard in the industry with his famous offer of '\$5 a day to workers who would put up with the alienated, regimented work conditions at Ford Motors' (Clark, 1997). One worker said, " You've got to work like hell at Ford's... You can't let up. You've got to get out the production...and if you can't get it out, you get out" (Rupert, 1997, p. 11) His results were increased stability in Fords labor force and a substantial reduction in operating costs. Then the Model T automobile was introduced in 1908. With the help of this model, Ford became America's largest automobile producer and vendor. Nevertheless throughout the 1930s Ford began losing business to his competitors, mainly because they were slow introducing new models of automobiles every year. (Encarta, 1998) Scientific Management and Fordism <https://assignbuster.com/management-style-of-henry-ford-management-essay/>

created a new type of 'revolution'. The promise of massive increases in productivity led to the following of Fords and Taylor's models of management all over the world. Britain never had a scientific management movement like that in America, and the leading British engineering journals in the early 20th century revealed Taylorism receiving attention, much of it positive. Engineering became an unqualified supporter of scientific management, only *The Engineer*, a journal of engineering at the time, maintained sustained hostility to Taylorism declaring it was unfair and inhuman and not sportsmanlike. *The Engineer* criticised the separation of workers thinking in their jobs from doing their jobs and described Taylorism as scientific management gone mad. " (Whitson, 1997) Another organisation that followed both the American models of Taylor and Ford, was The Reichskuratorium für Wirtschaftlichkeit (RWK) founded in 1921. This huge Berlin-based electro-technical and machine-constructing conglomerate strove to implement measures of industrial and organisational efficiency in Germany in the inter-war era. RWK's aim was to " implement technical and organisational measures of industrial, and economic efficiency, an organization devoted to industry; efficiency, and production standardization." (Shearer, 1997, p. 569) In modern times, firms have attempted to reconfigure work places and production systems using flat hierarchies and lean production systems in contrast to Scientific and Fordist management. Managers presume that these sorts of changes will enable firms to achieve flexibility, seen by many managers as essential to maintaining competitive advantage into and beyond the 21st Century.

Flexible production systems opposing strict Fordist lines, made possible by these organisational changes and new technologies, permit shortened

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product development time. There is a new way of organising production and a departure from Fordism and all it contains. However, scientific management was used by Japanese automobile constructors in the 1970s when they began to compete using “ fundamentally improved manufacturing processes that consistently produced vehicles of higher quality far faster than Detroit” (Oakes p. 569). Japan car manufacturers successfully decreased labour and production costs giving American Manufacturers a run for their money, Japans Toyota is an example that used Fordism as a base of new managerial processes. Another modern day example, which drew on these two management methods, was in space science. NASA developed a set of measures to assess if they were implementing their own strategies. NASA’s strategy, defined by the motto ‘ cheaper, faster, better,’ was to reduce the size and cost of space probes without eliminating any important missions. Figures show that the two missions to Mars launched in late 1996 were each one-fifth the real cost of previous Mars missions (under \$200 million in 1996 dollars, as opposed to an average of \$1 billion each for the previous eleven U. S. spacecraft launched for Mars)”. (Oakes, 1996, p. 589)

Post-Fordism has been described as a “ shift to the new information technologies;[a] more flexible, decentralized form of labour process and of targeting consumers by lifestyle taste and culture rather than by categories of social class... [as well as] a rise of the service and white-collar classes and the feminization of the workforce:” These are lessons managers have learnt and result in less rigidity and mechanisation and a reduction in the blue-collar masculine workforce. The firms that face the most difficulties in the new globalised marketplace are often those with labor intensive, standardised manufacturing processes. Companies emphasise that these

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new forms of work provide better jobs. For instance, Nissan projects an image of work as taking place in an empowering environment built around the themes of flexibility, quality and teamwork. (Hall, 1991, p. 58) In conclusion, both Fordism and Scientific Management share common themes yet also display some significant differences. They both encourage looking at the fastest way work can be completed and impose strict guidelines upon employees and their job descriptions. This has led to a great deal of dissatisfaction among employees in production lines with alienation and monotony of workers that encouraged a high turnover of employees at organisations that imposed these techniques. Henry Ford developed much of his conceptions upon Taylor's ideas of scientific management. These theories imply that contemporary organisations and their managers should take into consideration the ideas of employees to avoid division. Managers today often see workers as multi-skilled and more involved in the process of production via teamwork, the reintegration of manual and mental labour, and the empowerment of production workers. Today's mass production has seen technology wiping out many of the jobs once held by these employees. There is a movement towards a more flexible workplace in the wave of this new technology away from strict guidelines imposed upon workers and their job descriptions, they are now encouraged to learn about other areas of the workplace. Fordism and scientific management have greatly influenced our workplace today and their theories will continue to be built upon for years to come.