

History harley davidson

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**ASSIGN
BUSTER**

In 1903, William Harley-Davidson, Arthur Davidson, Williams Davidson, and Walter Davidson started Harley-Davidson in a 10x15 shed in their backyard in Milwaukee, Wisconsin. Production started with three motorcycles in 1903 and increased to 8 in 1908. In 1969, AMF Incorporated acquired Harley-Davidson Motor Company and expanded capacity from 15,000 to 40,000 motorcycles. Harley-Davidson, Incorporated was formed in 1981, when it was purchased from AMF Incorporated in a management buyout.

In 1986, Harley-Davidson, Incorporated became a publicly held company. The new management installed a just-in-time inventory system to reduce inventories and improve total quality. With a new quality focus Harley-Davidson began to invest heavily in research and development. In one year the new Harley-Davidson management reduced the break-even point by 18,000 motorcycles. Management's focus on efficiency in production and improvements in quality resulted in increased demand and a production capacity of 100,000 motorcycles in 1995.

Harley-Davidson operates in two segments Motorcycles and Related Products, and Transportation and vehicles segment. Total net sales for the first nine months of 95 were \$1.3 billion, an increase of \$174.1 million from the first nine months of 1994. Net sales increased in both the Motorcycles segment and the Transportation Vehicles segment. Demand for motorcycles is continuing to increase at a rate faster than supply for most of the markets in which Harley-Davidson competes.

Parts and Accessories market should grow at a rate similar to the annual growth in motorcycle market. From its beginning in a shed at turn of the

century, Harley-Davidson has survived the Great Depression, two world wars and a manufacturing revolution to become a company with products so valued and sought after that they are a way of life for many owners (Wheelen).

Organization's Vision, Mission, and Objectives

The Harley-Davidson's vision is as follows: " Harley-Davidson, Incorporated, is an action-oriented, international company-a leader in its commitment to continuously improve the quality of profitable relationships with stakeholders (customers, dealers, employees, suppliers, shareholders, government, and society). Harley-Davidson believes the key to success is to balance stakeholders' interests through the empowerment of all employees to focus on value-added activities."

Harley-Davidson's mission statement is as follows; " We fulfill dreams through the experience of motorcycling, by providing to motorcyclists and to the general public an expanding line of motorcycles and branded products and services in selected market segments"(Harley-Davidson Home Page). The mission statement shows that the focus of the organization is on customer satisfaction and growth. Harley-Davidson's statement of company philosophy contains a separate list of the values of the organization. The values listed in this statement are, " Tell the Truth, Be Fair, Keep your Promises, Respect the Individual, Encourage Intellectual Curiosity"(Values).

The objectives of the both the Motorcycle and Transportation Segments are listed below:

- Double production capacity to 200, 000 motorcycles annually by 2003.
- Increase the number of women who purchase motorcycle-riding apparel.
- Gain entry in to the performance motorcycle industry and increase the sales of the newly acquired Buell Motorcycle Company.
- Increase international market share by increasing the number of foreign dealers and improving the foreign channels of distribution.
- Increase the availability of credit and lower the cost of credit for both the retail customer and the Harley Davidson Dealer.
- Improve customer satisfaction and improve communication with European stakeholders by increasing dealer service competencies.

Mr. Richard Teerlink age 59 joined Harley-Davidson in 1981 and was elected to the board of directors in 1982. In 1988 he was appointed President, and he was named Chief Executive Officer in 1989 (Wheelen). Mr. Teerlink is also on the Boards of Directors of Johnson Controls, Incorporated and Snap-On Incorporated (Rethinking Leadership). Mr. Teerlink has been the leader in developing a value-based culture at Harley.

His focus is on the importance of establishing mutually beneficial relationships with all of stakeholders has served the company well in the past. Teerlink believes that top management is responsible for creating an operating environment that can allow continual learning (Harley Davidson Home Page). Unlike the traditional executive leader who is focused on structure and strategy, Teerlink thinks about the operating environment in

less tangible ways. Teeklink has a quality focus and has initiated a just in time inventory system along with a value-added approach to manufacturing (Wheelen).

In addition to the focus on a quality product, Teeklink is also focused on growth and corporate governance, which is reflected in the company's vision. In a speech at Yale University Teerlink said that, " the Motor Company expects its market share to be bolstered by increased production in the next few years. Teerlink stated the company expects to produce 200, 000 units annually by the year 2003, compared to about 100, 000 in 1995. Teerlink added in his speech, " We have not found any reduction in the demand for Harley-Davidson,".

He said the Milwaukee firm had close to 50 percent of the 651cc-and-above U. S. motorcycle market. Teerlink also said that almost 30 percent of the company's motorcycles are traditionally sold outside the United States. " Harley-Davidson seeks a patient and careful approach to overseas expansion. It's our intention to be very successful in all markets," Teerlink added. " We are taking time to develop markets, rather than just going in and putting a dealer on every corner and have them sell motorcycles.

Because we're capacity-constrained, we've been losing some market share, but we're not losing market share because people don't want to buy our product." According to Teerlink, Harley-Davidson now has distributors in Peru, Singapore, Indonesia, South Africa and other emerging markets. He said Harley-Davidson had no immediate plans to diversify beyond its traditional strength in large-displacement motorcycles. Teerlink also noted

that women now make up about eight percent of new Harley-Davidson buyers, as opposed to only two percent in the past (Online Magazine).