

Ford, Henry – My Life and Work

Garden City, N.Y., Doubleday, Page & Co., 1922 [Business] Grade ★★★★★

When considering the most successful and influential businessmen of the 20th century, Henry Ford certainly comes to mind. Many entrepreneurs and businessmen of later times have arguably been influenced by how Ford ran his business and how he created the world's most prosperous automobile company. In Ford's autobiography *"My Life and Work"* the reader gets thrown into the early beginnings of the Ford Motor Company and its evolution. Asked the question if it was tough to build his company Ford answered: *"I cannot say it was hard work. No work with interest is ever hard."*

In chapters one to three Ford describes how he at an early age became interested in machines and how he started to work as a mechanic. During that time, he managed to build his first car and resigned from his job to start his first company and later on his legacy, the Ford Motor Company. Already from the outset he aimed to take the automobile from a luxury good to a public good. In chapters four and five Ford presents his efforts to produce the perfect car, called the T-model, which could be made so cheap that practically everyone with a decent salary could afford it. In chapter six until the end of the book the author drifts away from the Ford Motor Company to discuss his more general and ideological views on business and things in general. He presents his views on the rise of the machines, wages, profits, money, banking, charity, education among else. Always with passion and a very firm view on what is right and wrong.

It wouldn't be wrong to characterize Henry Ford as a "moat-creator". He believed in the low-cost model which is often described as the strongest type of moat or competitive advantage. By always increasing efficiency and constantly improving it's possible to keep competitors at bay. He had a similar view to Jeff Bezos' in that all the time spent watching competitors is time lost on improving the own operations - and thereby opening up to competition. Many of the factors modern businesses pinpoint today as decentralization and constant improvement were methods employed by

Niklas Sävås, September 8, 2018

Ford. He tried to reduce the costs as much as possible in order to sell more cars and reduced prices constantly to increase the market for his cars. One example is how he paid back 50 dollars per car to the consumers one year as he thought the profit was too high. Talk about goodwill!

Some other characteristics of how Henry Ford ran his business give signs of a great corporate culture. Instead of using the word profit he says service. He believed that the function of the producer is to deliver as much value as possible to the consumer. He also used the word partners instead of employees. *"It is not usual to speak of an employee as a partner, and yet what else is he?"* On incentivizing his employees, he thought that high wages were key. Ford describes that it pays to create a situation where the employees are strapped from financial worries.

During the evolution of Ford Motor Company Henry Ford often got seething criticism publically for the choices he made as they were often against the general view of the market. As a true contrarian Ford had the view that everyone with a decent salary should be able to afford a car and worked tirelessly with this objective in mind. When the public opinion thought Ford was crazy with regards to the number of cars he was to produce he simply didn't care. Another side of Ford was his ideological views. Some chapters, as for example one about money, are more a discussion about what Ford thinks is right without really getting to the point on how he wants things to be. Even if the book at parts is filled with too much ideology for my taste it's also packed with essential wisdom on business.

This is an important book for the investor who wants to understand the power of having a low-cost advantage built by a fanatic CEO. Hopefully the investor can benefit from improved pattern recognition by learning about the success story of Ford to find tomorrows Ford Motor Company, Wal-Mart or Amazon.