

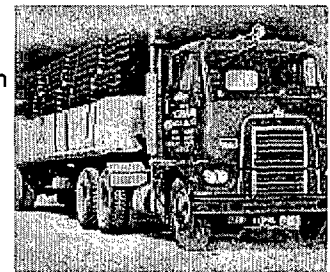
Ford's health was failing, his son Edsel Ford tragically died of stomach cancer in 1943.

Henry Ford II, grandson of the founder, was released by the Navy to manage the company. He was 27 years old, had no real business experience and faced a company that was losing million of dollars every month. Using General Motors as a model, he divisionalized his company, decentralized decision-making and appointed a generation of managers from General Motors at the Defense Department. This group, known as the "Ford Whiz Kids," applied their procurement and cost control skills to Ford with immediate results. By the end of the decade, Ford had taken second place back from Chrysler, and returned to profitability.

2nd vignette

Diversification

Detroit, in the 1950s, and the new breed of financially smart managers were examining ways to cut their costs and increase business. The Big Three had traditionally concentrated on design and assembly, but now they could see no reason why they shouldn't start manufacturing more of their car parts as well, particularly where technology was available, process was straightforward and volume was high. They expanded their in-house capacity, and used their traditional suppliers like Dana to meet extra demand while the times were good.



But in 1957 and 1958, the American economy suffered a recession. Demand for passenger cars plummeted and Dana's sales fell by over a quarter. It could have been a critical blow to morale : Dana. Instead, it became a springboard to even greater success.

First item on the agenda was to reduce Dana's reliance on original equipment for passenger car which, before the downturn, accounted for 65 percent of sales. A strategy of controlled expansion was developed, through which Dana diversified its product range, customers and markets, while not stepping outside its areas of expertise.

Dana people strengthened their relationships with companies like GMC, Ford Truck, Kaiser, Mack, International Harvester and Paccar – manufacturers of trucks and other heavy duty vehicles, who appreciated Dana's rugged, high-technology product.

At the same time, Dana dedicated greater resources to new product development. Heavy investment in engineering and chemical-testing facilities enabled Dana people to make major technological breakthroughs, such as Constant Velocity joints and Powr-Lok axles. Dana people talked with client engineers to find out their concerns and ambitions, then joined forces to find solutions. Dana people also began looking outside the automotive original-equipment industry -- establishing a presence in the replacement part market, and making and selling consumer products such as boat trailers and golf carts.

There was one other area of major growth. In 1957, Dana had acquired an interest in Albarus of Brazil. Dana was going overseas.

History of trucking

At the same time as pioneers in the car industry were changing the way people got places, trucking companies like longtime Dana clients Mack and Diamond T were transforming the way trade was done.

The earliest trucks were open wagons that offered no protection from the elements, poor reliability, and solid rubber tires that bumped and banged over pot-holed roads. But as design, technology and roads improved, so the industry progressed. In 1908, there were just 4,000 trucks in the United States. By 1914, there were 300,000. And in 1918, as veterans wise to the benefit of trucking returned from Europe, the number reached 1,000,000.