

## **The Five-Dollar Workday Ford Does Change the World**

With a new factory, new machines, and new ways of organizing production, everything should have been great—but it wasn't. The assembly line system had a human cost. Many workers felt that they were but cogs in the system. Machines were supposed to help workers, yet those on the assembly line felt that they had, in fact, become machines themselves. Each job was broken into dozens of simple tasks that required no thought, no skill, and could be done with great speed. Spending hours and hours doing the same task over and over was unpleasant for workers.

In addition, the work was dangerous. Line work—due its quick pace and repetitive nature—was dangerous. In 1916, the Ford Highland Park plant recorded almost 200 severed fingers and more than 75,000 cuts, burns and puncture wounds. Morale was often low. Workers couldn't be counted on to show up on a regular basis. Many just quit and looked for jobs elsewhere.

Ford's turnover rate was very high. In 1913, Ford hired more than 52,000 men to keep a workforce of only 14,000. Making matters worse, new workers required a costly break-in period that reduced productivity. Ford found himself spending \$100 to train each new worker, but many of these men only stayed a month or two before quitting. Then the line stopped and production of cars halted. The increased cost and delayed production kept Ford from selling his cars at the low price he wanted. Drastic measures were necessary if he was to keep up this production.

Given these problems, it was difficult to keep the line running smoothly. Ford's solution? He used incentives to maintain a stable and productive workforce. In 1914, Ford announced he would boost pay at the Highland Park plant to \$5 a day. Ford's \$5 day sent shockwaves through the auto industry. Many businesspeople including stockholders in the Ford Motor Company regarded the pay increase as crazy. Many thought the company would soon go out of business. But Ford believed that retaining more skilled, satisfied employees would increase productivity and lower production costs.

Ford was right! People surged toward Detroit from the American South and the nations of Europe. More than 15,000 would-be workers showed up to claim the \$5-a-day jobs, though only about 3,000 were needed. Those left outside were angry, and eventually fire hoses were turned on to disperse the crowd.

The \$5-a-day rate was about half pay and half bonus. The bonus came with character requirements and was enforced by the Socialization Organization. This was a committee that would visit the employees' homes to ensure that they were doing things the "American way." They were supposed to avoid social ills such as gambling and drinking. They were to learn English, and many (primarily the recent immigrants) had to attend classes to become "Americanized." Women were not eligible for the bonus unless they were single and supporting the family. Also, men were not eligible if their wives worked outside the home. Other groups also offered classes to help immigrants and southern blacks adapt to the Detroit area, but none were so prominent as the Ford plan.

As expected, the increased wage plan led to a stable workforce. Turnover and absenteeism disappeared almost overnight. In addition Ford greatly increased the size of his plants by adding new and additional equipment to further raise the productivity of his workforce. And, by creating an eight-hour day, Ford could run three shifts instead of two, increasing productivity.

Ford was producing cars at a record-breaking rate. In the early days of Model T production, completing one vehicle required 12 hours. By 1914, vehicles rolled out of the Highland Park Plant at the rate of one every 93 minutes. In 1920, a Ford was turned out every minute, and one out of every two automobiles in the world was a Model T. At one point, the pace picked up to one Ford being manufactured every 24 seconds!

- In 1914, 13,000 workers at Ford made 260,720 cars. By comparison, in the rest of the industry, it took 66,350 workers to make 286,770 cars.
- Between 1914 and 1916, Ford's profits doubled, going from \$30 million to \$60 million.

Ford soon produced as many as 8,000 Model Ts in a single day. The price dropped to under \$300 for a brand new car. In order to stay competitive, General Motors and other automakers followed suit. They also increased wages and began use of the moving assembly line. Henry Ford had changed the industry forever.

<b>Model T Prices and Production *</b>	
<b>Price</b>	<b>Production</b>
\$950	19,173
850	9,450
780	35,451
690	68,228
600	151,693
550	180,279
490	185,278
* Nominal Prices	

Over the next two decades, more than 15 million "Tin Lizzies," as they were called, rolled out of the factory. Henry Ford became one of the wealthiest and most famous men of his day. Henry Ford was one of many automotive pioneers whose combined efforts revolutionized life in America. Some were inventors; some were innovators in production, business organization, design or marketing. They created a diverse industry, producing all sorts of cars for all sorts of needs. They employed thousands who made money and who spent it across the US. This rise in consumer spending resulted in new business and retail shops hungry to meet the rising demands. The sudden popularity and availability (to even working class families) of the automobile gave rise to road construction, traffic lights, auto repair shops, and eventually, the drive through window! But these contributions did not come without cost. The loss of personal service, environmental pollution and changing social mores were only part of the cost.

When Henry Ford announced he was going to produce an automobile that would be affordable to the masses, he probably did not realize what a great impact his achievement would have on life in the United States and, eventually, the world. Ford's use of mass production strategies to manufacture the Model T revolutionized industrial manufacturing and his use of incentives such as increased pay and profit sharing for employees initiated a new era in personal transportation.