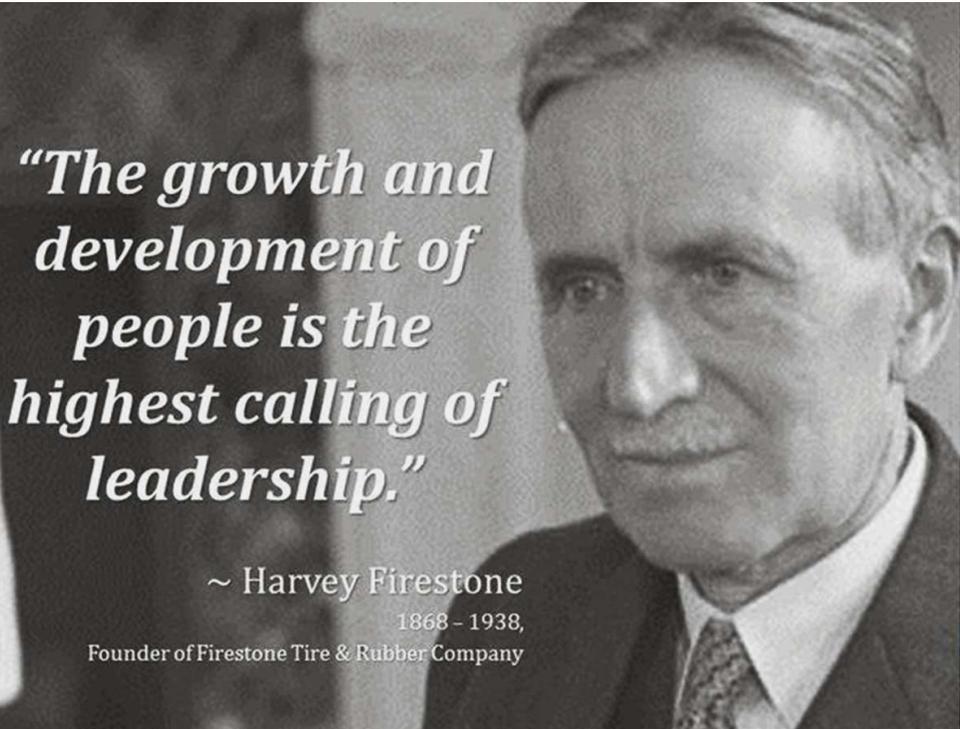


*On Harvey S. Firestone*

Blas G. Moros



*“The growth and development of people is the highest calling of leadership.”*

~ Harvey Firestone

1868 - 1938,

Founder of Firestone Tire & Rubber Company

*Men and Rubber: The Story of Business* by Harvey S. Firestone, Samuel Crowther

Summary

1. “There is a notion that if a man has established a business and accumulated a certain competence and then keeps on working it is only because he is greedy and wants more and more and that eventually he becomes just a slave - a slave to money. Nothing could be further from the facts. It is true that for 25 years I have been building a business. I have given it all my time and thought. I am still giving it all my time and thought and intend to keep on doing so. I do not know whether I am the slave or the master of the business. But the big thing is that I do not care which, for the job is worth doing as either master or the servant. The job is not only worth doing well, but there is great joy in doing it. All other considerations aside, the very worries and insistent demands on one's mentality and physique are a joy - for they are tests, challenges. Business is not a game. Business is not a science - there are too many unknown and unknowable factors ever to permit it to be a science. If business were a science, then one could learn the principles and let things run itself. But no business will run itself. Perhaps business is a profession - of that I am not sure. But rather I think that business comprehends everything, and that is one of the reasons why I like to be in it. The money side is not unimportant. It is very important. Naturally, one needs quite a lot of money in order to live, but the bulk of what I earn goes back into the company. I am willing to stand or fall by the business. That business must earn money, and therefore it has to be watched day and night. It must earn money, else it will fail, and failure means that one has played the game and lost. Deliberately causing a business to operate without profits through some foggy concept of benevolence is only another way of destroying the service of that business. For unless a business earns, it must stop. The game has to be played or not played. There is no point in between. And so I stay in business and I take on additional burdens, and I intend to keep on taking on additional burdens for these reasons: Our life is made of experiences. Business leads one into every profession and every walk of life. It is *the* school of experience. *The greatest pleasure is in doing something to help others help themselves.* There is some small satisfaction in just giving away money, but the great satisfaction is in giving others the chance to be independent. For instance, the opening of Liberia or the Philippines would be worth more than a life's work. I like people, and business brings one in close contact with a never-ending stream of people. And, finally, there is the supreme satisfaction of accomplishment - of planning to do something and of carrying through those plans against all obstacles to a final accomplishment. Business is made up of opportunities for great sacrifices and great accomplishments. It is the most absorbing occupation on earth.”

## Key Takeaways

### 1. Traits of Great Businesses & Businessmen

1. Firestone made a very nice business out of tires for carts and buggies. Soon after he sold the business for a very nice profit work for a small tire company but soon decided to start his own firm. Driving out one afternoon in my rubber-tired buggy, it for the first time struck me that my future was right on the wheels of my buggy. Those rubber tires were the only ones in Detroit. They were not the ones in the US, and a London cab company had already fitted out all its cabs with rubber tires. But they were hard to buy in the US. Why not make them easy to buy? I had about a thousand dollars saved, which was not enough to start a business on. I knew that. I cast about among my friends and selected a man who I thought would make a good partner and who had money. Then I invited him for a drive; and I took some pains to let him realize how much easier the riding was than with steel-rimmed wheels. Actually, I was making a demonstration, but without any proposition; I wanted him to sell himself before I did any talking. We had dinner together, and I told him what I had in mind – that if he and I both thought that rubber tires were a great improvement over steel, others could be made to think likewise, and we had before us a new business that might grow to any extent. Of course, I figured out the number of buggies in the US, and then said that if we sold only one half of those owners, we could have a business like Standard Oil. At length he agreed with me and said he would go into the business.

1. *Long runway, known demand*

2. The most difficult thing in business is to get yourself thinking and others thinking as well. Almost every man tries to avoid deep thought at any cost. Too many details distract from hard problems. Early on it was a time for quick thinking, but above all for thorough thinking, and in the excitement, everything made for taking action instead of taking thought. But first I took thought, and I took counsel, and then I took action, with the result that we reduced our bank loans \$12m in a couple months; we ranged up nearly all our banks so that they did everything to help us and nothing to hinder us; we reorganized the inside workings of our company, both in manufacturing and selling; we started to think again, and we carried on through the dullest years the tire industry has ever experienced, to such good purpose that we are now in far sounder condition than at any previous period. A business is not a business until it has been hardened by fire and water. What we lost in the boom – what everyone lost – was the appraisal of values. It does not require any thought to do business in a period of rising prices, and we had gotten out of the way of thinking. Instead of comparing values, the continued rise in prices covered up our mistakes. And it took a great shock to bring us to our senses and make us again appraise values. Much of the thinking in business has to be along the lines of comparing values. If we make a change in manufacturing or in selling methods, will the added return pay the cost? This appraising operation in business is continuous

3. *The biggest thing in business is to be working and planning ahead* – planning ahead for production, for sales, for new developments in the art, for money, for sources of supply. The business of the day is, of course, highly important, for

unless today's business be looked after, there will be no tomorrow's business to bother about. But unless one can see and plan for a year or two ahead, one's business will not grow evenly and naturally. It will pass through a series of emergencies, and one of those emergencies will wreck it. Emergencies will come about in any business, but they will be few and not hard to meet if the future has been mapped. This is so self-evident that I wonder why it is so much neglected. *The only danger in mapping the future lies in making the plans inflexible. No one can know exactly what will happen next month, let alone next year, but reasonable plans can always be made, and then they can be changed as circumstances require. A too rigid plan may be worse than no plan at all.*

4. The management of one self, which gets down to managing one's own time and distinguishing the important from the unimportant, comes only from experience. Every man must work out his own rules and like every rule these must be flexible.
5. The test of a businessman is not whether he can make money in one or two boom years, or can make money through the luck of getting into the field first, but whether in a highly competitive field, without having any initial advantage over his competitors, he can outdistance them in a perfectly honorable way and keep the respect of himself and of his community. *My father was an amazing businessman and I think this was due to the fact that he always had some money on the side and was therefore able to use his best judgement under the circumstances, instead of being forced into a decision by financial pressure. Having a surplus is the greatest aid to business judgement that I know – and I bitterly know what I am talking about, for I went through years of upbuilding without being able to accumulate a surplus. Then, when I gained one, I saw it completely wiped out and turned into a deficit overnight. A man with a surplus can control circumstances, but a man without a surplus is controlled by them and often he has no opportunity to exercise judgment. If the business is to be successful, this surplus will have to be accumulated, not out of the moneys which should go for improvement and extension, but out of the profits.*
6. The first question I always ask myself when looking at any operation – whether in the shops or in the office is this: *is it necessary?* Very often it is not necessary at all, but merely a tradition. For instance, it was a tradition that rubber had to age in the warehouse a long time before it could be used. Rubber is expensive and aging cost a lot of money – for we had to keep a deal of money in idle rubber. Everyone told me that this aging was absolutely necessary, but no one could tell me why it was necessary. I suggested that we try going ahead without aging and see what happened. We did go ahead – and nothing happened. The tires stood up just as well as they ever had, and we saved millions. Someone back in the past must have laid down that rule that rubber had to age, and everyone else had followed without question. That is the way with a lot of things. *If I do find a process or operation necessary, then I ask: can it be simplified?* By pressing these two questions, it has come about that we are making tires with fewer men than ever we did, that we are making tires cheaper than ever we did (disregarding, of course, the cost of rubber), and that we are making them better
7. In a day when few farmers read anything, my father was a wide reader and accumulated a large fund of knowledge, which is one of the reasons why he was a

good farmer. *I notice that when all a man's information is confined to the field in which he is working, the work is never as good as it ought to be. A man has to get perspective, and he can get it from books or from people – preferably from both.* This thing of sleeping and eating with your business can easily be overdone; it is all well enough – usually necessary – in times of trouble, but as a steady diet it does not make for good business; *a man ought now and then to get far enough away to have a look at himself and his affairs. Otherwise, he gets lost in the details and forgets what he is really doing. One often sees that in foremen.*

8. My father had a nose for value too and his reputation for getting a price became so widespread that the wool buyers came to my father first, for they know that, unless he sold, the other farmers would not sell. If my father did well, then the buyer's argument with other farmers was simply: "Ben Firestone sold for forty cents. Isn't that good enough for you?" However, my father first had to see the whole market and heard what everyone had to offer or say – saying almost nothing himself. He often told me: "*Never rush in on a deal but let the deal come to you.*" That is the course he followed, and by the time he was ready to trade, he knew the whole market. If his survey convinced him that the market was not a good one either to buy or sell in, he simply went home again.
9. If the organizers of a corporation cannot agree at the beginning, there is small chance that they will afterward, so I simply dropped the negotiations
10. If you want help, it pays to go where the brains are
11. You cannot dismiss the details and you must take regular time to think deeply
12. There must be one man at the top who has absolute authority for successful business to function properly. A company must have one head and only one, and he must be the real executive head. The board of directors can advise on policies, but it cannot run the business, and, anyway, policies never make a business successful. There is some thought that if a number of men waste a few days drafting a policy, it is the same as doing the work; a fine lot of policies are harmless enough if you can find the time to draw them up. But they are policies and nothing more. I have great respect for the written word, but no amount of writing will take the place of action. A policy is a policy, and that is all it is. And there is always the danger that a policy in effect for a long time will get into the hallowed class, and the organization will take it as inspired. A bad policy is worse than no policy at all, and policies have a way of going bad. The world changes, and policies must also change. *I know of only one first-class policy. It runs: "Use what common sense you can under the circumstances."* I said that I did not believe in delegation. Let me explain. It soon became obvious to me that if I tried to follow every detail of the business through every minute of the day, I should not have time to think and plan. That was one point. The other was that no men would be developed to run the business – they would wait for all order. And so I began gradually to work out some method by which I could know the details – for any business is made of details – and still not be swamped by them. Success is the sum of detail. It might perhaps be pleasing to imagine one's self beyond detail and engaged only in great things. But, as I have often observed, if one attends only to great things and lets the little things pass, the great things become little – that is, the business shrinks.

13. I know of no better way of fooling one's self than writing inter-office communications and asking for reports. A man can keep himself busy that way all day long and completely satisfy his conscience that he is doing something worthwhile. Complacency is always a dangerous and no price is too high to get rid of it – not by firing but by taking away important duties from those who are resting on their laurels
14. Firestone believed he was not directly responsible for anything but was indirectly responsible for everything
15. Firestone had a rule for himself where he would only focus on one urgent thing at a time until he resolved that issue. "One thing at a time is a pretty good rule – a rule that I never break."
16. Many of the values are intangible and cannot be put down on paper in terms of dollars and cents – but this is the point – if you can make a picture of a situation in your own mind, then you can make comparisons and relate values, even if you cannot express them. Some people call this vision, and we hear a deal about the necessity for vision. But vision, as I see it, is not a dreaming forward. It is a thinking through with the values ever in mind. For instance, I should not be exercising vision if I looked forward to a day when I should supply all the tires in the world. That would be just idle, profitless dreaming. It is perfectly possible to make an exact mental picture of what would be required to do a decided percentage of business – and if that picture be kept in mind, the decisions to carry it out can come quickly. *Quick decisions that have not behind them a long train of thought are exceedingly dangerous.* Personally, I do not want to have around me the kind of man who can give me an instant decision on anything I may bring up, for, if he has not had the opportunity to give the question serious thought, then he is only guessing. And I can do my own guessing! In order to do any good-sized work, one has to build an organization of executives and of employees and, as a business grows, the task is to discover how many of the men will think and how many will just execute orders. There is plenty of room for both kinds of men; the man who only executes is extremely valuable, unless he happens to get into a position where thought is required. The army recognizes this; it not only does not expect the private to think, but actually punishes him for any thought that causes him not to obey orders to the letter – be they right or wrong.
17. Firestone intimately every detail about his company and his competition. He has very few friends and social obligations which he leaves him a lot of time to think deeply.
18. The man with absolute authority should not really be called an executive but more of a strategist and deep thinker. *Delegate all you can so that you can think deeply, quietly, slowly. Business is founded on thought. Optimism and enthusiasm are valuable in keeping up the morale of an organization – they are lubricants which help to overcome friction – but they cannot be the driving power, and they cannot substitute for well-thought-out business principles, any more than a machine will run just because it is well oiled.* Power has to be transmitted before a wheel will turn. We give various names to the thought which has the power to turn the wheels. Sometimes we call it management. But there is another kind of management which is not based on thought and which is not management at all;

for instance, there is the kind of management which operates solely on records. Records will guide thought, but they will not substitute for thought. *Good management – that is, management with real thought behind it, does not bother trying to make its way by trickery, for it knows that fundamental honesty is the keystone of the arch of business.* It knows that you will fail if you think more of matching competitors than of giving service; that you will fail if you put money or profits ahead of work, and that there is no reason why you should succeed if what you do does not benefit others. This is not idealistic philosophy; it is the hardest kind of common sense. If you ask yourself why you are in business and can find no answer other than, “I want to make money,” you will save money by getting out of business and going to work for someone, for you are in business without sufficient reason. A business which exists without a reason is due for an early death. *The single reason for the existence of any business must be that it supplies a human need or want, and, if my experience is worth anything, a business which has this reason for its existence will be found in the end to prosper if thought be put into it. Thought, not money, is the real business capital, and if you know absolutely that what you are doing is right, then you are bound to accomplish it in due season. A man is not truly in his business unless he has his all in it.*

19. No business, no matter what its size, can be called safe until it has been forced to learn economy and rigidly to measure values of men and materials
20. The proprietors of little stores would not bother listen to me. Although they did not seem to be doing anything, they said they were too busy to talk with me. The proprietor of the big store was busy – but he had plenty of time to listen to my story and to find out if he could make money out of what I had to sell. From that time onward, I have never found it worthwhile to bother with thoroughly little fellows for, realizing their weakness, they are always on the defensive, while a larger man will listen to what you have to say and be quick to grasp any money-making opportunities you may have to offer. By a “big man” I do not mean the man who has a big business – he may be just on his way to having a big business. But unless a man on the first approach shows signs of wanting to make money, it is a waste of time to try to convince him that he ought to buy. You may, if you persist, eventually sell to the suspicious man, but I have not found that it pays to make the effort – the returns are not commensurate with the work involved. Thereafter, when I entered a town, I always tried the largest and not the smallest stores first.
21. Many times the true value of a business cannot be shown in numbers or on a balance sheet
22. What I learned was that a bank statement ought never to be in such shape that it has to be explained. Everything ought to be on the statement, and if, for some reason, an explanation of an item is asked for, then one should be able to present facts and not prospects. A statement of condition can be a prospectus – in fact, it is the best possible kind of prospectus – but it ought not to be prepared in enthusiasm. It ought to be absolutely frank and entirely conservative; then an explanation will show that actual conditions are a little better and not a little worse than represented.

23. Losing money in business is not alright if you can't help yourself or if you don't know why you're losing it. It was very plain to me why we were losing money. Only a miracle could have taken us out of red.
24. Impossible to see far ahead enough to know how much capital will be needed. Everything has to be seasoned in the market. It is exceedingly unwise to hold out any promises of quick returns – although it is human nature to do so. For if a new business does succeed, it will have to be uncommonly careful in the distribution of profits. If you are going ahead, you will need every cent you can lay your hands on to finance operations, and the more of these operations you can finance with your own money, the better off you are. A business which starts off quickly, makes money at once, and seems to be in every respect a gold mine, often does not last long. It is just selling peanuts to the crowd in town for the circus – a once-around affair.
25. I never cared at all about titles as long as I was running the business
26. Pay alone never brings and keeps together good men. It is the vision that does. I think it is absolutely necessary that a man should know how his goods are made, and although I have never set up as a rubber or tire expert, I do know how most operations ought to be carried through. This knowledge has stood me in good stead, for it very frequently happens that the best technical men have not in them the instinct of management, and if the man at the top is not a practical manager, then the benefits of technique will be lost. *I have made it a point never to allow myself to be a curiosity in the shops.* Nowadays, of course, I have nothing to do with the active shop management, but I get out through every department often enough to know pretty well what is going on, and what is more, I do not recall ever having made a trip through the shops without picking up something. *I find that a working foreman usually has a better control over his men than a non-worker, because he has to be continually on his mettle to demonstrate that he is a better workman than any of them, and also he does not ask them to do the unreasonable things which some foremen will insist on.* It was not the pay that attracted these men to us or made them work. They got only from 10-15 cents an hour, which was the prevailing rate. I have never found that pay alone would either bring together or hold good men. I think it was the game itself that drew these men; we were a little company fighting among big companies, and we were all together in the fight. I knew all the men well, not only in the factory but in their homes. Their affairs were our affairs, and our affairs were their affairs. *Nobody thought much of hours or special duties or anything but the work. A man became a specialist in whatever his job at the moment happened to be*
27. Firestone didn't pay out a dividend initially even though early investors pressured him to. He put everything back into the company and bought back every stock he could - living as cheaply as possible just to have more money to buy back stock with. I bought my own stock at par, and I bought every share I could. For ten years I lived in a rented house at \$40 a month, in order to put my money back into stock. *A soundly financed business ought to have enough free money of its own to be out of the banks during the dull period of the year and reserve its bank borrowing for the busy seasons. I cannot too greatly emphasize or repeat too many times that bank borrowing for any capital purpose is asking for more luck*

*than falls to the ordinary enterprise.* Buildings and tools and machinery cannot be expected to pay for themselves in 3 months, or 6 months, or 1 year. Short-term, capital borrowing has to be repaid either out of profits or out of the sale of capital assets – which means liquidation.

28. *The public is always willing to pay for quality.* If we were just fooling ourselves about the quality being better, then the public would not pay us an extra price and we should fail. The real test was of product. Cutting the quality was urged on me, but it did not impress me as being an alternative. If we lowered our quality and frankly turned out poor tires, then we should eventually have to fail, because no one making and selling what he knows to be a poor thing can hope to continue to succeed. It all gets around to the service you are trying to render. I believe in keeping prices low, for, regardless of service, there is no real profit in high prices, because high prices automatically cut down volume. But the only possible way to lower prices and still keep business is to save in the cost of manufacturing by improved processes. *Quality must go up, not down, and if a competitor lowers his quality, that is exactly the time to raise yours.* Our competitors did not lower their qualities – they did not have to do that in order to get under our prices, for their manufacturing facilities were better and their volume so much larger than ours. We met the test; we were selling the highest priced tire on the market, but our sales kept up steadily. We were not put out of business. *Competition rarely puts one out of business – a man usually puts himself out of business either by not making a good article or by wrong methods in sales or finance.*
29. No business can succeed if it is not continually revising its product - not only for the demands of today but also for the potential demands of tomorrow. A product can never really be standardized – that is not in the nature of things. The real point is that changes should not be made lightly or for catch-penny purposes. They should be made only to improve convenience or durability or appearance. Some changes may be made in the interests of more economical manufacturing, but this is dangerous ground, for it may lead one into thinking more of the factory than of the public
30. Firestone inked a big deal with Ford in 1906 to provide the tires for the new model Ford was putting out. This gave him several thousand captive customers and the partnership with Ford would yield many more over the years. Mr. Ford was immensely pleased with them, and we founded a connection which has never been broken and which has been of immeasurable help to us in many ways, but most particularly in the steady pressure for higher service and lower price that keeping the contract has involved. Mr. Ford never gets a chance to rest and enjoy honor. The pressure for better methods is continuous.
31. We have no formal organization. We do not believe in shop committees or in any form of self-government in the shops. But we do believe in being fair, and when a dispute of any kind arises, we take the position that the workman is right and proceed on that basis. I find it is the best basis
32. This plan of organization, which is hardly formal enough to be called organization, works. That is the proof of it. Every man has plenty to do and the responsible heads are so few in number that there is no opportunity to pass the buck into some other department or to jockey for favorable positions. In other

words, there is no opportunity for office politics – which is the hardest thing to avoid in any large organization, for we are all by nature more or less politically minded and more especially so in the State of Ohio! *I keep my own duties from being formal. I am not in direct charge of anything, but also I am in direct charge of everything. The only firm rule I have is to take up one thing at a time and to take up nothing else until my mind is free. I do not believe in quick decisions unless in an emergency. I would rather take my time about making up my mind, and I nearly always manage to do so. Indeed, anything that can be decided in an instant is something that ought not to come to me*

- 33. Our present system is not a system at all. It is direct, personal, day-by-day contact. I am continually advising the organization not to compare present-day business with our past records – although it is a natural thing to do. We are doing much better business than we did last year. But to do a better business than we did last year really is not much credit to us. We must compare what we are doing today with our opportunities today.
- 34. If you cannot get your office and branch working smoothly and without too much friction, it is plainly evident that you cannot handle your salesmen, customers, and accounts successfully or to any degree of efficiency, if the mental machinery of your branch is not working right. I know the home office will plead guilty of giving you every variety of detail known to accounting in the past few years. But I feel that they are now simplifying it and have a clearer vision of your problems and the important things you should know about your branch, and are giving you an opportunity to get a grasp in a simple way so you can get a clear vision.
- 35. The two outstanding points on which many men seemed to fail and which are essential to success are these: *knowledge of product; knowledge of organization to the end of selling the product*
- 36. I have certain reports made and if they are satisfactory, then the reports do not have to be taken up further; if it is unsatisfactory, then we go into reasons. I want to have these reports so summarized that they can be taken in at a glance. The principal reports are:
  - 1. Comments on factory operators. This is a monthly report running to about ten pages, but I seldom read it, for a digest is attached which gives me all that I need to know, and this digest runs only to a single page. Here is a sample digest with the figures omitted: “The weight of production for June was...lbs., an increase of...% over May. June production exceeded the previous high month (April) by ... lbs., caused chiefly by the increase in Solids. The labor and overhead cost per pound decreased from ... to ... The weight of waste per ... lbs. of production was ... as compared with ... in May and a twelve months’ average of ... Loss due to products scrapped increased from \$... to \$... overtime hours show a decrease of ...%”
  - 2. A summary of sales under the heads of manufacturer’s net sales, net trade sales, export and miscellaneous sales, and total net sales. This is given to me in summary for the month that has just passed and for the two months preceding it and in day by day detail for the month, but usually I look only at the summary

3. *These reports take me no time at all if affairs are moving right, and I do not want to give time to reports. I want to have my time free.* Of formal meetings we only have 3 – the monthly meeting of the Board of Directors, the biweekly meeting of the executive board, made up of the officers, and the products meeting, which takes place weekly or as much oftener as may be necessary. Of these the products meeting is the one that I most frequently attend, for in it occur the discussion vital to the business. It is composed of the superintendents of the factories, the heads of divisions, whatever laboratory men may be needed, Mr. Thomas and myself. *We review in that meeting the state and the efficiency of production and take up any improvements or new products; there can be no changes in the product without the vote of this meeting. I know of no better way to keep affairs coordinated than through such a meeting.* We touch nearly everything. I have not mentioned the financial control. By means of the summaries of the reports, my talks with the men who come in, and by occasional and unscheduled trips about the plants, I can keep a close grasp of what is going on. *The financial affairs are as easily disposed of, for I find that if I continually know these items, I know pretty well what the whole business is doing: sales, profit and loss, plant investment, relation of quick assets to current liabilities. But getting to a position where I could control the finances without having to keep them in my head was a long process.* I found it necessary to have a budget and to have it for a year ahead, but my own common sense taught me that the human being is yet to be born who can make a rigid plan covering twelve months in the future without running into the danger of suddenly operating a plan instead of a business. There is always the danger of running the plan and not the business. *If it were possible to plan for a year ahead, then there would be no need for judgment or management – any question that came up could be settled by referring to the plan. That is the trouble with a plan, especially a carefully considered plan.* We are so likely by tacking the name “plan” on what is only a guess to give more dignity and weight to the plan than it deserves. On the other hand, without any plan at all, the necessary constructions and improvements cannot be made in the most economical fashion and, above all, the money requirements cannot be arranged for in advance. *There is nothing wrong about guessing in business, unless you call it “estimating” and attach an undue importance to it. I want to know when I am guessing and when I am dealing with facts. And in a period of rapid expansion, it is no easy affair to keep this balance.*
4. It is poor and shortsighted business practice to work men too hard. It is Firestone's policy to have good labor policies to pay above average wages, provide rewards and compensation above what any other company provides, foreman and managers must treat all employees as trusting human beings.
  1. We had only 12 employees in 1902. By 1904 we had an average of 35, and then, in the next year, we took a big jump to 130, but not

until 1910 did we reach 1,000. Seven years later, we passed 10,000, and in 1920 reached a peak of 19,800. That, it will be remembered, was the year in which one was fortunate if one got one half war production. In 1902, we did a business of \$150,000. In 1920, we did a business of \$115,000,000, but I can say with great earnestness that financing this tremendous growth was not nearly as difficult as solving the human equation, or, to be more accurate, getting something in the nature of a comprehension of the human equation. *No one ever solves the labor problem*

2. A good body of men can successfully make and market a poor product. Of course, then cannot do it for long, and they are not apt to try for very long, for their resource and judgement will quickly make them aware that they are wasting their time. On the other hand, men without ability can never have enough capital, they will be continually out after money, they will think that money can substitute for brains, and, of course, they will end in the bankruptcy court.
3. *The eternal problem of business is men.* Through more than 25 years, I have been hiring and promoting men, and I know of no formula for either hiring or promoting. And indeed, if there were a formula, it would be of little use in any position requiring the exercise of judgement. It may be possible to devise employment tests for ordinary labor which will eliminate the least fit, but even for the lowest grades of labor these tests cannot do more than determine the man's minimum fitness. They can determine what might be called his routine fitness, but when we come to the positions which require judgement, even though that judgement is to be exercised within narrow limits, the tests fall down. There is no preliminary test by means of which the quality of a man's judgement may be gauged, and even if there were, the matter of the man's whole fitness would not be determined, for there would remain the question of his compatibility. *There is no way of testing a man in advance. One simply has to exercise one's best judgement under the circumstances and act accordingly. That is the way with everything in business; the real important matters cannot be settled by the application of rules, although a guide may be had by the application of principles. And principles, it is well to remember, are quite different from rules. On the whole, I doubt if one really does pick men for important positions. The executives who are brought in full-fledged seldom make good. The men who are of the most value pick themselves, and as a rule they come along rather slowly.* Perhaps I am old-fashioned, but I have no great liking for the kind of man who can decide quickly and with apparently unerring judgment. I have hired many of these men, and always they have fallen down in an emergency. They do not seem to wear as well as the less showy men who come along slowly. But

I have already, in another chapter, touched upon management and the sort of men who make good as managers. Now we are concerned with labor and its supervision. I have never felt that the laboring man was just a human machine to be worked until he had no more work left in him and then scrapped. That is not a pleasant way of doing business, and also it is a short-sighted way of doing business, for dissatisfied men do not give results. Therefore, we gradually evolved some basic labor policies which are very simple in statement. Indeed, they are commonplace except in execution. Here they are:

1. *Provide the best possible working conditions*
2. *Try to pay a somewhat higher wage than anyone else pays*
3. *Provide rewards and facilities over and above what any other company provides*
4. *Insist that foremen treat their men as human beings*
5. *Avoid the strict definition of the duties of any supervision or foreman, in order that no man may easily pass the buck.*

## 2. On Selling & Salesmanship

1. A product no matter how thoroughly thought out must always be tested and seasoned in the market. I have never hired a star salesman and I never will. They are just an expense. It is the duty of management to provide so good a product and then let people know so thoroughly about it that any man of reasonable intelligence can go out and sell it. If there is no real salesmanship in the home office, there most certainly will be none on the road
2. A great salesman never intrudes and knows the fine line between pestering and persevering. Just getting to a man is not enough – it is when and how you get to him. There are more wrong times to sell a man than there are right times, and if I ever should write a book about salesmanship I should give about one third of the book to the topic of “common sense.”
  1. *Deep fluency, NCO & Academy Man*
3. I was brought up as a salesman. I think that I still am a salesman – perhaps that is the reason why I know enough about selling to realize how easy it is to overdevelop the sales side of any business – to put money into sales expense that ought to be either in the quality of the product or taken off the price to the consumer. There is a great waste in selling and especially in “hurrah” selling with conventions, campaigns, contests, and all the odds and ends of high-pressure stuff that have been devised. I have tried all of it and I know. The place to start selling is in the factory, and if the articles we make are not good enough consistently to be sold to the public without any hypnotic processes, then they are not good enough to sell at all. There are times when extra sales pressure is useful – say, to clear out big inventories – but I should never think of putting on a sales campaign just to stimulate the salesmen.
4. Our business cannot afford to go ahead in a series of sales spurts – it makes manufacturing too expensive. *The kind of selling that really helps in the long run is the steady sort that turns in orders week in and week out in a gradually increasing volume. And so all our efforts today are in the direction of steadiness.*

We want our sales to increase year by year somewhat faster than the increase in the registration of motor cars. That, we have found, is the cheapest and most profitable way to do business. It does not pay to try to get the business all at once. In the first place, you can't get it, so a good deal of your money is thrown away. In the second place, if you did get it, the factory could not handle it. And in the third place, if you did get it, you could not hold it. *A company that gets business too quickly acts just about as a boy does who gets money too quickly.*

5. A tire has to be sold for what it will do, and no amount of enthusiasm in the sales force will make up for bad manufacturing. *So the way to advertise and sell tires is, to my way of thinking, the way to sell any commodity – that is, on service to the buyer.* The job of the salesman is to find out the exact requirements of the prospect and sell to him the tire that will best fulfill those requirements; and the way to make the sale is to know tires so thoroughly that you can explain to the prospect just why you can give him a brimming dollars' worth of service. No frills are necessary for this kind of selling, and consequently, no frills are necessary in the advertising, dealers' helps, and so on, that are designed to make the selling easier. *Selling is first a matter of having something to sell, then of finding whom to sell to, and, finally, of finding real reasons why this prospect should buy.* But it took us some time to find out that frills in selling are only an added expense. We were all right in the beginning – we did not have money enough to do other than sell. But then, later, as we grew and began to make more money, we went in for more elaborate methods, until, eventually, the methods got the better of the selling. Then I called a halt on it all, chucked the methods, and went back to first principles.
6. I had to give exclusive territory in order to get good distributors. 25 years ago a jobber took on a new line as a favor, and he had to be catered to and everything made just right to suit him. If I were a jobber, I should not want exclusive territory. I should want to have plenty of competition to keep me on my toes. It does a salesman good every once in a while to have a big order taken right from under his nose. When this happens in exclusive territory, the salesman who did not make the sale at once writes an essay on the injustice of the proceeding. But if the territory is not exclusive, when he can only reflect on what a poor salesman he is – which is a very profitable reflection for one to make now and again.
7. In the early days I established and knew practically all our distributors myself and visited them as often as I could, and tried to build them up so that they would eventually be an integral part of our business – except that they would run on their own capital and keep their own profits.
8. However, in 1913 we decided to gradually eliminate distributors and set up branches of our own. We did not make any sweeping changes. We simply did not renew the contracts of such distributors as were not up to the mark. Through experience we had learned that a man of moderate ability and energy could sell a certain minimum volume a year for every car registered in his territory, and we adopted that figure as the minimum which would satisfy us. When a distributor's contract came up for renewal, we judged him on his sales per car and not on his total business. We paid these branch managers salaries but not commissions. *We have never been fond of the purely commission basis, because many men are*

*short-sighted and they will neglect service and the steady customer of the future for the immediate customer on whom they can earn a commission. We give to each man the opportunity to progress to a higher salary and to become a large stockholder in the company. In this way, we can weld men into the organization and build up their strength and ours in a fashion which is not possible where an employee's sole interest in his company is what he gets out of it.*

### 3. On Sales Trainings

1. Besides attending the general sessions addressed by company executives, branch managers, and salesmen, every representative will spend hours in the factory studying, in a practical way, the manufacture of Firestone tires. He will actually see our experts building into Firestones the 'extras' you have been reading and hearing about; that extra layer of fabric in the five inch tire; the extra ply in the three-inch; the extra coating of pure gum between the plies, etc. He will see the 'inside' reasons why 50% more Firestone dealers were added last year, and why our output was increased by 78%. He will see five great buildings under construction to provide over 7 acres of additional floor space which will increase our output of pneumatic tires from 7,500 to 12,000 a day. This increase of 4,500 tires per day is larger than the output of the original new Firestone plant erected in its present site 4 years ago. He will rub shoulders with hundreds of men whose interests are kin to his, and from them he will reap a great harvest of valuable and helpful information which he will use to the advantage of customers in his territory. Three days of conference and study represent a large investment, but it produces adequate dividends in better service for tire users the world over. It means a greater, more alert, better informed Firestone organization, and that insures satisfied customers. *And there you have the vital reason for it all, because – satisfied customers constitute the corner stone of this business.*
2. *[Firestone changed his mind on sales conventions in later years]* We no longer have regular conventions. It is true that the men in the field get acquainted with one another and with the officers of the company, but it is not of the highest importance that the men in the field should be acquainted with one another, and they do not, through a convention, get intimately acquainted with the officers of the company – there is too much hubbub and artificial enthusiasm for the men to know the officers or for the officers to know the men. And also, the men do not, because of the convention excitement, really learn much about the product. Therefore, the real aims of the convention are not attained, it becomes more of a social than a business affair, which is a waste of money. We still have conventions now and then but they are strictly business conventions with a very definite purpose in mind that has nothing to do with pep or ginger or sales stimulus. If we inaugurate a considerable change in manufacturing or in fundamental policy that has to be communicated to the whole force at once and cannot well be done by letter, then we have a convention.
3. We get our personal contact more effectively by having the branch managers and many of the dealers come to Akron from time to time and treating them as guests. They can see what the plant is really like. They can see what we are really like, and thus get on a solid, permanent basis. *That is what we are always after – a permanent relationship*

#### 4. On Hiring & Profit Sharing

1. Before hiring anyone, Firestone liked to talk to men in a general fashion to first understand what kind of person they are, what motivations they have and more about their background. He will never bid a man away from his current job as this means the man is thinking more about the money than the job
2. The new man does not need “breaking in” – he needs to know the one best way of doing the work and to learn how to become part of the company. As soon as a man is taken on, he is handed a book of instructions. When he reports for his first day’s work, he is made to feel at home in his new surroundings. The second day a nice, pleasant-looking fellow just happens to be passing. Finding, somehow or other, a few minutes to spare, he has a chat with the new man, explains certain points that may puzzle him, and possibly gives him a few shortcuts in the daily routine. This specialized attention is continued as long as the individual requires it. If the new man is not fit for the job he was placed in, then he is shifted at the first suitable opportunity. During the probation or schooling period, a follow-up man and the foreman quietly study the new employee. When a new employee is hired, he is turned over to the doctors and dentists for examination, the idea being to give such employee advice as to the best means for preserving health. Results so far have been very satisfactory, as is shown by the knowledge which our employees have in reference to avoidance of colds and balanced diets. We follow up absentees and take care of them if they are sick or in need. Then, too, we try to provide for sub-standard men. For more than 15 years we had two deaf-mute tire builders, who managed somehow to be excellent workers. We also had a whole squad of deaf employees under a special instructor.
3. *What we are trying to accomplish is to let each man discover what an important link he is in the chain of development to the finished tire.* It is one of our most important developments, and in line with it we carry a number of cooperative students who are training in the Municipal University of Akron. These students work two weeks in the factory and then attend the University for two weeks, and we also maintain scholarships in the University of Akron for such men as show the ability to go farther. This is aside from our classes for college men and for salesmen. The course finished, the men decide what department they would like to go into, and into that department they go – production, accounting, credits, engineering, sales, and so on. Those selecting sales are sent out to a dealer at our expense and kept under the eye of the branch manager until they qualify to stand on their own feet
4. If any man in our employ has the ambition to gain more education and raise himself, we do everything in our power to help him. Our educational work is, on the whole, probably the most important work we do, for the biggest thing an employer can do is to help his men to help themselves. But it also think it is part of the duty of a large industry to make its own neighborhood a fit place to live and play in, and in that direction we have done a great detail with our clubhouse, our athletic field, and with the residential district we have built and which we call “Firestone Park.” The clubhouse was elected in 1915. It was the first industrial club in Akron and one of the best in the US. Here employees may obtain meals of wholesome food at cost. The dining room has capacity of 6,000 meals per day. It

includes a complete bakery which supplies, not only the restaurant, but also the employees' store with baked goods. The club houses the Firestone Park Branch of the Akron Public Library. The auditorium has seating capacity for 2,000. Other features of the club house are the gymnasium, bowling alleys, swimming pools, barber shop, and employees' store. A planned and equipped athletic field is located opposite the factories and occupies a space of more than 10 acres. This field has two baseball diamonds, a running track, and a grand stand of steel and concrete. On the ground floor of the grand stand are storerooms where uniforms and other supplies for athletic events are kept. Here also are locker rooms, shower baths, and other equipment. Back of the stand we shall have tennis courts and an outdoor swimming pool. The Firestone Park Land Company furnishes homes to employees on easy payment plants

5. Speaking in a general way, it should be no part of an employer's duty to see what the employees do with their money. It is their money, and they can save it or throw it away, as they like. But there is another side – the putting of the employees into the company as stockholders to that they will have more than wage interest. *As far as the officers are concerned, I have always taken the position that their stock holdings ought to be so material that the dividends will mean more to them than their salaries. That takes them out of the class of hired men. And it is right and proper that the officers should stand or fall with the company, for what they do makes or breaks the company*
  6. More important than the investment itself is the habit of saving – and it is only within the past ten years that the workman has had anything to save. Also, the workman ought to have the chance to share in the profits of industry, not only for the gain to himself, but in order to learn the functions of industry. Bearing all these points in mind, we, in 1917, started an employees' stock savings plan by which any employee had the right to buy from one to ten shares of the common stock and pay for it through deduction from his pay envelope at the rate of seventy-five cents a week a share. An employee stockholder can also at any time borrow from our stock and bond department at the bank 90% of what he has paid in. If he is discharged, he may have back all his money with 6% interest. Later, we made the purchase of two shares a condition of employment. I am informed that we are the only large company in the world in which every employee has a stock interest.
5. The Suggestion Box
1. We have found a suggestion system is of very great help, and the employees are constantly on the watch for new improvements, not only for the reward but also for the pride of having made the suggestions. "When you write us your suggestion, make perfectly sure in your own mind that it embodies an improvement upon the existing method, machine, raw material, or other item. Then, if you feel satisfied on this point, ask yourself further questions:
    1. Will more work be produced?
    2. Will better work be produced?
    3. Will quality be sacrificed for quantity?
    4. Will the proposed change pay for itself?
    5. Will working conditions be improved?

6. If it were your plant and your money, would you make the change?
  7. If your answers to these questions are satisfactory, your suggestion is worth submitting. If you cannot answer these questions affirmatively, think further, analyze your suggestion, determine what is lacking, and be reasonably certain when you submit a suggestion that it is going to be adopted.
2. Every one of these reviews should be read and responded to, a reward given to those suggestions which are implemented, and it should be defined what type of suggestion constitutes a large reward and which a small one
6. Other
1. One changes with prosperity. We all think we should like to lead the simple life, and then we find that we have picked up a thousand little habits which we are quite unconscious of because they are part of our very being – and these habits are not in the simple life. There is no going back – except as a broken man.
  2. There is always a better way of doing everything than that which is standard at the moment. It is a good thing for a man to be pushed into finding this better way
  3. Lawsuits are not only extremely expensive, but they do not and cannot settle anything which could not be better and more quickly settled through putting all the cards on the table and having a frank talk. A man who wants justice does not often have to go to the courts to get it. In fact, he will compromise with something less than justice to keep out of court. A fair man is drawn into court only when the other side refuses to face the facts. I avoided a lawsuit with this first flange-making company by going to the president and saying: “You and I know all the facts, and we ought to be able to make a better settlement than any judge and jury, because they will only know such facts as we tell them.”
  4. *The issue with prosperity is that it hides defects*
  5. No matter how well we may make a tire and how perfectly it may be built for a particular use, we can lose a great deal of reputation on that tire if it be put into a service for which it was not designed.
  6. Ford and Edison or two of the brightest minds of all time and their fortunes allowed them to focus on helping humanity and *they believed that the best way to do that was to set up systems and organizations which helped humanity help itself*. They are both practical visionaries – they make their dreams come true. They are both concerned with masses of men – with those who are often, though snobbishly, called “the common people.” Just as though we were not all of us plain, common people! They do not talk much about business in the usual fashion. *They have nothing to say about details, not because they do not know details, but because their interests are in larger affairs*. It is hard to set down what I got from these men in a business way. But then, successful business is never conducted on rules; it is conducted on principles put into effect by human energy – by the kind of energy which does not know when it is licked. And for supreme courage and confidence, no one surpasses Mr. Ford
  7. Mr. Ford was anxious to get a crack at that engine, I think – anyway he took the darned thing apart, adjust things here, and readjusted things there, and, in no time at all, eh had the car running slick as a whistle and we were on our way again. All of which proves that this man Ford certainly is on intimate terms with every little

bolt and nut that goes to make up an automobile – and which proves, also, that a man must know his business from the ground up before he can have 25,000 people working for him – before he can convince us all that there’s worse things to do than turn out millions of flivvers.

8. Two points which Mr. Edison and Mr. Ford dwelt on, time and again, during our talks about the camp fire, were: *own your business, keep plenty of cash in bank* – make the banks work for you. Both men want to serve the public to the largest degree and their vision is so long and their courage so high that it would be quite impossible for any group of stockholders to keep pace with them, and especially since neither of them will take the time or the trouble to explain exactly what he is about. Mr. Ford is both a mechanical genius and a business genius. He goes through conventions – through established practices – with a superb surety. *He has the genius of reducing a problem to its elements in so simple a fashion that it does not appear to be a problem at all.* I doubt if Mr. Ford could have carried out more than a fraction of his plans had his business not been personal with him and his family. I agree thoroughly with Mr. Ford that one man must run a business. A business with more than one head is as monstrous as a man with more than one head. This or that business may seem to succeed for a time in the hands of a board of directors or a committee or managers, but it will always be found that either the business is really running on the momentum of the founder or, as in the 1919 boom, it is running because no one has the strength to stop it, or one man dominates the directors or committee and is the real manager – whatever his title. Every American business of consequence has been built up by one man staying on the job.
9. With Ford, everything comes back to power. He thinks of his automobiles in terms of power.
10. *The commercial instinct has been overrated. The service instinct is more important.* Neither Mr. Ford nor Mr. Edison is a trader. A mere grader does not get very far these days. The man who looks first to service does not have to be a trader – he cannot be a trader – and only those who look first to service can now succeed. None of them cared about money excepting as it helps them to carry out their plans for larger and better service.
11. Mr. Ford had worked out a way of not directly looking after anything.
12. The lesson that I learned was that a manufacturing operation should be carried through without a stop from the raw material to the finished product, and that no man can be said to control his business unless also he can control his sources. The larger the business, the greater are the possible economies.
13. Mr. Ford examines antiques because he has an eye for beauty and he thinks that a good idea lives forever, and wants to examine the things of the past to see what they contained in the way of good ideas.
14. It is a gift to keep silent when one has nothing to say
15. *And out of all the trips, out of all the association with these great men, one precept stands out above all others. It has been the rule of the lives of both Mr. Edison and Mr. Ford. It is the reason why they are great. It is this: go it alone. Do not fail to try because someone has already tried and failed. Do not fail to try just because somebody else has tried and failed*

16. Situations are only as impossible as one makes them.
17. In a very difficult situation, Firestone took the time to think over the weekend although all the pressure was on to make an immediate decision. “I went down to the Old Homestead to be alone and to think, and by Saturday I had finished my thinking. Difficult situations do not frighten me. They put new life into me. I see the opportunity to do more business than we had ever done, but first the inertia of the sales force had to be overcome. By hammering on economies, by pressing sales and qualities, and by never fooling ourselves as to where we stood, we had wiped out an indebtedness which at one time was thought to be crushing. It was not an easy road we travelled, but we safely got to the end.”
18. The other point is a simple suggestion, that you organize your daily work and concentrate your energies on each problem and see it through to the final finish. When you go to call on a customer, know just what you want to accomplish and stay until you finish it, and impress this upon your salesman.
19. I have a keen realization of your difficulties and have given a great deal of thought to your problems. As a whole, they may seem very large, but by taking each one separately and analyzing it carefully, you will find them surprisingly easy of solution. Overcome the habit of allowing small difficulties to become exaggerated in your mind by thinking out clear and convincing arguments against them.
20. Edison has so thoroughly trained his mind to deep thinking that he can go days without food or deviating from what he is working on

#### What I got out of it

1. One of my favorite business books of all time – is it necessary? Can it be simplified? Plan but be flexible – know when guessing and when dealing with facts, treat your employees as well as you can, delegate so that you can develop the men below you and so that you have the time to think deeply

#### Sources

- *Men and Rubber: The Story of Business* by Harvey S. Firestone, Samuel Crowther
- *Harvey S. Firestone* - [https://en.wikipedia.org/wiki/Harvey\\_S.\\_Firestone](https://en.wikipedia.org/wiki/Harvey_S._Firestone)

## Teacher's Reference Guides

My “teacher’s reference guides” are deep dives into a subject, theme, person, or idea which are then distilled into (hopefully) clear, concise, and helpful resources. My goal is to effectively share what I think are the most actionable, impactful, and noteworthy takeaways of the topic at hand.

There isn’t much rhyme or reason to how I choose these teacher’s reference guides. Sometimes I want to dive deep on a specific concept such as complexity and spend months reading about that and sometimes I simply stumble across a person or topic randomly which captures my attention – trying to balance serendipity and chaos with routine and order.

You can find a full sampling of my [teacher’s reference guides](https://blas.com/teachers-reference-guides/) ([blas.com/teachers-reference-guides/](https://blas.com/teachers-reference-guides/)) on my blog, [blas.com](https://blas.com).

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Amor Fati.

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