Executive Summary

The automotive industry has always been a key segment of the US economy and the backbone of the manufacturing sector. Recently the industry has been enduring severe problems. Opinions on its future status are split between supporters and opponents. This study provides an in-depth look at the big three automakers – General Motors, Chrysler, and Ford. Background history reflecting the past, SWOT analysis showing the present, and going forward anticipating the future of the big three are thoroughly presented and discussed.

Keywords: US automotive industry, ‘Big Three’

Background History – The Past

The history of the US automobile industry is fascinating and goes back about 140 years. Starting points, management and technical developments, as well as maturity and decline phases are presented below in six eras

Initiation Era (Pre-1888): Engineering Base. Siegfried Marcus designed the first automobile in 1870 that ran on internal liquid fuel and paved the way for Karl Benz’s gasoline-powered internal combustion engine in 1885. Although Marcus created the first prototype of an automobile, it was Benz’s design efforts that led to the formation of the automobile industry.

Veteran Era (1888-1903): Hobby and Dream. In 1888, Karl Benz began the production of automobiles. This era lasted until approximately 1903 and was marked by the competition of steam, electrical, and gas engine vehicles, although gasoline engines eventually started to dominate in the 1910s. Competition between the inventors of the various engines was a cause of the rampant innovation. No clear standards emerged in this era for basic vehicle architecture, body style, or controls. The majority of the cars were single speed, open-body, and chain-driven. Due to frequent breakdowns, difficulty obtaining fuel, and ongoing innovation, cars were seen more as novelties than useful devices. Karl Benz’s wife, Bertha, attempted to counteract this view of cars as a novelty when she traveled more than 50 miles in 1888 in one of her husband’s automobiles. While Karl and his wife were promoting the automobile in Europe, Horatio Nelson Jackson did the same in the United States when he completed a successful trans-continental drive across the US in 1903. Remarkably, innovation in this era led to early attempts of multi-valve developments. Advancements were made on existing parts such as the internal combustion engine and overhead cam engines produced at a high level. V8, V12, and V16 engines were also produced but were only available for the extremely wealthy because of their high price.

Establishment Era (1904-1929): Mass Production. The “Mass Production” and the “Assembly Line” technologies were introduced by Henry Ford around 1913. After producing his model “A”, Ford kept working the alphabet until he reached the model “T”. His dream was to sell a car to every American family. In 1913, he succeeded in producing his model “T” in one-and-a-half hours, which made Ford Motor Company (Ford) the largest annual producer of cars. General Motors Corporation (GM) was founded in 1908 by William C. Durant (http://www.britannica.com/memberlogin) and the Chrysler Motor Corporation (Chrysler Group LLC) was established in 1925 (http://www.britannica.com).