### 【연구논문】

# American Dream and New Management in Alfred P. Sloan's Adventures of a White-Collar Man

*Kwangjin Lee* (Soongsil University)

After the Civil War, American society experienced great changes in many aspects. One of the most salient changes was the growth of large corporations. The progenitors of them in the late nineteenth century were railroad, oil, and steel companies. At the turn of the twentieth century, a few industries followed them. They were the chemical, electric-power, and automobile industries. Among these, the automobile industry, where a "wildfire of experimenting in machine shops and barns was becoming a boom almost like a gold rush" (32),<sup>1)</sup> was regarded as another great opportunity to make money for contemporary businessman and engineers.

It is still not clear who was the first starter of automobile business, but Sean Dennis Cashman asserts that Ransom Eli Olds

<sup>1)</sup> Page numbers in this text are from Alfred P. Sloan and Boyden Sparkes. Adventures of a White-Collar Man. NY: Doubleday, Doran, 1941.

#### 104 Kwangjin Lee

was "the first automaker who tried to produce motor cars en masse" (268). Cashman asserts that Olds began to make an automobile which was not a toy but a real means of transportation—Oldsmobile. After the appearance of the first automobile in America, automobile companies burgeoned and disappeared in a short time. Within just five years from 1904, well over two hundred new automobile companies were created. By 1941, "at least 1,500 distinct species of automobiles came on the market" (Sloan 53). Among these were Altham, Ajax, Crestmobile, Grant-Ferris, Lear, Mohawk, Niagara, Regas, Waterloo, Wolverine, Yale, Zentmobile and other models, most of which are unfamiliar to the twenty-first century Americans (Chamberlain 209). Those who failed to acquire precision which was the fatal factor in production of large quantity of parts could not survive in the fierce competition and perished.

With the sharp increase of the "adventurers" in the automobile industry, the consumers of automobile increased. In 1900, only 4,192 newly purchased passenger cars were running on the street. Ten years later, the number increased up to 181,000, more than four thousand percent increase, and in 1920, it increased by ten times. Accordingly, the automobile market volume increased. In 1900, the volume was only \$4.89 million, but ten years later it increased to \$215.34 million, and in 1920 the automobile companies enjoyed \$1.80 billion sales. The size of automobile industry also greatly increased. In 1900 the value of the automobile industry ranked one hundred fiftieth among all industries, but in twenty-five years, it became the first (Cashman 267-68).

The introduction of automobile to American people not only

greatly affected the formation of new society, but transformed business. The automobile made possible modern type of city and its suburbs. After 1908 when Ford's Model T was introduced, "the barrier between urban and rural America" was eventually broken down (Chamberlain 210). With its production methods, the automobile industry contributed to the important changes in the U.S. manufacturing industries: "the further introduction of mass assembly production; greater emphasis on marketing, as distinct from sales; and yet another version of executive management with a more flexible form of centralized control" (Cashman 268). Again, introducing mass production system, it developed two important principles that still are widely applied: huge quantities of interchangeable parts, and emphasis on constant material flow.

One of the greatest drivers who led the automobile industry to rapid growth was Alfred Pritchard Sloan, Jr. Though Sloan was not the core group who developed automobiles at its burgeoning stage, he was the person that represented the automobile industry after he became the president and later CEO of General Motors. He got directly involved in automobile manufacturing when the industry was in the later second stage in which new management was desperately needed.<sup>2</sup>) He invented the modern corporation with which he could cope with the problems that old management system could not solve. His new invention "saved" GM and put a firm basis of growth of

<sup>2)</sup> The expansion of the automobile industry has three distinct phases: "a pioneering stage in the period 1893-1903; a stage of mass production between 1903 and 1927 in which the central problems of production and capital accumulation were first discovered; and a mature phase of prosperity since 1927." Refer to Cashman, p. 269.

GM into 748,000 employees with \$24,952 billion market value in 1988. His "new management policy ... was adopted by countless other companies" (Derdak 172). According to Pierre S. Du Pont, president of Du Pont and president of GM to whom Sloan succeeded, "[t]he greater part of the successful development of the Corporation's operations and the building of a strong manufacturing and sales organization is due to Mr. Sloan. His election to the presidency is a natural and well-merited recognition of his untiring and able efforts and successful achievement" ("About Us"). Ernest Dale, a management scholar, evaluates that while Frederick W. Taylor's innovative approach to management-Taylorism-was "a science for management rather than scientific management" whose effects "stopped at the worker or foreman level for the most part[,] Sloan's administrative ideology and 'scientific' methodology" were "applicable at the top level," thus "Sloan, rather than Taylor, was a pioneer of scientific management" (52).

Alfred P. Sloan was born in New Haven, Connecticut, May 23, 1875. He was the eldest of five children (four boys and a girl) of Alfred P. Sloan, Sr., who was a machinist by training, and who was then a partner in a small company importing coffee and tea. His mother, Katherine Mead Sloan, was the daughter of a Methodist Episcopal minister and his father was the son of a private-school master. Sloan emphasizes that "[n]either had any business forebears" (7). His father was not rich, but he succeeded in keeping his family in comfortable circumstance.

After graduating from the MIT, he got a job at Hyatt Roller Bearing Company in 1895. Seven years later he became the president of the company at the age of twenty-seven, and was CEO for the next twenty-three years. He became the president of William C. Durant's United Motors with which Hyatt Roller Bearing Company had been merged in 1916. Seven years later, he succeeded to Pierre S. Du Point to become the president of GM. In 1937, he was elected Chairman of the Board of GM. In 1956 he retired and became Honorary Chairman of the Board. He died on February 17, 1966.

With the help of Boyden Sparkes, an editor of *Fortune*, he published *Adventures of a White-Collar Man* in 1941 when he was president and chairman of the board. Why he wrote this book was not known very much except what the book tells us. Considering the book shows the life of Sloan—how a young man rose to become the CEO of a large company—and considering that he was sixty-six years old then, he might have wanted to leave some record of himself—his success story. It is highly probable, however, as a top manager in the period when the government appeared to regulate big corporations more than ever before and also when the labor movement in automobile industry got more powerful, that he wanted to speak something through the book that deals with his life.

It is quite disappointing that there are not many reviews of the book considering his social status and influence at that time. Only *The New York Times Book Review* published a brief review in which the reviewer, regardless of Sloan's intention, read his story as merely "an American success story in the Horatio Alger style" (Forman BR14). Though the response of the contemporary readers is not known, the fact that this book slipped out of scholars' and people's memory while his later book *My Years with General Motors* (1963)

#### 108 Kwangjin Lee

became a classic, indicates that, assumably, it did not enjoy "hot" reception. However, the relatively "cold" reception does not imply that this book is not worth analysis. On the contrary, *Adventures* helps to understand the managers, top and senior managers in particular, at the turn of and early twentieth century.

Adventures is composed of six parts in which the episodes and the stories that Sloan experienced in his life are arranged chronologically. In the book, however, Sloan is not the only person that experiences the engineers-to-riches type of success story. In fact, while the whole book is focused on his successful life, it also has many similar short stories of other people. Ford was one of them. Though, as John Campbell complains, he is the best example that "enbodies [sic] the contradiction of the American Dream" for he was "the democratic genius [country boy] who popularized a rich man's toy by putting it within the reach of every American" while he contributed to "the mass ownership of motor cars, more than anything else, that destroyed the old rural America he cherished," the fact that he rose from a farm mechanic to one of the most influential business giants remains intact.<sup>3)</sup> Peter Steenstrup, partner at Hyatt Roller Bearing genius, was another example of Company and sales the engineers-to-riches stories. He was an immigrant who had strong Scandinavian accent. With his devotion to his job, he rose from bookkeeper of a small unpromising company to the partner of a middle size company with four thousand employees. R. E. Olds, the

<sup>3)</sup> Cited in Cashman, America in the Age of the Titans: The Progressive Era and World War I, 272. Also see Sigmund Diamond, The Reputation of the American Businessman, Studies in Entrepreneurial History (Cambridge, MA: Harvard University Press, 1955), 144.

Dodge brothers, Chrysler, and other pioneers and following adventurers lived lives that can replace Sloan's life without much modification.

In those early days remarkable progress was accomplished by self-taught men. Ford was a mechanic. Maxwell was a mechanic. Walter Flanders was a mechanic. The Dodge brothers were mechanics. Chrysler, who came later, was a mechanic too. These were exceptional men. Probably if each had remained in his native village he would have been an exceptional man, even if his accomplishments had been limited. They were original, forceful, strong charactered, ambitious fellows. In those years the American mechanic was a restless wanderer. Once he had skimmed the cream of experience from a job, he moved on to another in another city. There was something in themselves which made them seek places where skill could grow and opportunity could be found. They were not searching for living. (64)

Sloan describes his contemporary businessmen, even his strong rivals, as American heroes who, with their originality and mechanical genius, achieved the American dream in spite of adversaries they faced. Through the stories of his own and others, he is sending messages to the American society, and in doing so, he presents the characteristics of the new business era that he contributed crucially to open.

The book begins with the time when Sloan was seeking a job after graduating from MIT. Though he was an excellent student at MIT and the youngest among the graduating class, he was rejected several times before he met John E. Searles, president of American

#### 110 Kwangjin Lee

Sugar Refining Company. Sloan reflects that this time was "the most discouraging point in [his] whole life" (5). Searles was a friend of Sloan's father and the first top manager that Sloan ever saw—a typical busy hard-working businessman. Searles got a job for him at a company which he was backing over in New Jersey.

Sloan was employed as a draftman by Hyatt Roller Bearing Company, a small business, the impression of which was quite disappointing—it was shabby, gloomy, and small (8). The company was producing antifriction bearing invented by its president John Wesley Hyatt. Hyatt was less a manager than a gifted inventor, practical engineer, and hard-worker. Quite an innovation as the product itself was, it was not popular in the market. Accordingly the company suffered from financial difficulties. Not overcoming the financial problem, and Searles having his own financial problem, Hyatt sold the company to Sloan's father and father's friend for \$5,000. At the age of twenty-four, he became the president of the company.

With the help of Peter Steenstrup, an immigrant and a sales genius, Sloan put the company on the track of prosperity. He sensed that the automobile industry was greatly promising, and he found the way to supply his products to some automobiles, including Oldsmobile through America's largest axle supplier, Westin-Mitt Axle Company. Later, overcoming technical problems to meet high standard of Henry M. Leland, the owner of Cadillac Motor Car Company, he received orders from the company. With this beginning, he succeeded in persuading the quality and reliability of his products. Later, Ford Motor Company and GM became two largest buyers of his products.

By 1916, Sloan's company was not a small any more. It had four thousand employees, and its production capacity was sixty thousand bearings a year (ten-million-dollar worth). In fifteen years, "Sloan had built a \$5,000 investment in the Hyatt Roller Bearing Company to assets of about \$3.5 million" (Derdak 171). Proud as he was of his success, there was something that made him concerned. At that time, many companies were being merged into large ones. His concern was that if one of the two big customers acquired a bearing company and decided to produce it for their own cars, it would be disastrous to his company (86). In fact, William Durant, who had been a director of the Buick Motor Company, merged Oldsmobile, and again Cadillac and Oakland (renamed Pontiac) in 1909. He was also merging various automobile part suppliers into GM.

One day in spring, 1916, Durant invited Sloan to breakfast meeting. At Durant's request, Sloan sold Hyatt Roller Bearing Company at 13.5 million dollars and became the president of the merging company, United Motors, which later was merged with GM for which he worked as vice president. Working with Durant closely, Sloan felt, though he does not say it clearly, that Durant was not the manager who had ability to run such a complex company as GM. By 1920, when Durant's GM had financial crisis, "more than 30 companies had been acquired thorough the purchase of all or part of their stock" (Derdak 171). It was not a single companies. The complex GM required new mode of management. Durant was a management genius, but he was like a dictator who made all the decision by

himself. In short, Durant was the manager of old age. After the financial crisis, Durant sold all the stock to Pierre S. Du Ponts who reluctantly became president. In 1923, Sloan succeeded Du Ponts to become the president of GM.

As the new president, he restructured the organization into totally new one. Well known as "decentralization," he adopted group management instead of "dictatorial" management. He passed over many decision-making powers to the business units while he focused on a few most important decisions and coordination among the company's addition suborganizations. In to restructuring the organization, he launched new strategy to win the lost market share back from Ford. While Henry Ford stuck to the principle of his own -one color, one style-Sloan put much emphasis on research, and produced automobiles with new style and new feature every yearyearly model change. This strategy resulted in was greatly successful. By the 1920s, "and even before-the American housewife had become a powerful factor in car buying, demanding amenities that Ford was reluctant to offer. Among the amenities was self-starter, which was ultimately to replace the hand crank on all cars" (Chamberlain 214). Between 1924 and 1927, GM won greater market share than Ford.

Adventures ends with Sloan's attack against politicians, he is quite optimistic about the future. He asserts that "the wonder of it all is that we have only just begun. The opportunities for America are beyond the dreams of any man now alive, if we will only, through persistent work and enterprise, continue the pattern that was begun so long ago" (207).

As the New York Times Book Review reviewer's classification of Sloan's book into Horatio Alger novel implies, his life story reminds the readers of Benjamin Franklin's autobiography. In its simplest sense, this book is about modernized version of the rags-to-riches-or rather, "engineers-to-riches"-story. Benjamin Franklin started his career at the lowest ladder-a newspaper delivery boy and apprentice to a print shop. At the age of seventeen, he started for New York searching for a new life. At Philadelphia, he was employed by a printer and, finally with his great industry and self-control, became one of the most successful men in American history. Sloan was the Benjamin Franklin at the turn of the twentieth century in many senses. He was a firm believer in progress and great organizer like Franklin. He had great faith in the value of science and technology, and his work ethic and morality was very strict. His success was similar to Franklin. Though his father was not poor, and though he got best education at that time, he experienced the "bitterness" as a starter of his career. Simply he "failed to find work at any of the places where [he] applied" (5). Like Franklin, Sloan's first job was not promising when he got it. He was just a draftman of a small, filthy, and financially constrained company. But with his diligence and his creative idea he rose to the highest position of the largest company.

Emphasis on the engineers-to-riches story is not simply brag of a successful man. It is strategically emphasized in order to deliver two main messages effectively: encouraging young people to imitate his generation's examples and attacking the politicians and other forces that, at least from his perspective, impeded the progress that the businessmen made. With the great success stories, he invites the young readers to aspire to the same fame and success of the adventurers and to follow the adventurous track that they went. His message is simple and intriguing: "The wonder of it all is that we have only just begun. The opportunities for America are beyond the dreams of any man now alive, if we will only, through persistent work and enterprise, continue the pattern that was begun so long ago" (207).

However, Sloan's portrayal of himself and other businessmen as those who achieved American Dream, and of the American society as one in which provides ample opportunities to those with ambition, diligence, and talent, appears to be an intentional distortion of the American society in the 1930s. The majority of the Americans at that time could not enjoy the success that the successful people he presents in the book. They were women or non-whites. In 1940 when Sloan was writing this book, Malcolm X tells us a quite different experience from what Sloan had:

... I was one of his [Mr. Ostrowski, his English teacher] top students, one of the school's top students—but all he could see for me was the kind of future "in your place." That almost all white people see for black people.

He told me, "Malcolm, you ought to be thinking about a career. Have you been giving it thought?"

The truth is, I hadn't. I never have figured out why I told him, "Well, yes, sir, I've been thinking I'd like to be a lawyer." Lansing certainly had no Negro lawyers—or doctors either—in those days, to hold up an image I might have aspired to. All I really know for certain was that a lawyer didn't wash dishes, as I was doing.

Mr. Ostrowski looked surprised, I remember, and leaned back in his

chair and clasped his hands behind his head. He kind of half-smiled and said, "Malcolm, one of life's first needs is for us to be realistic. Don't misunderstand me, now. We all here like you, you know that. But you've got to be realistic about being a nigger. A lawyer—that's no realistic goal for a nigger. You need to think about something you can be. You're good with your hands—making things. Everybody admires your carpentry shop work. Why don't you plan on carpentry? People like you as a person—you'd get all kinds of work." (36)

The American Dream stories were "theirs"—the white men's, neither for non-whites nor for women.

Moreover, even to most of the white men the dream that Sloan is presenting was a simple mirage. It was merely to a limited group of people privileged in the American society. The authors of a report prepared for the Temporary National Economic Committee in I940 point out the grim picture among the workers:

It is widely recognized that substantial opportunity for promotion does not exist for a large proportion of workers in either [small or large corporations] There simply would not be enough supervisory jobs to go around if all employees were capable of holding such positions. Most of them, therefore, must look forward to remaining more or less at [the same] levels despite the havoc this may visit upon the American tradition of "getting ahead." (Dimock and Hyde 55)

According to Ely Chinoy, a sociologist who did research on the automotive workers between August, 1946 and July 1947, the arenas that they strove for the success were secured only for the limited group of white men who were "able and ambitious." He asserts that "[w]ith few exceptions, they see little change of ever rising into salaried positions in the large corporation in which they work." To the workers, even though they were white men, the admonition of

#### 116 Kwangjin Lee

Sloan "[had] little meaning. They [were] clearly aware that engineering and management [had] become so highly selective as to exclude them almost completely" (Chinoy 453-55).

Then why does he emphasize-somewhat distortedly-the stories of American Dream of himself and other businessmen? Possibly, he may intend to attack the enemies of businessmen, and for that he tries to manipulate the readers to sympathize businessmen with powerfully appealing American myth of American Dream. The reviewer of The New York Times Book review simply comments that "His views are few [in the book]: Political leaders do not understand business" (Forman BR14). In fact, Sloan does complain that "the industrial strength of the United States, greatly enhanced since the last war, has been menaced by unsound national economic policies and destructive propaganda of many kinds tending to create uncertainty as to the future of the American system of enterprise" (194). If the reviewer is right, then Sloan appears to attack politicians and other forces, the main group of which seems to be the unionists. It is not clear the policies and the people Sloan's criticism is targeting at. When Sloan was writing his book, the government that had been taking a highly pro-business and anti-labor stance, did take some actions that might be understood to regulate business. In July 1935, the Congress passed the National Labor Relations Act which was designed by union advocates (Zieger 44). Even though it did not improve labor conditions, the Act itself must have caused uneasiness in the managers. In addition, an eight-hour day was passed in Illinois in 1935 and 1936 (Derks 249). In 1937, Automobile and Steel labor unions won first big contracts. To achieve this, the workers of GM

in Flint went on a sit-down strike and closed the factory. Four months later, GM acknowledged UAW-CIO as the sole partner to discuss collective-bargaining (Porters 1). The Supreme Court, in 1937 and 1938, upheld the principle of the minimum wage for women, and Congress's wage-and-hour law limited the work week to forty-four hours (Derks 265). Two years later, it also sustained the authority of labor unions to fix minimum wages for workers on government contracts. In the same year, reversing the decision of lower courts, it found twelve oil companies guilty of violating the anti-trust laws by regulating prices and production.

The politicians who impose such "burdens" on business managers, Sloan thinks, lack understanding in business. They "talk about the desirability of a tax to penalize efficiency, with the objective of reducing unemployment—incomprehensible to anyone familiar with the workings of our industrial system" (129). They fail to understand, he points out, that increasing technological efficiently is the only true way to greater productivity and increased employment through lower costs and selling prices. They even "preach the gospel that accomplishment is a crime—the greater the accomplishment, the greater the crime" (130). With this ignorance, the politicians overthrow the costly achievement of business by simply imposing tax on their product. Sloan deplores that in this case, "even the scientific approach seems futile in the face of this problem" (166).

On the other hand, Sloan praises his businessmen as hard-working, virtuous, and devoted to social responsibility. They also create employment. In other words, they are the embodiment of American values. They were those who "adventure" where nobody is sure of

success. They are the inventors of things useful to fellow Americans. They are the researchers who always try to find the way to reduce the cost for the benefit of the buyers. They constantly seek ways to improvement. In short, they are benefactors to the society.

Contrasting ignorant and misleading politicians and, perhaps, the unionists, with businessmen, he leads readers to think about who should manage this country.

Sooner or later our people must determine whether they are to support, as a national management, a group [that is, politicians and, possibly, the unionists] which to perpetuate its political power determines its policies through an appeal to the emotions of the uninformed, or whether we are to have a leadership [that is, businessmen] which has the courage to determine what should be done on the basis of the realities, guided only by intelligence and experience. Expressed otherwise, shall we continue the system of free enterprise, or shall we accept the only alternative—regimentation of industry by a political bureaucracy, and we have been drifting very rapidly in that general direction in recently years. (130-131)

Though he tries to maneuver the opinion of readers to sympathize businessmen, he was not quite sure if they would change their positions to support businessmen. He confesses that the support of taxpayers for the tax increasing government is what he cannot understand (176).

Apart from the clear messages that Sloan wants to deliver, there appear in *Adventures* several innovative ideas invented to cope with new business problems in the early twentieth century, which later became the standard tools of business management. Some of them

were his own creation, but more of them were created by others and adopted by him in his own company. As Sloan acknowledges Henry Ford was the progenitor of critical ideas for automobile production: his conveyor belt system, his innovative idea about the relation between the product price and the labor wage, and positioning the workers from mere laborers to the consumers (42, 146). However, another innovative idea that this book presents-decentralization and group management-is Sloan's own. This organizational innovation credits Sloan with the invention of the modern corporation. Working with William C. Durant, he clearly saw that "the future required something more than an individual's genius" (106). Sloan's idea of group management involves top management as the enterprise coordinator, the policy directed by top-level committees, and distribution of operative authority and responsibility throughout the organization. The group management was enforced by the system of decentralization (Derdak 172). To Sloan. the decentralized management was analogous to "free enterprise," and the centralized one meant "regimentation" (145). As he firmly believed in the American democratic values, and also as he saw that the complexity and diversity of the components of GM can be effectively controlled when he focused on a few critical areas and entrusted the others to the unit leaders, he and G.M., contrary to Ford who remained a strong dictator on whom all the other members were dependent, for free enterprise" (13). Accordingly, he "decided strongly centralized pricing, research, and investment policies, but left other operating decisions to the unit heads. Decentralization worked. Because it provided relatively greater opportunities for his

subordinates to make decisions, it encouraged voluntary participation of GM members, who used the opportunity to cultivate their own talents for themselves and, eventually, for their company (134-135).

Scientific approach to management is another contribution of Sloan to the modern business. Generally, the scientific management is about how to manage. He acknowledges that "[s]cientific management means a constant search for the facts, the true actualities, and their intelligent, unprejudiced analysis" (140). A scientific manager depends on the data and the result of scientific research rather than intuition, habit, traditional value and impulse. However, when it means the emphasis on research, Sloan was the first manager, at least in the automobile industry, that created a unit totally devoted to research and development. He invested a large portion of profit to research, which led to technological improvement.

Turning attention from production to sales is quite a modern idea. When the demand of automobile was bigger than the capacity of production, major managerial concern was about how to produce more. Ford production system and the strategy of Ford—one model with one color—were suitable for the production-based system. All they needed was to produce more. But in the mid-1920s, the situation changed. Consumers wanted a wider range of selection. Now the time came when the producer had to reach consumers: "Many of these large distributors in the earlier years make fortunes, especially when they were lucky enough to have picked out a popular make. The industry now was turning its attention aggressively to the problem of sales—advertising and distribution" (200). He sensed this need more keenly than Ford, and with the yearly model change strategy, GM finally seized the majority of market share.

The innovative ideas of Ford and Sloan are based on the assumption that the ideas are applied to the large companies. The two businessmen were great advocates of bigness, and Sloan particularly emphasizes the importance of bigness in his book: "I am glad to meet the issue of size, for to my mind, the size of a competitive enterprise is the outcome of its competitive performance; and when it comes to making things like automobiles and locomotives in large numbers for a large home country and the world market, a large size is fitting" (xxii). According to him, large volume requires the application of the most efficient tools of production, which eventually leads to the higher productivity of workers and the lower costs of production (144-145). As seen before, higher productivity means higher wage, and lower price means larger consumption which results in larger profit. With larger profit, company pays more tax, and the stockholders get larger dividends. Only large companies that can secure great profit and capital can support costly research, and can carry new developments through initial stages where losses are inevitable. With these reasons, Sloan anticipates that "[b]igness will be more and more necessary" (145).

Sloan knows that there are concerns about some dangers in bigness. In fact, not always but very possibly, the bigness in business reduces competition in the market. The possible monopoly of market was a real threat to some Americans at that time. Another danger was that one big company expands its horizon to the market segments that are mainly for smaller companies. In fact, GM was manufacturing "every conceivable product from the smallest ball bearing to large tanks, naval ships, fighting planes, bombers, guns, cannons, and projectiles. The company manufactured 1,300 airplanes and one-fourth of all U.S. aircraft engines" (172). The encroachment of the large companies into the market for the small businesses might jeopardize the whole economy itself. Considering that the majority of workers are hired by the small or medium size companies, the concern is not without basis.

Considering the seriousness of the dangers, Sloan's solution is too Industrial management must expand horizon simple. its of responsibility. In other words, it "must consider the impact of its operations on the economy as a whole in relation to the social and economic welfare of the entire community" (145), which is a quite simple-or even simplistic-and unrealistic. As strongly emphasized in today's business, the sole important thing to businessmen is making money through sales. Businessmen's pursuit of profit is as natural as individuals' pursuit of happiness. Therefore, when the pursuit of profit and social responsibility conflict each other, it is not rare for businessmen to give up the latter for the former. Then Sloan's ethic becomes powerless.

Adventures is an autobiography of Alfred P. Sloan, former CEO GM. It is, however, not a simple life story of a great businessman. By reminding his readers of the American Dream and those who achieved their dream in business, he asserts that America must be the place for the adventurers—both many the adventurers in the country and the country that encourages its people to adventure and help them to do it. He also tries to persuade readers that the prosperity

which Americans are enjoying was created by the dauntless engineers and businessmen who ventured to invest their lives and money to highly risky businesses. In so doing, he attacks the enemies who, he thinks, disrupt the progress that the businessmen are making. He might want to restore the romantic days of the turn of the twentieth century, which was impossible in the ever changing society: "But too often we fail to recognize and pay tribute to the creative spirit so essential to start the enterprises that characterize American business and that have made our industrial system the envy of the world. It is that spirit that creates our jobs, so to speak" (127).

More importantly, the book shows more important changes in America: the emergence of a new business management. It is filled with the innovative ideas of automobile industry, which later transformed other industries and became basic principles of modern business. The most important figure in such innovations in management was Sloan, and his "adventures" in managing the most complex organization until his time resulted in the new management that last until now. His innovation indirectly shows that the American business, like the American society as a whole, entered into a new phase which the previous management principles were not effective any more. In an extremely complex organization, like society, one powerful dictator or extraordinary genius cannot be an effective leader. The selection and concentration strategy is inevitable even a group of top level managers manage the organization. This was not the main message of the book, but more than anything else, it shows the change effectively.

#### Works Cited

- "About Us." Alfred P. Sloan Foundation. Web. September 30 2017.
- Cashman, Sean Dennis. America in the Age of the Titans: The Progressive Era and World War I. New York: New York University Press, 1988.
- Chamberlain, John. The Enterprising Americans: A Business History of the United States. New York: Harper & Row, 1974.
- Dale, Ernest. "Contributions to Administration by Alfred P. Sloan, Jr., and Gm." Administrative Science Quarterly 1.1 (1956): 30-62.
- Derdak, Thomas. International Directory of Company Histories. Vol. 1. Chicago: St. James Press, 1988.
- Derks, Scott. *Working Americans, 1880-1999.* Vol. 1: The Working Class. Lakeville, CT: Grey House Publishing, 2000.
- Diamond, Sigmund. *The Reputation of the American Businessman*. Cambridge, MA: Harvard University Press, 1955.
- Dimock, Marshall Edward, and Howard K. Hyde. "Bureaucracy and Trusteeship in Large Corporations." [U.S.] Temporary National Economic Committee. Investigation of Concentration of Economic Power, Monograph no.11. Washington: U.S. Govt. Print. Off., 1940.
- Forman, Henry James. "Sloan of General Motors; *Adventures of a White Collar Man.*" Book review. *The New York Times* June 15, 1941, sec. Book Review: BR14.
- Porters, Russell B. "Final Peace Pact Is Reached by G. M.And Union Leaders." *The New York Times* March 13, 1937: 1.
- Sloan, Alfred P. My Years with General Motors. Garden City: Doubleday, 1963.
- Sloan, Alfred P., and Boyden Sparkes. Adventures of a White-Collar Man. New York: Doubleday, Doran, 1941.
- X, Malcolm, and Alex Haley. *The Autobiography of Malcolm X*. New York: Ballantine Books, 1992.
- Zieger, Robert H. The CIO, 1935-1955. Chapel Hill: The University of North Carolina Press, 1995.

American Dream and New Management 125

- 논문 투고일자: 2017. 11. 29
- 심사 완료일자: 2017. 12. 20
- 게재 확정일자: 2017. 12. 20

#### Abstract

## American Dream and New Management in Alfred P. Sloan's Adventures of a White-Collar Man

Kwangjin Lee

(Soongsil University)

This paper analyzes Alfred P. Sloan, Jr.'s *Adventures of a White-Collar Man* published in 1941. It attempts to find the reason that he wrote the book then. Sloan explicitly insists that the prosperous American society was possible thanks to the adventurers in engineering and business. This paper interprets that he intended to remind the readers that the American Dream were still valid and alive. More importantly, this paper points out that more significant aspects of this book is that it shows the rise of new era in business management. Due to the complexity and the size of the companies, Sloan found totally new and effective principles and successfully applied them to General Motors. The new management that he used became a standard ever since. Therefore Sloan can be seen as a demarcation of a new era in American history.

#### Key Words

Alfred P. Sloan, General Motors, *Adventures of White-collar Man*, scientific approach to management, engineers-to-riches