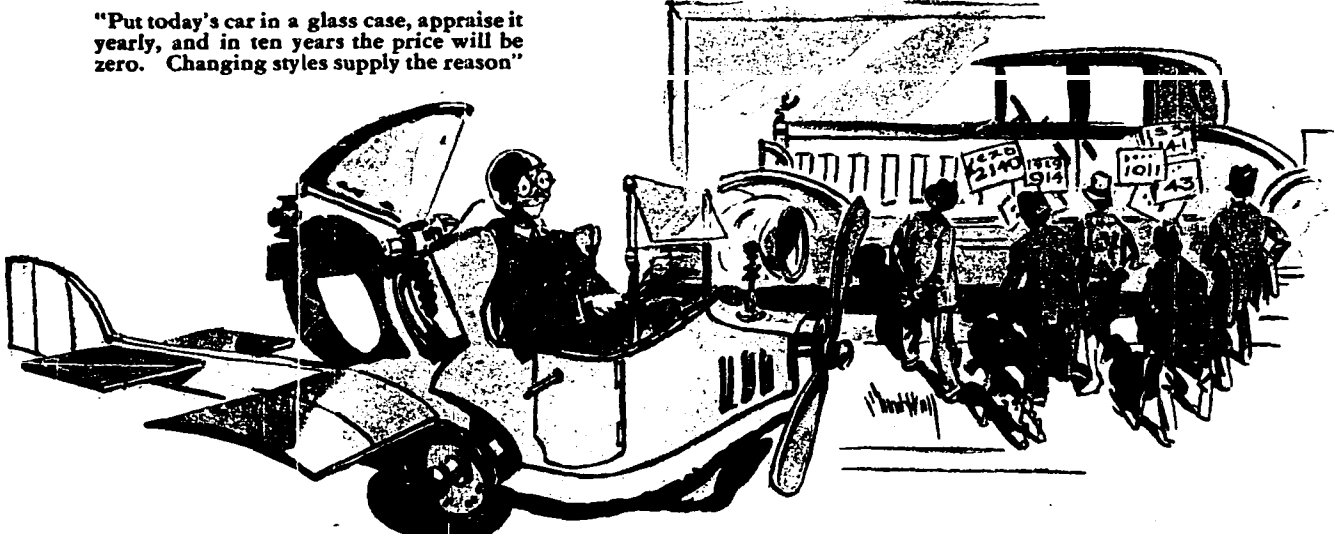


"Put today's car in a glass case, appraise it yearly, and in ten years the price will be zero. Changing styles supply the reason"



Keep the Consumer Dissatisfied

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Cartoons by Stuart Hay

NOT LONG ago one of the great bankers of the country said to me:

"The trouble with you fellows is that you are all the time changing automobiles and deprecating old cars, and you are doing it at a time when people have three or four payments to make on the cars they already have."

"Yesterday I got an engraved invitation from one of your companies to see a new model. Out of curiosity I went. I darn near bought one. I didn't because you people wouldn't allow me enough money for my old car."

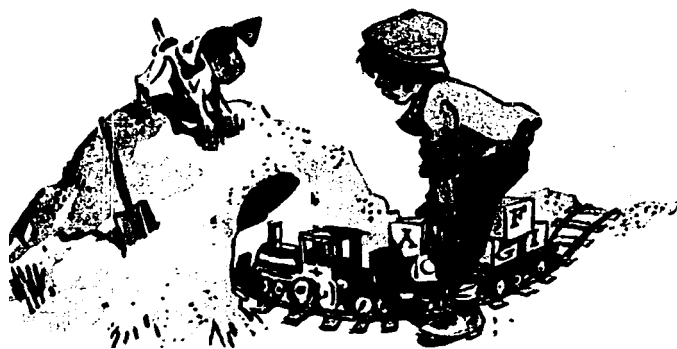
A few weeks later I was again talking with this banker. He appeared to be greatly disgruntled.

"I bought that new model," he barked. "But it was a rotten shame that I had to accept so much depreciation on my old car. You are the fellow who is to blame. You, with all your changes and refinements, made me dissatisfied with the old model."

He paused, then added, mournfully, "And that old car ran like new."

I told him I thought it was worth what he paid—that is, the difference between the old and the new model—to have his mind changed.

He didn't argue over that but he did say something to the general effect that "the only reason for research is to keep your customers reasonably dissatisfied with what they already have."



"Those ideas are coming from the younger generation"

I might observe, here and now, that he was right.

A few weeks back I was sitting with a group of executives. All were admiring a new model.

"It is absolutely the best automobile that can be made," enthused one. I objected to that statement.

"Let's take this automobile which, you say, is the 'best that can be made' and put it into a glass showcase," I said. "Let's put it in there—seal it so no person can possibly touch it. Just before we seal it in the case let us mark the price in big letters inside the case."

Depreciates Without Use

LET us do that and come back here a year from today. After looking at it and appraising it, we will mark a price on the outside of the glass. It will be a price something less than what we think the car is worth today. Probably \$200 less. Then, let's come back once every year for ten years, look through the glass, and

mark a new price. At the end of ten years we won't be able to put down enough ciphers to indicate what we think of the car. That is, of course, eliminating its value as junk.

"In those ten years, no one could possibly have touched the car. There could be no lessened value through handling. The paint would be just as good as new; the crank case just as good; the rear axle just as good; and the motor just

as good as ever.

"What, then, has happened to this car?"

"People's minds will have been changed; improvements will have come in other cars; new styles will have come. What you have here today, a car that you call 'the best that can be made,' will then be useless. So it isn't the best that can be made. It may be the best you have made and, if that is what you meant, I have no quarrel with what you said."

Another prominent banker once said to me:

"You research people are always disrupting things. You cause us more trouble than any other group. I, as a banker, will make a loan to a firm and am apt to discover, in a few days, that you fellows have put this concern out of business. All because your research methods have found different ways for doing things. Perhaps they are better ways, but what of it? The old ways were satisfactory."

This banker was thoughtless.

Prosperity has nothing to do with dol-

prosperity is measured by the tonnage of useful materials going through the channels of trade. That is what makes prosperity. That is what makes busy workshops and busy railroads. That is what makes everybody happy.

Tonnage of useful materials come first; bank clearances follow. Bank clearances are the negative phase of prosperity and the flow of useful materials is the positive.

That is why the prosperity of any industry is linked to its product. Product is the material thing and just in proportion as people accept your product will bankers accept your money. People aren't going to keep on accepting any product unless improvements in that product are constantly being made. That is where we, as research people, fit in. We make the improvements.

We All Dislike Change

THERE isn't a man in the banking business today—nor for that matter, in any business—who doesn't resent this idea of change.

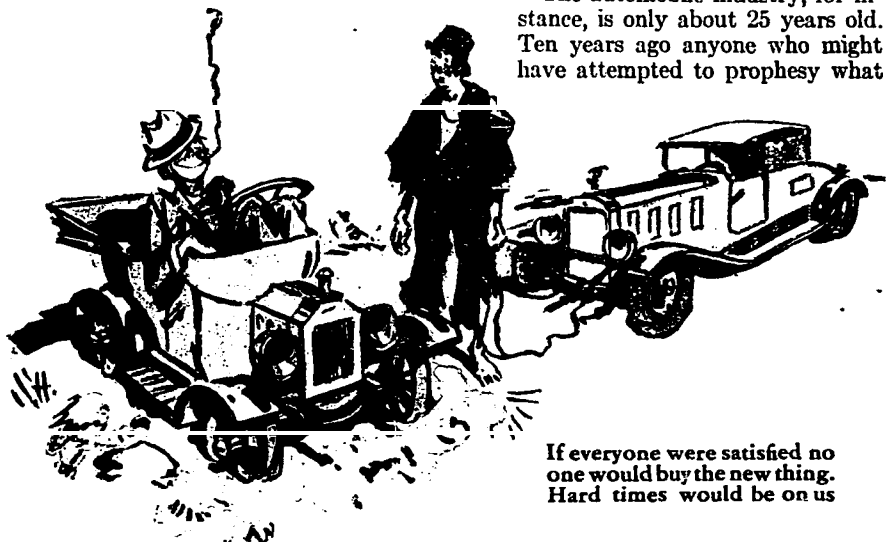
Change, to a research engineer, is improvement. People, though, don't seem to think of it in that manner. When a change is suggested they hold back and say, "What we have is all right—it does the work." Doing the work is important but doing it better is more important. The human family in industry is always looking for a park bench where it can sit down and rest. But the only park benches I know of are right in front of an undertaker's establishment.

There are no places where anyone can sit and rest in an industrial situation. It is a question of change, change, change, all the time—and it is always going to be that way. It must always be that way for the world only goes along one road, the road to progress. Nations and industries that have become satisfied with themselves and their ways of doing things, don't last. While they are sitting back and admiring themselves other nations and other concerns have forgotten the looking-glasses and have been moving ahead.

The banker who complained about having to take a loss on his automobile didn't keep pace with the times. Had he run his car for a year he could have traded it in and received a new model at a smaller difference. He didn't do that because he thought the car he had was quite as useful for all practical purposes. And perhaps it was. He was stubborn, however, in not making the change

when he could see that was happening in the motor car industry.

The banker who complained about research men putting companies out of business did not keep in step with the times. Had he been in tune with business development he would not have made the mis-



If everyone were satisfied no one would buy the new thing. Hard times would be on us

take of loaning money, because he would have seen the approaching change. He would have known that engineers are always looking forward and are ready to deliver a long time ahead. But many persons are apt to make the mistake of seeing the coming change too late. Why?

Somehow, through our educational system, we have been taught to look always to the older fellows for our advice and our control although by the time a man is 30 or 35 the people who are dominating industry are younger than he is. Consequently, he is listening to the advice of the few survivors who are older than he is and they, in turn, are still looking forward to the ones who have passed on. Consequently, any industry that is not

building into itself a layer of young people who understand the particular psychology of the generation next to it is overlooking one of the most fundamental principles of research.

A man might actually retire in percentage of activity in his business just in proportion as the group in his business, younger than he, enlarges. If he is dealing with young people entirely he should resign his position the day he goes out of that classification. He can still be a wonderful instructor, but as an administrator merely a zero!

That is why indus-

try should always protect itself by bringing in young blood. We are living in a wonderful age, accomplishing, in every line of work, the greatest development that has ever been made. But this development cannot stop and whatever we do today we must excel tomorrow.

The automobile industry, for instance, is only about 25 years old. Ten years ago anyone who might have attempted to prophesy what

the industry would be like today would have fallen far short of the actuality—unless he was a dreamer or had spectacular ideas about things. Basing his anticipations on facts, he could not have foreseen the present state of the industry.

In fact, today it is hard to foresee what the automotive, or any other industry, will be like in the next 25 years. There certainly will be industries of great utility, which now exist only in their formative period or in ideas yet unborn. Assuming the risk of being repetitious I must ask:

"Where are those ideas coming from unless from the younger generation?"

"Where are those great industries of the future coming from unless out of the ideas of the younger generation?"

The job of the older fellows is to help the younger chaps get the right start, to help educate them into the right jobs, and to aid in directing their intelligence. Education is useful in that it helps to get a man into a job; he goes beyond that job when he has intelligence. Older people can best help by directing that intelligence into the production of useful things.

What It Wants, It Gets

BUT older minds should not make the mistake of even trying to limit the field of useful things. The younger generation—and by that I mean the generation that is always coming—knows what it wants and it will get what it wants. This is what makes for change. It brings about improvements in old things and developments in new things.

You can't stop people being born. You can't stop the thing we call progress. You can't stop the thing we call change. But you can get in tune with it. Change is never waste—it is improvement, all down the line. Because I have no further need for my automobile doesn't mean that that

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Prosperity is measured by the tonnage of useful materials going through channels of trade

Keep the Consumer Dissatisfied

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automobile is destroyed. It goes to someone who has need for it and, to get it, he disposes of something that is unnecessary to his happiness. And so on to the end where the thing that is actually thrown away is of no further use to anyone. By this method living standards, all around, are raised.

We hear people complaining because of new models in automobiles. If it were not for these new models these same people would be paying more for what they have. Recognition of the fact that progress is inevitable forces us to recognize that we must have improvements in motor cars.

We, as manufacturers, must offer those improvements after they have been found to be capable improvements. The public buys and disposes of what it has. The fact that it is able to dispose of what it has enables us, as producers, to put a lower price tag on the new model. The law of economy in mass production enters here. We are permitted to turn out cars in volume because there is a market for them.

If automobile owners could not dispose of their cars to a lower buying strata they would have to wear out their cars with a consequent tremendous cutting in the yearly demand for automobiles, a certain increase in production costs, and the natural passing along of these costs to the buyer.

If every one were satisfied, no one would buy the new thing because no one would want it. The ore wouldn't be mined; timber wouldn't be cut. Almost immediately hard times would be upon us.

You must accept this reasonable dissatisfaction with what you have and buy the new thing, or accept hard times. You can have your choice.