



Reflections of an Automobile Executive

ROBERT TORKELSON

EARLY LIFE AND SCHOOLING

I grew up on a farm in Southwestern Minnesota. My father had emigrated to the United States from the Hallingdal Valley in Norway as a teenager in 1914—the same valley from which my mother's grandparents had emigrated at a much earlier date. After arriving in the Midwest, he found work on a farm near Hills, Minnesota. There he worked as a hired man, worked his way up to rent farms, and met and married my mother. When I was born in 1935, my parents were renting a farm two and a half miles west of Luverne, Minnesota. At the end of the Depression my parents purchased this farm, which they ran until their retirement in 1961.

My earliest memories are of growing up on the family farm. As the older brother, I was the first to learn to do the many farm chores. My parents milked our cows by hand each day, and I would watch and claim that I could do milking, too. My father persistently stated that, as a six-year-old, I was not strong enough. Not knowing what I was getting myself into, I chose to negotiate with my father, saying that if he would teach me, I would milk each morning and night. He agreed. On the cold dark winter mornings while I milked the cows before the school bus arrived, I had a lot of time to think about that decision! Nonetheless, I loved the farm activities.

As a high school student, I worked on the neighborhood thrashing crew load-

Robert Torkelson spent his lifelong career in management at Ford. Through his reflections, we are introduced not only to significant changes and developments in the automobile industry, but also to him personally and his Christian faith.

ing bundles of grain. It was hard and hot work, but paid well for a high school student. It was through the farm work that I found I excelled in doing things mechanical: if I could take something apart I could always put it back together again—a skill that was of great help in my automotive career.

My first eight years of school were at a country school located a half-mile walk across the field from my parent's house. After graduating from eighth grade, I attended high school in Luverne, where I participated in sports, played clarinet in the band, acted in class plays, and joined the debate team.

My parents were always very supportive of education. As I neared high school graduation, my father asked the high school superintendent where I should attend college. As a graduate of the University of South Dakota, he, of course, suggested that university.

I enrolled at the University of South Dakota in the fall of 1953. David Preus, who went on to be the Bishop of the American Lutheran Church, was my campus pastor. He and his young family set a great Christian example for me, a young college student who had come from the farm. Along with focusing on my studies for an accounting major, I played baseball and was in ROTC. Mathematics always came easily to me, and in my first year I won the freshman mathematics award. Like my mechanical skills, this math ability served me well during my automotive career.

Preparing for a career in finance, I interviewed with each of the big-five accounting firms in December, 1956, just prior to graduation. They each made me an offer. Things went in a different direction, however. During Christmas vacation, I proposed and was engaged to Ardelle Tjentland, who was a senior at Concordia College in Moorhead, Minnesota. Further, as a Second Lieutenant in the Army Counter Intelligence Corps (CIC), I would have just eight months after graduation to work before reporting for active duty. Given these developments, I determined that the best decision for me would be to work for an industrial company in a large city. In January, 1957, I interviewed with and accepted a position as a financial analyst in the college graduate training program for Ford Motor Company's Edsel Division in Dearborn, Michigan.

FORD MOTOR COMPANY CAREER

A week after graduating in June 1957, I began my Ford Motor Company career. I worked many overtime hours getting ready for the introduction of the new line of Edsel cars, which were planned for introduction that September. At night, I worked additional overtime buying back cars from one dealer and selling them to another. It is hard to imagine now, but at that time all the accounting was done manually.

The short-lived Edsel Division closed as a separate division in December 1957. As a college graduate in the training program, I was transferred to corporate finance. At that time, Senator Estes Kefauver was conducting hearings on what he

considered to be monopolistic pricing in the automotive industry. The auto companies and the United Auto Workers Union were ordered to make presentations in March 1958 to the U.S. Senate Anti-Trust and Monopoly Subcommittee. The Ford Motor Company presentation was being prepared by two assistant corporate controllers, and I was assigned to the project. We wrote an item-by-item pricing history for our actions from World War II to the present. In the process, Edward Lundy, who was the head of Ford finance, explained to me the economics of the auto industry, which required me to go home at night and reread my calculus books! February 1958 quickly came, and it was time for me to report for my military duties. With the overtime hours I had put in with the Edsel division and the finance staff, I figured that I received a full two years of experience in merely eight months.

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Upon arrival at the CIC Headquarters at Fort Holabird, Maryland, I was assigned to school, where we studied subjects like interrogation, investigative report writing, and defense against methods of entry and surveillance. Much of the training was joint with the Federal Bureau of Investigation. Upon graduation in July 1958, I was given one week of leave to go home to Minnesota and get married. Because I had saved my overtime income, I was able to pay cash for a new 1958 Ford car to celebrate the event. Upon returning to the base, I was initially assigned as a special agent on an espionage case. The case was completed in four months, and I was then assigned as a staff officer for the two-star general who ran the CIC. Twice a week I was able to travel with the general by helicopter to his office in the Pentagon.

With my tour of duty over in February, 1960, I returned to Ford Motor Company and was assigned as a financial analyst in the Lincoln Mercury Division. My wife had taught elementary school in a suburb north of Detroit the year before we were married, taught in Baltimore while I was on military duty, and returned to teach in the same district when we returned to Detroit.

As a trainee in the controller's office, I tried to understand the physical items and actions that were represented by the numbers in the financial reports. In March 1963, I was promoted to supervise the Tool Cost Analysis Section, then the Warranty Cost Analysis Section. While supervising warranty cost analysis we went from ninety-day, 3,000-mile warranties to one-year, 12,000-mile warranties, and, in the case of the Lincoln model, to a two-year, 24,000-mile warranty. We often worked until midnight in order to figure out how to compute the amount of money needed in reserve to pay those longer warranties. Following my work in the Warranty Cost Analysis Section, I moved to the Forward Model Cost Analysis Section. While I was supervising this area, the company was reorganized into three basic groups: manufacturing, product development, and sales. The Lincoln Mercury

Division became a sales division, and I, with my Forward Model Analysis Section, was reassigned to the Product Development Controller's Office.

During the period in the Lincoln Mercury Division controller's office, my personal life changed greatly. We were attending a small Evangelical Lutheran Church (ELC) congregation of about three hundred members. Our church signed up to be among the first to use the Bethel Series, a lay-led overview of the Bible. Our pastor, along with my wife, convinced me to take the two-year training needed to teach the course. Our training class consisted of the pastor's wife, a young plumber, a man who worked for General Motors along with his wife, and my wife and I. I never missed a Monday night of class during this two-year training. At the same time, I was working many hours of overtime at Ford. During the second year of Bethel training, while studying the New Testament, it became clear to me that I wasn't fully living a Christian life. That was when I consciously turned my life over to Jesus Christ. I can't say that I saw flashing lights, but I did find the great peace that was missing in my life and work. No longer did I lose sleep over work.

Upon the heels of the Bethel training, I enrolled at the University of Michigan Business School to study for an MBA. This being 1964, before night school was available, I attended class, then went to work, often late into the evening. In the midst of my studies, our first son was born. My wife Ardelle was the hero at this time in our lives. She ran everything at home and in the family until I graduated in June 1967, the same month our second son was born. During my graduate studies, I had two extra assignments at work that provided me with very valuable experience. First, I was the financial controller for Lincoln Mercury Division's part of the Ford exhibit at the 1964 New York World's Fair, where we partnered with Walt Disney. Second, I was the financial controller as we built a Lincoln Continental presidential vehicle, which entailed a great deal of work with the Secret Service and special suppliers of safety and communications equipment. After many years of government service, that vehicle is now on exhibit at the Henry Ford Museum in Dearborn, Michigan.

Eventually, I made the major decision to leave finance and become the marketing manager at Lincoln Mercury Division, where I was to do the opposite of my task in finance. Now, instead of controlling expenses, I had to plan and spend in order to increase sales. This was also a period when Ford was actively involved in auto racing. "Win races on Sunday and sell cars on Monday," became one of our marketing themes. Because we were beating the Ford Division on the race track, they wanted us out of racing, so the company decided we could keep only two NASCAR drivers and one pit team. We chose Cale Yarborough and LeeRoy Yarborough and the Wood Brothers Pit Team. Cale and LeeRoy pioneered drafting, and the Wood Brothers developed the very fast pit stops.

On December 1, 1969, I was promoted to head a venture capital investment program at Ford's corporate staff. I was in charge of the Leisure Project, which invested in start-up companies in the field of leisure activities. Henry Ford II had

read about the great opportunities in the leisure field in *Fortune* and *Business Week* magazines and wanted Ford to participate in the growth. In that capacity I reported to the Vice President of Corporation Planning. This was probably the first time I personally came to the attention of Mr. Ford. At that time I became the test case to determine if Ford would put an employee on a company board of directors where Ford owned only a minority. I was named to the board of a monorail company in Salt Lake City, Utah, where we owned twenty percent of the company with options to go to eighty percent ownership. In this venture capital job I traveled from Switzerland in the east to Hawaii in the west.

My next promotion was to Central Product Planning. This was the good news, but the bad news was that I was assigned all nonautomotive areas, which no one cared about. These included areas such as Ford tractor, Philco, glass, steel, etc. Within six months, Lee Iacocca, Ford's president at the time, reorganized the company and Hal Sperlick became my new boss. Hal was the product planner who planned the Mustang for Iacocca. Hal had most recently traveled Europe for a year, during which he watched Renault introduce the new R5 and Fiat introduce the 127, both of which were small front-wheel-drive vehicles. Hal knew that front-wheel drive allowed for no driveshaft down the middle of the car and that this created a better interior package for the customer. Hal, as the head of Central Product Planning, wanted to work on a small front-wheel-drive car.

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Henry Ford II had learned about the auto industry growing up in the Ford family. He knew that if the American cars were lined up by size it created the perfect price array, with the company making money on the largest vehicles but losing money on the smaller ones. After being turned down by Mr. Ford three times, Hal returned to the design center and said, “I’m going to do it anyway.” Together, we ran a preprogram and built a prototype of a small front-wheel-drive car within a year. During that year we researched small car styling with fiberglass models in several places in the United States, Brazil, and three locations in Europe. Finally, the company did not approve a world car, but decided to build the new smaller car in Europe. I was assigned to run the matrix management group in Europe for this new car. In October 1973, my family moved to London, England.

Six months after my arrival in Europe, Henry Ford II talked Franco into letting Ford into the Spanish market based on the condition that Ford manufacture a product in Spain for export. He combined the new Spanish effort and the new front-wheel-drive car program into a single program. Therefore, in early 1974 I suddenly had a one-billion-dollar program to manage. The program now included: the small front-wheel-drive vehicle, an assembly plant in Spain, a metal stamping plant in Spain, an engine plant in Spain, and a transaxle plant in France. We began manufacturing the Fiesta, the new European Ford vehicle, in Germany

in May 1976, in Spain in October 1976, and in England in November 1976. The program was a major success, so I was able to return to the United States in December 1976 with a promotion to manage the Escort vehicle program, which was a repeat of the Fiesta program, except the Escort included an automatic transaxle that entailed making the vehicle two inches wider.

Upon my return from Europe I experienced another step in my growth as a Christian. Needing a water line run to the refrigerator, I invited the young plumber who had been in my Bethel training group to dinner, along with his wife, and asked if he would bring his tools. We had a great evening, catching up on what had happened in our families. When I went to pay him, he said the only payment he would accept was for me to agree to go with him next week to a Christian Business Men's dinner where the speaker was a Scandinavian businessman from Minneapolis who talked about committing his life to Jesus Christ. At this dinner I realized that this was a very good way to bring the gospel message to fellow workers. Inspired by this, I volunteered with a Christian Business Men's committee until my retirement. Additionally, I attended a Thursday morning Bible study and served on committees to organize outreach meetings.

In late 1979, the ever cyclical auto industry was moving into recession, and Ford, under the direction of President Don Petersen, was moving into a new program called "Quality Is Job Number One" with the United Auto Workers Union. The work with the union helped to reduce hourly labor costs by improving productivity. Additionally, we achieved major savings in the salary-based pay area by eliminating two levels of management. At the conclusion of that effort in 1980, I was promoted to administer Ford Design Centers around the world. At that time the major program in the U.S. Design Center was the Taurus/Sable program. I held this position until my retirement in April 1991.

The auto industry is a high-fixed-cost industry with long product development times. This financial model makes the industry very sensitive to sales volume. This made for great swings in the level of profits or losses. The key to success in this highly competitive industry was the execution of plans and projects by all personnel at all levels.

I wish I could have read *The Seven Habits of Highly Effective People* by Steven Covey early in my career. From this book, two things stand out for me. First is the development of a win/win approach to problems and performance. Unfortunately, I was in a win/lose approach to business in my early career. For our group to win, another group had to lose, thus hurting the overall business. Second, the seventh habit in the book is to be a lifelong learner. I fell into this habit naturally because I always liked school and enjoyed learning. Throughout my career, I volunteered to go to school. Thus, I completed a midmanagement course at Harvard University and an advanced Executive Development course at the Kellogg School of Business at Northwestern University. My love of learning always kept me alive and actively looking for new and better ways to accomplish our business objectives.

VOLUNTEERING AT LUTHER SEMINARY

Upon receiving an early retirement package in 1991, I called the president of Lutheran Social Services of Michigan (LSSM) to resign from the Board of Directors, where I had served since 1978. My wife and I had decided to return to Minnesota to live. Carl Thomas, the president, convinced me to serve for one year as their vice president of development and church relations. I worked for LSSM from May 1, 1991, to June 30, 1992. In December, Carl told me that I had to attend the Association of Lutheran Development Executives educational conference in March in Minneapolis. At the ALDE conference on the night of the banquet, I sat next to Luther Seminary president David Tiede. I told him I was moving to Minneapolis in July 1992 and was not going to do anything or make any decisions for one year.

“I received a message on my phone recorder from David Tiede saying, ‘Your year is up’”

On July 1, 1993, we were in Detroit for a wedding. Upon returning, after not having talked to President Tiede since the banquet fifteen months earlier, I received a message on my phone recorder saying, “Your year is up.” Following that call and a breakfast meeting I agreed to volunteer one day per week in Luther Seminary’s Development Office. With the seminary’s weak financial situation at that time I agreed to head up an effort to establish the Leadership Circle, which would consist of individuals who would give the seminary annually an unrestricted gift of at least \$10,000. In addition, I coached many of the seminary personnel on management practices, planning, and teamwork. The Leadership Circle has since grown to approximately one hundred members, and their gifts represent the majority of the money needed to offset the reduced support from the national church and assigned synods.

In summary, my role as a volunteer is to serve as an encourager, bring experience, describe and coach best practices, set a good work example, and above all be a good listener. After being term-limited off the Luther Seminary Foundation Board of Trustees, I have agreed to serve on the Luther Seminary Board of Directors. This is a key period for Luther Seminary as we move forward with a new strategic plan. This strategic plan addresses the building and equipment needs of the seminary over the next decade.

I am thankful for the energy and health to have been able to make a difference both in my career and after it, and to have been used throughout my life as a servant in God’s church. \oplus

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