

A RESPONSIVE CORD

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What story commands to be picked up and read, to be viewed to the exclusion of all else—the latest political gossip, a tale of the mighty brought low, the latest sports scores, the top rated TV program? No, these are all fleeting, and once the basics have been exposed, it is as they say, yesterday's newspaper. It does not satisfy, it has, as our P & G brethren might observe, no shelf life. From a personal perspective what is most gripping, is the tale of the dreamer and his dream, the struggle, and putting it all together in a grand achievement.

As with most dreams and tales of this sort, there is a beginning, and sometimes more than one, and sometimes, even a long time before we get to the scene. This tale is not of Henry Ford and his admitted genius, but it would not have happened without him or what he did. You see it is not essential to my tale that our subject be the most important player in the arena, or even the first, but just a dreamer in his own right, in his own dream and on his own terms. It is not necessary that he change the whole world or that he and his dream survive forever, although certainly some of those characteristics would seem advisable, if not essential.

While we are on the subject of Henry Ford, he is the reason for my first contact with the subject of this Literary Club paper. This occurred just short of half a century ago on a trip to Dearborn Village with other paperboys, where in addition to Thomas Edison's house and laboratory, resides the largest collection of automobiles in the country. Up and down aisle after aisle were examples of virtually every automobile produced or retailed in the country. There were, however, two that looked almost as different from each other, as they stood out from all the rest. They were lovely, captivating and unique, and they were not made by Ford. In fact they were not even made in Michigan, which at that time was the only place I thought cars were made.

Back in those days of my visit, September was the month when the car dealers would

drape their showroom windows, or at least the models within, and then on the same day all over the country, cocktails would be served to finely dressed persons of importance in the community, trumpets might even be heard on high, and the new models would be revealed to the press and all those throngs. It was a big deal, or so it seemed to a small person whose transportation was provided by Schwinn or Huff. Those were the heady days of youth, and at that time the American automobile was itself barely fifty years old.

At its beginning there were of course no interstates, and even highways were a figment of speech. But horseless carriages were coming. In fact they were being built in garages, blacksmith shops, and probably even drug stores in villages and towns all over the country. There was no one way, one type or one style. Everybody who wanted in on the action could just set up shop, and they did.

Charles Eckhart, born in 1841, was a Pennsylvania lad who apprenticed himself to a wheelwright and eventually bought out his employer. Came the Civil War and he sold his carriage business and joined the Union Army, returning in 1866, after visiting uncles in Waterloo, Indiana. Over the next decade, he lived and worked in those states as a farmer and carriage maker, before founding the Eckhart Carriage Company. By 1900 his production in Indiana was 250 buggies a year and he had begun to transfer the business to his three sons, Frank, Morris and William, each one beginning an apprenticeship at his company upon reaching the age of eight years, while still keeping up with regular schooling, and each being eventually directed into a different facet of the family business.

In 1900 Charles ran for governor of Indiana and was noted if not for winning, for campaigning across the state in an automobile, and letting it be known that he harbored thoughts of using his carriage-building experience in the development of automobiles, and in the near future. A trip to Chicago to purchase a Winton automobile for \$2,700 spurred his interest beyond intention when the dealer announced he had upped the price to \$3,000 and that model would not

have a windshield or headlamps.

Charles apparently directed his sons to rectify this situation, and soon son Frank had located sources for transmissions and engines and other parts. While there is rural legend of a 1902 model, there were 25 1903 Auburn Automobile models produced, unless you want to believe the figure of 50 which also is out there, depending upon who's counting. Debates continued among the family members about whether the horseless carriage was any more than a "fad with its future very indefinite" or something more substantial. Another quirk of fate assisted in their successful development of this venture. It was an "industry" viewed with great skepticism by most bankers, which necessitated the Eckharts self-financing their endeavor. When they met with success, this simply added to their good and substantial fortune. By 1905 they had replaced their one cylinder engines with two cylinder engines and they were producing 100 cars per year. In 1909 a four cylinder engine powered the Auburn automobiles, which gave way to a six cylinder engine in 1912.

The Eckhart carriage business sold 4,100 units in 1911. Over at Auburn, their autos were beginning to win races and seven body styles were now offered. This doubled to 14 the following year, complete with an electric starter. In 1913 the models offered returned to seven, while sales reached \$2,000,000. The company initially capitalized at \$20,000 by the Eckharts ten years before now had \$500,000 in capital.

The carriage company continued to do well but slowed to 3,400 units produced in 1914 and 2,700 in 1915, and although sales in 1917 were over \$200,000, units dropped to 2,200 and the Eckharts closed their carriage company at the end of 1918. Meanwhile the Great War was disrupting the supply of materials in all areas, and only 1,500 Auburn automobiles were produced in 1915, although sales reached \$3,000,000 in 1916. After a drop, by 1919 sales were again on an upswing with \$2,500,000 in business; however, the Eckharts were tired, and were spending considerable time in California. They sold their Auburn Automobile Company for a bundle to hot shot business

M&A venturers of the day, nicknamed "The Chicago Gang" by local workers and papers. The Gang's first year's profits of \$1 000,000 proved their genius, but then dropped to \$600,000 the next year and to \$300,000 the following. 1922 profits were only \$139,000 and \$8,000 for 1923. How you ask, is this circumstance ever going to tie into this paper? That's a very good question, but rather than answer it, let's look at another circumstance first.

In 1901 an inventive farm boy from Iowa tinkered with all things mechanical down on the farm, and having become fairly proficient in all that he felt he could master there, apprenticed himself and his brother to a Wisconsin garage and then moved on in 1903 to a shop that manufactured engines. Their 1904 model was produced by their own company and advertised as the fastest, strongest engine available. They moved to St. Paul, Minnesota, and in 1913 closed that venture and opened an airplane engine factory in New Jersey. 1917 obviously brought ever more business but by 1919 they went back to automobiles, which they had continued over that time in Indianapolis, building racing cars in a small shop near the 500 race track. By 1920, they had obtained some financial backers and produced their first passenger car, with a straight eight engine and hydraulic brakes on all four wheels. These cars were the most expensive cars being produced, other than the Doble, which was a steam-powered machine. These were Duesenbergs and engineered by the Duesenberg brothers, with innovations galore, from balloon tires to all the wonderful mechanical marvels they pioneered, some mentioned above. In 1923 they staged a Los Angeles to New York run, which was not really possible at the time, by placing a stock Duesenberg on the Indy 500 brickyard track and driving it for 3155 miles straight in 50 hours, stopping only for a change of tires twice, and otherwise transferring drivers, fuel and water, etc. on the fly, and even changing a spark plug under speed. The Duesey averaged 63 miles per hour and was a marketing phenomenon, increasing general interest in the automobile, although not much in the way of sales. A Duesenberg racer also won the real Indy 500 in 1924, but it was produced by the racing partnership of the Duesenberg brothers, and even the publicity it generated

could not prevent the automobile company from falling into receivership the same year. (Incidentally, a **Deusenberg** racer also won the Indy 500 in 1925 and 1927.) The Duesenberg company continued to operate more or less, in the receivership, but it clearly would not be able to last much longer. Not again you may say, O. **K.**, now tell us what is going on here. Nope, not yet. One more time, before we tie it all up.

Here we go, back to 1894, where a boy was born into a middle class Missouri family. A series of moves found the family in Los Angeles, but the father died while his son was in his senior year of high school, so the son took a part time job selling used cars and then became a laborer, installing pipeline for the Los Angeles Department of Water and Power. This position convinced him there had to be a better way to **earn** a living, and he soon found it.

He bought an old Model **T** Ford for \$75 and turned it into a **souped-up** speedster and sold it for \$675, which profits allowed the purchase of a new Model T and the same transformation, but this time sold at a price of \$1,200. By the end of 1914, he had done this 20 times at over \$500 profit cleared for each, and \$ 10,000 in the bank. He found he could do this business, and work, too, so he returned to the car sales business at the same time. Marriage and two sons over the next few years only served to sharpen his intensity, if not his finances, and efforts in Phoenix, Los Angeles and Chicago followed. Finally in Chicago in 1919, his salesmanship brought him financial solvency, but he wanted to own his own business. So he decided to obtain a franchise to sell gas heaters in California, an effort foiled by California when it established standards for home gas heaters that those he offered could not meet. So it was back to automobile sales in Chicago, where he once again prospered, so much so that he was offered the Moon motorcar distributorships for Minnesota, Wisconsin and Iowa, and was soon selling 60% of that company's output. He sold that distributorship and went back to Chicago to go into partnership with his old boss again, and promptly sold 5,000 motorcars in six months. Within a year he had met his goal of **squirreling** away \$50,000, and was again ready to go after his own business. 1923 came and went, and by 1924, with profits still streaming in from his sales efforts, he determined what he really

wanted, was to own his own automobile company, preferably one in trouble so it would be more affordable.

Enter our M&A Gang and one player of the group with the foresight to understand the only way out for its members. It is also speculated that he bought a Moon automobile from our salesman just so he could get close enough to him to interest him in the deal, any deal. Not that it was necessary, but it makes a nice addition to this story. To the Chicago Gang, having driven Charles Eckhart's company into the ground in less than 5 years, a return on their investment, not to mention ever seeing that investment itself again, seemed far beyond their ability to achieve. Our salesman extraordinaire did his homework on the company and its products and then drove an extraordinary bargain. He had in mind a sleeker car than what was being produced by Auburn, but a car that would use many of its current parts, plus new ones from other producers. He sourced those parts and the reliability of the suppliers, and in 1924 negotiated his purchase of the Auburn Automobile Company, although it was not so apparent to those in the Gang. He was to get \$ 1,000 per month salary or 20 per cent of profits whichever was larger, plus options on the stock. When he took over, the company was 34th in sales in the country. One year later it was 14th. All of its bills were paid, and it had \$ 150,000 in the bank. When asked to comment about how many hours he had spent a day working to achieve this result, he replied "24". The demand for his redesigned Auburns could not be met by the Auburn plant, so he found another down on its luck and dying producer in Connersville, Indiana, and struck another deal for a company that he could turn around. He produced a sleek mechanically advanced car in sufficient quantity and of such quality that he could keep prices up or increasing. 1925 saw the company out of debt, the Gang out of the company, and the company firmly under our new owner. 1926 saw sales of \$10,800,000, profits of almost \$1m and a surplus in the company of \$1.7m. At age 31 our salesman was a millionaire and president of a thriving automobile company, with a vision and proven track record. He had control of his board, was the majority stockholder, and had made his company wildly successful.

How you may ask was this accomplished? Well, I would suggest the seeds of that success can be ascertained from the anecdotes about his earlier existence. He was terribly interested in cars, and had an ability to see value where others did not. He had mechanical understanding and the mechanical ability to produce a product. He was willing to put in the hours to obtain the rewards he sought. Therefore he could take a basically discarded Model T and turn it into a premium priced speedster. His time as a common laborer helped him to understand and focus on what he wished to do, and what he wished to avoid. He understood how to sell the product and to market it. He also understood the importance of controlling his own destiny, and that it involved ownership of his own company.

The experience in many aspects of the automobile business fit him well, and he learned those lessons at a high level. He understood the necessity for successful marketing and the need for financial stability in the venture. He also understood the product and what it could be, and how to get it. Further he had an advanced sense of design to go with his technical proficiency. Again the speedster rebuilding is illustrative. Take a basically sound product that no longer is of much interest, and enhance its technical performance while providing a more stylish body and you can charge a premium price. This was the basic ingredient in his success. He sold more cars than other salesmen by adding some special color combinations and nickel-plating, at virtually no additional cost, but which greatly enhanced desirability.

He understood that his costs had to be kept low, and he was able to buy the car companies themselves at distressed prices. He then kept those costs low by buying his suppliers and integrating them into his company. He provided a reliable product, marketed it masterfully, while holding down costs and providing sound mechanical innovations not generally available on other manufacturers' cars. He used women extensively in his advertising and directed much of it at them, as he recognized that women were becoming more influential in purchasing cars.

While he did not develop the Auburn automobile, he created it. He took the [Eckharts'](#)

solid, well developed and undeniably more reliable than average product, and added sizzle and sex, and created a real winner. He was attuned to his market and maybe even drove it, but above all he was able to see value where others had overlooked it, and he knew how to develop it, add his own offerings to make a successful automobile, and then reward himself accordingly.

Auburn sold 14,500 units in 1927 and had sales of \$ 17m. The use of the more attractive designs and the latest in engineering and upscale advertising drove the sales of the Auburn cars, and in 1928 the speedster, the most famous of the Auburn models, made its debut. Not only was its boat tail design uniquely lovely, it was **blindingly** fast and established a one mile 108 mile per hour speed record at **Daytona**. All the while sales continued strong, jumping to \$23m on a thousand fewer units. In what was to be a company high mark, 1929 saw 23,000 units sold and \$3 7m taken in.

Meanwhile in 1926 the Auburn Automobile Company was able to buy the **Duesenberg** Motor Company from the bankruptcy court, and the best cars made in America were now part of Auburn. Duesenberg had the premier product, an extraordinary mix of beauty, speed and reliability, but was obviously deficient in the financial and marketing arena. The marketing, development and salesmanship talents available at Auburn were now set for their full application. With the greatest American car now under his control, he set out to drive those exclusive and expensive values and features into the Auburn offerings, while continuing to perfect the Duesenberg marque.

In 1928, the Duesenberg Model **J** arrived on the scene and instantly became recognized as the world's best car, just as Fred Duesenberg had been instructed to produce by his new boss. Americans believe bigger is better, and this automobile was clearly the biggest, (the tires alone were chest high) and it was possessed by movie stars, kings, and American corporate royalty. Where the Auburn was selling in the \$1,000 to \$2,000 range, the **Duesenberg** cost ten times as much. In fact the Model **J** was nicknamed the Twenty Grand, dark Gable had two. **Carole** Lombard, Gary Cooper, and Greta **Garbo** were owners and pictured with their treasures. Owners

from the business world named [Wrigley](#), [DuPont](#), [Vanderbilt](#) and [Hearst](#) were proud possessors of the premier American motorcar. This success was followed by the Model [SJ](#), which sprouted flexible tube exhaust pipes coming out of the sides of the hood cowl, and a supercharger only deepened the mystique. These enormous and wildly extravagant rolling pieces of art continued to be produced with their varied lovely body styles and ever-advancing mechanical improvements until 1938.

The 1930's would find our president one of the wealthiest industrialists in the country, and his company producing the most technically advanced and most excitingly designed cars in the country. His wife died in 1930 as he was moving his residence to [Beverly Hills](#). Unsurprisingly he obtained a new wife and began to spend much of his time there, where he would recognize that they weren't making any more land and thereby began another aspect to his business life.

These salad days continued for several more years and our sales genius would appear on the cover of Time magazine twice, but after the stock market crash, the market for \$20,000 automobiles was severely impacted, as was driving about in [chauffeured](#) limousines with soup kitchens and bread lines readily in evidence. Both companies, [Auburn](#) and [Duesenberg](#), continued to produce cars ahead of their time in design and technical development, and in fact those traits continued in their refinement, but Ford and General Motors and [Chrysler](#) had economies of scale unachievable by the Auburn Automobile Company, and the cars able to be produced in greater numbers and at lower cost signaled the beginning of the end for [Auburn](#) and [Duesenberg](#).

In 1929 a front wheel drive model was tested and ready for production at the Auburn Company. It was so advanced that a new name was required and thus was born the Cord automobile, named after our super salesman, [E. L. Cord](#), and now you can guess the rest of the story. But not really, [E. L.](#) as he was always called (it stood for [Errett Lobban](#)—no wonder he preferred his initials) had a few more tricks up his sleeve, and he was not quite ready to hang it up. In fact the Auburn and new Cord automobiles continued in popularity, while the [Duesenberg](#)

of course just caused mouths to water, even though sales were never high.

The prize of the Cord name and the model that established it was a front wheel drive sleek aerodynamic machine with disappearing headlamps on the separate front fenders, what is called a coffin hood and fast back styling in coup and sedan and 2 door and 4 door convertible models produced in 1936 and 1937. Under 2,000 were produced, but they were sensational and lauded by car aficionados upon introduction.

Unfortunately getting them to market was done too quickly before transmission and other kinks could be worked out. Production had not started in earnest and the first thousand orders were unable to be filled and model cars were delivered in place of the real ones until the real cars could be manufactured. Those that were delivered had to be retooled in order to correct the mechanical issues, all in all, a coup *de gras* to the last breath of E. L. Cord's dream.

The two cars that inspired this paper were the Duesenberg Model SJ with tires chest high and requiring a length and a half of a normal garage to house it, and its fellow Auburn product, the sleek vision of completely modern streamlining, the Cord 810 and 812 models. The former had vast expanses of sculpted painted surfaces, chrome galore, flexible exhaust pipes curling from the engine compartment and not a single thing about it to say other than the Duesenberg was the king of the roadways. The latter was totally different from all other cars of its day, with severe streamline styling, hidden headlamps, separate coverings for the wheels and tires, and front wheel drive among its mechanical innovations.

These two cars that I saw fifty years ago, while I did not know it, were developed by the same man and are today recognized as high water marks for American, maybe even world automobiles. Ironically, even with all there was to commend them, not enough of them were sold to save their companies, while today they can bring over a million dollars a car if you can find one, and many of their examples bring many times that amount. All told, there were only 700 Duesenbergs produced prior to E. L. Cord's acquisition of that company and in the next decade just under 500

of the Model J variants. There were 5,000 Cords produced prior to the 810 models, and not quite 2,000 of them. After the 23,000 Auburns produced in 1929 and 13,600 the next year, production fell to 11,300 in 1931. In each of the next five years production was under 5,000 Auburn automobiles, before the plug was finally pulled.

We know what happened to his company and what has happened to his cars, but what happened to E. L. Cord, himself? As hinted, his earnings were extraordinary. His foresight in real estate values and radio and television broadcasting made him another fortune in Beverly Hills. During his early days with Auburn Automobile Company, he had acquired some sixty companies, many in fields unrelated to the automobile industry, and some personal to him. After he tired of his California ventures, or in order to find more hills to climb, he moved to Reno, Nevada, and did it all again. There he became a Nevada legislator and rose to prominence to the point of being the sure bet for governor in 1958. E. L. refused the offers and never explained why. He died of cancer in 1974, aged 79, leaving an estate of over \$3 9m.

E. L. Cord lived his dream, succeeded in grasping it, and for all of his talents, and achievements, could not make it all last, but what he produced is an example of extreme and enduring beauty and interest for any car nut, or those of us who are simply intrigued by the mystery of the chase, and in whom he struck a responsive Cord.