Ferrari Essay, Research Paper

Ferrari in my opinion is a company that right from the beginning was “build to last”(1), it was built to be the best in Europe. It’s founder Enzo Ferrari was driven to develop the best (fastest) sports car possible not the most profitable. He was a clock builder, not a time teller so he developed traditions, he always wanted to be in the leading edge of automotive development; being a pioneer. That is why “so much of what Ferrari established and where it was begun continues”(2) today in Modena, Italy. He developed an internal drive that is crucial for company’s success throughout the test of time and competition from other companies. Like all the visionary companies that I know, Ferrari also had it’s problems but Luca Cordero Di Montezemolo”the man who saved Ferrari”(3) and this internal drive played an intense role in the transformation and the reconstruction of this once deeply troubled auto maker in to a European visionary company. Ferrari in my opinion has changed the Italian economy forever. They were the ones that stimulated all the automotive competition we have today in Italy, and they are the reason the Italians today are known for their beoutiful automobiles.

It all began in Europe, more precisely in Modena, Italy where Enzo Ferrari embarked on his lifelong passion in 1947. He was a racing pioneer, he engineered his cars with a “single objective in mind: speed,”(4) to build the fastest car possible in Europe. This in part is what distinguishes Ferrari a part from all the other automakers around Europe. For Enzo Ferrari it was a passion, he was driven by his passion to build the best racing car possible. In contrast the competition at the time was driven by profits. That is what sets Ferrari apart from all the other specialist automakers in Europe. In his time, the Italian company has raced against the likes of Jaguar, Lotus, Aston Martin, Vanwall, McLaren, Mercedes-Benz and Benetton, but their involvement on the track in the last 50 years has been short-lived compared to Ferrari s. Ferrari is still today the best in the Industry of sport car racing; they dominate the Formula 1 car racing for the past 50 years. This has really stimulated the Italian economy. Formula 1 is known to be one of the sports that raises the most capital, from advertising to ticket sales I fell that Ferrari is really helping the country’s economy. Also I need to bring up the point that a lot of the research and development introduced in the racecars has helped the domestic market also. For example, ABS and Traction Control were all developed in the track and now are a success in the domestic industry thanks in part to Ferrari.

“The beauty of the company s tradition is that so much of what Ferrari established and where it was begun continues”(5). The roots are in Modena, Italy, and if you walk the streets of its central district today, you will see that remarkably little has changed. All this is as it has been for many years, and you can see the tradition in the newest Ferraris. The Pininfarina styling that simultaneously appeals to your highest sense of art and design, and to the fire that glows inside you. Look at the gauges, grip the shift lever in its metal gate, smell the leather upholstery…its all part of that Ferrari history of the tradition, commitment and energy of one man Enzo Ferrari. The man with a lifelong passion for wining European races, and from the thousands of races Ferrari has won, they have developed the knowledge and expertise to build cars that not only out-perform any others on the grid, but also excite and attract. This does not happen with competition. Companies such as Maserati, Lamborghini, Acura and McLaren have yet to show the staying power and attraction of Ferrari. And Porsche, the one company that approaches Ferrari s commitment, will always fall one year short of matching Maranello s record. Most of these companies just ignored their past roots, their “core ideology”(6).

But that s only part of the story. I think that automakers that spend too much time honoring history tend to become history. Ferrari is a company and company’s need to be profitable to survive. Ferrari was a company stuck in the 1980 s. The mentality, the way work was organized all needed to be changed. (7) While much of what has made Ferrari great is unchanged, I believe that restructuring of the company would be essential to keep Ferrari alive in the 1990’s. Back in 1990 Ferrari, which is now “90 percent controlled by another European auto giant called Fiat”(8), was losing millions of dollars a year. At it’s low point in 1993, “it sold only 2,289″(9) of the very costly roadsters, just half the cars it produced annually during the 1980s. “A Ferrari is like a beautiful girl that makes you fall in love at first sight.”(10) These are the words of Di montezemolo, but I think that this beauty has always been more pleasing to look at than it was to possess, because Ferrari’s founder and racing pioneer Enzo Ferrari, engineered his sports cars with a single objective in mind: speed. His super cars became so uncomfortable cars that only professional racers were interested in purchasing them. In contrast all the famous car manufactures around Europe such has Jaguar, Lotus, Aston Martin, Vanwall, McLaren, Mercedes-Benz all had moved from the racing car category in to the luxury category to increase car sales.

To fix this mess, Di montezemolo had to spent “$80 million modernizing its factories in Europe”(11). Now more computers test each new car s many electronic systems. But still these beautiful machines are assembled by hand in the time-honored manner just like in the old days. The same does not happen with the other car manufactures around Europe, they moved in to a automated approach forgetting all about the quality of their automobiles and concentrating a lot more in cutting costs to increase profits.

Di Montezemolo Ferrari’s CEO also introduced nine new models, up from just two. This created a bigger demand for his exotic cars. He also offered the cars in a range of 16 colors and gave each new owner racing lessons on the company s private track. And with addition of the Maserati to Ferrari showrooms, consumers now stand a better chance of finding a car they might be able to afford when they came in to gawk at those Ferraris. I think that now Ferrari lovers may go to a Ferrari s showroom and find a much better selection.

I consider Di Montezemolo to be one of Italy’s more accomplished marketing maestros. “He has kept alive Ferrari’s image as the icon of a super luxury sports car”(12). He has imported the idea of customer service from the U.S which helped Ferrari sell more cars in Europe. Di Montezemolo also has something for those who can only afford the price of a key chain. He developed an extensive merchandising sideline that is earning Ferrari 10 % of all the profits in the company.

“Over time, cultural norms must change; strategy must change; products lines must change; goals must change; competencies must change; administrative policies must change; organization structure must change; reward systems must change. Ultimately, the only thing a company should not change over time is its core ideology-that is, if it wants to be a visionary company.”(13) If the engine is behind you in an F355, it is a v-8, a configuration first used by Ferrari more than 40 years ago. If it is up front in a 456 GT 2+2 or 550 Maranello, it is a v-12. This is what stands a European visionary company apart, the traditions that never changed over time, the internal drive of Enzo Ferrari that passed over generations of CEO’s. Ferrari today is a pioneer in the European automotive industry that attracts the passion of all the car lovers around the world. Ferrari has also stimulated the Italian economy forever by increasing competition between car manufactures in the domestic and racing industry. Commitment was the word, and it still flows from the vision and energy of one man: Enzo Ferrari.

Works Cited

1 Build to last. James C. Collins and Jerry I. Porras. 1994

2 www.Ferrari.com

3 Business Week March 8,1999 pg 75

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