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Begley, J., Donnelly, T. & Collis, C.

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The Rootes Group: from growth to take-over

By

Jason Begley, Clive Collis and Tom Donnelly

Address:

Centre for Business in Society,

Faculty of Business,

Jaguar Building

Coventry University,

Coventry,

CV1 5FB.

Tel +44 (0)2477 655783

Corresponding Author: Dr Jason Begley

Email Jason.Begley@coventry.ac.uk

Abstract

This paper focusses on how a disparate group of firms was put together by the Rootes brothers in the late 1920s and early 1930s through a series of take-overs and mergers, catapulting the brothers from being simply car dealers to becoming major manufacturers in less than a decade. The paper considers the wartime and post-war experiences of the firm, before proceeding to examine why, within a relatively short time, the firm, despite further merger activity, declined in terms of product development, investment and profitability, and was saved from extinction only by being taken over by the American firm, Chrysler.

Key Words: Automotive industry, growth, markets, mergers, FDI, economic decline

The Rootes Group: from growth to take-over

‘No other man-made device since the shields and lances of the ancient knights fulfils a man’s ego like an automobile’ⁱ (Billy Rootes)

Starting from a series of family owned dealerships the Rootes Group developed into one of the largest automotive firms in the UK by the end of the 1960s. Despite its prominence in the auto sector the Rootes Group has received comparatively little attention from scholars to date. Yet the trajectory of the company described swift growth followed by sharp decline and offers valuable insights into the parallel deterioration of the UK automotive industry during the same period. Whether an explanation for this rise and decline can be found in the origins of the company - a series of manufactory mergers and acquisitions by the largest automotive dealers in Britain - is also worthy of investigation.ⁱⁱ The specific challenges faced by Rootes, rapid expansion of a family-run manufacturing concern during a period of extensive technological change in design and production methods as well as growing competition from overseas firms, offers salutary lessons that are still relevant today. For example, the challenges of extended supply lines faced by the Rootes Group in producing the *Hillman Imp* at its Linwood plant in Scotland, provides a timely and cautionary tale for the contemporary UK motor industry should exiting the European Union serve to disrupt supply chains across the UK and Europe. Moreover, the difficulties encountered by Rootes, a major vehicle distributor, in opening up emerging international markets bear comparison to the challenges that currently face the UK automotive sector as it sits on the cusp of substantial economic change. Just as Rootes were stymied in their commercial ambitions by the failure of the British government to gain access to the European common market in the early 1960s, so too will contemporary UK businesses have to plan for a future without access to the European customs union if the current Conservative government’s objective prevails.

In researching the rise and fall of the Rootes Group in the UK car industry it is valuable to contextualise the company within the UK car industry as a whole. The British automotive industry has been replete with successes and failures from its inception as firms emerged, prospered, were taken-over, went bankrupt or simply disappeared. From the late 1960s the British motor industry began to enter a prolonged period of near continuous economic decline. A number of reasons have been forwarded to explain this decline. Low investment levels allied to a lack of economies of scale translated to poor profitability.ⁱⁱⁱ Problems also stemmed from low productivity and quantity of output.^{iv} Government policy also played an important role. In the critical decades of the 1960s and 1970s British officials tended to intervene only in times of crisis, reacting to events rather than anticipating them.^v The situation was not aided by difficult, often volatile, labour relations between management and an increasingly organised labour force.^{vi} Furthermore, the backdrop to these changes was that of growing internationalization within the sector as firms sought new markets to offset the costs associated with the growing complexity of their vehicles and the subsequent economies of scale and scope required to remain profitable while sustaining the same build quality.^{vii} The result of this growth in internationalisation was increased competition from international firms and a consequent deteriorating market share at home and abroad for domestic firms.^{viii} The various fuel crises made increasing competition from foreign producers even more challenging. Whisler also argues that managerial decisions also served to undermine the sector.^{ix}

Rootes is no exception to this trend as it evolved from its origins in bicycles into car dealing and then into manufacturing through a series of take-overs before ultimately being subsumed into Chrysler by the end of the 1960s. Despite its prominence in the car industry, comparatively little research has been carried out on the Rootes Group. Apart from Morewood’s brief biography of Sir William (Billy) Rootes, the only other work of substance is Bullock’s text, *The Rootes Brothers*. Informative though this is, the latter is primarily a memoir of the many decades the author worked for the firm.^x

Specifically the remainder of the paper will focus on the origins of this family firm, examine the reasons for its growth and expansion as well as trying to evaluate its role in the Second World War. Emphasis will also be laid on the firm's recovery after the conflict during which period it expanded both at home and abroad with very mixed success. By the mid-fifties it was clear that Rootes, like its rival Coventry producer Standard, was lagging behind the Austin-Morris automotive combine and the two American-owned but UK based factories of Ford and Vauxhall in output, investment and profitability and was seeking a partner to provide new capital. An attempted merger with Standard failed to come to fruition twice, and eventually, the firm fell into the hands of Chrysler of America, but, this, too, failed to arrest the Group's ultimate demise. Throughout almost the entirety of this period the firm was dominated by one individual, Billy Rootes, on whom a considerable amount of this paper will be focussed. Consideration will also be given to whether or not this dominance by one individual was suitable for the long-term development of the firm, despite its early success under this model of leadership. Inevitably this leads to the question of whether a more robust middle-tier management structure would have allowed the firm to overcome the challenges of the latter half of the 1960s. To answer this question comparisons will be drawn with the decisions taken by comparable British automotive concerns to adopt more flexible managerial structures early in their development.

Key parts of the paper are based on the Rootes Archive which has been deposited at the Coventry Transport Museum. Sadly, the great majority of the papers, particularly those relating to the firm's overseas activities, have yet to be sorted and so reliance has had to be laid upon those parts of this obviously rich source which are currently accessible, mainly assorted annual accounts, chairman's statements and minute books of the board. Other sources consulted include records held by Coventry City libraries, the Coventry and District Engineering Employers Association and the Modern Records Centre at Warwick University, all of which offered important insights into both the development of the Rootes Group, but also the UK automotive industry as a whole.

The UK automotive industry originated in a number of what might be loosely termed mechanical and engineering industries in the Midlands cities of Birmingham and Coventry. Other centres of early motor manufacturing included London, Oxford, Manchester and the Glasgow area. Taking Coventry as an example, as that is where the Rootes Group eventually located, the city at the end of the nineteenth century possessed key skills that had emerged from earlier watchmaking and sewing machine industries. Such skills were heavily interlinked and easily transferable across a range of emerging industries particularly bicycles, motor cycles and ultimately automobiles and related components industries. It was from such origins that car firms such as Lea Francis, Rover and Swift evolved almost in a linear progression. In contrast, Daimler, Standard and Alvis were formed directly as motor vehicle enterprises. Not all firms were successful and many failed after a short time due to undercapitalisation or poor product development, features often associated with new emerging industrial sectors. As late as 1913 most firms were small with low output per unit. Yet some 9,000 vehicles or around 28-30 per cent of the national total, were produced in the city and all but a handful of these were turned out by the larger concerns such as Daimler, Humber, Swift, Rover, Singer and Standard. So fast was the industry's development that in 1916 an American visitor compared its speed of growth favourably with that of Detroit.^{xi}

The First World War had an enormous impact on the automotive and related industries as production was switched to meet the demands of the war effort. Firms turned to producing all types of military vehicles, munitions and armaments and so nationally productive capacity expanded.^{xii} During the interwar years the UK automotive industry grew rapidly and was second only to America in terms of output and exports. Protected by tariffs, British firms satisfied 97 per cent of domestic demand in the late 1930s. Growth was fuelled by improvements in construction techniques, increasing scale of orders, a growing emphasis on cost control, fierce competition, falling prices and rising middle class incomes.^{xiii} Accompanying such growth and development was structural change and a degree of much needed rationalisation. The immediate post-war boom enticed many new firms into the industry but many of these subsequently fell by the wayside in the early 1920s. For example, between 1920 and 1930, circa forty firms came and went in Coventry alone. When the 1930s car sales boom ended just prior to the Second World War there were only thirty-three car manufacturers in the UK compared

with ninety-six in 1922. The drop in numbers was due to rationalisation following bankruptcy, amalgamations and mergers and by the early 1930s the UK industry had become dominated by a group known as the 'Big Six'; Ford, Vauxhall, Standard, Morris, Austin and Rootes.^{xiv}

Origins of the Rootes Group,

Originating in Kent where their father, William Rootes Snr, had a small bicycle manufacturing and engineering retail firm, the Rootes brothers, William (Billy) and Reginald (Reggie) were born in 1894 and 1896 respectively. In 1896 William Snr moved into automotive distribution. Business growth was slow, but after the firm moved from Hawkhurst to Maidstone it thrived through the acquisition of sales agencies. By 1914, the Rootes dealerships were prospering, holding agencies for a host of British and foreign firms including FN Automobile, Itala, Belleville, Ford, Delaunay, Darracq, Humber, Sunbeam, Wolsley, Morris and Briton with sales running at 600 vehicles per annum. Upon finishing his school education at Cranbrook, Billy joined his father in business, but proved an unreliable trainee. He was then dispatched to Coventry to serve an apprenticeship with the car manufacturers, Singer and Company, at a salary of one penny an hour for a twelve hour day. There he worked his way through several workshops in motor cycle and car manufacturing and so gained a general view of what was involved in car making. In contrast, his younger brother Reggie trained as an accountant.^{xv}

During the First World War Billy served as a lieutenant in the Royal Naval Air Service and in 1917 was given a special demobilisation to set up a plant in Maidstone to repair and recondition costly aeroplane engines which otherwise would have been scrapped. This venture came to nothing as the war ended before the facility became operational. Meanwhile, Reggie spent the war working in the Admiralty.^{xvi} When hostilities ceased, Billy Rootes decided to return to the family trade of car dealing, persuading Reggie to quit his post, invest his savings and join him in the family business, now called Rootes Ltd and renamed as Rootes Securities Ltd in 1933.^{xvii} The brothers complemented each other well. Billy was an ebullient extrovert with a flair for marketing and salesmanship and a supposed ability to foresee future consumer trends in the automotive market. Reggie was considered a more modest presence, but with excellent skills in financial management.^{xviii}

In the burgeoning markets of the immediate post war years, the Rootes Brothers did well, gaining the rights to sell GM and Ford Cars in the UK before switching to British marques such as Clyno, Austin, Humber, Hillman and others due to irregularities in obtaining supplies of the American products. Reggie proved a more than capable administrator while Billy focussed on expanding the business through purchasing the extensive dealerships of Tom Garner in Manchester, George Heath in the Midlands and Robins and Day in Rochester, the Medway Towns and Canterbury. In their first six years total profits reached £1.3 million. In 1926, prestigious premises were acquired in London's New Bond St and in the following year the firm was acknowledged as the largest distributor of British and American cars in the UK from the humble Austin 7 to Chevrolets and Rolls Royces. Moreover, it acquired a reputation for being fair to customers and maintaining good relations with suppliers. Billy Rootes soon turned his attention to export markets; he formed an export division and acquired a depot in Chiswick to facilitate this and by 1927 the brothers were selling circa 6,000 vehicles a year to a wide range of imperial and other markets. As Billy Rootes himself said 'Show me a foreign country and I will show you a market for British goods.'^{xix}

Billy Rootes had long harboured the ambition of becoming a car manufacturer in his own right if only to secure a regular supply of vehicles. Supply was improving in the immediate aftermath of the post-war boom, but remained irregular even as late as 1929. Rootes by this date were struggling to meet the demand they had created.^{xx} Though the industry expanded in the 1920s, as has been said already, many new and relatively well established firms simply fell by the wayside due to undercapitalisation and weak products. Basically, the brothers had a choice of either investing in an existing firm or establishing their own company. Of these options, the former was easier mainly because it was quicker than perhaps a long drawn out struggle to establish new products and a new brand name in

crowded markets through organic growth. In 1920 Billy invested into the equity of Standard, but when the latter teetered on insolvency later in the decade, his attempt to obtain a controlling position in the firm was rebuffed, as was an offer to buy the near bankrupt Clyno of Wolverhampton in 1929 when it was forced to call in the receivers.^{xxi}

Progression from dealerships into manufacturing commenced in 1925 when the Rootes brothers bought the coach and body building firm of Thrupp and Maberly of London, which enjoyed a reputation for high quality work supplying Humber, Daimler and Rolls Royce. This was followed by the acquisitions of the long established Coventry firms of Humber (which included the van producer, Commer) and Hillman in 1928. Six years later came the commercial vehicle builder, Karrier of Huddersfield, and in 1935 the Sunbeam, Darracq Talbot combine, also of Coventry, was added to the fold. The final target emerged in 1937 when the Oxford firm of British Light Steel Pressings was bought to secure steel supplies and so enable the construction of all-steel bodies, which were innovatory at the time. Like other contemporary firms Rootes required external support for these investments. The purchase of the Humber group was facilitated by financial backing from the Midland Bank and the Prudential Assurance Company, with the latter providing £1,000,000 to Rootes to procure 60 per cent of Humber shares thereby ensuring a controlling interest for the Rootes Group.^{xxii} A similar sum was provided by the same organisation to Rootes in the purchase of the metal producers British Light Steel Pressings.^{xxiii}

Space precludes discussion of the history of each of these acquisitions. It must suffice to say that in acquiring them the Rootes brothers followed a deliberate strategy. By the late thirties a number of Coventry car firms with outdated plant and methods of production were in financial distress and sought partners to avoid liquidation. The brothers thus acquired their respective premises, products brands and market shares relatively cheaply. Moreover, Rootes had access to sufficient capital to invest in new developments and, inspired by what was happening in the United States in terms of mass production techniques, especially in the use of conveyer belts, a policy of rationalisation and modernisation was pursued over a two year period at the adjacent Coventry, Stoke, Humber and Hillman plants.^{xxiv} The initial combined output of cars when Rootes first entered the manufacturing side was only 7,000 units involving 54 vehicle types, 22 different engines and 42 bodies. Due to rationalisation policies and new investment, this fell to 32 vehicles types and three engines and four bodies. By 1938, vehicle output had increased more than six fold to circa 43,000 units.^{xxv} Despite these changes and the significant growth in output the company enjoyed, Rootes remained a minor actor within the 'Big Six', as shown in Table 1 in the appendix. Ford and Vauxhall saw the most significant increases in production. Maxcy and Silbertson attribute this change in car production share to change in consumer preferences, as well as management difficulties in domestic firms compared to the increasingly competitive American enterprises. In the case of Rootes it could be argued that the challenges of integrating a number of company acquisitions disadvantaged the group compared to the internal growth of the group's competitors.^{xxvi} While the number of options for models was reduced, only modest efforts were made to streamline or innovate production.^{xxvii} The limits of these early reorganisation attempts would become evident in the post-war period as will be discussed.

Given the reputations which the acquired firms had enjoyed previously, the Rootes brothers were determined to maintain their brand names and so a policy of badge engineering ensued. The basic brand was Hillman. Humber was viewed as a middle-to-luxury product. Sunbeam was marketed as a sports vehicle. Commer and Karrier represented the commercial side of the business with the former's lorries being badged with the latter's name (*Karrier*) and the vans from both companies being sold as *Commers*.^{xxviii} Not only was this successful badge engineering, but it proved excellent niche marketing, which might well have been helped by Billy Rootes' considerable experience in automotive dealerships and distribution. By buying recognised brands that Billy knew were popular with consumers through his dealerships, he was able to astutely invest profits from his distribution network into manufacturing plant, integrating production and supply to ensure a steady throughput of saleable stock. His ability as a salesman offered considerable advantages to Billy Rootes compared to rivals who came to the industry through somewhat different pathways.^{xxix} However, when it came to producing their own products, the outcome was one of mixed success. Though Hillman cars

dominated output, the initial two vehicles produced under Rootes had mixed fortunes. The first, named the *Hillman Wizard*, failed in the market place despite an expensive launch in the Albert Hall where over a thousand people were lavishly entertained. In contrast, the 1931 *Hillman Minx*, a small 10 horsepower, inexpensive to run saloon, aimed at the middle market, was an outstanding success. With its soft 'cushion' suspension, regular updating and modernisation such as the introduction of a synchromesh gearbox in 1934, the *Minx* and its sister vehicle, the *Hillman Husky*, remained mainstays of the firm until the 1960s. Other moderately successful products in the 1930s were the Sunbeam Ten 2 litre and the 3 and 4 litre variants, with the latter two based on the Humber *Snipe*.^{xxx} Finally, the reward for such enterprise was that the firm was catapulted into the British 'Big Six' with a market share of 10 per cent within a very short time.

As noted above, overseas markets were also an attraction to Billy Rootes, who proved a passionate and tireless advocate of selling not only his own cars but also promoting those of other rival UK producers abroad. It was almost as though he perceived his role as being that of a standard bearer for the export of British cars. This brought him to the attention of the British government and he was invited to participate in trade missions to Australia and Finland in 1927 and 1933 respectively. He also served as the motor industry's representative on the Board of Trades' Advisory Council from 1931 until 1934 as well as on the Overseas Trade Development Council. He was a founder member of the British Council whose main responsibility was the furthering of British commercial interests and culture in overseas markets. What drove him was the strength of American firms in the international car markets, especially in those of the British Empire. Rootes argued that British producers should adopt a more aggressive attitude when dealing with competition in overseas markets. One idea floated at the time was that Austin and Morris might combine to develop a car for export. This Billy Rootes opposed for reasons that are not entirely clear, but perhaps he perceived it as giving the two largest British firms a potential unfair market advantage. Instead he advocated that a special factory be created to produce a vehicle solely for export. In other words, he might have been promoting the concept of a British 'world motor car'. His idea came to nought as the MacDonald Labour government refused to fund the scheme, rebuffing the entire project.

Despite rejection Billy Rootes persevered with attempts to break into overseas markets with modified versions of the 3.5 litre *Humber Snipe* and the *Hillman Wizard*, but neither proved successful. The latter, for instance, did not have a heater, had a top speed of only 64 mph and with a fuel consumption of just 19 mpg, proved expensive to run. The firm tried in vain to improve the car, but production ended in 1936. The *Minx* was the only car to make any impact in foreign markets with 20 per cent of production featuring in the UK export statistics in 1939. Finally, in the 1930s Billy Rootes raised questions about the rising tide of German imports into the UK market where it was clear that such vehicles were highly subsidised by the German government to the tune of over 40 per cent. Before any action could be taken against such dumping, World War II intervened.^{xxxii}

Rootes at War

The prospect of a European war in the late 1930s prompted the British government to embark on a policy of rearmament. A lesson of the First World War was that the engineering and automotive industries would play a crucial role in any future conflict because of the level and quality of their precision skills, especially those of Coventry, making the city pivotal to the entire Shadow Factory Scheme. Begun in 1935, the latter was part of the British government's rearmament programme in the event of a European war. In essence the UK needed to increase aircraft and aero engine output and so it was sensible to build new premises and locate these new 'Shadow Factories' adjacent to the existing plants of the car manufacturers where there could be close interaction between them and neighbouring aircraft firms. The factories were government-owned but operated by the car firms for a management fee.^{xxxiii} Additionally, it was testament to the Rootes brothers' success in the 1930s that this relatively new firm was invited to join with Austin and other manufacturers in participating in the first round of the Baldwin Shadow Factory Scheme. Billy Rootes was appointed Chairman of the Shadow Industry Plan as well as head of the Supply Council in the Ministry of Supply.

Billy Rootes welcomed governmental overtures as it offered a potential opportunity to enter the aircraft industry, provided he was allowed to purchase two aircraft factories the firm had been invited to manage once the Shadow Factory contract ended in 1939. Otherwise the workforces in these factories might have been rendered unemployed. He also pointed out that the financial incentives to operate the factories were not all that generous and that Rootes could not be expected to jeopardise its future to accommodate the government. Such suggestions met fierce opposition and the rejoinder was offered that the state could not be expected to finance the training of a work force for Rootes that would enable them to compete in future commercial aircraft production. This clash of opinions and views is symptomatic of others that took place, especially with the Air Ministry. For example, Billy Rootes argued with government officials over the terms of Shadow Factory contracts, build prices, the siting of Shadow Factories on the grounds of vulnerability to bombing raids and difficulties in labour supply in the Midlands or the South of England.^{xxxiii} Equally, he opposed the construction of new Shadow Factories in economically depressed areas with high unemployment such as the North of England, Scotland or South Wales due to the difficulties in managing them at great distances from their headquarters and supply chains.

Billy Rootes was obviously a tough negotiator. Such was the state of relations between him and the government that in 1936 a senior treasury official, J.A. Barlow described him as a 'high handed and unreasonable person' and was prepared to drop him from the Shadow Factory Scheme entirely, while another exasperated civil servant, Sir Walter Fisher, pointed out that Rootes was not indispensable. However, a less frustrated official warned that if Rootes were to quit the Shadow Factory Scheme over the arguments on factory locations for the making of airframes, he might also 'turn nasty' and take Humber out of the scheme for aircraft engine production completely, which might have been a risk too far for the Ministry. Regardless of his forceful personality, Rootes did not always prevail. When it came to a choice between positioning a factory at White Waltham near Reading or placing it in depressed Lancashire, the government got its way with the factory being located at Speke near Liverpool, an area of high unemployment, but with an aerodrome and less vulnerability to aerial bombardment. Rootes was left with little choice but to accept the decision and manage the operation. Within eighteen months the plant was fully operational, producing Bristol Blenheim bomber aircraft.^{xxxiv}

As a car company, the main contribution of Rootes to the war effort lay in managing its Shadow Factories in Speke, White Waltham, Wolverhampton and at Ryton on Dunsmore which was only four miles from the firm's main base in Coventry. During hostilities, the firm was responsible for producing under licence bomber aircraft such as the Bristol Blenheim, the Handley Page Halifax and a vast selection of other armaments. In sum this amounted to one out of every seven bomber aircraft produced in the UK, 60 per cent of all armoured cars, and 30 per cent of scout cars. It also built circa 50,000 aircraft engines, repaired a further 28,000 damaged engines and produced 12,000 vehicles of various types for the army and Royal Air Force as well as assembling around 20,000 vehicles imported from allied countries.^{xxxv} Such increases in output called for substantial levels of new investment. The latter was handled by Rootes Securities which tried to make sure that every process that could be automated was so adapted by 1940, one example being that of their No. 2 Shadow Factory. Similarly, the number of machine tools in use in the No. 1 Aero Division rose swiftly from 344 in 1927 to 606 two years later and then to 1,035 in 1941.^{xxxvi} Finally, new premises were built in Alderman's Lane, beside the existing Humber and Hillman plants in Coventry, providing 105,000 square feet of additional factory space and 344 new machine tools. The nearby sixty acre site at Ryton, which eventually employed over 3,000 workers, saw the erection of additional new plant that became operational within fifteen months producing crankcases, crankshafts, blowers and rear covers for Hercules aero engines.^{xxxvii} Finally, like those of other firms Rootes' premises proved vulnerable to enemy bombing and, following the bombardment of Coventry in 1940 and 1941, the government instructed that some production facilities were dispersed to more distant locations. This directive saw some of Rootes' six cylinder engine production shift to Tipton with aspects of its service and repair work transferred to Holmes Chapel and Pontefract respectively.^{xxxviii} Lastly, it needs stressing that turning from car to armaments production was far from easy. Billy Roots admitted that;

‘It was uphill work. We had not the slightest knowledge of the aircraft industry... we diverted some of our best executives and our most skilled craftsmen just at a time when competition in the motor car industry was at its most fiercest... but we learnt - we learnt the ins and outs of this new trade.’^{xxxix}

The onset of war brought new pressure to bear on the labour market and Coventry’s car firms were by no means insulated from these. Attracted by the prospect of employment and high wages the city’s population rose from 204,000 in 1937 to over 250,000 in 1940 and then to nearly 300,000.^{xi} Regardless of such an increase, tight labour markets, skill shortages and dilution beckoned as they did in the First World War. In 1939 Rootes employed approximately 17,000 workers and by the end of hostilities one in every hundred civilians jobs in the war effort either worked for or on behalf of the Group.^{xii} Even before war broke out there had been competition for labour in the city and this was intensified once hostilities began, a feature not helped by the armed forces launching recruitment drives in the area, by indiscriminate military call-up, labour poaching by firms and the offering of bonus incentives to workers to stay with their existing employer rather than to go elsewhere. Such was the pace of earnings growth in Coventry that wage levels were regarded as the highest in the engineering industry.^{xiii} Skilled workers took advantage of the situation by moving between firms in search of higher wages, causing the Coventry and District Engineering Employers Federation to appeal for solidarity and hold the line on wage demands. Such exhortations though fell on deaf ears across the manufacturing sector as firms competed for appropriately skilled workers.^{xiii}

Like other firms Rootes had little choice but to participate in labour dilution and employ semi-skilled and unskilled workers with some of these being sent on crash courses at Coventry Technical College to improve their skill levels.^{xiv} Similarly, alongside Standard, Rootes was one of the first firms to welcome female labour in 1941, training 102 women machine operators, 61 inspectors and 15 fitters. Despite this the firm had a reputation for paying its female staff less than the agreed rate for male operators for the same tasks. On being challenged by the unions, the company responded that it felt free to decide relative rates of pay and bonus levels. Rootes then proceeded to reduce female bonus rates for women grinders and machine operators on the night shift by up to 62 per cent.^{xv} On the other hand, consideration was shown to women employed on what was termed ‘dirty work’ in the ‘physical laboratory’ where many were exposed to intense heat and to noxious chemicals which penetrated their clothing, thereby creating high levels of personal discomfort. A rota system was devised to ease the strain and stress caused by working in such conditions.^{xvi}

Strikes and stoppages occurred across the industry during the war, but these, which were often spontaneous and unofficial, tended to be of short duration. It was recognised that despite the growth in the number of shop stewards across the industry, the unions, exercised a high degree of responsibility in ensuring that labour relations were relatively peaceful to safeguard their members’ interests. This was often thanks to the efforts of local officials like Jack Jones of the Transport and General Workers Union (TGWU), Billy Stokes of the Amalgamated Engineering Union (AEU) and many of the stewards, despite the leanings of a number of them towards the Communist Party. Though disputes over wage rates at the Humber and Ryton plants did flare up from time to time, leading to resentment against the management’s confrontational style, it was not until January 1945 that Rootes experienced its most serious and damaging labour problems. These arose when Rootes, like other firms, were beginning tentatively to prepare for a return to peacetime operations and resume normal car production. Workers harboured fears of redundancy which manifested at Humber in 1945 when the works manager, Horace Pryor, adopted a hostile attitude toward the operatives to the extent of refusing to pay workers transfer allowances for travel between factories and even going as far as to padlocking tea urns.

As relations deteriorated, circa 5,000 workers struck for nine days despite the efforts of employers and union officials to broker a peace. Other firms leaned on Rootes to settle, fearing that the strike would spread to them as fears of future redundancies were prevalent citywide. Eventually, a truce was called and work resumed, but in an atmosphere of great mistrust which lasted well into the following year when wage reductions were imposed at a time when new machinery that would reduce labour requirements was being installed. The work force retaliated with a go-slow, reducing output to one car

a week. Rootes' response was swift; 500 men were sacked which in turn provoked a four week strike before an agreement was reached and the released workers reinstated.^{xlvii} What this incident demonstrated was that a return to old 1930s authoritarian style of management that prevailed in the interwar years was impossible. To an extent government policies had inhibited these managerial practises during the war and in the years following. In contrast to the 1930s, when the collapse of the Labour Party at the beginning of the decade created an unfriendly atmosphere for union breakthrough, during the 1950s and 1960s both craft and general workers' unions had greater success in organising labour in the motor industry.^{xlviii} Important too was growing competition from domestic and foreign competitors in developing post-war markets, aided by the end of protectionist policies and disruption of wartime economics, which created a premium for skilled workers. Allied to the growing complexity of volume production, this meant that in a much changed future world employer/union cooperation would prove essential if the UK car industry was to compete.^{xlix} Finally, it should be noted that despite the fraught wartime relationship between government representatives and the Rootes group, Billy and Reggie Rootes were knighted in 1942 and 1945¹ respectively for their contributions to the war effort, including leading Coventry's immediate response to the bombing raids in 1940 and 1941.^{li}

Boom, decline and take-over

Though the immediate post war years were difficult for the UK car industry, the period from the early 1950s down to the late 1960s saw the car industry expand and prosper. As Table 2 in the appendix shows, output expanded as did the work force and new markets were cultivated due to favourable rates of economic growth and rising incomes. In this the industry was aided by the ongoing activities of the two American multinationals in the forms of Vauxhall and Ford in the UK. It was also an era when the industry became more concentrated due to a series of take-overs and mergers. This latter trend though was not a reflection of strength but more an admission of growing weaknesses. As noted earlier the British motor industry entered a period of near continuous economic decline for which a number of reasons have been offered. By the late 1950s and early 1960s it had become obvious that all was not well with British-owned companies. Economies of scale were lacking, investment, productivity and profit levels were low and exacerbated by growing import competition emerging from German, French, Italian and even Japanese firms as they gradually ate into market share. The reasons for this relatively poor performance by the British motor industry are not all that easily explained but have been laid at the feet of management, industry and firm structures, weak product development, the trades unions and government management of the economy.^{lii} The Rootes Group was no exception to the problems facing the British motor industry in the post-war era. Where it arguably differed was in the speed with which these challenges served to undermine the firm and bring about its demise.

The period of its failure predates that of enterprises such as British Leyland, for example, and as such offers a valuable insight into the causes of the decline of the industry as a whole in the years before the effective nationalisation of the sector. In the immediate post 1945 years the UK economy experienced a period of austerity. This was occasioned by the Dollar Gap at the end of Lend Lease and a severe balance of payments deficit, both of which meant that export markets were given preference over domestic to help bridge the Gap. The Attlee Labour government decreed in 1946 that 50 per cent of cars produced should be destined for dollar-earning export. This was much easier said than done. Firms struggled to reconvert plants with their often outdated machinery to civilian production. They were also faced with severe bottlenecks due to shortages of raw materials such as steel and, therefore, had to rely on resurrecting models such as the *Hillman Minx* and Humber cars that had been produced or at least designed before 1939. The government was aware of the problems facing the industry and floated the idea of the British motor industry focussing on volume producing a standardised car. However, the level of planning, organisation, cooperation and rationalisation required across automotive firms made such an idea improbable.^{liii} It was not until 1948 that a new Rootes model, a *Sunbeam*, appeared. It was followed by the *Minx Magnificent* in the same year. Both of these models were based on ageing, pre-war designs and the *Minx Magnificent* in particular

received a lukewarm reception in the market.¹ Rootes though, like other firms, had little choice but to respond positively to government demands and pursue foreign outlets. In other words, to meet increasingly strident government objectives, including that of full employment, firms were forced into short-term solutions at the expense of long-term developments. Lastly, under such pressures firms equally had little choice but to maintain employment levels and ignore plant, product and labour rationalisation.^{liv}

With the return to peace-time conditions, Billy Rootes, like his counterparts William Lyons at Jaguar and John Black at Standard, toured the United States to assess the viability of the American market as an export destination. All three reported positively, but warned that UK productivity and quality would have to improve if British cars were to compete successfully.^{lv} In 1947 the impatient Rootes returned to the American, Canadian and Caribbean markets.^{lvi} In the case of the USA, showrooms were opened in major cities on the East Coast, the Mid-West and the West coast. Billy's optimism for the potential of the North American market was summed up when he said:

'Of course, there is a market for British cars here... our prices are right since devaluation^{lvii}, our workmanship is unsurpassed... we must demonstrate boldness and confidence.'^{lviii}

Such was the early success of Rootes' exports that parts depots were established in Toronto, Vancouver and Montreal before later penetration of markets in Argentina and Mexico. Eventually Rootes had nine parts and assembly overseas plants, including one in Australia. It should be noted, however, that much of this early success was based on sales of cars at or below cost to stimulate demand and establish the brand. Furthermore the dependence of Rootes on the *Humber* and *Minx* models suggest that Billy may have been overly optimistic in his appraisal of the suitability of British cars for export. These vehicles were designed for domestic users with their specific roads, weather and driving conditions in mind and were not necessarily suited to foreign markets. As Boyer and also Tolliday argue, the British market was both quantitatively smaller and qualitatively different, with an emphasis on economical, small cars which were underpowered compared to their US counterparts. American consumers bought for longer distance travel.^{lix} Furthermore, the number of foreign markets Rootes tried to enter also weakened attempts at overseas sales.^{lx} Nonetheless, Billy embraced the export drive and was rewarded for his efforts by being appointed Chairman of the UK Dollar Exports Board in 1949 (later renamed the Dollar Export Exports Advisory Council in 1951), a position he held for nine years before being elevated to the position of Baron Rootes of Ramsbury in 1959 in acknowledgement for his work.^{lxi} However, the export drive would have negative consequences for Rootes, slowing down investment and delaying much needed rationalisation.^{lxii}

In the domestic market six years of hostilities followed by several years of austerity meant that in the early 1950s there was a pent-up demand for new cars in Britain providing a sellers' market. As Table 2 shows, output rose rapidly, increasing from 523,000 in 1950 to reach circa one million in 1958, before hitting 1,816,000 in 1968. What is significant is that as a proportion of UK output, Coventry's share in 1951 stood at 27 per cent and experienced a steady decline thereafter to only 18 per cent in 1969. As for Rootes, its share of national output (Table 3) stood at only 10.7 per cent in 1946, peaked at 13.5 per cent in 1950 and thereafter hovered at between 10 and 12 per cent until the takeover of the firm by Chrysler. In contrast, Ford's market share rose almost continuously from 18.4 per cent in 1947 to 27.5 per cent in 1970s.^{lxiii} Basically, Rootes, like Standard, remained on the periphery of the Big Six. Relatively low output forced up unit costs, squeezing the margin between income and expenditure. This meant that profitability was very susceptible to even small changes in output and sales. This point is demonstrated by the increase in frequency of years of low profitability. Returns in the annual reports for the group for the 1950s and 1960s demonstrate the fluctuating fortunes for the firm in this period, as shown (Figure 1).

Figure 1. Profits of the Rootes Motor Group for 10 years (£'000s), 1951-61^{lxiv}

¹ For example a report in 'Popular Mechanics' in 1953 reported users complaining that the 1948 *Minx Magnificent* was underpowered and handled poorly, though it did offer good fuel economy.

(FIG 1 HERE)

Source: Rootes Motors Limited, Annual report and statement of accounts, 31 July 1951-61

While labour force issues and unofficial strikes blighted production from 1951 to 1961 the firm still generated substantial earnings during this period. This was reflected in the comparatively generous dividends issued year-on-year, averaging approximately £195,000 per annum or 15 per cent for ordinary and 'A' shares. This included a percentile high of 40 per cent on ordinary shares in 1954 and income high of £482,500 on ordinary and 'A' shares in 1959.^{lxv} In contrast dividend issues for the period 1934-40 averaged approximately 8 per cent.^{lxvi} However, the firm would suffer declining profitability after 1960/1 compared to the previous decade.^{lxvii} By the time of the acquisition of the company by the American firm in 1967/68, the Rootes Group were incurring serious losses year on year (Figure 2).^{lxviii} As can be seen, the three years leading up to the takeover were particularly difficult for the company as it haemorrhaged money. Profitability in 1968 could only be achieved after a round of rationalisation occurred under the new owners, as well as the sale of underperforming assets.^{lxix}

Figure 2. Net earnings (and losses) for Rootes Motors Group 1959-68, £('000s)^{lxx}

(FIG 2 HERE)

Source: Chrysler Corporation, 'Annual Report 1968: Rootes Motors Ltd'

Dunnett concurs on the fragility of profits at Rootes between 1952 and 1970. He notes that substantial losses were endured in six of the nine years between 1961 and 1970 with £10 million being the deficit reported in 1970, by which time the firm was under Chrysler's control.^{lxxi} This decline in profitability is in contrast to the experiences of the remainder of the 'big six' as shown in Table 4 in the appendix. The automotive firm, Standard, did experience some difficult years prior to being absorbed into British Leyland Ltd. equally Vauxhall also had some difficult times during the same period as the Rootes Group were struggling. However, none of the rest of the 'big six' experienced the same prolonged periods of losses, nor the same lows. Despite maintaining a consistent share of UK production (as shown in Table 3 in the appendix, as noted previously) Rootes was losing significant amounts of money. This raises the question of why Rootes did not enjoy the same profitability as these other firms during these same years?

These losses were explained by Rootes senior management as resulting from difficult trading conditions during the decade, including unofficial strike activity.^{lxxii} The Chairman's reports also pointed to fluctuating domestic economic conditions that were exacerbated by the failure of the UK to gain entry to the Common Market in 1967. Important, too, were the investment decisions taken by the senior management of the firm during these years, for example the monies invested in the Linwood plant in Scotland, as will be discussed. What made matters worse was the low ratio of unit sales to dealerships. In 1961 Ford enjoyed returns of 120 units per dealer, Vauxhall 70, British Motor Corporation (BMC) 55 and both Standard and Rootes a mere 35 each.^{lxxiii} These problems were exacerbated by the practise of using retained profits to internally fund investment; Rootes made comparatively modest use of financial institutions and borrowing. Finally, it has been argued that the UK government's approach of following 'Stop-Go' policies through the manipulation of interest rates and hire purchase controls in dealing with repeated balance of payments problems in the 1950s and 1960s, had an adverse effect in that it deterred investment in key industries, including the auto industry.^{lxxiv} However, there is no solid evidence to sustain this hypothesis in the case of Rootes.

By remaining almost static in a growing market it could be argued that Rootes was in relative if not absolute decline from the 1950s onwards. While Rootes retained its position in the 'Big Six' inadequate investment in production facilities allied to shrinking profitability and ageing vehicle designs undermined the continued success of the firm. In other words, even though Rootes maintained a consistent productivity share compared to the rest of the 'big six' it failed to generate enough retained earnings to maintain parity in terms of development and design of plant and vehicles. For

example the three assembly lines at their Ryton plant were cramped making it difficult for workers to perform efficiently. Two of the lines, those producing the older *Alpine* and the *Humber* models, were working below capacity. However, to switch the lines to meet the demand for the latest version of the more popular *Minx* was deemed too expensive.^{lxxv} As stated earlier, a number of explanations can be proffered for Rootes' dismal showing. The car industry changed markedly after the Second World War. One key feature relates to firm size and scale, and small was not beautiful except in exclusive niche markets. As output expanded to meet increasing demand, car producers sought economies of scale and these increased over time. The consensus is that acceptable Minimum Economies of Scale (MES)^{lxxvi} increased inexorably over time, rising from circa 100,000 units per plant in the 1950s to between 200,000 and 250,000 by the late 1960s and early 1970s.^{lxxvii} Here Rootes struggled, achieving a peak output of only 150,000 units in 1959, a figure never attained again. The highest recorded output for the 1960s came in 1963 when production reached 120,743 units, falling thereafter to a nadir of 88,000 in 1970. The latter figures point to underutilised capacity, which most likely produced an adverse effect on unit costs and productivity. The outcome of higher unit costs and lower productivity, allied to weak market share, proved to be low profitability and, as Rhys and Owen have argued, these can lead to an inability to afford innovation and developments in new production methods as well as new model designs.^{lxxviii}

Nevertheless, the firm continued to pay dividends in every year, which meant that retained earnings were lowered. These dividends were much reduced from the highs of the 1950s. Had the company issued even lower dividends and used the retained profits for finance would Rootes have been able to overcome some of the investment challenges of the post-war period? Certainly the dividends issued were not insubstantial. However, the scale of the problems faced allied to the rapidity of the decline of Rootes points to more intrinsic problems than could have been solved by pockets of spending. More inexplicable was the decision not to avail of borrowing facilities more readily. This perhaps points to a weakness inherent in the Rootes style of authoritarian management. Had Billy Rootes taken on board the lessons offered by his contemporaries, William Morris and Herbert Austin, industrialists with rigidly controlled and frugally run companies who were forced to adapt to survive in the late 1940s, perhaps the Rootes Group might have taken more investment risks.^{lxxix} As it was, the consequent levels of investment proved inadequate for new model development, leaving the company with outdated machinery, forcing it to offer little more than facelifts to existing products. Even after years of production the *Minx*'s handling was considered 'dreadful' and *Humber* engines developed oil leaks almost continuously.^{lxxx} The state of Ryton was well summed up in the observations of Peter Ware when he was appointed Chief Engineer in 1958. He was impressed by the firm's approach to commercial issues and described the products as 'nice little cars,' but he was not enamoured by the standard of the engineering facilities:

'Engineering facilities, too, need immediate attention... awful gearshifts, brakes and heavy steering... quality control was non-existent. There are hardly any test rigs for component testing and the chassis engineering shop comprised a few pits. There was nothing whatsoever to test electrical components and no facilities either for endurance testing.'^{lxxxii}

It seems as if Rootes were prepared to invest more in dealerships than in its basic design and engineering. What new investment took place was piecemeal and minimal with very little innovation. Relying on old plant meant that the assembly lines at Ryton were dedicated and inflexible to the extent that any increased demand for the *Minx* could not be met on the *Humber* line except at a high cost. Basically, Rootes did not have sufficient capital to develop a modern range of models and there was little choice but to continue producing *Humber* models even when market demand was fading. Scrapping unprofitable models and concentrating on *Minx* production might have helped the situation, even if only marginally. The only bright spot in the 1960s was the development of the *Hillman Hunter*, derived from the *Minx*, which was sold largely in complete knock-down form to the Iranian government and which, at least, contributed positively to much needed cash flow.^{lxxxii}

Rootes were aware of the problems arising from being a relatively small player in a market where scale and concentration were growing features. The two decades prior to 1970 saw the UK car industry become increasingly concentrated through a series of mergers and take-overs beginning with

the Austin-Rover merger of 1952. Rootes' Coventry stable mate, Standard, was similarly declining and at least two attempts were made to achieve a merger between the two firms in the 1950s. Such a merger would have required a somewhat ruthless product and possibly plant rationalisation if it were to succeed. The proposal failed due to clashes of personality and perhaps more importantly because Rootes demanded that four out of the five proposed directorships of the merged entity should be allocated to members of their family. Not surprisingly, Standard's Chairman, Alick Dick, rejected the terms.^{lxxxiii}

In the search for alternative models and scale, Rootes somewhat surprisingly bought an equally ailing automotive firm, Singer, at a cost of £2million. Singer's main premises were in a six storey building in Birmingham plus some small, extremely outdated premises in Coventry. Despite its pedigree, the Singer brand was no longer prominent in the market place, turning out a mere forty cars a week. Apart from producing the new Singer *Gazelle* on Billy Rootes' orders, Singer's premises proved highly unsuitable for producing cars in volume, and eventually the Birmingham factory was consigned to being a spare parts depot. Similarly, two years earlier, the diesel engine builders Tilling Stevens were acquired to supply power units to the *Karrier* and *Commer* range of commercial vehicles^{lxxxiv}, but these represented only a small part of the firm's overall product portfolio. In essence post-war acquisitions appear to have done little to improve the company's position and so the policy of horizontal and vertical mergers which had been successful in the inter-war years failed in the 1950s.

Rootes had always taken pride in being a family-based organisation. The family profited considerably from the firm's successes and, following in the tradition of many British entrepreneurs, diversified its investments into the purchase of two landed estates, one in Scotland and one in Wiltshire. In 1949, however, the firm converted to a public company when £3 million preference shares were offered for sale. The equity capital remained in the possession of the Rootes family and the Prudential Assurance Company, when the board of the Rootes Group took up all of the £1 million ordinary shares offered. Just over a year later, the Rootes family became aware of the effect death duties would have on their assets and offered a quarter of Rootes motor shares to holders of preference shares. In 1954 additional issues of preference shares and debenture stock followed.^{lxxxv} The decision to go public was taken with reluctance and it was simply a tactic to avoid potential death duties. Three quarters of the equity stock remained within the family, with the remainder being held by the Prudential. As part of this controlling influence, the family ensured its status by retaining all the senior management positions. Billy Rootes and his brother were chairman and deputy chairman respectively. Billy's sons, Geoffrey and Brian were in charge of sales and manufacturing with Reggie's son, Timothy, controlling services. Arguably Rootes could again have looked to firms like Austin and Morris and considered the experiences these companies had regarding loci of power.

As Turner notes, both Herbert Austin and William Morris were in charge of essentially one-man operations that had outgrown their founders. They had failed to develop managerial depth which inhibited growth. By the end of the 1930s their joint share of the British market had fallen significantly, from 60 per cent to 50 per cent. Though both firms would later merge in 1951, in an attempt to meet growing competition in domestic and global markets, difficulties between senior management figures in the firms inhibited the streamlining of the organisation. While much needed rationalisation of major parts used by both sides, such as engines, gear boxes and so on, went ahead, in other areas the merger was slower. For example Austin and Morris maintained separate distribution networks and inter-firm rivalry was encouraged. Turner attributes this slow integration to the chairman of Austin, Leonard Lord, and his personal animosity with the board of directors at Morris dating back to his time at the company.^{lxxxvi}

Had Billy and Reggie Rootes heeded the warnings supplied by the travails of Austin and Morris perhaps a transition away from a family business could have been realised. Instead the Rootes Group remained firmly entrenched in traditional structures of control. How effective in terms of company management this group were is open to debate, but given the firm's rate of decline, its record is questionable. It could be speculated that perhaps commercial decision-making might have been influenced by attempts to protect the family's long-term financial security at the expense of the firm. Perhaps this could be described as a form of investment risk aversion, though it is hard to find

evidence of this. Equally, though Billy and Reggie complemented each other, it might be argued that Billy devoted too much time to cultivating overseas markets and supporting the firm's nine foreign plants financially, when such funds might have been better invested domestically. Finally, regardless of the circumstances, the senior management must take responsibility for failing to develop a viable model range to enable it to compete more vigorously in the market.^{lxxxvii}

In keeping tight familial control of the firm Rootes never developed a strong middle management cadre and this manifested itself in labour relations, especially at Ryton. The 1950s and 1960s represented the high point of Coventry's motor industry prior to its collapse in the following decade. Wages were high and piecework dominated. Bowden et al argue that piecework earnings were driven by labour negotiations rather than increases in labour productivity, with labour's share in the value of production rising at the expense of profits and investment. Wages and piecework earnings in the Midlands were used as the standard for labour demands elsewhere.^{lxxxviii} Harvey and Turner's edited book (1989) has an essay by Donnelly and Thoms in which the unusual nature of the gang system in Coventry motor factories is stressed. The authors point to this system as a partial explanation for the upward pressure on wages.^{lxxxix} Earlier work by Thoms and Donnelly argues that managerial attitudes at Rootes were predicated simply on getting vehicles built and out of the factory gates to meet production targets, serving to encourage wage demands.^{xc} Rootes' middle management was small in number, so often quasi-managerial tasks were unofficially delegated to shop stewards who acquired considerable control of production schedules, manning levels, and track speeds. This scenario could be described as a form of shop-floor democracy with management conceding control of the shop-floor to the workforce. Little attention was paid to production supervision leading to what Tolliday describes as 'management by abdication;' indeed, Richardson labelled Ryton as 'a self-governing republic.'^{xc}

Small, unofficial stoppages tended to be the order of the day, with management frequently surrendering to workers' demands through *ad hoc* settlements to keep production flowing. The work gangs appointed their own leaders, controlled most of the production process and were prepared to discipline members if union rules, agreements and procedures were violated. Ryton though was not a workers' paradise as often inter-union rivalry was rife over territorial and jurisdictional issues at the expense of a whole plant approach with union solidarity often being a casualty. For example, track workers on the *Minx* line at one point refused to absorb members from other sections as their inclusion could depress the wages of the original gang members. Nevertheless labour relations at Ryton were relatively good until the debates over the scrapping of piecework in favour of Measured Day Work (MDW) arose after the takeover of the group by Chrysler in 1967.^{xcii} In part this stemmed from the differing approach to organisation utilised by the new American owners. Where previously the Rootes group had preferred a traditional top down, hierarchical structure with strong managerial authority allied to tough labour negotiations, Chrysler instead favoured a decentralised vertical organisation with separate divisions answerable to a Head Office. At times this organisation of the corporation translated into disagreements between the UK division and the US Head Office, often related to localised work practises. Young and Hood are critical of Chrysler's managerial failure to develop effective communication procedures between their management team, their workforce and Head Office.^{xciii}

The most damaging industrial action that affected Rootes was a strike in 1961 at its British Light Steel Pressings plant at Acton, in London, over potential redundancies. Between January and August of that year there were 82 work stoppages, causing a loss of 44,000 man hours. Rootes tried to placate the workers by effecting a number of changes in the plant's senior management, but to no avail. Such a high and intensive level of strike action had a ripple effect across the group as circa 8,000 men had to be laid off due to a shortage of car bodies. Additionally, approximately some 60,000 units of production or one third of total annual output were lost at an estimated cost of £3 million. Eventually the strike ended and the workers drifted back. This though was a Pyrrhic victory which, while earning the company plaudits from other automotive and engineering firms for standing up to the strikers, was reflected in the subsequent poor profit performance in the following year.^{xciv}

As stated, Rootes had studiously avoided participation in the small-car segment in the post-war years, as it was regarded as fiercely competitive and dependent on volume sales for profitability, but when it became obvious that this segment was proving popular with the public in the second half of the 1950s the decision was taken by the management of Rootes to enter it, leading to the development of the *Hillman Imp*. The new car was meant to rival the highly successful BMC *Mini* which had been launched in 1959. The *Imp* was perceived as part of Rootes' plan to raise its capacity, but its applications to expand its premises in Coventry and later in Dunstable were jeopardised when the government refused to issue Industrial Development Certificates, because its regional policy required firms to open new plants in economically depressed areas with high unemployment. The site chosen was Linwood, near Glasgow, where the shipbuilding, steel and related engineering industries were all in decline. One positive fact was the nearby Pressed Steel plant was favourably positioned to supply bodies.^{xcv}

The *Imp* took three years to develop and in some ways was quite innovatory with its rear positioned aluminium engine, its light body and, because of the unique distribution of the car's overall weight, it had excellent road traction. Development work though encountered many teething problems and the car did not appear until 1963, by which time the *Mini* was the undoubted market leader and Standard's new *Triumph Herald* had arrived as another competitor. Rootes, it has been argued, had been too ambitious for the new product which explains the delay in its launch. Moreover, by the time the car appeared, the fashion for such small cars was beginning to wane and consumers were moving back towards middle segment vehicles. The position was not helped by the car's serious reliability problems, especially those surrounding the water pump which took a long time to resolve, to say nothing of deficiencies in build quality. A further problem lay with the nature of the work force. A large number of workers had been recruited from local engineering and service industries which had no tradition of factory assembly line work and often struggled to adapt to the discipline dictated by such work despite training programmes. Moreover, many of the new workers brought their own labour traditions with them and these proved highly confrontational when labour relations issues arose, earning the factory a reputation for being strike prone, even if many strikes were of very short duration. As Gilmour has argued, this reeks of clashing cultures between management and labour for control of the shop floor with the former's policies swinging between the imposition of disciplinary procedures, compromise and turning a 'blind eye' to 'organisational mischief' such as sleeping on the job, alcohol consumption, petty pilfering etc. in order to maintain production levels.^{xcvi}

Additionally, building the *Imp* was not cheap as small cars cost almost as much as larger one to construct. Further increased costs emanated from the fact that there was no components industry to speak of in Scotland. Major components had to be transported from the Midlands to Linwood for installation, added to which the finished vehicles had to be transported back to southern markets, as Scottish demand was negligible. Finally, there were additional costs due to Rootes having to duplicate personnel and welfare functions in Scotland, representing a further drain on funds.^{xcvii} The Rootes management team had anticipated these costs and expected to offset them by availing of cheap labour. Having been directed to Scotland as part of a regional policy aimed at combating unemployment, the group expected a compliant labour force thankful for the opportunity of work. This is reflected in the signing of a 'Memorandum of Agreement' between Rootes and trade unions that gave the firm strict control over setting wages. However, by dominating decisions over pay Rootes inadvertently cut across characteristic elements of the bargaining structures in place in West Scottish Heavy industry. In doing so Rootes created friction that would translate into worker resentment; ninety percent of negotiations with management from 1960-66 related to issues of pay. The result was a cycle of concessions and short term fixes to keep production constant, leading to rising labour costs.^{xcviii} In sum, the *Imp* project brought little benefit to Rootes and it has been calculated that the excess costs over benefits between 1963 and 1970 were a staggering £6,440,000.^{xcix} Overall the *Imp* proved a market failure and production was discontinued in 1976.

By the early 1960s it was clear that as a company Rootes were struggling to survive at a time when the UK market dipped and sales were proving difficult. In 1964 Chrysler of America were seeking European partners to expand their international operations and so an approach was made to Rootes

about a 'form of amalgamation.' Both Geoffrey and Brian Rootes were favourably disposed to the proposal and recommended that negotiations should be explored. It is more than likely that both of the younger Rootes, having surveyed the firm's market and financial positions, realised that if the firm was to survive with the family still playing a part, there was no alternative but to secure what seemed to be a viable partner. The basis of the agreement was that the Rootes Group should sell Chrysler a bloc of shares with the family still holding enough voting shares to prevent the Americans from gaining total control, even though by 1967 Chrysler held 66 per cent of the equity and exercised near total authority over the firm. Chrysler in turn would provide Rootes with advice on production methods and marketing. Billy Rootes was wary of the deal, but felt he had to back it for the sake of the family. However, he was not to see the outcome as he died in the same year. The UK government, too, was cautious about Chrysler as it was reluctant to see yet another US multinational gaining a firm foothold in the UK industry, especially when the candidate was recognised as being the weakest of the American 'Big Three'.^c The alternative, though, might well have been the liquidation of Rootes. Thus the deal was approved. Subsequent events showed that relations between the British and the American managers were not good as the firm continued to struggle with *The Observer* labelling it simply as a loss-maker, even though there was evidence of a return to a degree of profitability in 1967. It was not a surprise when Chrysler assumed full control of the firm in 1970.^{ci} The Rootes empire had ended.

Conclusion

As said at the beginning of this paper, the rise and decline of the Rootes Group is reflective of much that happened in the history of the British car industry from the 1920s until the end of the 1960s. Like others entering the industry in the late 1920s, the Rootes Group had little experience of automotive production, but unlike others they survived through buying up bankrupt or near bankrupt firms and turning them round through rationalisation, badge engineering and astute marketing with an emphasis on segmentation. This developmental pathway marked out Rootes as being substantially different from its major domestic rivals. a family run firm that achieved growth through merger and acquisition, arguably Rootes never fully integrated its disparate sections fully, failing to realise the benefits of internal growth as occurred with other members of the 'big six'. When Rootes did attempt to expand, as was the case with its Linwood plant in Scotland, it was constrained by economic policy and managerial weakness allied to increasingly costly labour. Rootes was therefore more susceptible to declining profitably exacerbated by ageing plant, lack of new model designs and fraught labour relations. This described pathway allowed for the rapid rise of the group but also explains its speedy demise, predating the travails of other members of the 'big six'. It must be stressed too that a 'Rootes' brand was never created. Similarly, despite succeeding in breaking into the ranks of the 'Big Six', the firm was always one of its weakest members. In terms of producing new models the company's record in the 1930s was weak with only the *Hillman Minx* making an impact on the market. Indeed, it might be argued that the firm was fortunate that Billy Rootes was such a shrewd marketer to compensate for the lack of vehicle design and quality engineering.

What brought the firm prominence more than anything else was its contribution to the War effort and the role played by Billy Rootes on various government bodies. Yet when the War was over, despite the acquisition of Ryton, the firm remained relatively small in terms of output and market share, factors that were to dog it until the Chrysler take-over. Being small, the firm failed to achieve acceptable economies of scale over the period when these were rising generally within the industry. A consequence of this was low output generally leading to low profits, inadequate investment and dependence on outdated plant and equipment, as proved the case in the 1960s at Ryton. In effect, this was indicative of a downwards spiral into decline as there was insufficient funding to develop a viable model range, leaving the firm over-dependent on the success of the *Hillman Minx* in the market and over time it, too, became dated. In modern markets, no firm can survive on a single model. Though Billy Rootes was a great exponent of developing foreign markets, it might be argued that trying to sustain so many of these, as well as nine overseas plants, might have acted as a drain on resources at the expense of investment in their UK factories. Additionally, there is little doubt that being forced to set up a plant in Scotland, coupled with the *Imp*'s failure in the market, proved a heavy burden, but there is no guarantee that even if the *Imp* had been made in Coventry it would have fared any better.

Finally, perhaps even allowing for the changing nature and structure of the car industry between the 1930s and 1960s, one cannot underestimate the role of Billy Rootes as the driving force in the development of the company. His contribution in raising the firm's profile from being a simple car distributor to an internationally recognised automotive concern was fundamental to its early growth and success, particularly during the war years and early 1950s. Much more problematic is to what degree did Billy bear responsibility for the firm's decline after this period. Questions could be raised about his decision to support a broad a range of export markets as well as overseas plants, to the detriment of investment in design, production facilities and new model development in the domestic market. Perhaps a further contributing factor in the firm's ultimate demise might have been that when the company's fortunes began to wane in the middle to late 1950s, the Rootes family, either consciously or subconsciously, perceived its prime duty as being to protect the family's accumulated wealth by being risk averse at the expense of the health of the firm.

The Rootes story is a salutary one for the British Motor Industry. Had their domestic rivals considered some of the lessons provided by their experience perhaps they too could have avoided some of the more damaging missteps in their decision-making. For example, had Standard noted the difficulties Rootes encountered in rationalisation of their range in the 1930s as a result of their rapid growth, they might have reconsidered the launch of the *Triumph Mayflower* in 1949/50, a vehicle which similarly struggled to find a ready market for a small, luxury car, especially in the USA. More tellingly for the motor industry as a whole though was the financial collapse of Rootes in three short years from 1965-7, as small profits margins were wiped out by shifts in the market. The group was unable to adapt quickly enough in part due to aging vehicle designs, difficult labour relations and outdated production lines, but also because of ill-fated investment decisions such as the Linwood plant. What the Rootes group demonstrated was that years of deferring necessary change and investment as a result of government policy and eagerness to exploit burgeoning markets could quickly lead to unsustainable losses, a warning perhaps that might have been observed more readily by other firms in a not dissimilar position. If that is the case then, ultimately, a high price was paid.

Appendix 1.

Table 1 percentage of total 'big six' production, 1929-39

[TABLE 1 HERE]

Source: Maxcy and Silbertson, the Motor Industry, 1959, p. 106-7

Table 2. Passenger car production in the UK, 1945-70

[TABLE 2 HERE]

Source: SMMT. Annual Reports, 1945-70.

Table 3. Main UK Car Firms' Production as a proportion of national output (%), selected years

[TABLE 3 HERE]

Source: SMMT. *Annual Reports, 1945-70*.

*Austin and Morris merged in 1952 to form the British Motor Corporation. For convenience their output figures have been merged.

Table 4. Pre-tax profit and loss in the UK Motor Industry, 1952-70

[TABLE 4 HERE]

Sources: Thoms and Donnelly, *The motor car Industry in Coventry*, 1985, p. 163; Hood and Young, *Chrysler UK*, 1977, p.98; Rhys, *The Motor Industry*, 1970, p. 361; Chrysler Corporation, “Annual Report 1968”

*Standard's profits post 1965 derived from Board of Minutes

** Profits in this year dependent on sales of capital goods by new owners, Chrysler

ⁱ British Broadcasting Company, ‘Who Said That?’ January 1958

ⁱⁱ Bullock, *The Rootes brothers*, 1993, p.28

ⁱⁱⁱ Rhys, *The Motor Industry*, 1970

^{iv} Williams et al. *Why Are the British So Bad at Manufacturing?* 1983; Bhaskar, *The future of the UK motor industry*, 1979; Whisler, *The British Motor Industry*, 1999

^v Dunnett, *The Decline of the British Motor Car Industry*, 1978

^{vi} Thoms and Donnelly, *The Coventry motor industry*, 2000

^{vii} Coffey, D. *Production Counterfeits and Policy Collisions*, 2009

^{viii} Adeney, *The motor makers*, 1988

^{ix} Whisler, *The British Motor Industry*, 1999

^x Morewood, *Pioneers and Inheritors*, 1990; Bullock, *The Rootes brothers*, 1993

^{xi} Thoms and Donnelly, *The Coventry motor industry*, 2000

^{xii} Church, *The rise and decline*, 1994; Batchelor, *A great Munitions Centre*, 2008

^{xiii} Foreman-Peck et al, *The British Motor Industry*, 1995

^{xiv} Richardson, *Twentieth-Century Coventry*, 1972; Richardson and O’ Gallagher, *The British motor industry*, 1978

^{xv} Adeney, *The motor makers*, 1988; White, *Chrysler UK*, 1979

^{xvi} Adeney, *The motor makers*, 1988; Hillman Owners Club, 2016

^{xvii} Rootes Motors Limited, *Prospectus*, 1949

^{xviii} Bullock, *The Rootes brothers*, 1993

^{xix} Morewood, *Pioneers and Inheritors*, 1990

^{xx} Bullock, *the Rootes brothers*, 1993, p.40

^{xxi} Wood, *Wheels of misfortune*, 1988; White, *Chrysler UK*, 1979

^{xxii} Morewood, *Pioneers and Inheritors* , 1990; White, *Chrysler UK*, 1979

^{xxiii} Bullock, *The Rootes brothers*, 1993

^{xxiv} White, *Chrysler UK*, 1979

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- xxv Morewood, *Pioneers and Inheritors*, 1990
- xxvi Maxcy and Silbertson, *the Motor Industry*, 1959, p. 106-7
- xxvii Thoms and Donnelly, *The Coventry motor industry*, 2000
- xxviii White, *Chrysler UK*, 1979
- xxix Thoms and Donnelly, *the motor car industry in Coventry*, 1985; Bullock, *the Rootes brothers*, 1993
- xxx Allpar, *History of Sunbeam cars*, 2016
- xxxi Morewood, *Pioneers and Inheritors*, 1990
- xxxii Thoms, *War, Industry and Society*, 1989
- xxxiii CCA/3/1/7601/1-4, 15 November 1939
- xxxiv Bullock, *The Rootes brothers*, 1993
- xxxv Rootes, *The War Effort of the Rootes Group*, 1945
- xxxvi Hillman Owners Club, 2016; Shenfield and Florence, 1944
- xxxvii Richardson, *Twentieth-Century Coventry*, 1972; Forbes, *Democracy at a Disadvantage?* 2014
- xxxviii Thoms and Donnelly, *The Coventry motor industry*, 2000
- xxxix M.SS. No. 1, Aero-Engine Factory; Rootes, *The War Effort of the Rootes Group*, 1945
- xl CRO 290/Gen/177; CCA /1/4/42/4
- xli White, *Chrysler UK*, 1979; Bullock, *The Rootes brothers*, 1993
- lii Forbes, *Democracy at a Disadvantage?*, 2014
- liiii MRC, Mss226/1/1/9; Inman, *Labour in the Munitions Industries*, 1957
- liiv Thoms, *War, Industry and Society*, 1989
- lix CDEEA Mss 66/1/1
- lxvi Ibid; CDEEA Mss66/2/145
- lxvii Richardson, *Twentieth-Century Coventry*, 1972; Thoms and Donnelly, *The Coventry motor industry*, 2000
- lxviii Tolliday, and Zeitlin, *Between Fordism and Flexibility*, 1986
- lxix Croucher, *Engineers at war*, 1982; Boyer et al, *Between imitation and innovation*, 1998
- ¹ It's also striking that at the end of the War, Billy was invited to inspect and possibly buy the heavily damaged Volkswagen plant at Wolfsburg and assess its future potential. He was far from impressed, saying to Ivan Hirst, the British army major accompanying him that the project would fail in two years: 'The car is quite unattractive to the average buyer.... is too ugly and noisy...If you think you are going to build cars in this place you are a bloody fool young man.'
- li The Imp Site, 2016
- lii Thoms and Donnelly, *The Coventry motor industry*, 2000; Wood, *Wheels of misfortune*, 1988
- liii Thoms and Donnelly, *The Coventry motor industry*, 2000
- liiv Foreman-Peck et al, *The British Motor Industry* , 1995
- lv Thoms and Donnelly, *The Coventry motor industry*, 2000
- lvi Bullock, *The Rootes brothers*, 1993
- lvii The pound sterling had been devalued by 30 per cent against the American dollar in 1949.
- lviii Morewood, *Pioneers and Inheritors*, 1990
- lix *Between imitation and innovation*, 1998; Tolliday, and Zeitlin, *Between Fordism and Flexibility*, 1986.
- lx Thoms and Donnelly, *The Coventry motor industry*, 2000
- lxi Bullock, *The Rootes brothers*, 1993
- lxii Thoms and Donnelly, *The Coventry motor industry*, 2000; Whisler, *The British Motor Industry*, 1999
- lxiii Rhys, *The Motor Industry*, 1970
- lxiv Returns for 1956 and 1957 are problematic. In the former year the accounts were greatly impacted by the acquisition of the Singer Motor Company. According to the Chairman, Billy Rootes, 'Singer Motors Ltd., the equity share capital of which was acquired at the end of December 1955, incurred a loss for the year to 31 July 1956 of £613,601.' These losses were explained as resulting from the writing off of substantial amounts of stocks, tools and 'experimental expenditure'. What such experimental expenditure was and how much it amounted to is not expanded on. The following year is not accompanied by a Chairman's statement, so no reasons for the large losses in that year are proffered. By 1958 the firm had quickly recovered lost ground.
- lxv PA 2616/2/1-14
- lxvi Minute book Humber Ltd., February 1934-40
- lxvii PA 2616/2/1-14
- lxviii Caution is required in how we interpret these figures due to differences between Chrysler and Rootes in the recording of accounts.
- lxix PA 2616/2/1-14

^{lxx} These figures are reported in the first annual report produced by Chrysler after its takeover of Rootes in 1967/8. It is not explained how these figures were derived or how they match up to previous accounts recorded by the Rootes Group. They should, therefore, be treated with some caution. For example net earnings for 1968 include non-trading profit, which includes the sale of fixed assets.

^{lxxi} Dunnett, *The Decline of*, 1980

^{lxxii} PA 2616/2/1-14

^{lxxiii} Whisler, *The British Motor Industry*, 1999

^{lxxiv} Dunnett, *The Decline of*, 1980; Foreman-Peck et al, *The British Motor Industry*, 1995

^{lxxv} Thoms and Donnelly, *The Coventry motor industry*, 2000

^{lxxvi} MES refers to the concept of the required minimum of output of vehicles from a factory if it were to be profitable.

^{lxxvii} Rhys, *The Motor Industry*, 1970; Pratten, *Economies of Scale*, 1976; Euro Economics, 1975

^{lxxviii} Rhys, *The Motor Industry*, 1970; Owen, *Economies of scale, competitiveness, and trade patterns*, 1983

^{lxxix} Turner, G. *The Leyland Papers*, 1971, pp. 88-100

^{lxxx} The Imp Site, 2016

^{lxxxi} *Ibid*

^{lxxxii} SMMT, 1945-70; Dunnett, *The Decline of*, 1980

^{lxxxiii} Turner, *The car makers*, 1963; Turner, *The Leyland Papers*, 1971

^{lxxxiv} By this time both *Karrier and Commer* were both a model and a brand.

^{lxxxv} Rootes Motors Ltd, *Prospectus*, 1950; *The Times*, 3 October 1950; *The Times*, 15 October 1954

^{lxxxvi} Turner, G. *The Leyland Papers*, 1971, pp. 88-100

^{lxxxvii} Thoms and Donnelly, *The Coventry motor industry*, 2000

^{lxxxviii} Bowden et al, *the post-war productivity failure*, 2001, p. 58

^{lxxxix} Thoms and Donnelly, *trade union management and the search for productivity*, pp. 107-8 in Harvey, C. and Turner, J. eds., 1989. *Labour and business in modern Britain*. Psychology Press.

^{xc} Thoms and Donnelly, *the motor car industry in Coventry*, 1985, pp. 167-8.

^{xci} Tolliday, *High Tide and After*, 1985; Richardson, *Twentieth-Century Coventry*, 1972

^{xcii} Donnelly and Thoms, *Trade unions, management*, 1989, pp. 98-113

^{xciii} Young and Hood, *Chrysler UK*, 1977; Gilmour, *Examining the 'hard-boiled bunch'*, 2010

^{xciv} Adeney, *The motor makers*, 1989

^{xcv} Young and Hood, *Chrysler UK*, 1977

^{xcvi} Gilmour, *Examining the 'hard-boiled bunch'*, 2010

^{xcvii} The cost of construction of facilities was first referred to at the Rootes 1960 AGM. The amount allotted for the new venture was not indicated; however an additional note to the 1962 records attributes large additions to returns for fixed assets as resulting from expenditure in Linwood, Scotland. Investment in land, building, plant furniture and fittings rose dramatically by £5,418,185 from the previous year. Much of this increase resulted from the development of Scottish production facilities. The following year these costs increased again by a figure of £7,497,618, again attributed to expenditure at Linwood.

^{xcviii} Gilmour, *Examining the 'hard-boiled bunch'*, 2010

^{xcix} Young and Hood, *Chrysler UK*, 1977

^c White, *Chrysler UK*, 1979

^{ci} Thoms and Donnelly, *The Coventry motor industry*, 2000

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