

decade. The young entrepreneur and his aristocratic partners, however, did not share the same vision of the company. The nobles' commitment to the automobile sector expressed less an enterprising spirit than their abiding fascination with sports in general and the racing car, in particular as new sources of adventure and leisurely diversion. For his part, Agnelli understood early on that the imperatives of profitability required the firm to look beyond the sports market and to seize the opportunities for production of automobiles on a much vaster scale.

The fledgling automobile industry, which tended to concentrate in Piedmont, grew rapidly at the opening of the twentieth century from seven companies in 1904 to sixty-one by 1907. The rapid proliferation of auto manufacturers came to an abrupt halt with the international financial crisis of that year, which compounded difficulties created by the collapse in share values on the local stock market in 1906. Fiat shares, for instance, which had peaked at 1,885 lire during the initial phase of expansion, fell from 445 to 17 lire in the first nine months of 1907. In general, the financial downturn resulted in enormous capital losses for the over-expanded sector and imposed a drastic restructuring on an industry already beset by problems of limited markets and high production costs. In fact, the vast majority of companies founded in the opening years of the decade failed as a consequence. The few firms that survived, however, were well situated to exploit the opportunities that arose in the wake of the crisis.

Fiat and Agnelli emerged as the chief beneficiaries of the harsh retrenchment and restructuring that took place in the automobile industry. Already in 1906, the young industrialist forged an alliance with the Milanese Banca Commerciale Industriale that enabled him to weather the immediate financial crisis. More importantly, the bank's resources freed him from any further dependence on the venture capital of his aristocratic partners and thus permitted him to pursue more aggressively his innovative ideas on production and distribution. Agnelli looked to the United States, rather than Germany or England, for his inspiration. Twice in the years before 1914 he went personally to Detroit to study the systems employed by Henry Ford in his plants. Following the example of the American auto manufacturer, he reorganized the production processes in his operations. Fiat became one of the first companies in Italy to build factories that used the standardized parts and assembly-line methods as well as the latest techniques of scientific management to accelerate the rhythms of production and expand output. At the same time, Agnelli pursued a policy of vertical integration, taking over his competitors and diversifying the range of his company's products. As a