William Crapo Durant was born in Boston, Massachusetts, in 1861 and in 1875 moved with his mother and sister to Flint in Michigan, a town that would be at the heart of the emerging US automobile industry.

Although bright, Durant’s academic record was not a distinguished one – he left school at 16 over a dispute with the school principal, getting a job in lumberyard owned by a relative. He soon moved on, working as a medicine salesman and then a cigar salesman. After a series of jobs covering real estate, bookkeeping, fire insurance and, improbably, a spell as co-owner of an ice-rink, he came to rest at the Flint City Waterworks. An ailing business at the time, Durant soon turned the company around restoring it to profitability.

Having cut his business teeth on the waterworks the young Durant – he was barely 25 – went into business with another young man, Dallas Dort. The two men bought out a local businessman with $1,500 borrowed from the bank and founded the Flint Road Cart Company in 1886 (eventually the Durant-Dort Carriage Company). Their main product, a new two-wheeled horse-drawn carriage, proved spectacularly popular, with sales peaking at 75,000 in 1895. Durant and Dort earned enough money to retire had they wished. But for Durant, still in his thirties, it was just the beginning.

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In 1904, sensing that the days of the horse-drawn cart might be coming to an end, Durant bought into the Buick Motor Corporation. On the strength of the automobile designed by David Buick he raised $1.5m in investment. David Buick, the Scots born inventor, left the company prematurely in 1906, dying a poor man.

**Defining moments**

From the start Durant adopted an autocratic management style. As it turned out, his drive and energy and his domineering approach to business would be the perfect recipe to grow companies but rarely the right ingredients for moving those companies on to the next stage of development.

Buick survived an economic crisis in 1907, which bankrupted many other small automobile companies. To protect the company, Durant sought a merger with other companies in the same industry. He approached auto manufacturers Henry Ford and Ransom Olds. Both were interested but only if Durant put his own money up front. This Durant was reluctant to do. So instead, Durant bought up a disparate collection of smaller companies and, in September 1908, formed the General Motors Company.

As Durant continued to acquire automobile companies so GM took on more debt. By 1910 the company owned over 20 per cent of the industry but it had also run into financial difficulties. The financiers’ solution was to remove Durant from his position as autocratic leader, although he remained as vice-president. A board of five trustees replaced him.

The resilient Durant merely moved on to his next deal. In August of 1911 he formed Mason Motor Corporation and then the Little Motor Car Company. Then, having persuaded founder William H Little and racing driver associate Louis Chevrolet to stay with the firm, he incorporated the Chevrolet Motor Company in November 1911. Soon the Chevrolet car was in production. By 1915 Chevrolet’s net profit was some $1.3m.

While Durant was building his new company his old one was in trouble. General Motors was fighting for market share in a business where its rivals were substantially undercutting it. Incredibly, by 1917, with the assistance of the du Pont brothers, Durant had wrested back control of General Motors by acquiring 450,000 of GM’s 768,733 shares. Durant was also fortunate to meet a rising star of the automobile industry, Alfred P Sloan Jr, who was also to become a business legend.

The General Motors Company was renamed the General Motors Corporation in 1916 and Durant once more assumed dictatorial command of his
disparate collection of companies. General Motors continued to prosper; during the first world war Durant signed a deal with the US government to supply equipment for the war effort. Despite the company’s success, however, Durant was approaching the end of his on-off relationship with General Motors.

When the US post-war economy hit the buffers, Durant once more found himself and GM in financial difficulties. GM stock, which had risen 5,500 per cent between 1914 and early 1920, nose-dived. In the nine months from March to November 1920 GM stock fell by 68 per cent, losing over 30 per cent of its value in one month alone.

Durant tried to support the share price by buying GM stock on the market as well as from friends whom he had persuaded to invest in the company. The result for Durant was personal disaster. Not only did he lose control of his beloved company, replaced by du Pont in 1920, he also lost the majority of his personal fortune.

Still, Durant bounced back one last time, founding Durant Motors in 1921 with the help of friends’ money including, ironically, the du Pont family. By May 1921 the Durant Four was on the market. By the middle of 1921 the company had received 30,000 orders worth some $31m. Durant continued to produce innovative vehicles such as the four-cylinder Star.

Now in his sixties Durant steered his company successfully through the 1920s, negotiating personal setbacks such as the death of his wife. During this time he also campaigned in favour of prohibition and developed an interest in politics.

It was the Wall Street crash of 1929 that finally put paid to Durant’s career in business. Once again the bankers came knocking on Durant’s door and once again he found himself over-extended. This time, with his personal fortune exhausted he was forced to sell the shares in his company. In 1933 Durant Motors filed for bankruptcy. Finally, in February 1936 Durant filed for personal bankruptcy, declaring debts of $914,000. Although Durant tried to get other ventures off the ground his entrepreneurial days were over. He died on March 18, 1947, in New York City – the same year as his great rival Henry Ford.

Durant was entertainingly reckless and sometimes brilliant. His idiosyncratic approach is summed up in one story. After GM took over Oldsmobile, the company had no new model planned. Then Durant arrived at the Oldsmobile factory in Lansing in a Buick Model 10. He ordered that its body be removed and sawed in half. Durant then reassembled the body’s parts, placed them a little further apart and announced his plans: “We’ll make a car a little wider than this Buick. We’ll have it a little longer; more leg room. Put your regular hood and radiator on it. It will look like an Olds and it will run. Paint it; upholster it – and there’s your Oldsmobile for the coming year”.

Durant’s seat-of-the-pants management style suited the fledgling days of the car industry but was increasingly ill-suited when the going became corporate.

“In bringing General Motors into existence, Mr Durant had operated as a dictator,” said Sloan. “But such an institution could not grow into a successful organisation under a dictatorship. Dictatorship is the most effective way of administration, provided the dictator knows the complete answers to all questions. But he never does and he never will. That is why dictatorships eventually fail. If General Motors were to capitalise its wonderful opportunity, it would have to be guided by an organisation of intellects. A great industrial organisation requires the best of many minds.”

In many ways Durant was the archetypal entrepreneur. He loved the deal, he loved selling, he loved making things happen. His management style, however, was autocratic, dictatorial and proved a problem when he was trying to move his companies on from the start-up stage. Durant’s life was the perfect example of the tightrope entrepreneurs tread between success and failure. It was his maverick streak that made him a brilliant entrepreneur, and led to the creation of the largest automobile manufacturer in the world, General Motors. And it was the same maverick streak that finally bankrupted him.

Resources