

HEMMINGS CLASSIC CAR

Tombstone talk: What exactly caused Packard to fold?

[Daniel Strohl](#) on at 8:59 am



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PACKARD FOR SALE

Photograph by Thomas A. DeMauro.

No single factor ever sinks an automaker. The struggle between profits and losses typically has its roots in circumstances suffered from decisions made years, if not decades, prior. Packard, one of the most prestigious American automakers, was no different, and a talk this weekend at the National Packard Museum will examine the various reasons behind its decline and death.

When Packard resumed building cars after World War II, it started from a relatively strong position and had many years of profitable business ahead of it; indeed, in 1949 the company sold nearly 105,000 cars, just short of its own production record. But the bricks in the company's foundation were already starting to come loose in the late 1940s.

As Michael G.H. Scott pointed out in *Packard: The Complete Story*, due to a prewar concentration on lower-priced cars, “Packard was now geared for volume production of lower-priced cars” even though “many think Packard might have survived longer had it again concentrated only on the carriage trade after the war” and “the war’s end would have been a fine time for a fresh total-luxury approach.”

Scott also noted that Alvan Macauley’s decision to turn all body building over to Briggs at the time appeared an affordable alternative to in-house body construction, but would later hurt the company in two respects: First, Briggs gradually increased prices “until the bodies became more expensive than if Packard had built them;” and second, when Chrysler bought Briggs years later, Packard had to scramble to replace that supplier, eventually leading the company to move from its ~~Grand Avenue~~ East Grand Boulevard plant to the smaller Conner Avenue plant in 1954.

Securing steel in the years after the war and maintaining a jumpy dealer network also proved difficult, but the next major challenge came with Macauley’s retirement in April 1948. George Christopher assumed control of the company, but Scott argued that the company “had failed to groom new executives.” As a result, Christopher left a year and a half later “shortly after a grim board meeting over decreasing profits,” and his replacement, Hugh Ferry, prioritized the search for his own replacement rather than product development and securing the company’s future over the following two and a half years.

His replacement, James Nance, took the helm in May 1952 with no prior automobile experience; rather, he came from a background selling appliances. Nance separated out the lower-priced Packards into the Clipper sub-brand and commissioned formal sedans, executive sedans, and limousines from Derham and Henney, but he also oversaw a number of missteps.

First, the mechanically advanced car that he envisioned for the 1954 model year suffered a number of costly delays, and even then, as Robert Turnquist pointed out in *The Packard Story: The Car and The Company*, the 1955 Packard suffered from a number of quality flaws brought on by the rushed development of the car. Second, as Turnquist wrote, Nance’s plan to limit the number of parts bought from suppliers and produce more parts in house “...boomeranged. American Motors, as an example, purchased engines from Packard on a reciprocal purchase program. When Packard stopped buying parts from American Motors, American Motors cancelled their engine contract with Packard. Not only did this kill additional income, but it also reduced regular income since the engine plant output had to be reduced.”

But, the event that many Packard fans point to as the beginning of the end for the then-55-year-old company came in October 1954 when Nance agreed to purchase Studebaker.

The purchase seemed to make sense on first blush: Neither company's products competed in the same market segment, and both companies could benefit from cost- and platform-sharing to reduce their expenses, particularly at a time when Ford and Chevrolet, in an attempt to outsell the other, rapidly drove down the prices on their cars and in turn put the squeeze on independent automakers. Pat Foster, who examined Packard's purchase of Studebaker in *Studebaker: The Complete History*, wrote that "both companies needed to grab a partner quickly or perish."

The rush, however, proved Nance's and Packard's undoing. Nance relied on estimates of Studebaker's numbers rather than a thorough examination of the South Bend company's books that would have shown Studebaker to be in a weaker position than expected. "It was a great deal for Studebaker because once Packard owned the company it would have to cover Studebaker's losses with Packard money," Foster wrote.

(As for the supposed plan to merge American Motors and Studebaker-Packard that, ostensibly, was only scuttled by George Mason's death, Foster presents a compelling argument that no such plan existed except in Nance's head. Indeed, as Foster notes, Nance, who was involved in earlier talks to merge Packard, Nash, and Hudson sans Studebaker, rejected that plan because he was not offered a high enough position in the resulting company. "The number three spot at the number four automaker was a position he simply could not accept," Foster wrote. "Instead, he decided to merge Packard with Studebaker, where at least he would be top man.")

Nance soon came to realize his mistake, and, by early 1956, it became apparent that Studebaker-Packard would soon run out of money. Urged, in part, by U.S. government officials who wanted to maintain Studebaker's military contracts, Curtiss-Wright entered a management contract with Studebaker-Packard in May 1956. "This unholy alliance was a result of Curtiss Wright's need for a company with heavy tax losses as a write-off against their heavy profits in the aircraft industry," Turnquist wrote. "Studebaker received operating capital to concentrate on compact cars in South bend. When the contract was signed, Curtiss Wright systematically plundered Packard to insure (sic) heavy tax losses."

According to Foster, Nance "like a petulant schoolboy... informed the board he was leaving as soon as Curtiss-Wright took over." Under Curtiss-Wright, Packard vacated its Grand Avenue Boulevard plant, sold off its proving grounds, and starting in the 1957 model year built its cars on Studebaker chassis using Studebaker bodies with mildly redesigned sheetmetal. After the 1958 model year, the Packard automobile was no more, and the name lived on as part of Studebaker-Packard until April 1962, when the company became the Studebaker Corporation.

All of these factors and more will figure into Society of Automotive Historians member John Marino's discussion titled "Who Killed Packard," scheduled for this Saturday at the National Packard Museum in Warren, Ohio. For more information about the discussion, visit PackardMuseum.org.