

# Learning to Scale or Scaling to Learn? An Empirical Exploration of Production Scaling in the Early American Automobile Industry

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## Abstract

This paper makes a context-embedded contribution to the strategic management literature by identifying a specific pre-entry capability that mattered, and by demonstrating that, at least in one case, process innovations are critical from a very early industry stage. This study explores the challenges firms faced while attempting to scale manufacturing during the early American automobile industry (1895-1918). I argue that firms with founding team members who had prior operational experience in a factory that depended upon knowledge of metalworking were able to overcome production bottlenecks and thereby achieve scale. I use multivariate statistics to demonstrate that the founder's metal factory experience was correlated with both the firm's survival and its ability to increase production capacity. I demonstrate the practical use of historical methods by using them to uncover qualitative evidence of causality. Consequently, this study illustrates that extensive exploration of an industrial context reveals unique insights that (a) can only be generated from such an exploration, and (b) reveal the limits of general theories of strategy that do not take advantage of deep exploration of context.

## Speaker Profile

Sandeep is interested in studying the determinants of firm performance in early-stage industries. Sandeep explores the challenges that entrepreneurs face during the early stages of an industry, and the capabilities they need to overcome those challenges. Empirically, Sandeep focuses on the usage of Historical methods. Sandeep's dissertation focused on the early stages of the American automobile industry.

Sandeep is an assistant professor in the Department of Management and Technology at Bocconi. He holds a PhD in Strategic Management and Entrepreneurship from the University of Maryland.

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