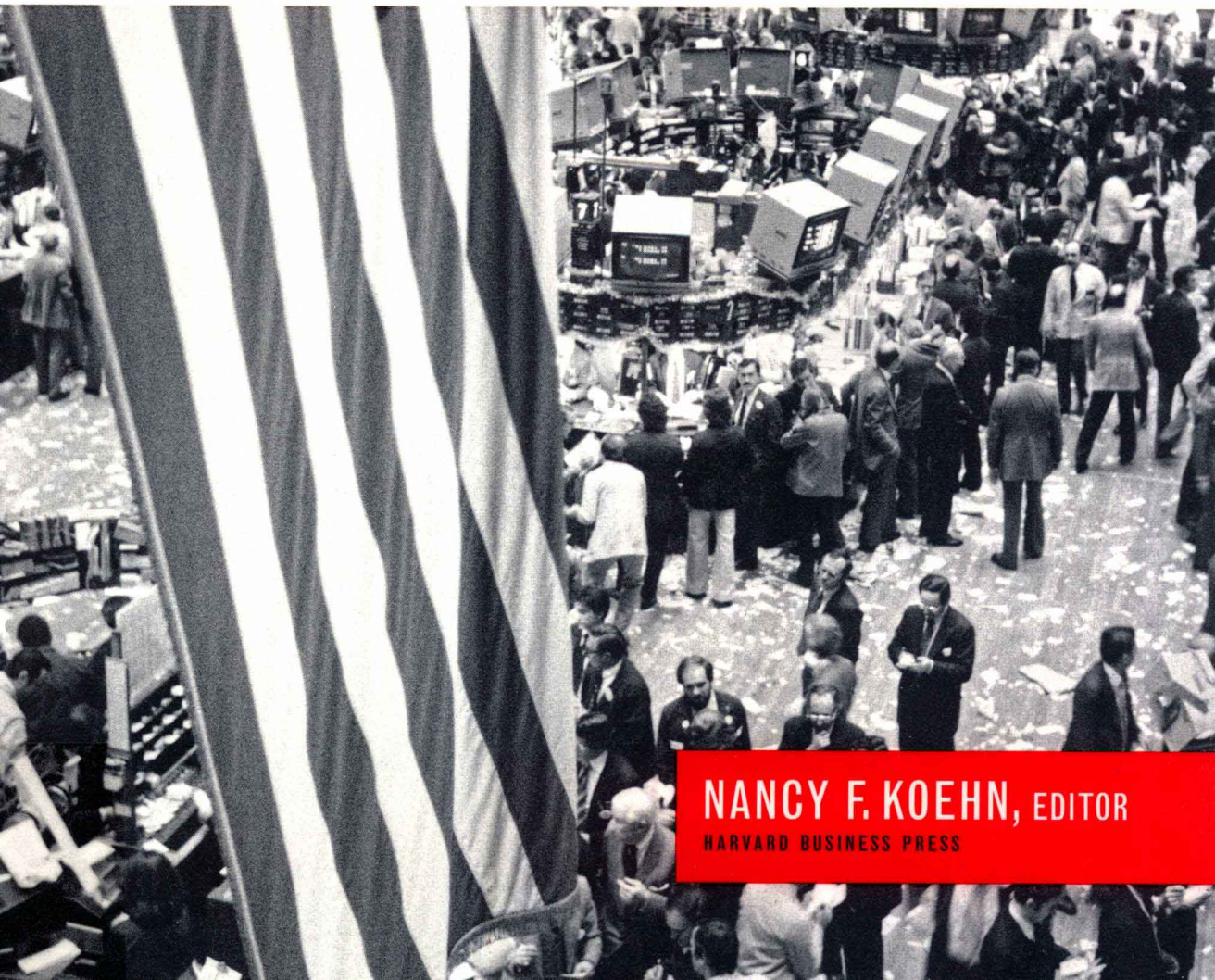


THE STORY OF AMERICAN BUSINESS

— FROM THE PAGES OF —
The New York Times



NANCY F. KOEHN, EDITOR
HARVARD BUSINESS PRESS

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To all the Pilgrims at Volo Farm:
Teachers, Seekers, Leaders, Points of Light

ACKNOWLEDGMENTS

As this book goes to press, turbulence is all around us.

A serious financial crisis has become a broader and equally serious economic crisis as equity indexes have plunged, banking systems have teetered, and business activity has slowed dramatically. In many countries, home foreclosures and unemployment have risen quickly while individual pension funds and retirement accounts have shrunk. In virtually every part of the globe, fear has mounted as individuals, families, and organizational actors have tried to make sense of what is happening: of what we have lost, of what is to come, and of what we must do to weather these storms.

At moments such as these, I am grateful for—heartened by—the perspective that history provides: a sense of what has come before and how this is relevant to our own moment, a deeper understanding of where we came from and of how others in the past—leaders, workers, consumers, companies, and other actors—traveled the roads that have led to where we walk today.

For we are not the first journeyers to know great uncertainty and stormy weather. Indeed, this book is as much about the turbulence of earlier moments as it is about smashing successes and important breakthroughs. At a more fundamental level, it is also about the connections between people and institutions: about what individuals and groups of people—organized as companies, governments, customers, unions, and more—owe to one another and how these obligations and responsibilities matter. Creating this book has been a fascinating experience of bringing such perspective to light with respect to American business.

It has also been a wonderful opportunity to look closely at a wide range of *stories*. The more information rushes at us, the faster it moves, and the more interconnected all these data and images are, the more convinced I have become of the power of stories—to inspire us, to teach us, to help us understand our world and ourselves, and to help us connect, in lasting and meaningful ways, to each other. Making this book has thus also been about coming to know, choosing, and in some instances, telling first-rate stories, working from the rich archives of the *New York Times*.

In these endeavors, I have benefitted greatly from the expertise and help of many people. At the *New York Times*, I wish to thank Alex Ward for his help in locating stories and Phyllis Collazo for her help locating photographs and obtaining permissions.

At Harvard Business Press, I have been extremely fortunate to work with Jacqueline Murphy and Ania Wieckowski. Their editorial oversight and organizational vision were invaluable in bringing this book into the world. I am grateful as well for their enthusiasm, commitment, and just plain old good sense, all of which helped bring the many moving parts of this project together.

I am also thankful to the Division of Research at the Harvard Business School for providing financial support for this project. My MBA students in two classes, *The Coming of Managerial Capitalism* and *Entrepreneurial Leadership*, have helped me test my ideas about the broad sweep of business history and entrepreneurial agency, expanding my understanding of what motivates individual leaders and why this motivation matters today. My colleagues in the Entrepreneurial Management Unit of the School have taught me much about the tools, perspectives, challenges, and rewards of the entrepreneurial journey. I am thankful as well for their good fellowship and encouragement.

I have also been privileged to work with a variety of executives from industries as diverse as advertising and cosmetics to television production and private equity. These men and women, individuals of decency and purpose, have made important contributions to

how I think and write and teach about leadership, which is the underlying foundation of this book. In particular, I want to thank Tim Bennett, Phebe Farrow Port, Lynne Greene, A. G. Lafley, Leonard and William Lauder, Andy McLean, Jeanette Wagner, and Tom Watson, all of who helped me appreciate how important the *humanity* of effective leaders is.

Three women close to home helped me do the heavy lifting of making this book: Erica Helms, Katy Miller, and Rachel Wilcox. Each worked with me as a research associate. Each brought her talents, keen intelligence, and fine organizational skills to this book and the vast body of research that underlies it. And each lit up my work and world while she was with me. I thank them wholeheartedly. It has been a privilege and pleasure to have shared this project with such outstanding people.

When Harvard Business Press first approached me about doing this book some years ago, I was in the midst of a different kind of storm than that raging right now in the global economy. It took a long time before the winds and rain in my own life died down and I could begin to make sense of what had happened and—much more important—*what I was going to build of lasting value in the storm's wake*. In doing this, I leaned heavily—more heavily than I knew at the time—on a group of people (and horses) from Volo Farm, a stable outside Boston (*volo* means “I fly” in Italian). I found this place and all its journeyers almost by accident. I had never really ridden before; the only reason I found myself, one fall day four years ago, being led around a ring on a small thoroughbred with some schoolkids who were also taking their first lesson is because my sister, Alice Koehn Benson, made me promise I would try riding.

I did. I made it through that first lesson and then never looked back, soaking up the sport, the athleticism, the discipline, the suppleness, the intuition, the trust, and the astounding connections—between horse and rider and between those (two-footed creatures) who love this amazing pursuit—that come with riding seriously and with respecting horses and all they have to teach us. In all the

challenges and joys of riding each day, owning horses, and showing them, I have learned a great deal about teamwork, about effective leadership, about endurance, about dealing with one's fear, about failure and forgiveness, about communicating verbally and nonverbally, about dignity and compassion, and about steering my ship toward a brilliant point on the horizon. I have always been an eager student. But I am not sure I could have learned these lessons and put them to such vital use in my own life if I had not had the good fortune to end up at Volo Farm. It is a place built on core values: respect, responsibility, connection, empathy, concern for the welfare of others, the abiding satisfaction of hard work done well, and—always, the importance of laughter. For helping me appreciate what these values mean, how they actually live day to day, and how powerful they are as we walk forward and, at times, rebuild, I want to say thank you to Linda, Hannah, Jess, Connie, Gabriel, Tucker, and all the other pilgrims at Volo Farm.

CONTENTS

Acknowledgments	xiii
Introduction	1

Part I: The Corporation

Chapter 1: The Rise of Big Business	27
East and West (May 11, 1869)	34
Chicago Dressed Beef (January 20, 1883)	36
Coca-Cola in History (March 14, 1929)	38
Uncle Sam Now World's Business Man (April 29, 1928)	40
The City Department Store: The Evolution of 75 Years (February 12, 1933)	45
The Great Oil Monopoly (November 19, 1882)	49
Big Business Now Sweeps Retail Trade (July 8, 1928)	51
In Business and Out, Morals Just the Same (February 12, 1905)	56
134 Years of Growth (February 28, 1971)	57
Chapter 2: Wall Street: Its Origins, Influence, and Evolution	59
Exchange That Brought Fame to Buttonwood Tree Will Mark 175th Anniversary (May 7, 1967)	68
Statistics House Thrives on Facts (April 24, 1960)	70
Gould's Eventful Life (December 3, 1892)	72
Ladies as Stock Speculators (February 3, 1880)	76

J.P. Morgan, At Seventy, Believes in Keeping At It (April 14, 1907)	77
The Past Year in Financial History (December 31, 1928)	81
Premier Issues Hard Hit (October 29, 1929)	83
Drastic SEC Curbs Placed on Brokers to Protect Public (November 1, 1938)	84
Michael Milken is Indicted (April 2, 1989)	85
The Benefit of the Doubt (August 23, 1992)	87
With Enron's Fall, Many Dominoes Tremble (December 2, 2001)	89
 Chapter 3: Merger Mania	 91
Quiet But Very Effective (January 22, 1889)	99
Telephone Merger Coming (January 20, 1911)	101
Roosevelt Won't Drop Trust War (August 21, 1907)	102
Trade Board Will Play a New Role in Business (June 14, 1925)	107
What Is To Be Done With the Trusts? (December 5, 1909)	110
Conglomerate Mergers Get Spotlight (July 10, 1968)	112
The Giant Target of Trustbusting '74 (December 1, 1974)	115
The Peril Behind the Takeover Boom (December 29, 1985)	118
RJR Nabisco, An Epilogue (March 12, 1999)	122
A New Test of Antitrust Hard Line (June 7, 1995)	124
The Biggest Media Merger Yet (January 11, 2000)	126
 Chapter 4: Leadership, Past and Present	 129
Carnegie, The Genius of Steel (October 23, 1932)	136
Millionaires of Pittsburg—Twenty Years Ago and Now (June 2, 1907)	139
Standard Oil Men Celebrate Jubilee (January 11, 1920)	142
Lincoln Filene, Merchant, Dead (August 28, 1957)	144
Ray A. Kroc Dies at 81; Built McDonald's Chain (January 15, 1984)	146
Estée Lauder, Pursuer of Beauty and Cosmetics Titan, Dies at 97 (April 26, 2004)	149

The Hot Ticket in Retailing (July 1, 1984)	152
Talking Business with Grove of Intel (December 23, 1980)	155
The Richest Man and How He Grew (and Grew His Company Too) (September 28, 2008)	157
How to Stay a Titan (April 19, 1998)	159
Oprah Winfrey's Odyssey: Talk-Show Host to Mogul (March 12, 1989)	162
'Neutron Jack' Exits (September 9, 2001)	166

Part II: The Changing Nature of Work

Chapter 5: From Farm to Factory	171
The Federation of Labor (December 12, 1886)	181
A Question Often Asked: "How About the Tariff and the Homestead!" (September 30, 1892)	183
Penned in Factories and No Fire Escapes (October 12, 1911)	185
Henry Ford Expounds Mass Production (September 19, 1926)	188
Gives \$10,000,000 to 26,000 Employees (January 6, 1914)	192
Sees Great Danger in New Efficiency (February 27, 1916)	193
Shift from Farm to City, Goes Steadily On (June 15, 1930)	195
Flint Strikes End in G.M.C. Plants (April 4, 1937)	198
Nation's Industry Goes on 40-Hour Work Week (October 20, 1940)	201
A. F. L. and C. I. O. To Unite Today; Discords Arising (December 5, 1955)	203
The New Boss (January 30, 2005)	205
Working, The Habit of a Lifetime (April 12, 1998)	214
Chapter 6: The Fruits of Our Labor	219
The Wonders of Electricity (April 4, 1895)	229
Automobile Topics of Interest (June 22, 1902)	231

Patterns and the Ready-to-Wear (November 7, 1915)	234
How We Spend Our Time (April 24, 1937)	236
Disneyland Gets Its Last Touches (July 9, 1955)	237
Bank Cards Thrive as Some Stores Say No (July 8 1969)	239
The American Diet, Then and Now (July 5, 1978)	241
Tomorrow—"A Video Supermarket" (July 22, 1979)	243
In Nile Huts, TV and Old Values (August 30, 1984)	246
U.N. Says Four Billion Will Be Living in Hunger by 2050 (November 8, 2001)	248
Where Silence Was Golden, Pocket Phones Now Shriek (September 25, 1991)	249
That's Not a Skim Latte. It's a Way of Life (March 21, 1999)	252
Jeremiah Speaks (November 29, 1999)	255
38 Shirts: Probing the Consumer Culture (November 29, 1999)	256
Caught in the Credit Card Vise (September 22, 2003)	257
 Chapter 7: The Changing Workplace	 259
Women Who Work Increase in Numbers and Influence (September 14, 1930)	269
New Southerner: The Middle-Class Negro (August 9, 1959)	272
Rising Trend of Computer Age: Employees Who Work At Home (March 12, 1981)	276
Big Mac Supplants Big Steel as Manufacturing Jobs Lag (May 31, 1982)	280
For the Worker: Changing Times, New Challenges (September 2, 1985)	283
More Women Gaining Entry to Boardrooms (July 22, 1990)	287
Many Will Become Contract Workers (August 14, 1992)	290
On the Battlefields of Business, Millions of Casualties (March 3, 1996)	292
Honey, I Am Not Home (May 11, 1997)	300

Part III: Defining Moments in Technology

Chapter 8: The Transportation Revolution	305
Horses in the Streets (June 16, 1895)	316
Twenty Years of Standard Time (November 15, 1903)	317
The Gasoline Age (June 6, 1924)	319
Automobile As Maker of Better Americans (January 6, 1924)	321
Railroads Seeking More Passengers (November 14, 1926)	325
Says Flight Proves Age of Air is Here (August 25, 1929)	327
Alfred P. Sloan Jr. Dead at 90; G.M. Leader and Philanthropist (February 18, 1966)	330
It's Different In a Jet Airplane (November 2, 1952)	333
Ocean Air Travel Seen at New High (January 26, 1958)	336
Southwest Manages to Keep Its Balance (September 25, 2001)	338
No Clear Way Forward for Airlines (December 6, 2002)	340
Chapter 9: Communications	343
A Rival of Telegraphy (February 7, 1881)	353
Marconi Recounts Birth of Wireless (December 11, 1926)	355
Telephones Across the Sea (January 6, 1927)	357
David Sarnoff Grew Up in Radio's Vast Field (February 23, 1930)	359
N.B.C. Seeks Television License (August 21, 1930)	361
Television Effect on Families Shown (February 5, 1950)	362
Ideas & Trends Continued: The Networks and Advertisers Try to Recapture Our Attention (October 20, 1985)	364
Electronic Computer Flashes Answers, May Speed Engineering (February 15, 1946)	367
Tiny Computer on a Chip Ready for Soaring Sales (February 14, 1977)	369
Big I.B.M.'s Little Computer (August 13, 1981)	371

Apple's Mac Taking On I.B.M. (November 22, 1984)	373
Mapping Out the Wireless-Phone Future (November 12, 1992)	374
A Growing Internet Is Trying to Take Care of Business (December 12, 1993)	378
Plugged-In Nation Goes on Vacations In a New Territory (July 13, 1997)	381
Email You Can't Outrun (September 21, 2000)	384
Apple Introduces What It Calls an Easier to Use Portable Music Player (October 24, 2001)	387
Epilogue	389
Appendix	393
Notes	401
Index	413
About the Author	431

INTRODUCTION

As the twenty-first century opens, business has become one of the most powerful actors on the global stage. Companies touch almost every aspect of our lives, affecting where we live, what we eat, the air we breathe, the places we live in, the work we do, the way we think about and handle our money, the technology many of us have become so reliant on, the entertainment we enjoy (and, at times, bemoan), our sense of social equity, and our perspectives on political and economic possibility. “The chief business of the American people is business,” Calvin Coolidge said in 1925, describing the newfound importance of industry, finance, and commerce on the national scene. More than eighty years later, such significance is no longer novel. Americans from all walks of life think about, interact with, and follow the fate of scores of companies as a matter of course, as part and parcel of their daily routines. Our own business is, indeed, all wrapped up with business. And it is only becoming more so.

The reach and depth of business’s impact show no signs of abating. As the speed of global capitalism accelerates and its impact expands, millions of people are looking to business as a driving force in this new century. We know instinctively that the economic, technological, social, and psychic shifts that inspire, frighten, and exhaust us now, as the Information Revolution gathers steam and creative destruction reshapes global financial markets, are all wrapped up with business. In Beijing, Brussels, Tokyo, New York, and other places, men, women, teenagers—even children—are watching companies with keen interest and holding them up to new standards and practices. After all, these organizations and institutions whose survival has

come increasingly into question in these turbulent times are the entities upon which many have staked their careers, their finances, and their dreams. Throughout the larger crisis now unfolding, we find ourselves tracking business with an ever-more-watchful eye.

We are not the first to feel fascinated with, confused by, or wary of corporations and those who manage them. Americans have been grappling with such issues for more than a century—at least since the 1860s and 1870s, when far-reaching, disruptive innovations such as the telegraph and the railroad laid the foundations for industrialization and modern large-scale business. In these years, the country was a virtual breeding ground for new enterprises, including the *New York Times* at the center of the nation's most dynamic city. It is through this paper's pages, its real-time chronicling of companies, their leaders, and the stage on which they played, that this book takes up the still-unfolding drama of the rise of American business.

The *New York Times* was founded in 1851 as a penny paper that aimed to report the news in an objective fashion, avoiding the sensationalism (and frequently shrill tone) of other contemporary publications. The paper's in-depth reporting of the Civil War (it published the entire text of Abraham Lincoln's Gettysburg address on the front page) and its hard-hitting investigations of corruption within Tammany Hall, New York City's Democratic political machine, distinguished it from competing dailies and helped earn it a loyal, intellectual readership.

Buffeted in the early 1890s by rivals with larger circulations, the *Times* fared poorly. But in 1896, Adolph Ochs of the *Chattanooga Times* bought the floundering paper for \$75,000, resolving to give New Yorkers "the news impartially without fear or favor" (he branded the front page with "All the News That's Fit to Print"). Ochs wagered that if he invested in quality—in his writers and editors, in his equipment, and in other organizational capabilities—profits would follow. Since that time, his successors have followed this path, and today the *Times* remains one of the world's preeminent

newspapers. Recognized for its editorial excellence, timeliness in reporting events as they unfold, and careful analysis of breaking events, it has won a total of ninety-six Pulitzer prizes, more than any other newspaper (in 2001, for example, it won six Pulitzers for its coverage of the September 11, 2001 terrorist attacks). This book draws on such excellence to help us understand the fascinating, important history of American business and what its actors and events mean for our own important tumultuous moment.

The stories we find here are rich stuff: chock-a-block with driven, creative, restless entrepreneurs; technological breakthroughs; financial achievements, crises, and scandals; an exploding number and variety of consumer goods; and countless men and women's efforts to earn a living, care for their families, and claim their places in a shifting economic and social landscape.

In surveying these people and developments during the last 150 years, we can harness *both* the perspective that hindsight affords and the immediacy of firsthand observation and analysis as captured in the pages of the *New York Times*. These two views allow us to consider several broad themes in the sweep of U.S. business history. They also afford us some sense, inevitably selective, of how specific actors and events in this drama appeared to those around them in the midst of their respective moments.

The book is divided into three sections corresponding to three themes: the corporation, American business and the changing nature of work, and defining moments in technology. Taken together, these aspects provide us a kind of wide-angle lens on some—though by no means all—of the most important individuals and events that shaped American business history and that, in turn, did so much to give form to our own time and our possibilities in it. We will discover, for example, that financial crises with far-reaching effects are not new. Before the Federal Reserve was established and government undertook a more active role in managing the economy, the nation was buffeted by a series of financial panics, each of which gave way to a significant economic downturn. The greatest of these