

SANGER BROTHERS—
FORWARD WITH TEXAS SINCE 1857

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Today one of the shining lights of Big "D"—Dynamic Dallas—is Sanger-Harris, a division of Federated Department Stores, Inc. In August, 1965, Sanger's moved from a location which it had occupied in downtown Dallas since 1873, relocating four blocks to the west in what is now the heart of Dallas.

The history of this giant department store, whose sales are in the tens of millions of dollars annually, is intertwined with the growth of Dallas and of Texas. It is the history of a corporation, of business decisions affecting the destiny of the Texas frontier, and a story of the closely knit Sanger brothers. These brothers—pioneers, storekeepers, merchandising executives, philanthropists—lived in and helped to mold the growth of Texas during the critical years from 1857 to 1926. Their combined merchandising leadership, spanning key periods of the nineteenth and twentieth centuries, provides lessons in marketing and management principles for the business executive of today. Their activities as pioneer Texans involved in brushes with Indians, as soldiers of the Confederacy, and as merchants working fourteen-hour days and sleeping in the rear of the store, present a vivid story of men who helped to make America great. We can feel the human side of these men, modern as today with their sideburns, with their challenges, and with their problems. They envisioned their opportunities to grow, to help Texas grow, and to help Dallas grow. They gave generously of their wealth.

After the turn of the century, in 1902, we see the beginning of a management problem which was to plague the great Texas firm for the next quarter century: failure to provide backup top management to assure continuity of leadership. I say for the next quarter century because at the end of that period, in 1926 to be exact, Sanger Brothers, the department store itself, was sold by members of the Sanger family.

Why should the history of this southwestern department store be told? What does it mean—or what can it mean—to the business

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executive of the 1970s? It can provide a series of lessons for the executive of tomorrow. Why must each business generation reexperience the mistakes of its forebears?

Learning from successes and mistakes is as important to managers of merchandising enterprises as it is to individuals in their personal life. It is well recognized, however, that this is an ideal; and ideals cannot always be realized. We have, in the Sanger Brothers' story, the growth of a great retailing company, the failure of its management to learn from its mistakes, its decline from a position of dominance, and its ultimate sale to another mercantile company. We do have a happy ending though; the Sanger-Harris glamorous downtown store and five outstanding suburban stores dominate the Dallas retailing scene, and the Sanger family continues to maintain a position of business, civic, and philanthropic leadership in Texas.

The Sanger brothers were natives of a small German village, Obernbreit, Bavaria. Isaac, the first brother to leave Europe, arrived in New York City in 1852, at which time he was sixteen years old. Two years later Lehman Sanger "took sail on a ship which brought him safely across after a voyage of forty days, landing in New York." Fortunately the boys had been preceded by their mother's brother who lived in New Haven; thus, they had a personal contact in America.¹

Isaac spent more than four years working as an errand boy, sales clerk, and janitor for his uncle. At the end of that period he moved to New York City and secured a job as bookkeeper with Waldheimer and Gossmier, men's clothing manufacturers. Possibly his uncle had been a good customer of the company.

Isaac appears to have received very quickly a good reputation with the manufacturer, and developed a contact with a "Mr. Baum." In 1908, Lehman Sanger in writing about Isaac's activities of a half century previous said:

[Isaac] got a position in New York... where he stayed until about 1858, when his firm assisted him to go to Texas and started in a business in McKinney with a Mr Baum.²

Why did Isaac make the decision to go to the barren Texas frontier? Unfortunately we can only speculate. Perhaps the mysterious Mr. Baum convinced Isaac to go. Or maybe Texas was recommended to Isaac by one of his cousins in New Orleans, a member

¹ Lehman Sanger, Unpublished Biography, 1908, p. 1.

² *Ibid.*

of the Heller family. Or quite possibly Isaac—at the age of twenty-one, unmarried, possessed of adventuresome and independent traits—was tempted like many others by the lure of the frontier; maybe he simply woke up one morning and decided he wanted to go to Texas because it was there.

So, in 1858 or in 1857 (one source indicates the latter year) Isaac arrived in McKinney, Texas, 35 miles north of the tiny town of Dallas. At that time Dallas had a population of about 450 persons³ The merchandise to stock the store moved up from Houston, some 280 miles to the south, arriving in a wagon pulled by oxen. Total transit time from Houston: four weeks. Why McKinney? It was a county seat at the edge of the Texas frontier, a market center for fur trappers and for ranchers who lived further west, and was located in the lush agricultural area of the state's blackland soil. The county was traversed by the Butterfield Stage line which extended from St. Louis to Memphis, Little Rock, Fayetteville, McKinney, Dallas, San Antonio, and thence westward to California.⁴

Shortly after Isaac's arrival in McKinney, he was joined by Lehman⁵ In 1859 Baum and Isaac Sanger observed that a new market was developing further west, so a store was opened at Weatherford, about 50 miles west of Fort Worth and approximately 90 miles southwest of McKinney.⁶ The Sanger brothers apparently believed in "doing their thing" where the customer action was present.

Several other activities existed, too. Quoting from Lehman Sanger's notes, we learn:

At Weatherford they met at first with considerable opposition on account of their [Jewish] religion.

And Morris Lasker, writing of the period, indicated that their one-price policy

aroused against them the enmity of their competitors. . . . In [an] attempt to annoy them, some anonymous person had mailed a New York *Tribune* . . . and upon their receiving this they were charged before a secret tribunal with entertaining abolitionist sentiment. . . .⁷

At this time Philip, who had arrived in America in 1858, was

³ Ellis A. Davis and Edward H. Grobe, *The Encyclopedia of Texas* (Dallas: Texas Development Bureau, n.d.), p. 46.

⁴ *The Dallas Morning News*, September 27, 1936

⁵ L. Sanger, *op. cit.*, p. 4

⁶ F. E. Butterfield and C. M. Roundlett, *Directory of Dallas for the Year 1875* (St. Louis, Mo.: St. Louis Democrat Lithograph and Publishing Co., 1875), p. 48.

⁷ Letter from Morris Lasker, Galveston, Texas, January 1, 1909

in Savannah, Georgia, where he clerked for a cousin, David Heller.⁸

In 1861, the young Sangers faced another problem which is with us today. Their country became involved in a war, and all three boys joined the army of the Confederacy. The Baum and Sanger store was closed for the duration.

At the end of the Civil War, Lehman spotted a location for the re-establishment of a Sanger store. It was at Millican, 85 miles north of Houston, a terminus of the Houston and Texas Central Railroad. Other merchants and purveyors of services also noted the opportunities in Millican; among them was Mrs. Annie Edwards, who operated a saloon next door to the Sanger store.⁹ The marketing research activities of the early-day Sangers may not have been sophisticated, but apparently they were effective.

All of the Sanger brothers became involved in the expansion of the organization. During the years 1865-1872 the Sanger company stayed with its unofficial partner, the Houston and Texas Central Railroad, moving north with it to Dallas. At one time the Sanger brothers had nine stores, several of which were about the size of a modern two-car garage. The brothers practiced certain marketing and management principles as modern as tomorrow. Firm members participated in a share of the profits. Philip, Lehman, Sam, and Alex managed stores, and when there were more stores than there were Sanger brothers, a brother-in-law or a cousin operated the other units.¹⁰ Also, in 1868 the brothers agreed that Isaac should go to New York to open a permanent buying office. Purchasing directly from manufacturers and from importers, he obtained better selections and lower prices. The Sangers continued their original practice of a one-price policy in all of their stores.

In July, 1872, the Sanger brothers opened their first Dallas store. Even then Dallas boosters were talking of the advantages of the city which had a population estimated at between 1,200 and 3,000. The Dallas Chamber of Commerce did not provide the higher estimate since it was not yet in existence; but rather a letter in Sanger-Harris files is the basis for the 1872 estimates.¹¹

⁸ *Ibid.*

⁹ Statement by Mrs. Guy Ward, great-granddaughter of Mrs. Annie Edwards, September 1963.

¹⁰ *A Memorial and Bibliographical History of Dallas County, Texas* (Chicago: Lewis Publishing Company, 1892), p. 820.

¹¹ Unpublished letter from John E. Surratt, Secretary, Kessler Planning Commission, Dallas, Texas, October 21, 1933.

It appears that only one retail store which preceded the Sangers to Dallas still survives, the E. M. Kahn and Company. Its first Dallas store opened about February, 1872, and interestingly enough today its president is Eugene Kahn Sanger and its executive vice-president is Morton Sanger.

Philip and Alex Sanger managed the new Dallas store located at the courthouse square in a part-wood, part-tent structure. The Sangers had great concern for safeguarding their investment, and they must have had quite an assignment every night as they attempted to secure their merchandise. More importantly, we read in Sanger-Harris files of beginning steps of departmental merchandising. A letter from a customer of 1872 states "it was one room with a stepdown to the division dividing womens (sic) articles from mens (sic) wear."¹²

Retail hours were long in those days. Sanger Brothers often remained open until midnight so customers could make their purchases. Both the city of Dallas and Sanger Brothers had a lucky break in 1873. The Panic of 1873 forced the cessation of the construction of the Texas and Pacific Railroad, which was building westward across Texas. For almost three years Dallas remained the western terminus of the railroad. The *City Directory of Dallas for the Year 1875* stated that "the Sanger firm is doing a business annually of about \$750,000."

Alex Sanger was typical of the progressive Dallas businessman. In 1872 he helped to open the Sanger store, was one of the founders of the first Jewish synagogue in Dallas,¹³ was elected an alderman, and served on the Dallas Fire Department. In 1886 he helped organize what is now the Texas State Fair Association, site of the Cotton Bowl. A few years later he helped establish the Dallas Public Library and was a member of its board of trustees.¹⁴

Philip Sanger was the merchandising wizard of the family. He was the brother who devised, maintained, and studied the detailed sales records. It was he who established the mail order department. He was responsible for the advertising program. Although Alex represented the store to the Dallas business and civic community as well as developing and managing the whole-

¹² Unpublished letter in Sanger-Harris files from Mrs. C. A. Bryant, Sr., 3013 Rosedale, Dallas, Texas, n.d.

¹³ *Minute Book*, Hebrew Benevolent Association, Temple Emanu-El, Dallas, Texas, July 1, 1872.

¹⁴ *The Times Herald* (Dallas), August 25, 1929

sale division, the records indicate that the merchandising policies were developed by Philip.¹⁶

Sam managed the Waco store, the only Sanger unit other than the Dallas store in continuous operation after 1873. Isaac continued to head the New York buying office. Due to ill health, Lehman Sanger found it necessary to sell his interest in the firm and retire to other activities.

The first and probably the major crack occurred in the Sanger organization in 1902, when Philip died. Although the second generation of the Sanger family was beginning to take its place in the business, and executives who were not members of the Sanger family were occupying positions of responsibility, Alex apparently felt it mandatory that he, at that time 55 years of age, should assume the additional duties of the general merchandising executive.

In the years following Philip's death it became increasingly apparent that his merchandising-management talent had been the key element in the success of the Dallas store, and thus the backbone of the company as a whole. It cannot be explained adequately why Philip, and for that matter all of the brothers, overlooked a basic weakness in the organization: lack of depth in management. Mysteriously, none of the younger Sanger generation was pushed to accept responsibility in positions which would equip any of them with top management skills.

The Dallas store moved forward under its own momentum for about five years, or until about 1907-1908, following the plans which had been developed by Philip. It would seem that Alex should have withdrawn somewhat from his civic and charitable activities to devote time to directing the store's affairs; instead, the opposite appears to have been the case. He intensified his civic interests and grew increasingly magnanimous. The dynamic growth of Dallas, from a population of 43,000 in 1900 to 92,000 in 1910, helped the store muddle through despite a lack of inspired merchandising leadership.

In 1914 Sanger Brothers, along with the total United States economy, was adversely affected by the outbreak of World War I. The Dallas commercial structure was especially hard hit due to the sharp decline in the price of cotton. Sanger Brothers was caught in a severe financial bind because of three things: heavy building expenditures during the years 1900-1910, a less firm

¹⁶ Memorandum in Sanger-Harris files by Fitzhugh I Hawkes, member, Board of Directors, Sanger Brothers, n.d., *cir.* 1920.

control of operating dollar expenses, and a crisis in its wholesale division, occasioned by the inability of numerous customers to pay their accounts.

By the middle of 1915, however, business confidence resumed, and the Dallas economy moved rapidly ahead. Sanger Brothers was given a reprieve. Unfortunately, the firm failed to profit from its experiences: no young, dynamic executives were developed, the wholesale business continued to operate, expenses remained high, the generosity of Alex was unchecked, and the fate of the Dallas economy continued to be closely allied with that of King Cotton. In January, 1918, Isaac died in New York, at the age of 81; in December, 1918, Sam died in Waco, at the age of 75. In August, 1920, a postwar depression hit Sanger brothers, a little earlier than the decline which affected most of the country in November, 1920. The price of cotton dropped abruptly and many of Sangers' wholesale customers again were unable to meet their bills. Nevertheless, Alex refused to cancel his outstanding orders, which he apparently considered himself honor bound to maintain; he refused to discontinue dividends even though it meant paying them out of the firm's capital; and he would not retrench on civic contributions. Further, he did not effect substantial reductions in personnel to improve employee productivity.¹⁶ Because of its numerous financial contacts, however, the firm managed to continue in business.¹⁷

In September, 1925, Alex died in Dallas. Four days after his death, Clarence Linz, a son-in-law of the deceased Philip, was elected president. In August, 1926, the firm was sold to Stifel, Nicholas & Co., of St. Louis, Missouri.¹⁸ Thus after 70 years of serving customers throughout Texas the long and impressive history of Sanger Brothers under the direction of Sanger family members came to an end.

A postscript: Control of Sanger Brothers, Inc. was successively transferred from Stifel, Nicholas & Co., to Chester L. Jones Stores, to E. P. Simmons, president and major stockholder, and on September 1, 1951, to Federated Department Stores, Inc. In 1961 Sanger Brothers acquired the A. Harris & Company store and was given the division name of Sanger-Harris. In 1968 Sanger-Harris did a sales volume estimated at between sixty-five and seventy million dollars.¹⁹

¹⁶ Minutes of Sanger Investment Co., December, 1918 to June, 1922, vol. 1, pp. 181, 191, 241, 245

¹⁷ Balance Sheet Audit, Ernst & Ernst, Sanger Brothers, Inc., December 31, 1925, p. 5.

¹⁸ Minutes of Sanger Investment Co., February 10, 1926-December 28, 1928, vol. III, pp. 49, 53, 63.

¹⁹ *Women's Wear Daily*, December 31, 1968