Small Business, Family Firms, and Batch Production: Three Axes for Development in American Business History

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"All history is influenced to some extent by the present and projections of the future. This fact helps explain why each generation writes its history anew" [25, p. 9]. What follows is in large measure a meditation on the relation between this observation by Steven Vaughn and crosscurrents in business history. Perhaps we do not yet fully grasp the dynamics of huge throughput enterprises; perhaps the publication of Alfred Chandler's massive *Scale and Scope* has not placed a capstone on a generation of research into the great modern business enterprises. It is too soon to tell. Yet recent initiatives outside the terrain of managerial hierarchies suggest that a great deal of rarely tilled and plausibly fertile ground lies waiting for our plows. Unless drawing on present concerns as a stimulus to historical investigations be deemed ignoble, these speculations may be of value in suggesting the possibilities that inhere in going over the wall to pick our way through adjacent fields.

Small business is hot these days. Economists, urban geographers, and the far-from-disinterested Small Business Administration all testify to the durable place of small firms in the business system and their proclivity for generating jobs. Historically they have been treated as a residual, especially insofar as our studies have centered on manufacturing. Pity the sectors where consolidation proved infeasible due to low entry costs, technical obstacles, or other factors. Now, as the dull thuds of diseconomies of scale are heard on all sides, as Silicon Valley upstarts and financial services boutiques are hymned, the question of the long-term significance of small business is reopened, not as a base-point for growing big, but as a persistent element in the structure of economic activity. Fortunately, Mansel Blackford has authored an overview of the literature that will help us pose new and reframe old questions [3].

We have no such good fortune when family firms are brought to the fore. Almost twenty years ago the influential Harry Levinson regarded them as rife with pathologies, necessitating a shift "to professional management as quickly as possible" [9, p. 140]. Yet a recent study claimed that such companies generate over half of U.S. GNP and nearly as much employment [5, p. 23]. Wayne Broehl, in this association's Presidential Address two years ago, spoke forcefully of the family firm's magnetism, significance, and

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difficulties, and of its potential for international comparison, but left to others the duplication of Blackford's effort [4]. Who will take up Broehl's gauntlet?

As for batch, or perhaps better, flexible production, the last decade has provided ample evidence of the rising value of versatility, the resurgence of differentiated demand, the creation of what Michael Best terms the "new competition," focused on diversity and "time-compression" amid global competition [2, p. 21]. If the "rigidities" of mass production systems no longer reliably deliver great chunks of profit (still an open question), did the new flexibility spring from the forehead of Zeus? What is the history of batch and specialty manufacturing and how might it be linked to the emergence of mass production, much less the current vogue for flexibility? This too merits inquiry, for as I have argued elsewhere (this being my special concern), making many different things involves quite different management, marketing, labor, and technological practices from those implicit in standardization and the achievement of throughput economies [17]. Each of these realms for future research calls business historians to step outside the Chandler motifs, outside the teleologies of triumphal managerialism, and, with some exceptions, outside the format of the company history.

Still, each of these venues presents hazards along with potential benefits. At a minimum, the three are not one form disguised. Small business refers only to scale, however measured. The family business is, in short, a format for organization and may be prosecuted at all scales and in routinized or flexible production systems. Flexibility can be achieved by tiny custom works and in great shipyards, managed through personalism or a version of bureaucracy (witness Nissan or Bethlehem Steel). We have here three venues for inquiry, desperately short of tested conceptualizations, and yet intricately meshed within the workings of the business system. Assessing the advantages and drawbacks of each line of potential research seems a reasonable first step. Given that my earlier work has intersected with all three forms [18, 19] and that I have chosen to embark on a project devoted to batch and specialty industry during the second industrial revolution, the ensuing remarks derive from my peculiar reflections and are a long stretch from being prescriptive. For those familiar with my monographs, they will also be uncharacteristically brief.

There are at least a half dozen reasons why studies in the history of small business could be provocative and beneficial. Most obviously, they would stress entrepreneurship. There is much to discover about the people who started and operated such enterprises, their resources, backgrounds, and strategies for sustaining firms. For example, in the WPA surveys of displaced Philadelphia textile workers, a modest proportion of the several hundred male weavers interviewed in 1936-37 reported having opened auto repair shops, restaurants, or retail stores, a response to industrial restructuring that bears closer examination [28]. Here, as in immigrant and ethnic communities, small business could serve as a pathway out of factory labor, but as yet we have only scattered studies, chiefly of the garment trades, to document this phenomenon and its many pitfalls. Attention to small business can heighten our understanding of the economy's construction and service sectors, which outside of finance and insurance, remain great areas of silence in business history.

Before the Great Depression, Philadelphia had over 2,000 tiny neighborhood building and loan associations, many plainly linked to ethnic groups and undergirding local construction. Their activities, dating back through the 1870s, call for closer scrutiny [7].

Inquiry into small business also connects readily with analysis of "niche" economies, those specialized functions which for spatial, cultural, or technical reasons continue to thrive even as business consolidation proceeds elsewhere. It allows a closer look at the "periphery" in core and periphery relations, which outside the Japanese case, have been generally slighted. (Though we do have interesting work on dual labor markets, the firms remain opaque.) In both cases, empirical work will aid clearer conceptual specification and the assessment of change in niches and the creation of peripheries. Again with Best, Storper and Harrison [2, 23], local or regional research on small business sectors may reinvigorate our appreciation for the forms and methods of "governance" through trade associations and related business collectivities, deepening our understanding of private and public regulation. Finally, as noted earlier, historical work on small business may illuminate the background to present claims about new job generation [24] and in manufacturing offer perspectives on technological incrementalism that move beyond the constraints of product cycle theory [16, pp. 203-11].

Still, the study of small business will encounter substantial problems. What gets counted as "small" is historically and sectorally variable, and the tools for identification are not instantly obvious (employment, assets, sales?). Single case studies will hardly have the "reach" in retailing or the jewelry trade that they have in steel or automobiles. Sectoral studies will have to confront those firms that start but do not remain small, while seeking the means to locate histories of dry cleaning or metal foundries in some larger conceptual framework (entry barriers or ethnically differentiated propensities toward entrepreneurship?) [26]. Most broadly, using scale terms to define boundaries of study may obscure processes of change fully as much as assuming that progress is signalled by the transition to large enterprises. Given the heterogeneity among large firms which Levy-Leboyer has recently stressed [10], what do we expect reliably to co-vary with smallness? Are there interesting conceptual implications to being small, and if so, how to both relate them to and differentiate them from the characteristics of the leading managerial institutions?

Family firms exercise a different imagination. They are significant to the activity both of the Wharton School's entrepreneurship unit and the Philadelphia Folklore Project, which has researched ethnic family business among Italians, Koreans, and Latinos, and are the focal point for a session at this conference. To an unspecifiable degree they overlap with small businesses ("mom and pop stores"), but can as well be quite large (the Bromley and Dobson textile firms in Philadelphia), shading to immense (Prof. Broehl's Cargill) [18, 4]. They are fascinating in part because of their rich humanizing dynamics, the insights they may offer into generational transitions and gender relations (the strategic marriage, or as one colleague put it, the capitalization of daughters). They can be exemplars of Peters and Waterman's criteria for "excellence" (lean managements, close to their clients,

hands-on and value-driven, etc.), making for dramatic contrasts with rule-bound corporate bureaucracies [12]. They open our eyes to the non-economic dimensions of business behavior, casting in high relief the psychodynamics of hierarchical firms' "invisible bureaucracies" [1]. Family firms draw us away from balance sheets and organization charts toward the thickets of culture, intimacy, and loyalty. They offer different constructions of "efficiency" and "success," examples of mentoring and bitter inside conflict among kin, parables of patriarchy, and strategies for survival. In short, they are dramatic; add a proscenium and stir.

As yet, however, the study of family business is conceptually incoherent. Other than a limited, if provocative, monograph on an Italian-American organized crime family, authored by a social anthropologist [6], I have encountered no serious attempt to theorize, much less define the family firm. Are all sole proprietorships included, or only those that demand labor by kin? What of partnerships? Does a second generation have to be involved for a firm to qualify? What links Cargill to the self-exploiting husband and wife team running a Packingtown grocery on Chicago's South Side? Moreover, at least from my work on textile companies, the very personalism that distinguishes family firms is itself so diverse in its realizations in practice that few broad hypotheses can be drawn for the class as a whole, even if defined hardline as two-generation persisters. Some durable family companies fulfilled the "excellence" ideals, being great beehives of cooperation and spirited productivity. Others were nests of vipers, yet made products, hired workers, sold their goods ably, and expanded apace. Were sources adequate, perhaps such variations could be tied to religion, ethnicity, or intra-family processes, but it would be a rare moment when such comprehensive information could be secured for more than a meager fraction of any sector's family enterprises at any time. Worse, even were the category given satisfactory boundaries, no universal reference segregates family enterprise from whatever we might decide was non-family, remembering that family control may well accompany managerialism in complex firms. Do family firms market or choose technologies differently from companies where the separation of ownership and control is complete? Certainly they might secure financing or manage labor relations differently, but there are variations among managerial capitalists as well (e.g., Patterson's National Cash Register vs. Colorado Fuel and Iron). Family firms, on one count, are supposed to take the long-term view, managing and investing for succession, and on another count, are charged with extracting profits to support kin, enfeebling firms and inducing ruin, as with Disston Saw [22]. Both are fair enough observations and the implicit contradiction may be more apparent than substantive, yet how can these practices be differentiated from those of long-term committed, or interest and dividend hamstrung managerialists with clarity sufficient to make the effort worthwhile? Broehl's caution in his 1989 address must be taken seriously. Family firms, in part due to their conservation of records when they survive through generations, will continue to offer venues for riveting company histories, but collectively the barriers to the family firm becoming a useful category for analysis are nowhere near to being overcome.

Were I handicapping an imagined claiming race among the three contenders for the "After Chandler Stakes," my commentary would read thus: Small Business - "an outsider, needs riding with a firm hand, bogs down in a conceptually muddy track"; Family Firm - "flashes of brilliance, but a non-starter at this level of competition"; Batch Flexible - "best bet, but may falter in the stretch." Plainly, Batch Flexible is the dark horse in the field, out of Craft Residue and Second Industrial Revolution, but needing a more detailed background than its fellows. What, after all, is batch production and how is it connected to flexibility? Why should it be an object of our attention? Why might it be a "best bet," and wherein may lie its potential for faltering?

From the 1880s, participants in and observers of American manufacturing recognized that there were two broad "classes" of industry: those devoted to large output of standard goods and those oriented to creating diverse items in far smaller quantities, at the limit, the goods being custom-made. The first class metamorphosed into throughput segments of the production system, and became identified as the leading edge of modernism: capital-intensive, elaborately integrated, often oligopolistic, the very models of the modern business enterprise. Lauded, copied, and much-studied, such firms and sectors represent the "core," the "primary" labor markets, and the centerpieces of Chandler's historical analyses. They routinized production and standardized products, mobilized demand, and stabilized or negated price competition, making it possible to offer fairly stable employment, satisfying dividends, and ample room for the development and exercise of managerial expertise. The residual, the mass of firms for which these achievements were either impossible or not desired, has been left in the shadows. A few of them, like machine tools, were granted honorific status as contributors to the development of mass production; but others were simply losers, the uninterrogated laggards in textiles, leather, furniture, and similar feeble trades. It is my sense that here an opportunity to appreciate the complexity of business contexts was missed through an exclusivist dismissal rather than an inclusive encounter with trade environments that were different rather than deficient. My argument for a focus on batch producers arises from this concern for complexity, inclusiveness, and relative historiographical silence.

Many firms incapable of achieving throughput were not flexible batch producers but makers of staple or bulk goods who lacked technical and organizational means to achieve flow, scale, and market control (as in work clothing, dimensional lumber, or print cloths). Batch flexibility focused on organizational capacities for product diversity, entailing: 1) the employment of versatile technologies (from the jacquard loom to foundry casting practices); 2) making to order rather than for inventory (common from turbines and locomotives to jewelry); 3) dependence on skilled labor; and 4) the ability quickly to shift outputs. Profitability stemmed from price-setting while cultivating the perception of non-substitutability, rather than oligopolistic competition or market-clearing. It not infrequently was the production format that supported the creation of Marshallian industrial districts [11, Vol 1, pp. 271-73] and the locus for three dimensions of Best's "new competition": rivalry "on the basis of product, process and response times," "consultative-cooperative" coordination "amongst mutually interdependent firms," and

"sectoral institutions" for trade governance [2, pp. 14-18], though I do sense that the "new competition" is a recombinant version of classic relations among networks of batch specialists.

Specifying flexible producers as a subject for research has several distinctive benefits. In its concern for organization and technical practice, it parallels studies in the Chandler tradition, while inviting closer attention to some very large non-throughput firms which appear in his rosters of the top 200. Worthington Pump, Otis Elevators, New York Ship, and Midvale Steel made custom and batch specialties. How did their operations differ from those of Ford or Alcoa? Other great firms (GE, Westinghouse, Allis Chalmers, U.S. and Bethlehem Steel) combined volume output and specialties, spanning entire fields. Systematic attention to how they managed the separate production, design, and marketing requirements of repetition versus custom and batch work should enrich our appreciation of the achievements and missteps among these great "bridge" firms. Further, exploring batch operations will lead us toward sectors long dormant in business history: furniture, printing, non-ferrous fabrication, the jewelry, traction equipment, and foundry trades, among others. It will expose points of complementarity between standardization and diversity (Mesta Machine providing great ore-crushers to tonnage steel works whose standard steels made casting in jobbing foundries more effective), as well as patterns of antagonism (oligopolistic pricing of intermediate metals hazarding independent fabricators to the advantage of captive metal products divisions). It permits analysis of the varied trajectories of flexible trades and sub-sectors, using traditional concepts (relative ease of entry) and novel notions (interfirm networks and governance). In sum, it may build outward from the modern business enterprise, making possible a more integrated understanding of the industrialization process in the U.S., setting out a richer context for international comparisons and the analysis of this nation's serial industrial restructurings since the First World War.

If batch production is regarded as one among a number of approaches to doing business, being a format repeatedly discussed by owners, managers, and workers [6, 14, 20], a range of historical questions about its advance, recession, and recent rediscovery and reformulation can rapidly be framed. However, it is perhaps wise to indicate some of the hazards that lie along this "axis" of investigation. As with small and family business, defining batch flexibility rigorously is probably impossible. Like Peters and Waterman's eight keys to excellence, it signals a battery of practices that will be empirically discovered in multiple, differing combinations. This conceptual elusiveness implies that attempts to theorize the batch firm will involve successive approximations based on empirical research on institutions, sectors, and regions. It is possible that the diversity of initiatives, relations, and outcomes will frustrate formalization, yielding descriptions of difference that elude synthesis, as has plagued community studies in the "new" social and labor history. Even so, this variability should ameliorate the problem of dichotomization, the shift from discussing "one best way" to positing two antagonistic alternatives for which Piore, Sabel and Zeitlin have been scored [13, 15, 27]. The risk of idealizing flexibility and of homogenizing sectors in

which it is prevalent must also be stressed and countered by focusing on the format's downsides and differentiations. Finally, given its explicit relationship to Chandler's framework, this line of research is self-limiting, being far more germane to manufacturing than to services, the study of which may be more hampered than advantaged by drawing on production-based concepts [but see 16, pp. 26-27].

Business history hardly has a shortage of vital research vectors at present, to be sure. Invigorating research on mass marketing, government-business interactions, and multinationals, to mention but three clusters, has highlighted the last decade's record of publication. The perspectives offered here will not likely be appealing to those travelling along these broad disciplinary boulevards. They represent tortuous paths, rock-strewn and crowded round with snares, tracks rarely traversed that possess a peculiar magnetism and offer the chance for unexpected vistas. Small business will perhaps draw those intrigued by doing "history from the bottom up," family business, others attuned to personalism, and psycho- or organizational dynamics. Batch flexibility may waft a post-structuralist bouquet, replete with difference, diversity, silences, and the implicit critique of master narratives. Each affords opportunities to extend the scope of business history and link it more fully with its sister disciplines, along with the likelihood of stubbed toes and pratfalls into the brush. I hope to see some of you along the trail, carrying bundles of fresh ideas to share over bourbon and band-aids in the bush.

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