

The Administration of Big Business

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Published in the Pittsburgh Courier over two editions

Transcribed by Tom Galvin, Talking About Organizations Podcast

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The administration of big business among Negroes is perhaps the most interesting development in race today. The race is scarcely out of the wilderness of economic inefficiency, but is cutting a sure path in the right direction. Those pioneers who blazed the trail and kindled the torch by which the way was lighted are rapidly passing. John Merrick, Frank L. Gillespie, Madam Walker, A. M. Moore, J. E. Bush, W. W. Cox, A. F. Herndon, and many other who have left their impress upon business organizations are today beyond the active sphere of this life. They have bequeathed substantial organizations which are being preserved and which will continue for years to come to add to the economic enrichment of the race.

There are various groups of officials who formerly surrounded these and who were trained by them against the contingency of death. Young men and women have been brought into the organizations handed down, many of whom bring to their respective units a larger intelligence. This army of executives is advancing toward the frontier of civilization; sometimes in irregular formation, sometimes in slow retreat, but nevertheless always retrieving, gaining, advancing.

Perhaps the greatest misconception about the administration of big business lies in the common belief of the average man that the large business unit is easily managed and runs with a minimum of work on the part of the executive. This misconception is second only to that which gets hold of individual and groups and leads to the idea that they can shove off over night and soar to great heights in one flight. Nothing is further from the truth. The average man in business works for himself and is responsible only to himself. If he fails, he many begin all over again in a new place without disadvantage to himself and without great hurt to others. He may close his doors to go fishing or to a baseball game whenever he chooses and in general he may do as he pleases. The big business executive is worse off than the so-called wage slave. Upon his shoulders rests a responsibility as great as that of the mayor of a great city. Not only does he preside over the destiny of a number of families, not only is he called upon for long tiresome hours of work, but when business is closed and the employees have gone their several ways, far, far into the night he must labor—thinking, planning originating, to keep ahead of the multitude. Then, too, constant inroads are made upon his time, energy, and means. Although he protects his

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employees from interruption he must satisfy every complaint, receive every visitor, listen to every plea and contribute to every cause believed to be worthy.

I want to nail down emphatically the two misconceptions referred to above. Big business grows out of small business in a natural evolution, with the application of hard, earnest work, integrity and honesty of purpose, just as any other great thing grows from small beginnings. There are no examples of persons who have risen to power and influence who have not labored unselfishly for years when they were obscure and unknown. It is the rule and not the exception that those who arrive at the top began at the bottom and have trudged along over rough ways. It is often amusing that Mr. A or Mr. B, having laid aside several thousands of dollars, or being able to assemble a substantial amount of money, immediately launches a new corporation in the business field, which he modestly agrees to lead as president, simply because he holds the purse strings. Often enthusiasm is mistaken for knowledge and dogmatism for judgment. Pretty soon nothing remains but a dizzy trail ending in heartaches and squandered means. There is no royal road to success in business and those who arrive must arrive by dint of hard service, patience and honesty.

If I were asked to name the one fundamental necessity in the administration of big business I would answer immediately that a thorough-going co-operation is essential on the part of the executives in the development of big business. What I mean by co-operation is: a complete unity in matters of policy and a thorough knowledge of all of the details of management in the various departments. Too often boards of directions or boards in name only—the members know nothing of the intimate operations of the concern. They are rudely awaked when disaster comes and realize too late that their liabilities are increased and they are held personally responsible for transactions of which they have no knowledge, but which they are required to know about.

Too often, also, executives are jealous of each other and their differences of opinion and temperament are not harmonized. I have visited several times executives of organizations and found the president at odds with the secretary and treasurer in serious disagreement with both. In such cases it was easy to predict an impasse in which one officer would checkmate the other, to the general detriment of the organization. Not only should executives confer daily with each other, disclosing all the facts and circumstances attendant upon their operations, but they ought to keep constant check upon the activities and liabilities of their associates. No member of an organization ought to become an officer of another organization without the consent of his associates. No member of an organization who is himself a bonded officer should load himself with liabilities of any kind without the advice of his associates. He ought not to sign or endorse notes, lend money or engage in other risky operations through which he may be forced into insolvency. In other words, the executives of an organization are a family and that family should be as well organized and as well protected as any natural family in the community.

In the realm of big business the next fundamental requisite is that the work of the organization be correlated in the several departments. There must always be some responsible executive who must pass upon every issue that is fundamental; he must be the final authority from whom there is no appeal except to the entire group in conference. I have seen offensives directed against officers of a corporation by outside persons seeking particular ends, whom they sought to isolate from their associates in order to obtain the end desired. This procedure reminds me of a boarding school in which each club of students rushes to some faculty member whose willing ear makes him an instrument to defeat the college morale. This sort of condition may be expected to obtain wherever there is a lack of correlation in the operations of the concern.

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A third fundamental in the administration of big business is a systematic dispatch of the business of the corporation. Large scale business is operated on the principle of the division of labor. Departmental divisions function separately under the direction of experts who may or may not be executive officers. Frequently one matter pertains to several departments and it is necessary for a file to travel through these several departments. Such matters are easily lost in transit if there is not an adequate system of reference and return. The majority of Negro corporations do not answer their mail promptly, seldom furnish information requested and frequently fail to expedite the business in hand. In the effort to expand corporate activities some organizations have decreased in expediting their business with every increase of territory. This is in part due to the fact that the average office force cannot expand quickly, and absorb new business with speed and precision. Another reason which contributes to delay is a lack of responsible departmental heads who function without express instructions.

The greatest drawback, however, in the administration of big business is the lack of manpower. First and foremost success in business depends upon adequate man power. Our schools are turning out only partially trained young people with no business experience whatever, and while many of them are good technicians they are for the most part helpless in their new jobs because there is little correlation between the classroom and the business office. There is not in America today a solitary business college operated by Negroes which utilizes our business organizations as laboratories for its students. Business colleges ought to be operated in centers of Negro business where practical business men could lecture and instruct the faculties who are endeavoring to train the business men of the future.

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One of the marvels of Negro business is that the corporations have various fields, guiding them in their new endeavors. As a rule, men of experience who are recruited from other fields are either run down at the heels or lack capacity and adaptation.

In almost any given group of workers a few men are considerably overworked, while the rank and file are stolid and phlegmatic. Origination and initiative are not found in the average employee and there is seldom any serious attempt on the part of employees to render themselves more valuable by concentration and study after hours of employment.

Some organizations are crippled at the outset because of errors in organization methods. The most notable of these is a lack of capital. Initial capital must not only be sufficient to commence operations, but must be sustaining over a given period which, in the experience of similar enterprises, is essential to the promotion. I have observed a cigar factory which would now be a flourishing concern, die for lack of sufficient capital to purchase cigar boxes, tin container and revenue stamps, after it had invested heavily in raw materials. I have observed a canning factory organized the source of raw materials which could not garner an amount sufficient to discharge the overhead and shipping costs. Even large scale corporations frequently dissipate their surplus earnings in hurried dividends instead of re-investing the surplus for the extension of the business.

Another common error in organization methods is a lack of knowledge of the needs and resources of the territory. I have observed building and loan associations wither and die because the Negro population had no pay roll to support them. I have observed attempts to organize banks in cities where Negroes were not even operating moving picture houses. Frequently it happens that as soon as one person or group appears successful in a given line another person or group organizes a new enterprise in the same line without ascertaining the advisability of such a move, as reflected in the needs and resources of the community.

When it comes to advertising a large number of our organizations are depriving themselves of the most effective means of propagation. In traveling about the country, I have noted a large number of enterprises engaged in the manufacture of a variety of products. Very few of these have an annual appropriation for advertisement. In fact, the average small businessman believes he is throwing away money to his local community. He therefore discards the approved method of expansion. The Madam C. J. Walker Company, Poro College, and the North Carolina Mutual Insurance Company are notable examples of the value and necessity of letting the world know what you have to sell.

The future for Negro business gives every promise to the businessman and every hope to the youth who are breaking away from the traditional professions. There are those who from time to time ordain themselves as critics of Negro business

and who offer advice and counsel to business men. These critics always forget to show a credulous public the institutions they have built. Practical business men welcome advice and counsel from other practical business men of larger experience and real substance.

The chief problem of big business is the problem of contact. The problem of contact is the chief problem of human intercourse. Personal contact, business contact, if not properly directed and if not based on mutual goodwill and intelligence derived from a common sense education, will develop personal conflict and business conflict instead of personal co-operation and business co-operation.