
Contents

INTRODUCTION: The Visible Hand 1

- Modern Business Enterprise Defined 1
- Some General Propositions 6

PART I The Traditional Processes of Production and Distribution 13

- 1 The Traditional Enterprise in Commerce 15
 - Institutional Specialization and Market Coordination 15
 - The General Merchant of the Colonial World 17
 - Specialization in Commerce 19
 - Specialization in Finance and Transportation 28
 - Managing the Specialized Enterprise in Commerce 36
 - Managing the Specialized Enterprise in Finance and Transportation 40
 - Technological Limits to Institutional Change in Commerce 48

- 2 The Traditional Enterprise in Production 50
 - Technological Limits to Institutional Change in Production 50
 - The Expansion of Prefactory Production, 1790–1840 51
 - Managing Traditional Production 62
 - The Plantation—an Ancient Form of Large-Scale Production 64
 - The Integrated Textile Mill—a New Form of Large-Scale Production 67

	The Springfield Armory—Another Prototype of the Modern Factory	72
	Lifting Technological Constraints	75

PART II The Revolution in Transportation and Communication 79

3	The Railroads: The First Modern Business Enterprises, 1850s–1860s	81
	Innovation in Technology and Organization	81
	The Impact of the Railroads on Construction and Finance	89
	Structural Innovation	94
	Accounting and Statistical Innovation	109
	Organizational Innovation Evaluated	120
4	Railroad Cooperation and Competition, 1870s–1880s	122
	New Patterns of Interfirm Relationships	122
	Cooperation to Expand Through Traffic	124
	Cooperation to Control Competition	133
	The Great Cartels	137
	The Managerial Role	143
5	System-Building, 1880s–1900s	145
	Top Management Decision Making	145
	Building the First Systems	148
	System-Building in the 1880s	159
	Reorganization and Rationalization in the 1890s	171
	Structures for the New Systems	175
	The Bureaucratization of Railroad Administration	185
6	Completing the Infrastructure	188
	Other Transportation and Communication Enterprises	188
	Transportation: Steamship Lines and Urban Traction Systems	189
	Communication: The Postal Service, Telegraph, and Telephone	195
	The Organizational Response	203

*PART III The Revolution in Distribution
and Production 207*

- 7 Mass Distribution 209
 The Basic Transformation 209
 The Modern Commodity Dealer 209
 The Wholesale Jobber 215
 The Mass Retailer 224
 The Department Store 225
 The Mail-Order House 230
 The Chain Store 233
 The Economies of Speed 235
- 8 Mass Production 240
 The Basic Transformation 240
 Expansion of the Factory System 244
 The Mechanical Industries 249
 The Refining and Distilling Industries 253
 The Metal-Making Industries 258
 The Metal-Working Industries 269
 The Beginnings of Scientific Management 272
 The Economies of Speed 281

*PART IV The Integration of Mass Production
with Mass Distribution 285*

- 9 The Coming of the Modern Industrial Corporation 287
 Reasons for Integration 287
 Integration by Users of Continuous-Process Technology 289
 Integration by Processors of Perishable Products 299
 Integration by Machinery Makers Requiring Specialized
 Marketing Services 302
 The Followers 312

- 10 **Integration by the Way of Merger** 315
 Combination and Consolidation 315
 The Mergers of the 1880s 320
 Mergers, 1890-1903 331
 The Success and Failure of Mergers 337
- 11 **Integration Completed** 345
 An Overview: 1900-1917 345
 Growth by Vertical Integration—a Description 348
 Food and Tobacco 348
 Oil and Rubber 350
 Chemicals, Paper, and Glass 353
 The Metal Fabricators 356
 The Machinery Makers 357
 Primary Metals 359
 Growth by Vertical Integration—an Analysis 363
 The Importance of the Market 364
 Integration and Concentration 365
 The Rise of Multinational Enterprise 368
 Integration and the Structure of the American Economy 370
 Determinants of Size and Concentration 372

*PART V The Management and Growth
of Modern Industrial Enterprise 377*

- 12 **Middle Management: Function and Structure** 381
 The Entrepreneurial Enterprise 381
 American Tobacco: Managing Mass Production and Distribution
 of Packaged Products 382
 Armour: Managing the Production and Distribution of Perishable
 Products 391
 Singer and McCormick: Making and Marketing Machinery 402
 The Beginnings of Middle Management in American Industry 411
- 13 **Top Management: Function and Structure** 415
 The Managerial Enterprise 415

	Standard Oil Trust	418
	General Electric Company	426
	United States Rubber Company	433
	E. I. Du Pont de Nemours Powder Company	438
	The Growing Supremacy of Managerial Enterprise	450
14	The Maturing of Modern Business Enterprise	455
	Perfecting the Structure	456
	The Professionalization of Management	464
	Growth of Modern Business Enterprise Between the Wars	469
	Modern Business Enterprise Since 1941	476
	The Dominance of Modern Business Enterprise	482
	 <i>CONCLUSION: The Managerial Revolution in American Business</i>	 484
	General Patterns of Institutional Growth	484
	The Ascendancy of the Manager	490
	The United States: Seed-Bed of Managerial Capitalism	498
	 Appendixes	 503
	Notes	515
	Index	587