

CHAPTER 7

A Tale of Two Shops



The Daily Mail of 29 April 1920, showing John Lewis workers leaving a meeting at Mortimer Hall after voting to continue their strike. Their employer, the Mail reported, was 'continuing his attitude of determined resistance'.

As a shop Peter Jones was an unqualified success. But Profit is one thing, Finance another. In this I had a terrible time. As I look back, I still marvel that we got through.

SPEDAN LEWIS, IN PARTNERSHIP FOR ALL, 1948

Difficult man, John Lewis. Very difficult. Not like that stone there, which is Portland stone and wears away in our London fog. He's like that over there, Aberdeen granite. Horses' hooves won't wear that away.

JOHN BURNS, THE FORMER LIBERAL CABINET MINISTER
AND ANTI-WAR CAMPAIGNER, SPEAKING DURING THE STRIKE
AT JOHN LEWIS IN 1920, QUOTED IN PHILIP HOFFMAN'S
THEY ALSO SERVE, 1948

No sooner had Spedan begun his profit sharing scheme at Peter Jones in early 1920 than trading turned sour. The post-war boom went into reverse. Retailers found themselves with a level of stock suited to a fast turnover, but it wasn't turning. The sharper of Peter Jones's competitors introduced deep price cuts across the board and cancelled outstanding orders. Spedan, normally so far-sighted, did nothing and paid the penalty. He'd suffered a relapse and was very ill. Then at just the wrong moment the cabinet (of a Liberal-Conservative coalition government) twisted his arm to let them take away his new finance director. He'd recruited Percival Waterfield from the upper echelons of the civil service, but he was wanted for the tortuous Irish independence negotiations, work for which he was later knighted.

Spedan's remaining subordinates were perhaps slow off the mark, but he cannot escape blame. His general manager was his cousin Murray Lewis, grandson of John Lewis's uncle William. Robert Bichan called Murray a 'very pleasant and likeable gentleman', but 'a complete square peg in a round hole – he lacked authority and was slow in making decisions.' Perhaps he dithered and failed to keep Spedan posted, a salutary failure of communication *within* management when Spedan was desperately trying to improve it *between* management and the shop floor. Another lesson for Spedan was that, doubtless out of family loyalty, he kept his cousin on far too long. That's a mistake he would make occasionally again. Spedan summed up his naivety in 1920 years later, with his usual frankness. He'd thought everything was going swimmingly:

The workers in Peter Jones constantly heard the choiceness of their stock, the moderation of the prices and the extreme absence of any sort of trickery, praised warmly by customers ... and at the same time there was exhilaration at the rapid growth of the business ... There was the separate interest and pleasant excitement of the successive innovations that were steadily bringing the real Partnership into being.

But:

All my notions of management had been formed in a business in which there was constantly a great superfluity of ready money. Half the transactions at John Lewis were for cash, half on credit, and most of the customers paid within a month. At Peter Jones 80% of trade was on credit, and they were most recalcitrant in settling accounts. Things went terribly wrong but that particular experience did us an immensely good turn. It gave me the idea of setting up a system of budgetary control. An eminent banker ridiculed the idea as being quite inapplicable to a business of our kind but it turned out well.