

Prologue

At intervals the effects of capitalism are called into question. A hundred years ago ruthless exploitation of labour led to the Russian revolution and the rise of communism as an alternative way to run society. Fifty years ago the world seemed permanently split into capitalist and communist blocs. Twenty years ago, when the Berlin Wall crumbled, the capitalist approach seemed to have triumphed. Now, the recent domino collapse of national banks the world over has reminded us that it hasn't. At best it's still work-in-progress, and still vulnerable to abuse on a colossal scale. That abuse can exist because the theoretical stakeholders in companies rarely have any practical power to check excesses, as indeed they couldn't in communist societies either. But what alternative is there?

Recently, attention in Britain has begun to focus on a form of employee participation that grew up in a small London department store after the end of the 1914–18 War. That company has now expanded to become a retail chain employing over 70,000 employees. It continues to make a decent profit, distributed as a bonus to its employees rather than as dividends to shareholders. It can still raise money when it needs to expand. It regularly wins awards for its customer service. It must be doing something right. Can it be emulated? Politicians of all shades have started to talk of modifying the way public services are run along the lines of the 'John Lewis model'. What does that really mean? How does it work, and how did it come about?

It began as an idealistic concept in the mind's eye of a young man in his early twenties. He was not called John Lewis – that was his father. The son was Spedan, and in 1905, on his twenty-first birthday, he was given, as his brother was two years later, a quarter share of John Lewis's business, a department store that had expanded and expanded from a single shopfront on the north side of London's Oxford Street. His father was nearly seventy now, so Spedan Lewis had the prospect of soon becoming extremely rich. But what he found at first sight of his father's accounts gave him pause for thought, especially when he realised how much he was earning in relation to the employees. Very nearly everyone in his position would be simply content to enjoy what that disparity gave him – a magnificent standard of living for the rest of his life. Spedan was not a socialist – if anything he was a traditional liberal – but he was far from content with this state of affairs, and, during a protracted and painful illness in 1909 and 10 he turned over and over in his mind how he might make life fairer for his workforce. Moreover, how could he help them enjoy work rather than endure it, and in the process make it – *their* – enterprise more successful? And could he do it while still safeguarding the family business?

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In Britain there were no organisations to use as a model, but by October of 1910, exactly 100 years before this book was published, he'd worked out how to do it. He would give the employees a financial share in its success. He knew his father would be obdurately opposed to such a revolutionary plan, so he bided his time. Had he waited till his father retired, it would have taken nearly twenty years, for John retained ownership in Oxford Street until the day he died in 1928, at ninety-two. By then an exasperated Spedan would have switched career, probably into politics, had his father not decided in 1906 to buy the ailing Peter Jones store, further west in Chelsea. In 1914, after a series of family clashes, Spedan traded his quarter share in the solid family business for the right to run Peter Jones, now in a parlous state. To run it on his own.

The little continental skirmish due to be 'over by Christmas' was on its way to becoming the Great War, and almost every business (except armaments and uniform suppliers) was in a bad way. That was the background when Spedan took over Peter Jones, having exchanged a certain fortune for the chance to test what even his friends thought was a lunatic idea. Eventually, after a long struggle to overcome a series of setbacks, he succeeded in turning his Big Idea into reality. What happened to that idea is what I set out to explore in this book.

The book came about following a conversation in 2008 with an old John Lewis friend, who remarked that it was a pity that new John Lewis and Waitrose Partners had little to explain to them how this unique and somewhat eccentric business had come about. He and I had joined it at a time when people who still remembered Spedan talked about him, warts and all, but he has been dead now for nearly fifty years and memories have faded. A few weeks after that conversation I got the go-ahead from the new Chairman, Charlie Mayfield, to write the story. The Partnership has not commissioned the book, but has given me full access to anyone I wanted to speak to, and to its extensive archive. It has not attempted to influence the contents in any way, and I have been scrupulous to be as unbiased as I possibly can. However, I accept that someone who worked for the business for thirty-five years, and admired it – but hardly uncritically – cannot be truly objective.

With that caveat, then, here it is. It has been aimed at the reader who starts with no knowledge of the Partnership or retailing at all. The first eighteen chapters tell the narrative chronologically; the last two sum up the business as it operates today, both as a retailer and a co-owned business. The story begins on a spring day in 1864 when a young man from Somerset, orphaned at the age of seven, branches out on his own to sell silk fabrics from a little converted tobacconist's shop in Oxford Street.