

CHAPTER IV

Selling Boiler Plate

Lukens sold most of its iron through commission agencies located in various major eastern cities. Non-agency sales were either local or were direct sales to manufacturers of locomotives, steam engines or ships. Local sales were only a small fraction of total production.¹

Direct sales in large amounts to manufacturers of finished goods began after 1859 and were the direct result of competition and hard times.² These sales grew in size over time but never exceeded a seventh of total production, leaving agencies as the most important source of sales.

Lukens commission agents usually earned a commission fee of five per cent of the price of the iron they sold. During trade depressions like 1857-58 this fee might be reduced to two and a half per cent. The agent earned this money by drumming up sales among the scattered shops and plants in his area, and also acted as liason between the shops and Lukens up to the time the iron was delivered and approved. After this the agent collected the

money and notes from the shops, deducted his fee and remitted the balance to Lukens. Thus the agencies enabled a small local business to be represented over an enormous geographic area. The agency procedure also allowed a technically oriented business to avoid most commercial problems altogether or at least thrust the bulk of the commercial responsibilities onto the shoulders of specialists.

Lukens had no single method of finding agents. At times Lukens sought out an agent and asked him to represent them. William Kemble's agency in New York was secured this way. At other times agents apparently wrote Lukens and asked to sell its iron. Since these matters were not discussed in the letter press copy books of outgoing correspondence, the procedure remains somewhat unclear. The correspondence does show clearly, however, that agents generally sold the iron of more than one mill. Kemble for example sold the iron of all three Coatesville mills. Besides Lukens, he sold the iron of Steel and Worth and C. E. Pennock and Company.

Lukens's most important agencies before the Civil War were located in Philadelphia, New York, Boston, Baltimore and New Orleans. It added two new agencies of some promise in Mobile and Cincinnati just before the war. When the war came, the two southern agencies were naturally lost.

Curiously, the old and favored Boston agency of Curtis, Bouve and Company also ceased doing business with the mill in 1861.³

During the war, most sales went through the New York and Philadelphia agencies. Much of the New York iron went into the war effort in the form of plates for gun carriages and machinery for gunboats.⁴ Direct sales to steam engine manufacturers continued to grow also.

The geographic pattern of Lukens's post-war market was not generally different from the pre-war days. New York, Philadelphia and Boston, with a new agency, remained the primary markets, business at Cincinnati grew, and New Orleans returned as a market. Direct sales to engine builders continued and a new market was opened in 1870 when the mill began to sell cheap plate to shipbuilders in Wilmington, Delaware.⁵

As noted above, agents earned their keep by acting as middle men between Lukens and the shops. When the market was buoyant and the iron delivered was sound, well trimmed and on time, the agents' lives were pleasant ones. If, however, deliveries slipped past deadlines or the iron failed during fabrication, then the agent became one of the most harried men on earth, and the mill in its turn could anticipate a flurry of alternately beseeching and scolding letters

from the agent. This of course meant that some tension was inevitable between the mill and its agents from time to time.

Until 1861 Lukens usually had only one agent in each city, with the exception of Philadelphia which always had two or three. In addition, Lukens sold to more than one agent in New York intermittently through that decade. These agencies were not too important however, and the oldest New York agent, William Kemble, later Kemble and Warner, retained the largest share of Luken's business.

When the war came, output doubled and Lukens acquired several new agencies in all the major city markets. These supplemental agencies survived the war until 1867 when they were precipitiously dropped, along with production, in a return to the marketing situation as it existed before the war.⁶

The working relationships with the agencies were also subject to considerable variation. The oldest agencies in New York and Boston were treated with respect, deference and as equals by the owners of the rolling mill. The New York agency was initially headed by William Kemble until 1855 when he passed the business on to his son Peter Kemble and his partner A. B. Warner, although they continued to consult Kemble senior regularly on the state of the market

prices and pricing tactics. Kemble and the Lukens partners were personal friends and so were completely candid with one another.⁷ The Boston agency was as well-favored as that of New York. Initially Curtis, Leavens and Company, it later evolved to Curtis, Bouve and Company.

Lukens gave both of these firms discretionary powers to negotiate prices and sell on their own authority from time to time, as in 1851 when the partners wrote Curtis, Bouve and Company:

...we would be pleased with the largest figure you can obtain and if you can get over our outside one will not complain but as you are best acquainted with the tone of your market must leave it pretty much with you.⁸

The mill owners were not usually so generous and only granted discretionary power to the agents in response to specific situations. In June, 1857 they gave Kemble and Warner discretionary power to determine prices so that old customers would not be lost.⁹ At the close of the war, they allowed the power of discretionary sales to Kemble and Warner again but denied such powers to Holdane and Company, the lesser of the New York agents. Huston wrote Holdane that he would "let the mill stand" rather than produce at Holdane's suggested price.¹⁰

Usually the agents apprised Lukens of the state of

the market and going prices. Armed with this information, the owners then authorized the agents to sell at a given price. In any case, the agent's counsel was invaluable and actively sought by the men in Coatesville. As Gibbons and Huston wrote William Kemble in 1851:

Our agents in Boston are not authorized to sell on orders less than $4 \frac{3}{4}$ [cents a pound], six months for promiscuous iron; and the parties who are selling there for less are likely to be kept busy supplying that market. Is it not better to let them stay there? Than by reducing in Boston drive them to New York to interfere with prices there? We think so at least.¹¹

The agents also kept the mill informed of technical innovations and new processes as they heard of them. In February, 1851 Kemble told of a process for rolling corrugated plate.¹² The owners were initially not inclined to experiment because the process was new and unproven. Further, since the mill had only one set of rolls the effort would curtail their regular production.¹³ Kemble thought that such iron could command a premium of about twenty per cent.¹⁴ When the market slackened the following fall and winter, Gibbons and Huston reconsidered the matter and found that engineers thought highly of using corrugated iron for boiler flues.¹⁵ Yet, in the end this affair came to nothing. Such was also the case when Kemble informed Lukens of a new process of refining wrought iron of superior qualities.¹⁶

Clearly the partners' reception of his marketing information was not matched by a willingness to use his technical advice.

The Lukens mill's small size and inability to produce wide iron embarrassed the agents several times. In 1852 Curtis, Bouve and Company wrote, "We refer to your inability to produce wide iron. The truth is we can rarely get an order you can execute." This letter pointed out that only Gibbons and Huston could fix that problem.¹⁷ The replying letter noted that wide rolls would be expensive to install and were unnecessary because other mills in Coatesville would roll wide iron for Lukens on demand.¹⁸ When this problem came up again in 1857, Huston had another argument for maintaining the status quo. In a letter to Kemble and Warner he wrote:

I note your remarks to furnish any width required but as long as Mr. Abbot [a competing mill, active in the New York market] offers to fill orders for such iron at the rates he does I think we are better off without them even though he may take orders from us.¹⁹

In spite of these justifications for maintaining the mill as it was, the agents remained unconvinced and kept complaining. Ten years later Kemble and Warner once again asserted that "you must increase the size and power of your mill so as to be up with the times..."²⁰ Their prayers remained unanswered for four more years.

1871

Lukens in its turn also had to resort to hectoring the agents at times. In March, 1859, commenting on direct sales to Kemble and Warner, Huston assured them that although others might sell direct, he would not, even though it would "shut me out of the lists...."²¹ But when the economic slump continued Lukens reassessed its position and decided to sell direct. The agents naturally inquired about this change and were told that

...the reason we made application to sell direct to them [Corliss Steam Engine Company] was because Mr. Abbot had adopted that policy and taken this from you and the only way was to meet him on his own ground.²²

A few days later Huston expanded his argument to the New York agents more forcefully:

When we see other mills selling at such low prices direct and at the same time as we have reason to believe trying to entice our best workmen away from us it behooves us to look to our own interests and keep the mill going.²³

Kemble and Warner would have to be satisfied with the orders they could get. The direct sales policy in fact affected them hardly at all because the direct sales were for Providence, Rhode Island, some distance from the agents' market.

The mill had trouble in obtaining remittances from agencies at various times. The first great crisis of this nature occurred during the Panic of 1857 when the New York

agency of Kemble and Warner was forced to suspend payments. The agency folded with startling rapidity. On September 30, Kemble and Warner wrote that they considered themselves "good" and that they would do their best to "scratch through this present state of things" but warned that collections might be tardy.²⁴ Three days later the agency suspended payments and made an assignment of all their property to a Thomas Rowe to guard against attachments. All store iron on hand and other unsold iron was handed over to William Kemble. Under those conditions the agency could not pay Lukens first as it collected old debts.²⁵ Huston replied to this news by assuring that agency that he sympathized with their plight and would give them all the time and credit he could.²⁶ Evidently Huston was reassured by the presence of his old friend William Kemble on the scene. Kemble senior, taking advantage of this, wrote Huston, "I think you had better authorize me to sign for you and I will get you out of the scrape as soon as I can...."²⁷ Huston refused however and observed that if he granted Kemble this right, he would be obliged to close the mill because it would defer payments that the Coatesville mill needed to survive.²⁸ Lukens ironed out its difficulties with the agency during December. Kemble and Warner reopened for business on December 1, after they got other parties to countersign their paper.²⁹ The Coatesville mill tried to

take advantage of the agency's embarrassment by requiring them to sell only American iron if they were to remain as Lukens's agent. But the senior Kemble had observed previously that if Kemble and Warner did not handle English plate they would lose sales and consequently compromise their ability to repay their debt to Lukens.³⁰ In the end, this argument won out, and the mill owners resumed business with Kemble and Warner on the old terms with the proviso that the latter might sell any English iron on hand but ought not buy more English iron until it met its current liabilities.³¹ With that plea the episode closed.

The New Orleans agency also fell in arrears in its payments during the Panic and had to beg for time.³² This account was small and extra time was given to the agency. Relations remained unstrained and payments began to pick up in about six weeks. But business was very slow to recover and it was not until over a year later that Huston wrote with guarded optimism:

As day is about dawning upon us poor iron manufacturers after the long night of Egyptian darkness, I write to say that I no longer wish to be bound by that price [four cents cash] but will fill orders for you at the lowest rates at the time you send them.³³

After this business continued normally up to the coming of the war.

Other agencies weathered the panic unscathed. Curtis, Bouve and Company of Boston was so solvent and carefully managed that they were able to help assure the economic survival of the Lukens mill. In October, Huston asked for funds from Curtis, Bouve and they promptly handed over a note for \$3400 which enabled Huston to meet his obligations.³⁴ Two months later the same agency remitted \$3096.80 to Huston of which \$2000 was an advance to help meet the upcoming financial obligations of the mill.³⁵ Lukens gave the Boston agency full discretionary rights during the crisis to sell iron at whatever rates they could obtain. Its confidence was rewarded and in November Huston wrote, "The order was very acceptable especially to my hands who have the winter before them and some of them without any money ahead...."³⁶

Only two agencies in the twenty year period 1850-70 failed completely, leaving unpaid debts to the mill. The war had something to do with both failures. The first of these was the Mobile agency run by Issac Spear. As secession broke Alabama from the Union, Spear informed Huston and Penrose that "it is as much as a man's Liberty and Residence is worth to remit any money north at this time and I really cannot see how you can expect us too [sic] -."³⁷ Huston replied that he was not aware that remittances could not be made north but that "we are of

course perfectly willing to await your convenience."³⁸ Spear never found it convenient to pay. Three months after the war ended, Huston and Penrose handed the bill to their attorneys to collect. Suit was brought against Spear and on presentation of the note he promised to pay as soon as possible.³⁹ Huston and Penrose wrote Spear and told him that they would be willing to wait longer for their money.⁴⁰ After another year and a half of waiting, the partners reopened their suit against Spear and their attorney reported rather ominously that Spear might be disposing of his property to evade the judgment.⁴¹ Judgment was finally obtained against Spear in November, 1869 for \$468.85 but Lukens's attorney found that the business was now Spear and Company with Issac Spear only a salaried employee. The attorneys advised Lukens that further action would probably be futile and the matter was dropped.⁴²

The other defaulting agent was Joseph Morton of Boston, who had become an agent during the busy days of the Civil War. This affair was more serious than the Spear case because Lukens lost \$3728.86 to Morton.⁴³ Morton had worked well enough with the mill throughout 1863 and up to August of 1864 when he received a plea for remittance due the mill. Receiving no reply, Huston and Penrose drew a ten day sight note for \$3000 which prompted a quick response. Morton begged to have the note recalled, only to be informed that

it had already been discounted. That note was protested twice to the embarrassment of Huston and Penrose, but Morton ultimately covered it.⁴⁴ He did not pay the balance of the account, however, and the partners had to hire attorneys to try to collect it. In September, 1865 they brought Morton to court where he denied everything in order to delay proceedings by compelling the attorneys to collect depositions.⁴⁵ Morton never went to court again, for by the time the plaintiff's attorneys were ready to act again he had taken the poor debtor's oath. Some of that embarrassing information came from Morton's lawyer, who also was not paid.⁴⁶

It is remarkable that only two agencies used by Lukens failed, and as noted above, the coming of the war played a role in the failure of each. In one case the agent was an enemy, and in the other the high demand for iron lessened the apparent need for caution in selecting an agency.

The function of the agent was vital to the success of a small mill like Lukens. It is impossible to conceive the plant working without the information given by the agencies from 1850 to 1870. Direct sales were insignificant until 1859 and although this method of selling grew, it always remained fractional, never going over fourteen per cent

of all sales and so never threatened to replace the agents. The agents themselves were a diverse lot. Most were reliable but some were not. Some were favored by the mill with discretionary powers some of the time, others not. One helped carry the mill through a difficult time while the mill simultaneously came to the aid of another agency in distress. The agencies gave intelligence and advice that Lukens needed but did not always accept. Several times the mill ignored the pleas of agents and survived. Neither party dominated the other. Both were linked in a voluntary association arising out of the necessity of selling to customers in distant markets where market conditions and prices varied enormously over the short and long run.

CHAPTER IV

¹Lukens, 341. Oct. 9, 1850. A glance through the invoice books over the period shows a slight size of local sales. See ibid., 292 and 296 passim.

²Ibid., 345. March 28, 1859. Huston to Kemble and Warner.

³There is no explanation for this at all. The last letter from this agency is dated April 6, 1861 and briefly notes that some of Lukens's iron is to be tested by the government.

⁴Robert McBride. Civil War Ironclads (Philadelphia, 1962), pp. 14, 40. Some of the iron for the U.S.S. Monitor may have come from Lukens. McBride notes that Holdane and Co. and the Novelty Ironworks provided iron for that vessel. Holdane was a Lukens agent. And other Lukens agents sold iron to the Novelty works. See Lukens, 196-204. 1861-1865 passim.

⁵Ibid., 354. Feb. 24, 1870. Huston and Penrose to A. B. Warner & Son.

⁶Lukens, 351. May 17, 1867. John Holdane read of his dismissal thus: "It is the fashion you know to sell only through one house and we might as well be in fashion."

⁷Ibid., 192. Jan. 30, 1854. On that date Kemble rather testily wrote, "I wrote you as my feelings dictated and I have reached an age that warrants my saying - they will not change."

⁸Ibid., 342. Dec. 3, 1851. Gibbons and Huston to Curtis, Bouve & Co.

⁹Ibid., 349. June 22, 1857. Huston to Kemble and Warner.

¹⁰Ibid., 350. May 18, 1865. Huston and Penrose to John Holdane.

¹¹Ibid., 342. March 28, 1851. Promiscuous iron is iron stockpiled at the agent's store. Gibbons and Huston to William Kemble.

¹²Ibid., 341. Feb. 7, 1851. William Kemble to Gibbons and Huston.

¹³Ibid., 341. March 4, 1851. Gibbons and Huston to William Kemble.

¹⁴Ibid., 189. March 1, 1851. William Kemble to Gibbons and Huston.

¹⁵Ibid., 189. Oct. 11, 1851. Gibbons and Huston to Ponsie and Murphy.

¹⁶Ibid., 415. Dec. 20, 1856. Kemble and Warner to Huston.

¹⁷Ibid., 414. April 2, 1852. Curtis, Bouve & Co. to Gibbons and Huston.

¹⁸Ibid., 342. April 5, 1852. Gibbons and Huston to Curtis, Bouve & Co.

¹⁹Ibid., 345. Feb. 28, 1857. Huston to Kemble and Warner.

²⁰Ibid., 418. Jan. 4, 1866. Kemble and Warner to Huston and Penrose.

²¹Ibid., 345. March 28, 1859. Huston and Penrose to Kemble and Warner.

²²Ibid., 346. Dec. 15, 1859. Huston and Penrose to Kemble and Warner.

²³Ibid., Dec. 23, 1859. Huston and Penrose to Kemble and Warner.

²⁴Ibid., 416. Sept. 30, 1857. Kemble and Warner to Huston.

²⁵Ibid., 416. Oct. 3, 1857. Kemble and Warner to Huston.

- Warner. ²⁶Ibid., 345. Oct. 7, 1857. Huston to Kemble and
Huston.
- Huston. ²⁷Ibid., 416. Nov. 24, 1857. William Kemble to
Kemble.
- Kemble. ²⁸Ibid., 345. Nov. 26, 1857. Huston to William
Huston.
- Huston. ²⁹Ibid., 416. Dec. 1, 1857. Kemble and Warner to
Kemble.
- Kemble. ³⁰Ibid., 345. Nov. 27, 1857. Huston to William
And ⁴¹⁶. Nov. 25, 1857. William Kemble to Huston.
- Warner. ³¹Ibid., 345. Nov. 30, 1857. Huston to Kemble and
to Huston.
- Slark, Stauffer & Co. ³²Ibid., 416. Oct. 20, 1857. Slark, Stauffer & Co.
to Huston.
- Slark, Stauffer & Co. ³³Ibid., 345. Dec. 8, 1858. Huston to Slark,
to Huston.
- Curtis, Bouve & Co. ³⁴Ibid., 416. Oct. 8, 1857. Curtis, Bouve & Co.
& Co.
- Curtis, Bouve & Co. ³⁵Ibid., Dec. 11, 1857. Huston to Curtis, Bouve
to Huston and Penrose.
- Penrose. ³⁶Ibid., 345. Nov. 21, 1857. Huston to Curtis,
to Spear.
- Spear. ³⁷Ibid., 196. May 8, 1861. Spear to Huston and
to Spear.
- Spear. ³⁸Ibid., 346. May 16, 1861. Huston and Penrose
Fairthorne to Huston and Penrose.
- Fairthorne to Huston and Penrose. ³⁹Ibid., 204. August 30, 1865. Bullitt and
to Spear.
- Fairthorne to Huston and Penrose. ⁴⁰Ibid., 350. Nov. 30, 1865. Huston and Penrose
Fairthorne to Huston and Penrose.
- Fairthorne to Huston and Penrose. ⁴¹Ibid., 208. August 6, 1867. Bullitt and
to Huston and Penrose.
- Fairthorne to Huston and Penrose. ⁴²Ibid., 418. Nov. 3, 1869. Bullitt and Fairthorne

⁴³Ibid., 46. p. 7.

⁴⁴Ibid., 349. August 18, 19, Sept. 14, 20, 21, 27
and Oct. 17, 1864.

⁴⁵Ibid., 204. Sept. 18, 1865. Bullitt and
Fairthorne to Huston and Penrose.

⁴⁶Ibid., 208. August 16, 1867. Bullitt and
Fairthorne to Huston and Penrose.

⁴⁷Ibid., 293-296 passim.