

Additional Case Studies

Chapter 14

Wolverhampton to Calcutta: Shaw and Crane's Indian 'Adventure'

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This study draws on rich archival sources, including correspondence between the partners, their families and their external contacts. This historical evidence is used to address the following questions: What motivated these entrepreneurial decisions? What factors explain the timing of the decisions and the location of the new enterprise? And what capabilities and resources was the firm able to draw upon in order to put into effect such an ambitious strategy? The case concentrates on a short period (1827–34), during which Shaw and Crane established their trading partnership and subsequently set up an international business, Thompson and Co. It is extracted from a much larger historical study, which traces Shaw's career from the early years as a commercial traveller in England (Popp 2007, 2009), to the founder of an international business (Popp 2011).

Shaw and Crane's partnership

The roots of the partnership of Shaw and Crane were put down at some point in the first decade of the nineteenth century when farmer's son John Shaw commenced in trade as a hardware 'factor' (i.e. wholesale merchant), based in Wolverhampton in the English Midlands. This small town sat at the heart of an extensive and complex industrial district dedicated to a wide range of metal-using trades, though it was some distance from the major trading port of Liverpool. Shaw's firm distributed a myriad of metal goods to customers across the Midlands and Northern England. His customers were overwhelmingly retail businesses and ironmongers in particular. Shaw's 'journey books' (i.e. trading records) indicate that the firm had been in profitable operation for at least a quarter of a century before making its initial investment in India. In that time, it had established effective capabilities and routines (e.g. systems for managing employees, credit control and customer relations), and a deep knowledge of its domestic markets. Shaw does not seem to have drawn on his extended family or other social networks for resources. In 1813 he married the daughter of a retail

customer, but there is no evidence to suggest that the marriage contributed meaningful resources to the enterprise. The partnership with Henry Crane was established in 1815.¹ The archival evidence suggests that Crane had previously worked for Shaw, with the partnership being a way of recognizing his loyal and effective service rather than as a source of financial or other resources. It also indicates that the growth of the firm was organic and by reinvesting its own profits. Though certainly successful and apparently well-run, Shaw and Crane does not appear to have been particularly entrepreneurial before 1827, and there is nothing in the archive to suggest that it was engaged in either extensive or sustained overseas trading operations prior to this date.

Starting to trade with India

Shaw and Crane's entry into trade with India came via a relatively short letter of introduction from the Sheffield merchants Joseph Rogers and Sons, who had:

*[t]he pleasure to introduce our friends Mr Rawson and Mr Holdsworth who have an establishment in Calcutta and are visiting Wolverhampton for the purpose of obtaining consignments to be sent out there. We have done some business through their hands and have always found them exceedingly punctual and attentive to our interests.*²

Here we can see that Rogers and Sons are anxious immediately to place their recommendation in the context of their own experience of dealing with Rawson and Holdsworth, recommending their efficiency and their reliability. It stated that both men were 'highly reputable' and added that Mr Rawson had recently been, 'a Banker in Rochdale and no doubt you will recollect him,' since Shaw had connections to the business community of Rochdale through marriage.³ In the letter, Rogers offered further advice and encouragement:

*Should you be inclined to make a treat [i.e. a commercial venture] in that Quarter we have no doubt you would find it a very profitable business if proper selections are sent out and we should be very glad to give you the advantage of our knowledge and experience in the trade as we find the amount of Sheffield manufacturers is as much as we can attend to and there is now a probability of a great increase in the demand for Wolverhampton goods.*⁴

Several networks or circuits of information were in play in order to bring this opportunity to Shaw and Crane's attention. Shaw and Crane had done an extensive trade with numerous

Sheffield retailers and merchants since at least 1810 and must have been well known there.

Rogers and Sons, in turn, had done business through Rawson and Holdsworth, who themselves, like Shaw, had connections to Rochdale. This was clearly an extensive business network and for all the talk of ‘reputable friends’ it was one driven primarily by the commercial imperatives of punctuality, attentiveness and profitability. Shaw and Crane replied on 31 August 1827 with what must have been an expression of interest. Although that reply is lost, it was referred to in the next letter from Rogers and Sons, dated 4 October 1827. Rogers and Sons had been waiting to hear whether Rawson and Holdsworth had made arrangements with any other English firms:

We have this day received a letter from them stating that they [i.e. Rawson and Holdsworth] did not make any arrangements for similar good to what you supply with any house in Birmingham or Wolverhampton. We therefore feel pleasure in recommending you to make treat and if you pursue the same plan that we have done we hope you will be equally successful.⁵

The correspondence shows how Rogers and Sons were acting as brokers of the relationship, and that Shaw and Crane were effectively competing for this entrepreneurial opportunity. Having made their recommendation ‘to make treat’, Rogers and Sons immediately provided detailed practical advice on how best to conduct the trade: the suggested value of initial consignments (‘£300 to £400 by any one ship’), how to pack goods, what paper work was required, ‘to always insure to the full amount’, and how to make a selection of goods and to present that selection. Particular attention was given to charging, Rogers confiding that they, ‘always reduce every article to nett cost price (as Discounts are unknown there) and we then put on an advance of fifty per cent’.⁶ They also reminded Shaw and Crane of, ‘the great length of time which you will be out your money and the . . . expenses which you incur . . . as well as by the exchange’.⁷ In all, we can sense the more experienced Rogers and Sons instructing the novice Shaw and Crane on how to survive and prosper in the increasingly impersonalized world of international commerce.

Rawson and Holdsworth wrote to Shaw and Crane on 8 November 1827 with more practical advice, including where and when it was best to pay freight and shipping charges, the goods to be sent and the associated paperwork. Rawson and Holdsworth also offered to arrange insurance. They concluded:

*We hope the present adventure may lead to a lasting and mutually advantageous correspondence, at all events we beg to assure you that no exertion on our part shall be wanting in India to make the trade a profitable one for you.*⁸

Shaw and Crane must have acted quickly, for Rawson and Holdsworth wrote again from London on 17 November 1827 enclosing an insurance policy for Shaw and Crane's first shipment (to the value of £800) along with a cover note that again expressed a desire to see their mutual interests prosper.⁹ In the space of little more than two and half months, this small English hardware business was able to take the first step in the process of internationalization.

Establishing the Calcutta office

From late 1827 the Shaw and Crane archive falls silent on the subject of India, though it is apparent that the firm continued to trade internationally. Seven years later, Rawson and Holdsworth wrote to them with details of three ships sailing from Liverpool to Calcutta during October and offered to engage freight on their behalf. As the following agreement makes clear, Shaw and Crane had made another bold entrepreneurial decision; they were not merely extending the trade with India, but establishing their own base in Calcutta:

*[W]hereas the said John Shaw and Henry Crane have lately determined to open an Establishment at Calcutta in the East Indies for the sale of Ironmongery, Hardware and other goods wares and merchandise and have agreed with their late traveller Thomas Edward Thomson to manage and conduct the same as their agent who will forthwith embark with a cargo of goods for that purpose.*¹⁰

On 11 November 1834 Thomson was writing from Liverpool to his employers in Wolverhampton to tell them that he had been ordered to be ready to board ship at seven o'clock the next morning, having, seemingly for the first time, met Mr Rawson, whom he had found to be, 'a very active man of business and also a very pleasant man'.¹¹ The decision over where to locate their overseas house, and when to make that move, were conditioned by the events of 1830–34 when all the established houses in Calcutta collapsed following the failure of a leading merchant, Palmer and Company.¹² This great crisis in Anglo-Indian trade created a vacuum into which a second wave of new entrants rushed, Shaw and Crane among them. Already active in Calcutta, Shaw and Crane were relatively well positioned to observe, but not be directly affected by, these cataclysmic events. By the close of 1834 they had

evidently decided that this was an opportunity of which they could take advantage. Many of those new entrants failed during a second crisis in 1847–48 but Thompson and Co. survived, remaining in independent existence until 1947.

Notes

With acknowledgements to Professor Andrew Popp, University of Liverpool.

1. Wolverhampton Archives and Local Studies [WALS], DB/24/A/1.
2. Letter posted on 23 August 1827. WALS, DB/24/A/52.
3. WALS, DB/24/A/52.
4. WALS, DB/24/A/52.
5. WALS, DB/24/A/53.
6. WALS, DB/24/A/53.
7. WALS, DB/24/A/53.
8. WALS, DB/24/A/54.
9. WALS, DB/24/A/56.
10. WALS, DB/24/A/35.
11. WALS, DB/24/A/103.
12. WALS, DB/24/A/103.

References

- Popp, A. (2007) 'Building the market: John Shaw of Wolverhampton and commercial travelling in early nineteenth-century England'. *Business History*, 49, 3: 321–47.
- Popp, A. (2009) 'From town to town: how commercial travel connected manufacturers and markets in the Industrial Revolution'. *Journal of Historical Geography*, 35, 4: 642–67.
- Popp, A. (2011) 'From Wolverhampton to Calcutta: the low origins of merchant enterprise'. In R. Lee (ed.), *Commerce and Culture*. Aldershot: Ashgate (37–60).