

Interview with G. Stockton Strawbridge

7/17/78

(at Strawbridge's office)

(WMP: Stockton, would you read the questions and respond to them?)

Ok. Would you describe my early background -- where was I born and educated? I was born and educated in Philadelphia and I graduated from Penn Charter School. I did not go to college. I went in lieu of college to something called a Commercial Aviation School, which gave a course called an Executive Transport Pilot's course, which included such things as airline management, airport management, and then we had a course in meteorology, navigation, aerodynamics, airplane engines, aircraft maintenance, and together with that, 200 hours of flying, which culminated in receiving a transport pilot's license, which at that time was the highest commercial designation. I guess I had the dubious distinction, since I started to fly while I was still in school, of being the youngest transport pilot in the nation for a very short period of time. And I worked for the two flying services at Central Airport, which was then Philadelphia's commercial airport, where the limited airline service arrived and departed from, servicing Philadelphia. It was in Camden. And I worked there for two flying services until one went bankrupt and I was hired as chief pilot by another. And our function was to fill in for the airlines -- people would come to the airport without even calling, visualizing that there was airline service to other places in the country and of course because the service was so limited they frequently arrived there with no knowledge of the schedule and we filled in. In other words, people would be referred to our company to take short charter flights to Boston, to Washington, Harrisburg, Pittsburg, and places like that. We also instructed students and we also flew passengers for a penny a pound. We had some sort of exciting experiences in trying to cure deaf people, which was a belief at that time that if you ascended to a certain altitude and then *altitude* dove and pulled up sharply that it would relieve deafness. And we worked on one or two occasions with agents of the FBI who were looking for stills in South Jersey and we flew for a short period of time in the summer the Evening Bulletin down to Atlantic City and it was a very stimulating and fun time in my life and my objective was to accumulate enough flying time to be hired by one of the airlines. And this was in the doldrums of that period of aviation when President Roosevelt took over the airlines -- the airlines were being subsidized by mail contracts and President

Roosevelt, in a very controversial period of time in aviation history, you may recall, took over the flying of the mail and gave that responsibility to the army air service. And that was disastrous for a number of ~~years~~ <sup>4(?)</sup> and back it went to the airlines, again on a subsidized basis. But in any event, there were too many pilots and I couldn't accumulate enough time and so I was married in 1935 and feeling a distinct need for an all year around income -- aviation was very seasonal then -- we flew a lot in good weather and didn't fly much in bad weather -- so I came into the retail business under duress and in protest. With no reasonable alternative. I think that is too long a response to that question. I'd better move much more expeditiously.

(WMP: You're the first pilot we've interviewed.)

*Justice*

The next question is how did your family happen to get into merchandising in Philadelphia and at what juncture did the Strawbridge and Clothier store come into existence. Of course, a great deal of this information is a matter of historical record. It has been -- we have a company history book that we had written on the occasion of our Centennial. It took us from 1868, when the partnership was formed, to 1968. I'll give you a copy of the book. It is called Family Business. The company was actually founded by my grandfather, Justice Clayton Strawbridge, in 1862. And in 1868 he took into partnership with him Isaac H. Clothier. So it was J.C. Strawbridge and Company from 1862 to 1868 and then the partnership was formed. And it was a partnership until 1922 and in 1922 it was incorporated. We have been on this location since 1862, so in one location we have been longer than any other retailer in Philadelphia. Our location is the site of Thomas Jefferson's first office as Secretary of State, and there is a plaque commemorating that historical fact down at the main entrance on Market Street. Moving on, who were the founders of the store and who were the outstanding executives over the years? Would this be blasphemy for me to refer some of these questions to the book? Because it is spelled out in total detail.

(WMP: Fine. If you'll give us the book we'll put it in the archives along with the transcription.)

The book, to put it mildly, was not exactly a best seller and it isn't the kind of thing you read to your children or grandchildren on Christmas Eve, but it takes my whole career right up to and including 1968. I came into the store in 1934 and I was in the store until World War II. I left the store the day after Pearl Harbor, Dec. 8, and was

commissioned as Lt. Junior Grade in the navy. And that was because of my flying experience. And I was, I think, the 17th pilot that was hired by the fledgling, at that time, organization, the Naval Air Transport Service. And I flew in the Navy for four years. I came back to the store in January of 1946. When I left I was a buyer in one of our women's ready to wear departments. When I returned I was made a divisional merchandise manager and had a group of department managers, or buyers, as we call them, reporting to me. I think if we look here at questions 4 and 5, I've answered them. And I just really answered question 6 -- at what point did you begin your career at the store and how did it develop?

We had an executive training program that began the year that I came to the store and is now really known nation-wide. The candidates eligible for it are college graduates. They come in and the classes begin the Wednesday after Labor Day and they continue through until May of the following year, at which time the executive trainees are graduated and assigned responsibilities in one of our five operating divisions. We have five operating divisions, which is almost a conventional set-up in large department stores across the country. They are the merchandising, publicity, operating, control, and personnel divisions. We try to assign trainees into the division for which they apparently have the greatest aptitude and the highest degree of enthusiasm.

So in my own career I had always been interested in the merchandising end of the business and my entire career to date -- not to date, until the time I was made President of the company -- was in the merchandising area. I sold, I was a stock boy, I was a clerical, I was an assistant buyer, I was a buyer, I was a divisional merchandise manager, I was a general merchandise manager, and then I was finally made executive vice president in charge of two divisions -- the merchandising and sales promotion division, which are interrelated, and then I was made general manager of the company and I was made President and General Manager in 1955 and I was President and General Manager until 1967, at which time I was elected as Chairman and Chief Executive Officer and that's my function at this moment.

(WMP: Are there any other Strawbridges or Clothiers in the store?)

My wife and I have six children -- four boys and two girls. Our two oldest sons are in the business. One, Harold, is 40 and he has been here 16 years since he graduated from college, and he is now Executive Vice President of the company in charge of the merchandise and publicity divisions. The next one is Steven. He is at the divisional merchandise manager level. This wouldn't mean much to you because you would have to understand how we are structured as a company. *Peter*

We have a rather interesting policy applicable to all fourth generation members of either family -- Clothier or Strawbridge -- we require that they graduate from college and we don't push graduate school, but we are happy if they want to go on. They then can take a store of their choosing, guided by us, and the Associated Merchandising Corporation group of stores. We are a member of the Associated Merchandising Corporation. We are the one store in Philadelphia. Bloomingdales is the store in New York. There are 30 stores in the 30 largest cities in the country. We like to think that they are the best stores in their community. It is a research organization. They exchange figure information so that a buyer of our men's clothing department can compare his operation with 29 other stores across the country in total detail. It is an enormous organization. We maintain buying offices all over the world -- in Western Europe, the Far East, the Middle East, and our buyers go out to those countries and buy and the AMC offices supply personnel to go into the marketplaces and overcome the language problems that would exist.

(WMP: Is all the stock in the company owned by the families?)

No. We are a public company. We have a million <sup>1,707,000</sup> 707 thousand shares of common stock outstanding and about 55% of that is in the hands of Strawbridge & Clothier families. You were asking about -- stating that the members of the fourth generation are required after college to go to an AMC store for a year and to go through the executive training program of that store. And you could say that it is fairly superficial in that how can we make an evaluation of their aptitude at the end of a year. But we feel that we can. And we have a very totally candid relationship with the managements of the other stores and this is a reciprocal policy. In other words, if they want to send somebody to us we'll do the same thing. And if someone ~~has the aptitude or~~ <sup>doesn't have</sup> doesn't seem to have the necessary competitive drive and so on to be successful in retailing, we count on the managements to tell us. And they would count on us given similar circumstances. So that at the end of a year's time -- and our fourth son is now at Bloomingdale's in New York for a year. He had been a school teacher for six years and decided it wasn't for him and he wanted to get into retailing, so at the age of 30 he is starting out with executive trainees at Bloomingdale's and we will watch his progress very closely and be told about his progress, almost ruthlessly, -- we bend over backwards to make certain that we are getting people who really are competent and qualified and we insist that the family be more competent and more qualified and have more adequate credentials than perhaps their peer group might be required to have.

And at the end of the year if he checks out we will invite him to come here and go through our executive training program. And if he doesn't check out the embarrassment for all concerned is minimal because he could say well, they apparently don't think retailing is for me and as it happens, I agree, I don't either. I don't like it. So instead of having a member of the Strawbridge or Clothier family flunk out, so to speak, here, we have them flunk out on someone else's payroll and therefore minimize the embarrassment. We are very proud of that policy because we really initiated it -- I think perhaps even conceived it -- and it has done wonders for us and nobody has failed. We have our two sons here, my brother, Frank Strawbridge, has two of his sons here so there are four fourth generation Strawbridges in the business. ~~Courtesy~~ (?) Clothier, who is at Dechert, Price, and Rhoads, is a lawyer, obviously, and he is on our board. He is a guy in his early 40's. And we have young Robert E. Strawbridge, III, who is with an investment counselling service in New York, who is on our board. And we have a 12 man board.

Next you ask -- as we are working on the history of the city we are interested in what leading roles may have been played by members of the Strawbridge family in the civic and political life of the city. Well I feel ill-equipped, really, to answer that. I think my grandfather, Justice Clayton Strawbridge, played a very active role and did a lot of worthwhile things. The whole family, with the exception of myself -- almost the entire family -- was educated at Germantown Friends School and Haverford College. The Clothier family, interestingly enough, all went to Swarthmore. And that was the sort of division between the orthodox and ~~HICK~~ (?) ~~SITE~~ Quakers. My family were all orthodox and the Clothier family were all ~~HICKSITE~~ (?) .

HICKSITE

And now of course there is no distinction between the two and if I had to say what the difference was I couldn't tell you. In any event, I resigned from the meeting. You are born into the Quaker meeting. You are born to a lifetime membership. And I resigned on the occasion of before we got into the war I went up to Canada and at that time since we weren't even in the war it was not a popular thing to have done and I wrote a letter to the clerk of the meeting resigning. And besides I had married an Episcopalian and we were married in the Church of the Redeemer in Bryn Mawr in 1935 and we had at that time two children and before I left in the Navy my wife very much wanted to have the children baptized and so the war was over and at the age of about 31 I was baptized and confirmed with some of the children in the Episcopal church. I've been a member of the Episcopal church ever since.

This is very disjointed. I hope your other interviews were not going in this fashion. We're bouncing all over the place, here.

You were asking about what the contributions to the city were and I just don't feel equipped to do any more than refer you to the history where there is mention made of that. Again, what have I done in regard to the city? I don't think very much. I've done the usual things, I guess. I was the Chairman of the -- I guess the first thing I did was almost immediately after having been elected President of the company I was asked to chair the Academy of Music's first 100th anniversary. It was their big fund-raising smash thing. We were going to renovate the Academy. We got Phillip Johnson, the great New York architect, to come over. And we had a committee that it was a delight to work with -- Stuart Locheim, who was President of that time of the Academy, asked me to take it on and we worked very hard and we had a smashing success. The ball was the first ball of the Academy of Music and coincided with the opening of the Sheraton Hotel. And there was still wet cement around in the Sheraton Hotel. We raised, as I recall it, about \$350,000, which exceeded our fondest expectations. I was criticized for a number of things as Chairman of the committee, but one of the things that gave me the most pleasure to be criticized for was I felt that in addition to all the long-haired intellectual talent that would show up on the musical side of the program I wanted to lighten it a little bit and perhaps lend a touch of humor to the evening. So I insisted on getting Dinah Shore and Danny Kaye. And Danny Kaye had that great act where he came in and walked right from one side of the stage to the other without stopping and then came back, and this doesn't sound very funny, but if you'd see him do it, he did it very well. And he gradually takes off his clothes as he leads the orchestra, getting so upset about the leading and the mistakes and so on. And it usually is very successful and it was successful here. But then we had Sherman Adams -- we had invited President and Mrs. Eisenhower and they sent their regrets and sent Sherman Adams and Mrs. Adams and because we were hosting the occasion, Mayor Dilworth was in Harrisburg but he came down to a little dinner that we gave at the Cosmopolitan Club first. I remember he arrived very late and he was the only guy there that wasn't dressed appropriately for the occasion. We forgave him for that and Sherman Adams

*Stuart Locheim*

commented on the fact that whoever had arranged the program was guilty of very poor taste -- of course that was me -- because we should never had injected a Danny Kaye or a Dinah Shore into such an otherwise prestigious agenda. So that was kind of funny and that was written up a little bit. I was chairman of the United Fund and I think we had the first year in many and I believe the only year since that we made our actual stated goal, which that year was 18 and a half million. I took what amounted virtually to a sabbatical. I told my officer associates here that I couldn't possibly undertake that kind of a job unless I gave myself totally to it so I spent about 90% of the year's time in organizing the United Fund and that was a very interesting and demanding year. I have done a few things with you, Walter. Joe Clark walked down here one day -- I was always very impressed that he walked down the street -- and asked me to serve on the committee that you were running for the leasing of the airport -- the retail space in the airport. That must have been in the '50's.

I'm not going to go through all the directorships and all that stuff. You don't want all that.

(WMP: If you'd like to because they are relevant in a way.)

I was a trustee of the Philadelphia Savings Fund. I've been a member of the board of the Pennsylvania Hospital for 17 years. My oldest son has replaced me. I was a trustee to the Philadelphia Divinity School of the United Fund. The Philadelphia Electric Company -- I was on that board. I still am on the Philadelphia National Bank board. I was on the National Sugar Refining Board. I've been on the Old Philadelphia Development Corporation since its inception. I was a long-time vestry man at the Church of the Redeemer. And so on.

(WMP: The most government-oriented thing there was the Old Philadelphia Development Corporation. Did you give a good deal of time to that and if so, what do you remember of it?)

I'm still on it. I'm on their executive committee and have been on it I think since it was formed. The first chairman, I believe, was Bill Day. And I've been on it ever since.

(WMP: I wrote the plan for it. I was the one who recommended it.)

[NOTE: WMP was in error here. He was thinking of the Philadelphia Industrial Development Corporation and not Old Philadelphia Development Corporation. WMP did develop the idea of the use of non-profit corporations for quasi-governmental purposes.]

If those things have some direct or indirect relationship to activities in the city and civic affairs, I suppose they do, that would be my identification with those areas.

In the '50's, and I would be guessing, but I would say maybe about '57 or '58 Ed Bacon and Bill Rafsky came down to this office to discuss with me, I believe that I was the first retailer that they spoke to, about the unfolding of Ed Bacon's dreams for the restoration of Market Street and the formation of something to be called the Market Street East Committee and he, I believe, asked me, with Bill, if I would accept the chairmanship of such a committee. And I said I would not and that I thought it would be a mistake to ask a retailer whose interests would necessarily be totally subjective to chair the committee. The result of that was that the OPDC formed as a sub-committee the Market Street East committee from members of the OPDC and members of the Executive Committee and we were all happy to elect George ~~Rencliffe~~ <sup>Rincliffe</sup> (?), who at that time was President of the Philadelphia Electric Company before he was chairman to serve as chairman because he was non-partisan and he did a fine job for years in attempting to pull the Market Street East committee through and to bring to fruition the plans that had been so long in the hatching. So that was all conceived as the result of the meeting that Ed Bacon and Bill Rafsky had here with me in this office in 1958. And it took us virtually two decades to bring the Market Street East plan to fruition, and only partial fruition, in terms of the Gallery complex. And the reason that it took two decades -- several volumes could be written about it. I think the principal obstruction was the conflict of interest that existed between the at that time five department stores -- Wanamakers, Snellenbergs, Gimbels, Lits, and Strawbridge & Clothier. We spent an incredible amount of time in negotiations between ourselves. We had plans finally approved that called for -- there was never any question about Strawbridge & Clothier moving because we built a new building here in 1929 and completed it in 1931. We have a million square feet here in this building and it is a completely modern building. And of course we were never thinking of moving. But the plans for Gimbels to remain in their old location and Lit Brothers would remain. And the three stores in combination represented enough strength to off-set the tremendously advantageous location that Wanamaker's had in their present position. And so the

*above X*  
 plan called for a subterranean mall running from Lit Brothers at 8th Street up to City Hall, with skylights and high-rise buildings *above* and retail space along the subway level and so on. And finally the plan was approved and signed and the five store heads who signed it -- I signed it for this company, Bond signed it for Wanamaker's, Max Raab signed it for Lit Brothers, a man named Grinsfelder signed it for Gimbels, and I think Al Blasbain (?) signed it for Snellenbergs. *Blasbain*  
 And after the plan was all approved Gimbels decided that they didn't like being left on the South side of Market Street so they decided they wanted to go up near Wanamakers and around 12th Street on the North Side. So all the plans were junked and we had to start all over again. And then they decided that they didn't want to do that and that they would move to the location where they presently are in their new building. So anyhow that is as far as I'm concerned the principal reason for the delay. We fought that tooth and nail -- tooth and nail. And finally -- we fought their moving -- and I had in a showdown meeting which occurred in the board room of the Girard -- I had two supporters out of maybe 20. And I'll never forget it -- I have all this documented -- one was Dick Dilworth and the other was John Diemand. They both supported my view. Our feeling was that to put three major retail powers cheek by jowl on the same side of the street weakened the real estate values on the south side of the street and made that more difficult to develop. So that was that. But the Gallery has been very successful. So it was really a frustrating, almost harrowing, experience to go through for so long. To bring this one segment of Market Street East to fruition -- that's all this is -- one segment. The other segment is 1,2,3,4 Market Street.

(BF: Was OPDC the agency that was most active in Market Street East?)

The sub-committee of OPDC, which was known and still exists as the Market Street East Committee, under a new chairman now.

Another of your questions is what benefits do you see from the commuter rail tunnel? Well, I think very significant benefits to Market Street East. I think it will encourage commercial development of Market Street from City Hall to Independence Mall without question. I think it will enhance the value of all that real estate enormously. I think in the construction period obviously it will put a lot of people to work. I think as a commuter convenience relative to the scale of the total population available for a limited number of people it will be a very convenient thing.

I think it will give us a transportation system within the city limits second to none in the United States. I think for the average citizen, unconcerned with what I just said, it will mean virtually nothing. For businesses like this I think it will be extremely beneficial. I think it will encourage development of the rest of Market Street East. I think it would be extremely good if it were completed by 1985. The initial estimated cost was -- actually the initial cost when it was first conceived of -- was \$49 million. And the present cost is \$307 million but there are very few people who think it won't exceed a half million dollars without even trying.

We operate -- we're the only retailer in the city that publishes a statement and I'll give you one. Wanamaker's has been a trusteeship. They were required to report nothing. Gimbel's was part of the Gimbel's - Sachs chain and didn't report anything except a total corporation but didn't separate the Philadelphia division. Lit Brothers were part of City Stores and of course never reported anything except City Stores -- part of Banker's Security. Ditto Snellenbergs. So the competition over the years had the fun of seeing what our operation has produced and we haven't had the stimulation of seeing what they've had, which we have resented a little bit. And last year -- our net sales were \$280 million and in 1967 they were \$124 million. And our net earnings were last year \$10 million and in 1967 were \$5 million two. You can see here everything you might be interested in seeing in terms of our capital structure. You can see that we were operating 2,138,000 square feet in 1967 and now 3,550,000 square feet. And the company has had a very exciting history of growth. We now have approximately 12,000 people on our payroll. We will be opening our 11th department store in September in a place called Christiana, Delaware which is just south of Wilmington on I-95 as part of an enormous regional shopping center where Bamberger's and Penny's will follow us a year after we open in September. And we are opening our 11th Clover Store -- this is our mass merchandising division -- on August 9th as part of a mall called Buck Mall in Feasterville. So we will have 22 stores by the end of this year -- 11 department stores and 11 Clover stores.

(WMP: What is the effect on the downtown store on having all these suburban stores?)

The net effect is a plus. There certainly is an impact. If you could just visualize the situation as it was years ago where there were just the main stores in downtown Philadelphia and no branch stores. Obviously it would be logical to conclude that the Philadelphia main store would do more business than it is presently able to do.

But the net effect, of course, is totally on the plus side. We do almost 75% of our business in the branches. We were the first people to go into the branch store business. One of the first in the country. Two others went about the same time we did. We built Ardmore -- that was one of the first branches in the country. And Jenkintown was one of the first branches. Marshall Fields and ~~Bullitts~~ *Bullitts* out on the West coast and ~~Filipinos~~ *Filipinos* up in Boston and ourselves really pioneered in the branch store business in retailing.

The second phase of our growth program really took off in 1961 with the opening of Cherry Hill, which was the first covered mall center in the -- east of Chicago. We worked with the Rouse Company in Columbia, Maryland, who were pioneer developers.

We have a theory about growth -- we try to concentrate our strength at the core. In other words, we bunched our strength in the Delaware Valley area while the competition sort of nibbled at the periphery -- they went out to Harrisburg and Reading and Lancaster and Allentown and we were happy to see them do that because it gave us an opportunity to absorb the really prime real estate locations for the development of regional shopping centers. So that we went ahead and did that and if you look at a trading area map you'll see that Strawbridge & Clothier is bunched in the 8-county area -- Philadelphia, Montgomery, Bucks, Delaware, and Chester Counties, and Camden, ~~Gloster~~ *Lancaster*, and Burlington counties on the New Jersey side. We've concentrated there. We've dropped our Clover stores strategically in the interim space between the regional shopping centers. And soaked up the market. We're going to build a total of 20 Clover stores in the Delaware Valley area. We have nine to go. We have plans to build two Clover stores a year. The department stores are slower because the real estate requirements are much different. We need more space for regional centers. And we are looking now -- we have land under option in Burlington County and we are looking in the Doylestown area and we're looking in the Trenton area. And when we have saturated this section with our development plans we would then move -- export the business, so to speak.

(WMP: How do you fund such extensive....)

Cash flow. And longterm debt, of one kind or another. It's all in here (annual report).

You ask -- what sort of future do you see for merchandising in the city and in the suburbs?

Of course our future relates to the economic vitality of the whole area. Philadelphia, which the base was so strong at one time -- in fact, in your days at City Hall the base and the economic vitality of the area was strong largely through its diversification of industry and business. We've now become a labor-oriented city and the high cost of working in that environment and the high costs that relate to everything in the construction industry and the high costs that relate to the rejuvenation of plant equipment have forced industries in some cases to leave this area and to locate elsewhere in a more favorable tax and labor cost climate. And that has been damaging. So that we have become now a sort of a service-oriented community. And we are a service business. So we have been able to maintain an acceptable degree of profitability. Our profits run a little over 3 1/2 percent of net sales. For the retail industry that is low -- painfully low. But we rank very respectably in retailing nation-wide with that kind of earnings showing. But we thrive on people and we suffer from the fact that Philadelphia has had a decline in population base. We suffer badly from that. Here in Philadelphia. The suburbs have -- in those eight counties -- of course increased their population. Not dramatically, except in the case of Bucks and Delaware counties, which have had very healthy growth between the last census counts. But across the nation of course the great trend has been to move to the sun belt. So that if we had a continuing decline of people we would be -- it would be most unfortunate. And of course the racial mix has changed totally in the city. We have about -- if you went down through the Gallery at certain times during the day and night you would be acutely aware of the change.

(WMP: Has it caused higher costs of doing business?)

Higher costs of doing business?

(WMP: Shoplifting and such things)

I'd hate to be quoted on an area like this. I have very strong convictions about it but not for quotation.

You ask -- as of now, what sort of future do you see... .. to what extent does the quality of city government affect the economic health of Philadelphia? That would be like asking to what extent does it affect the degree of dampness in a house without a roof? The quality of

city government affects the economic health of Philadelphia almost totally.

(WMP: What has been the latest trend?)

I'll discuss it with you again -- not for quotation. Let's go on to -- what is the economic impact of the changing racial composition of the city? It is very significant.

What do you see as the economic strengths in Philadelphia today and in the coming years? I think Philadelphia has so much potential -- discounting what would be combined subjective judgment -- having lived here all our lives and therefore being hopelessly subjective -- I know of no city in the country, and I feel I have a fairly decent working knowledge of the conditions that prevail in the 30 largest cities in the country where the AMC stores are, I don't think there is a city that comes close to Philadelphia in its potential for the development of its port, for the development under more favorable circumstances of business and industry as a cultural center, as a medical center, as an educational center, and it is far and away having the most attractive family opportunities for growth and development of the family unit in terms of physical attractiveness and in terms of all the cultural, intellectual, artistic, historical pursuits that families might want to be involved with and become interested in. I don't know of a city comparable to it. I think the closest, I would say, the slightly more glamorous place, and a more attractive place for young people, just because of the atmosphere that has been created there for years and years is Boston. And on the West coast San Francisco. Apart from that and apart from shaking off of what is left of shreds of sort of stodgy feeling that some people think prevails here, I don't know of a place that even compares to it. In general living conditions, ability to move about -- I think there is an awful lot wrong, but that's why I say I think it has great potential.