

THE WALL STREET JOURNAL.

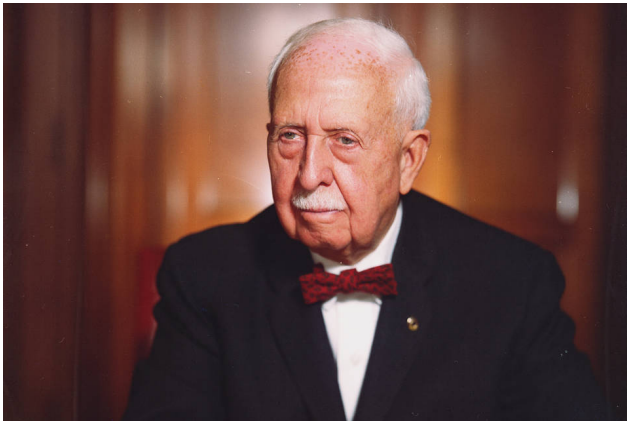
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The Cowboy Capitalist

When a life insurer told James Cash Penney that overwork put him at risk, he stepped down as president of his company and toured the country. Marc Levinson reviews 'J.C. Penney' by David Delbert Kruger.



. PHOTO: OSCAR WHITE/CORBIS/VCG VIA GETTY IMAGES

By *Marc Levinson*

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Many American entrepreneurs have obsessed over how to make good use of their wealth. The money of steel tycoon Andrew Carnegie built 1,689 public libraries. Julius Rosenwald, the genius behind Sears, Roebuck, devoted much of his fortune to funding schools for African-American children in the rural South. Oil magnate John D. Rockefeller gave vast sums to medical research, higher education and Baptist missions. For James Cash Penney, the obsession was farming. As David Delbert Kruger shows in “J.C. Penney: The Man, the Store, and American Agriculture,” the famed merchant’s devotion to his rural roots brought not just commercial success but also meaning in life.

Penney became a legend in American business almost by accident. Born on a Missouri farm in 1875, he found his calling in 1898, when he became a store clerk in Colorado. The store was called Golden Rule, and the philosophy of its owners was to sell a broad array of merchandise at fair prices, cash only, to small-town residents desperate for consumer goods. Golden Rule treated its managers as partners, and in 1902 the company offered Penney a partnership in a new store in Kemmerer, Wyo. He did so well there that he soon bought the entire operation. In 1914, the headquarters of the J.C. Penney Co., as it was by then known, moved to New York, but nearly all the stores

were in small towns in farm country. By 1917, it was the largest department-store chain in the United States.

But the previous year, a life insurer had told Penney that overwork had made him a high-risk customer, and he responded by transforming his life. At age 41, he stepped aside as president of his company. Freed of responsibility for day-to-day operations but still chairman of the board, he traveled the country, visiting the small towns where the J.C. Penney Co. owned stores or was considering opening one. His travels opened his eyes to a new calling, one that meshed tightly with his deep Christian beliefs. “It seemed to me that nearly everywhere I went farmers stood in need of better cattle,” Penney recalled later. For the rest of his life, he devoted heart and soul to making life better for people down on the farm.

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This is where Mr. Kruger picks up the story. If you want to know about retailing, this isn't the book for you; the author has nothing to say about merchandising or inventory control. Instead, he takes us through Penney's lesser-known ventures in livestock breeding, dairy production and farm improvement. For his last five decades, until his death in 1971, these efforts, far more than the dry-goods business, absorbed the retail magnate's attention. He understood improving the lives of rural Americans as a form of Christian service. As Mr. Kruger puts it, “the Golden Rule became a conviction Penney never outgrew.”

Penney's farming ventures began in 1921, when he bought 720 acres near Hopewell Junction, N.Y., hired a veteran breeder and worked with him to select the best Guernsey cattle he could find. Emmadine Farm would operate for more than 30 years, supplying breeding stock

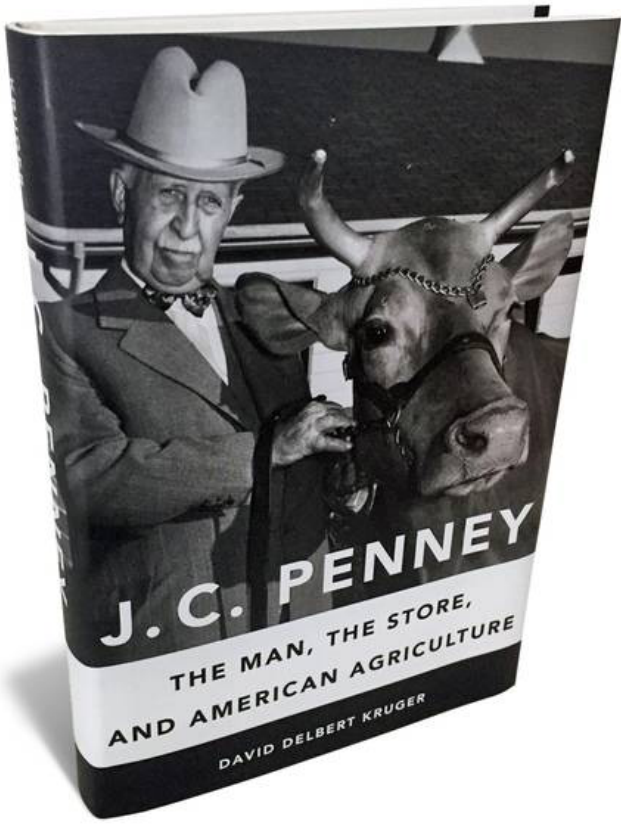


PHOTO: WSJ

J.C. PENNEY

By David Delbert Kruger
Oklahoma, 346 pages, \$29.95

to small farmers around the country and eventually furnishing a large commercial dairy.

Four years later, Penney purchased 120,000 acres in northeast Florida, intending to create a utopian community where committed, morally upright families could build

a future on 20-acre plots, living rent-free for a year and using buildings and equipment provided by Penney to grow their first crop before deciding

whether to buy the land. He hired experts who encouraged the farmers to be self-sufficient and advised them on when and how to plant vegetables and fruit trees. Initially, Penney Farms flourished, but then disaster struck: crop prices collapsed, the farmers moved away and in 1930 Penney's own fortune was wiped out. The following year, the entrepreneur was hospitalized following a nervous breakdown.

By 1933, he was well enough to resume his practice of traveling the country to visit J.C. Penney stores. The chain now had more than 1,500 outlets, and Penney stopped in dozens of small towns from Iowa to Nevada. Often he gave no advance notice, startling managers and customers alike as he walked in the door. "Penney hoped his personal interactions would improve the morale of not just local employees but also the agrarian residents who made up his customer base," Mr. Kruger writes.

Seeing his hard-pressed customers up close inspired Penney to return

to his agrarian dreams, this time acquiring farms near his Missouri birthplace as his finances recovered. One farm raised Aberdeen-Angus cattle. Another bred draft animals, and others specialized in Hereford cattle and hogs. At most of the properties, Penney owned the land but took on a promising young farmer as his partner in the livestock operation. Even so, Penney was intimately involved in the details, offering advice about which animals to buy, meeting local farmers who wished to mate his bulls to their cows, and, in old-fashioned suit and tie, attending each farm's livestock sales. A photograph from 1938 captures Penney showing off Limestone Valley Gold Dust, a prize donkey, in a pen built inside a Missouri store.

Not all of these ventures succeeded: In his enthusiasm for breeding better mules, Penney failed to foresee how quickly tractors would make mules unwanted, and a prized Hereford bull turned out to have a gene that caused dwarfism, destroying the value of Penney's herd. Yet Penney persisted in chasing his dream. In 1962, at the age of 87, he bought a New York farm to breed Angus cattle. He hid the purchase from his wife, who thought he should retire.

Mr. Kruger's book offers us a memorable portrait of an extraordinary capitalist. Penney kept going strong until 95, when a series of accidents took their toll. A few months before his death he had fallen on a New York sidewalk while trying to catch a bus to his office. The company would gladly have provided a limousine, but that wasn't the way J.C. Penney traveled.

Mr. Levinson's most recent book is "An Extraordinary Time: The End of the Postwar Boom and the Return of the Ordinary Economy."

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