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The Wilson Line of Hull, 1840-1916

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The aim of this paper is to examine the development of the Wilson Line of Hull from the 1840s to 1916, a period during which the firm expanded rapidly to become one of the largest enterprises in the British shipping industry. It assesses the extent to which the company was unique in the context of Britain's highly significant shipping interests, and explains how the Wilson family retained ownership and control of their large-scale and wide-ranging business.

1. A Business Unique?

In 1905, Charles Wilson, the chairman of Thomas Wilson, Sons & Co. Ltd., asserted that his family had created "a Business Unique in the world's history". He was wrong in that this was a family-managed firm that had its genesis in merchanting—like countless other mid-19th century shipping enterprises. In other ways, however, there was substance behind Wilson's claim. The scale of the Wilson Line set it apart from other family shipping firms. Entering the steam shipping business in the early 1850s, the firm experienced rapid growth through the 1860s, 1870s and 1880s. Though the dynamic expansion of the fleet slackened off in the 1890s, the Wilson Line entered the 20th century with a fleet of over 100 steamers aggregating almost 120,000 tons. At this juncture, the firm owned over 60% of Hull's merchant shipping, a preponderance that was unique in Britain's major ports. According to *The Times,* this was "the largest privately-owned shipping line in the world".

The scope of the Wilson Line's operations was distinctive. In the early 20th century, it ran steamers on 25 scheduled lines that connected Hull with Scandinavia, the Baltic, northwest Europe, the Mediterranean, the Adriatic, New York, Boston, Bombay and Calcutta, as well as operating return coastal lines between the Humber and London, Newcastle, Jersey and (around Scotland!) Liverpool. The length of time the company was owned and managed by Wilson family members was also extraordinary. Founded by Thomas Wilson in 1840, the firm was transferred by legal deed to Thomas' youngest sons, Charles and Arthur, in 1861. The two brothers ran the business until the end of their respective lives in 1907 and 1909, when the company passed into the hands of Arthur's son Kenneth, and Charles' son, Tommy, until the firm was sold to Ellerman Lines in 1916.

Thus, for over three-quarters of a century, the Wilson Line was owned and managed by three generations of Wilsons. Theirs proved to be a highly profitable business, the firm's accounts indicating that it turned a profit and paid dividends in every year from 1891 to 1916.

This profitability was reflected in the affluence of the Wilson family. While Charles Wilson purchased a landed estate outside York in the 1870s, Arthur contented himself with a mansion on the outskirts of Hull where the Prince of Wales and other members of the Victorian social elite were entertained on their visits to the north. The Wilsons also owned property in the south of France, the north of Scotland and in central London. Accompanying this wealth was social position, both in Hull and nationally, and also a political role, with Charles serving as Liberal MP for West Hull for over 30 years.

Such wealth, and the social, political and other distractions that it entailed, make it all the more remarkable that the family remained fully in control of their large-scale, wide-ranging enterprise for such a long time and through three generations. This unique achievement was due to two sets of factors—the *modi operandi*, and short-term strategies, of the firm.

2. *Modi operandi*

For the Wilson Line to have grown to such a size while owned and operated by a limited number of individuals related by birth, its management must have been effective. This is evident in the strategic decisions made by Charles and Arthur Wilson over four decades. In the 1860s and 1870s, the brothers developed their business by purchasing cheap, second-hand vessels and deploying them in the Scandinavian and Baltic trades in which their father had engaged since the 1820s. They were not averse to taking risks. The establishment of lines to the Indian sub-continent, the eastern Mediterranean, and the United States were regarded as bold initiatives by contemporaries who were surprised when these trades – which were unprecedented in Hull – immediately generated profits.

As these new trades, together with the more established European routes, prospered, so the Wilson brothers began to improve the quality, as well as the size, of their fleets. A measured policy of vessel replacement was adopted, with the older "rattletraps" – as Charles called them – sold or scrapped, and new vessels acquired. From the mid 1880s, as competition intensified and better safety and accommodation standards were imposed, the Wilsons concentrated on the qualitative, as opposed to the quantitative, improvement of their fleet. Throughout the period, the capital for vessel purchase came from within the company or, occasionally, from within the family, with no recourse to outside borrowing.

This was low-cost management. The two brothers directed policy without external assistance and without being accountable to shareholders. It was a form of management that relied heavily on the qualities of the individual directors, and on two broad non-family groups. The first was the workforce employed by the company. It is evident that the Wilson brothers realised the importance of maintaining good relations with their administrative staff, their cargo handling labourers and their seafarers. Accordingly, during the late 1880s, the Wilsons encouraged the formation of a closed shop by the newly established National Seafarers and Firemen's Union, an arrangement that brought the two brothers into conflict with the Shipping Federation in 1893. The bone of contention here was the Wilson's pro-labour stance in the Hull Dock Strike. When forced by his fellow shipowners to lock out the labourers, Charles Wilson was bitterly upset, feeling that he had let his workforce down, a clear indication that treating his labourers well, and cultivating their loyalty, were important objectives of his management strategy.

The Wilsons also relied on a second non-family group, an array of agents and allies, both in Hull and in the ports and regions with which they had dealings. These network connections were absolutely vital to the operation of the firm. They included family members. Thomas Wilson and his wife produced no less than 15 children, and this proved to be an important commercial advantage. Family members occasionally injected capital into the company, with the eldest son, David, a wine merchant, providing mortgages to support the vessel purchasing policies of his younger brothers. Another brother, John West Wilson, was despatched by his father to Gothenburg, where he served as the firm's agent for many years, eventually setting up his own merchanting business.

Over time, moreover, a dense network of agents developed at home and abroad. This was especially significant in the Baltic and Scandinavian trades, with agents such as Helsing & Grimm of Riga handling cargoes for the Wilson steamers, and feeding commercial intelligence back to Hull. Such agents were critical to the operation of the emigrant trade. They had connections far inland who persuaded Russian peasants to purchase a ticket that would convey them from their homeland to New York via Hull (on a Wilson Line steamer) and Liverpool. Cultivated over many years, these networks gave the Wilsons a key advantage in developing and maintaining a significant share in the emigrant market, which expanded greatly during the second half of the 19th century.

3. Short-term Strategies

The Wilson Line implemented various short-term strategies to attain its overarching goals of prospering and remaining under the control of the founding family. Having focused on growing its shipping interests down to the late 1880s, the firm defended its market share by various means as competition intensified in the Baltic and North Atlantic trades during the 1890-1914 period. For instance, when DFDS—the large, state-supported Danish company based in Copenhagen—encroached upon the Wilson trades with the eastern Baltic ports of St.

Petersburg, Riga and Libau, it was threatened with a price war, the Wilsons proposing to charge a nil rate on cargoes out of these ports for six months. DFDS was then outmanoeuvred as the Wilsons acquired the vessels and trades of a third player in the Baltic game—the Hull family shipping enterprise of Bailey and Leetham. Agreement ensued in 1903, with DFDS obliged to recognise the Wilson Line's rights in the Baltic trade and in Hull; as the Wilsons explained, somewhat triumphantly: "Hull is our home port, Copenhagen is yours, and we think if both companies will recognise each other's rights in the Baltic trade, a much more friendly spirit will spring up, tending to better financial results than heretofore."

Contemporaries noted the monopolistic tendencies of the Wilsons. As early as the mid-1880s, there were complaints in local newspapers that the Wilsons were building a "monopoly in the Baltic trade, having ruthlessly driven their opponents out of their path so that they are now masters of the situation." In the early 20th century, this strategy evolved into a form of defensive diversification as the Wilsons expanded their maritime interests in Hull by acquiring Earles (shipbuilders), Amos & Smith (marine engineers) and Bailey and Leetham (shipowners), and by investing in the newly established "Hull Steam Fishing & Ice Company". Such diversification involved the investment of relatively small sums in Hull enterprises that were either bankrupt, ailing or small in scale, and was not undertaken for purposes of vertical integration, but largely to prevent outside investors from establishing a foothold in Hull. In essence, it strengthened the position of the Wilson Line in its home port, and therefore added to its commercial viability and enhanced the durability of the Wilson dynasty.

In terms of the structure of their enterprise, the Wilsons implemented a significant change in 1891 when the firm was transformed from a partnership into a private limited company. With a capital of £2m, the new firm of 'Thos Wilson Sons & Co. Ltd' was divided among seven shareholders – Charles & Arthur Wilson, their wives, sons and a nephew. While the adoption of limited liability was a clear sign that the Wilson brothers wanted to safeguard their stake in the firm, it was also related to the concerns that Charles and Arthur were expressing privately as to the ability of their sons and heirs to manage their large-scale enterprise. Charles Wilson put it quite bluntly when he wrote that: "neither his nor Mr Arthur Wilson's sons seem likely to take management off their hands".

Given this predicament, Charles and Arthur began a search for a salaried manager from outside the family who could run the business on behalf of the third generation Wilsons. This happened during the mid 1890s, when Charles and Arthur exploited their network connections to identify a manager who could develop the business while maintaining its independence and family ownership. After a patient search, they more or less headhunted Oswald Sanderson, a man they had had dealings with as agent for their New York sailings.

Sanderson took up the post of manager in 1900, was allocated some shares and a directorship in 1905, and managed the firm on behalf of the third generation Wilsons down to 1916. In essence, it was Sanderson who took the reins from Charles and Arthur Wilson, and did more than anyone to solving the problem of retaining family control over a large-scale, wide-ranging business corporation operating in a highly competitive market. The company archives infer Sanderson's impact; whereas the firm's financial records are thin and patchy down to 1904, from 1905—when Sanderson took over completely—there are detailed annual financial statements, fleet analyses, and market reports. Essentially, the management of the business was re-organised so that its efficiency greatly improved – a critical factor in the early years of the 20th century when freight rates were depressed and competition was intense.

4. A Typical Family Firm?

The ownership and management of this large-scale concern sheds light on the effectiveness or otherwise of the family firm as a corporate form. Quite clearly, the Wilson Line indicates that private family enterprises can prosper, with a simple ownership pattern and limited management structure proving conducive to long term growth and profitability.
Moreover, families can devise and deploy strategies that lead to sustained expansion without loss of family control.

However, the Wilson Line was afflicted by weaknesses that are deemed to be inherent in the family enterprise—inter-personal friction, the waning commitment of later generations, and the sacrifice of business assets for personal financial gain. While these problems were overcome or suppressed for over 70 years, in 1916 the Wilson Line was rocked by the erratic behaviour of Tommy Wilson, the son and heir of Charles Wilson. In the midst of the First World War, with vessels lost, markets closed and resources scarce, Tommy not only wanted to raise cash by selling the firm's newest steamer, but also provoked a bitter row with the only non-Wilson member of the Board, Oswald Sanderson. Faced with a difficult market, and despairing of Tommy's volatility, the third generation Wilsons, together with Charles' wife, the Dowager Lady Nunburnholme, suddenly lost faith in their substantial, long established enterprise. As a consequence, in October 1916, with no fuss and little warning, the Wilsons sold their "business unique" to Ellerman Lines Ltd for some £4.3m.

With regard to Hull, the Wilson Line's focus on its home port had a major influence on the strategy, structure and performance of the company. In turn, as the Wilson Line expanded, its policies and investments played an increasingly important part in the development of Hull's maritime economy. This cuts two ways, however, for Ellerman's Wilson Line contracted steadily after 1918, leaving a hole in Hull's economy that for many decades proved difficult to fill.

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