

George Washington: Businessman

By Senator Douglas J.J. Peters

George Washington's Birthday Celebration

Old Senate Chamber, Annapolis

February 18, 2010

Among his many talents, George Washington was a dedicated businessman who had a great vision for the future of America and his own private affairs based on his hopes for the westward expansion of the nation he helped create. His personal business was agriculture, but he knew how to measure the value of land as a trained surveyor, and invested in related industries such as the manufacture of whiskey and the milling of flour.

If you were to do a word search of the transcriptions of Washington's papers at the Library of Congress you would find him mentioning the word 'business' well over 500 times between his first writings in 1741 and his death in 1799. To Washington, the word had two distinct meanings: public and private. We know much about his public business, including the momentous occasion when he resigned his commission as commander in chief in this room, placing the responsibility for shaping the course of the United States in the hands of the civilian authority. Until very recently, however, little attention has been paid to his private business affairs or the meticulous way he sought to improve his family's financial well being.

Just last fall, a distinguished group of scholars assembled at Mount Vernon to advise the Washington Papers on how best to bring Washington's vast collection of financial papers on line, and, two years ago Mark McNeilly provided his broad interpretation of *George Washington and the Art of Business*. McNeilly lays the groundwork for a thorough study of Washington as an innovative businessman who used his leadership skills honed on his plantation to fashion a new country.

In the 1700s, wealth was measured by size of your property and Washington was perfectly suited to maximize his holdings. Washington was both a farmer and surveyor and used his skills to increase his Mt. Vernon estate from 2,300 acres to almost 8,000 acres in his lifetime. Mt. Vernon would eventually include a mill, a blacksmith shop, a small clothing factory and a distillery. Washington was an innovator with crop rotation, including setting the future value of wheat over tobacco. Washington's success in business was due to a number of leadership principles that he followed throughout his career.

Hands-on management pp. 16

- He Inspected his estate at every opportunity when not in public service, giving detailed instructions on projects
- He was not afraid of getting his hands dirty

Ethics pp 161

- He totally rejected overtures to make him king, and intervened to prevent a move towards tyranny

- He never mishandled army funds
- He never over-reached his authorized power

Situational Leadership pp.165

- At the Battle of Trenton, for example he personally rallied the troops and lead them into battle – he always led by example
- He fostered free discussion with key officers on how to approach the battle
- He treated the various delegates from each state as equals at the Constitutional Convention

Turnaround Strategy pp. 147

- At the Battle of Monmouth, Washington had to act under great pressure. With the battle in jeopardy because of an irresponsible General Lee, Washington took control of the troops and stopped the repeated British assault
- He demonstrated clear familiarity with turnaround strategies Faced with declining revenues, increased losses and poor image, He rose to the occasion implementing turnaround quickly with new strategies and pragmatic actions

Building Alliances pp. 133

- Washington knew that alliances were vital to the success of the Revolution. If America stood alone, Britain would focus all its war efforts and defeat the rebellion
- France was vital to our success. He welcomed Lafayette as a son and pursued a number of strategies to secure financial and military support of the French. In the spring of 1776, money for arms was sent using a fake business as a front to avoid the appearance of France's making a direct challenge to Britain. France's ally Spain also agreed to provide assistance.

Intelligence and Information Networks pp. 70

- Washington regularly met with his spies to learn about his enemy. His focus on intelligence was threefold: understanding his enemy, keeping in touch with the mood of the populace and learning about the terrain.
- The same is true with market intelligence: it is comprised of three areas as well. Knowing your competition, understanding the customer and knowing your industry. For example: the major U.S. networks ABC, CBS, NBC focused on each other and

missed CNN. And then CNN missed the rise of Fox News and, now, the print media missed the internet.

Where would Washington be today? A corporate CEO or college president would seem to be a good fit, but I believe he thrived best as a small business owner and would be perfectly content to work on his Mt. Vernon estate.

Let's take a moment to listen to Washington's own words about business in order to better understand how this towering figure of American history balanced his private world with that of his public responsibilities.

To lead our army, Washington knowingly left his private business affairs in the hands of others, choosing to serve without pay on condition that he be reimbursed for his expenses. For that, he kept a separate set of books and after the war he was compensated by Congress. As to his personal affairs, for the duration of the war, he entrusted them to overseers and his cousin, Lund Washington, who resided at Mount Vernon.

As he explained to Sarah Bomford on January 6, 1790:

Madam: In answer to your letter of the 23 of August last, which came to my hands but a few days ago, I must observe that, from the year 177, to the close of the war with great Britain, my public duties totally precluded me from attending to any kind of private business whatever, and from the latter period to the time of my entering again into public life, I was occasionally so much engaged in correspondencies, and other matters consequent on the station which I had held, that, with the greatest industry I could not find time to pay that attention to my own private affairs which they required

While in command at Cambridge, Massachusetts in the fall of 1775, he wrote Lund Washington a long letter concerning the conduct of his private business, which he later incorporated into his letterbook with the notation:

What follows is part of a Letter wrote to Mr. Lund Washington the 26th. day of November 1775. A Copy is taken to remind me of my engagements and the exact purport of them. These paragraphs follow an earnest request to employ good part of my force in cleaning up Swamps, ... Ditching, Hedging, &c.

"I well know where the difficulty of accomplishing these things will lie. Overseers are already engaged (upon shares) to look after my business. Remote advantages to me, however manifest and beneficial, are nothing to them; and to engage standing Wages, when I do not know that anything I have, or can raise, will command Cash, is attended with hazard; for which reason I hardly know what more to say than to discover my wishes. The same reason, although it may in appearance have the same tendency in respect to you, shall not be the same in its operation. For I will engage for the Year coming, and the year following, that if these troubles, and my absence continues, that your Wages shall be standing and certain, at the highest amount that any one Year's Crop has produced to you yet. I do not offer this as any temptation to induce you to go on more cheerfully in prosecuting these schemes of mine. I should do injustice to you, were I not to acknowledge that your conduct has ever appeared to me, above every thing sordid; but I offer it in consideration of the great charge you have upon your hands, and my entire dependance upon your fidelity and industry."

"It is the greatest, indeed it is the only comfortable reflexion I enjoy on this score, to think that my business is in the hands of a person in whose integrity I have not a doubt, and on whose care I can rely. Was it not for this, I should feel very unhappy on Account of the situation of my affairs; but I am persuaded you will do for me as you would for yourself, and more than this I cannot expect."

"Let the Hospitality of the House, with respect to the poor, be kept up; Let no one go hungry away. If any of these kind of People should be in want of Corn, supply their necessities, provided it does not encourage them in idleness; and I have no objection to your giving my Money in Charity, to the Amount of forty or fifty Pounds a Year, when you think it well bestowed stowed. What I mean, by having no objection, is, that it is my desire that it should be done. You are to consider that neither myself or Wife are now in the way to do these good Offices. In all other respects, I recommend it to you, and have no doubts, of your observing the greatest Oeconomy and frugality; as I suppose you know that I do not get a farthing for my services here more than my Expenses; It becomes necessary, therefore, for me to be saving at home."

While most of his letters to Lund Washington have been destroyed or lost, a few have survived between them, including one in which the general pleads with Lund to stay on:

I hope no motive, however powerful, will induce you to leave my business, whilst I, in a manner, am banished from home; because I should be unhappy to see it in common hands. For this reason, altho' from accidents and misfortunes not to be averted by human foresight, I make little or nothing from my Estate, I am still willing to increase your wages, and make it worth your while to continue with me. To go on in the improvement of my Estate in the manner heretofore described to you, fulfilling my plans, and keeping my property together, are the principal objects I have in view during these troubles; and firmly believing that they will be accomplished under your management, as far as circumstances and acts of providence will allow, I feel quite easy under disappointments; which I should not do, if my business was in common hands, liable to suspicions

To which Lund replied, making it clear that he had no intention of leaving:

"By your letter I should suppose you were apprehensive I intended to leave you. I hope for the future you will entertain a better opinion of me than to believe that while you are encountering every danger and difficulty, at the hazard of your life and repose, giving up all domestic happiness, to serve the public and me among them, that I would attempt to take advantage of you by screwing up my wages or leaving your estate to the care of a stranger."

Once the war was over, and Private Citizen Washington returned to Mount Vernon to devote himself to his private affairs, leaving the door open, as he did in his speech in this room, to being called back on the public's business.

In those years from the winter of 1783 to the elections of 1788, George Washington focused his attention on the private business at hand of improving the farming methods on his estate and managing his properties that were scattered as far away as the Ohio Country. In that regard he had a great vision for the nation which included making his beloved Potomac navigable over the mountains to the Ohio River. As private citizen he became one of the most effective lobbyists to ever appear before the Maryland House and Senate, securing state

financing for the Potomac Canal. Later he would return as president, and again as a private citizen, to encourage the creation of the nation's capital on its banks even to the extent of supporting the idea that Maryland surrender sovereignty over several square miles of its territory to make it happen.

Being a small businessman was not always easy. His employees did not always serve him well. His miller, William Roberts, for example, was too fond of the bottle. Just a few weeks before appearing in Annapolis to resign his commission, Washington wrote about the importance of his mill and having someone qualified to manage it:

I have received the enclosed from Mr. Lund Washington (who has charge of my business in Virginia) to Colo. Biddle; it was accompanied with the following paragraph to me: "William Roberts would not enter into such articles as I wanted him to sign, altho' he has for several years (since he lived here) signed much the same; he says he is convinced from what is past, he never shall quit drinking, notwithstanding his endeavours to do it; and the restrictions he is laid under in these articles are such that it is not in his nature to keep them; and he has no right (he acknowledges) to be indulged any longer in the manner he has been; therefore he will rent a Mill, and work for himself, being determined never to hire himself again.

...

The time being short, no delay can be admitted; I submit to you therefore, the propriety of advertising for a man, which will answer my purpose; the wages I will leave entirely to yourself; or, in other words, I would give the highest that are given, for such a Mill as mine is described to be; or I would even give more, to get a good and skillful man who understands, and will do his duty, without giving me any plague or trouble. There is no Miller in America I would exchange Roberts for, if he could be broke of his abominable drunken and quarrelsome frolics; the opinion I entertain of his skill, and an unwillingness to part with him, have been the inducements to my keeping him fourteen years, when I ought not to have borne with him for the last seven of them.

Having now committed this business absolutely to your management, I shall confide in your endeavours to serve me,

Keeping the mill going was often on his mind, especially when called away to lobby for the Potomac Company, as was the future of the nation's capital city that was named after him. Washington was forever attempting to get his colleagues to work together both in his private and his public life. Often it was his friends that made progress difficult as in the case of laying out and developing the District of Columbia. As he wrote his Maryland associate, Uriah Forrest, with a ring of truth that can still be heard today:

I perfectly agree with you, Sir, "that the City [of Washington] has infinitely more to dread from the discord and want of union among it's friends, than from all the power of it's enemies" and am therefore persuaded, that every considerate person, who is interested in it's establishment, will use his influence to heal differences and promote harmony among those engaged in the execution of the work.

As president, Washington again entrusted the management of his personal business to others. He looked for those who would soberly go about managing his business, in one case somewhat regretting that he did not hire the brother instead of the person he did:

had I known at the time that his brother Lawrence would have undertaken the business, I should have thought him (on account of his age) the most eligible; and would have preferred him accordingly; for, possibly, if he had chosen to continue there, his conduct might have been found such, as to supercede the necessity of employing any other: because, as I could place entire confidence in his integrity, and presume I may do so in his Sobriety, Industry, care and oeconomy, with strict attention to the conduct of the Overseers, and to the plans marked out for their government, my business might progress as well under his auspices as under that of any other I am likely to get; for a married man would not only be inconvenient for me, but (by keeping a separate house) would add considerably to my expences. Whereas a single man, whether at my first (if from his walk of life he should be entitled to it) or at my second table, would with respect to his board, be not more than a drop in the Bucket.

But after all, is not Lawrence Lewis on the point of Matrimony? Report says so; and if truly, it would be an effectual bar to a permanent establishment in my business as I never again will have two women in my house while I am there myself.

As a small businessman with interests in real estate, he faced some enormous problems. In the 1780s, America encountered one of the worst depressions in its history, that is until more recent times. Washington weathered the storm but not without difficulties, particularly with his agents in the Ohio Country. In the last year of his presidency, he found it necessary to chastise the manager of his Ohio lands and consider withdrawing from the business:

Having experienced more plague than profit in collecting the rents of my lands in the counties before mentioned. It is my intention to sell both tracts, if I can obtain what I conceive to be the worth of them as leases therefore will impede the sale, I am not disposed at this time, under these circumstances to give any. . . . I pray you to write me, as soon as you can, what state my business is in with the Tenants; what sum you have actually received on account of Rent; what you have a prospect of soon receiving; and what is due. In short, I wish to know what the real situation of my affairs as they respect these tracts is.

From the first days of his copy book when he carefully recorded Rules of Civility, Washington was always willing to offer advice on self-control and time management which, if followed, he believed would contribute to a prosperous business economy and a well managed republic. As he put it in a memorandum to his 17-year-old step grandson, then living at Mt. Vernon, who had been expelled from Princeton and was about to attend St. John's College in Annapolis:

“System in all things should be aimed at; or in execution; it renders everything more easy.”

If now and then of a morning before breakfast, you are inclined, by way of change, to go outwith a Gun, I shall not object to it, provided you return by the hour we usually sit down to that meal.

From breakfast, until about an hour before Dinner (allowed for dressing that you may appear decent) I shall expect you will confine yourself to your studies, and diligently attend to them, and endeavoring to make yourself master of whatever is recommended to, or required of you.

While the afternoons are short, and but little interval between rising from dinner and assembling for Tea, you may employ that time in walking, or any other recreation.

After Tea, if the studies you are engaged in allow it, you will, no doubt perceive the propriety & advantage of returning to them until the hour of rest.

Rise early, that by habit it may become familiar, healthy and profitable. It may for a while be irksome to do this but that will wear off, and the practice will produce a rich harvest forever thereafter, whether in public or private walks of life

Make it an invariable rule to be in place (unless extraordinary circumstances prevent it) at the usual breakfasting, dining, and tea hours. It is not only disagreeable, but is also very inconvenient, for servants to be running here, & there, and they know not where, to summon you to them, ...

Saturday may be appropriated to riding with your gun, or other proper amusement.

Time disposed of in this manner, makes ample provision ... for... the hours allotted for study IF REALLY APPLIED TO IT instead of running up & down stairs, wasted in conversation with anyone who will talk with you, & will enable you to make considerable progress in whatever in life is marked out for you G. Washington

He also had some good advice for junior state senators, which he composed in a letter to his step son John Parke Custis in 1781:

I do not suppose that so young a Senator, as you are, little versed in political disquisitions can yet have much influence in a populous assembly; composed of Gentn. of various talents and of different views. But it is in your power to be punctual in your attendance (and duty to the trust reposed in you exacts it of you), to hear dispassionately, and determine coolly all great questions. To be disgusted at the decision of questions because they are not consonant to your own ideas, and to withdraw ourselves from public assemblies, or to neglect our attendance at them upon suspicion that there is a party formed who are enimical to our Cause, and to the true interest of our Country, is wrong ... it is the indispensable duty of every patriot to counteract them by the most steady and uniform opposition.

In addition, Washington reminded Senator Custis that it was incumbent upon the legislature to send its “ablest and best men to Congress” (In those days Congressmen were elected by the state legislatures):

Men who have a perfect understanding of the constitution of their Country, of its policy and Interests, and of vesting that body with competent powers. Our Independence depends upon it; our respectability and consequence in Europe depends upon it; our greatness as a Nation, hereafter, depends upon it. the fear of giving sufficient powers to Congress for the purposes I have mentioned is futile, without it, our Independence fails, and each Assembly under its

present Constitution will be annihilated, and we must once more return to the Government of G: Britain, and be made to kiss the rod preparing for our correction. a nominal head, which at present is but another name for Congress, will no longer do. That honorable body, after hearing the interests and views of the several States fairly discussed and explained by their respective representatives, must dictate, not merely recommend, and leave it to the States afterwards to do as they please, which, as I have observed before, is in many cases, to do nothing at all.

But enough of my observations on the business philosophy and enterprises of George Washington. Perhaps we should ask him ourselves. I understand that General Washington will be with us tonight to remind us of the advice he gave Congress when he resigned his commission in this room, and to answer questions about his business vision for America. General Washington.

[Washington enters, addressing Senator Peters with:

I understand, Senator, that you and your colleagues have some questions for me concerning my thoughts on the future course of the business of our new nation, and my hopes for the future. I stand ready to be of service, and am even willing to return to public office, if that proves to be of use to the country.

Thank you for coming tonight, General. Do you have any words of wisdom that you would like to add?

If I may, I would like to repeat my address that I gave in this room that afternoon of December 23, 1783: