

Book Reviews

Territories of profit: communications, capitalist development, and the innovative enterprises of G. F. Swift and Dell Computer

Gary Fields

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A current conventional wisdom (*pace* the late J. K. Galbraith) is that we live in a 'new information and communications world', one marking a distinct break with the past. A central claim of this book is that this is *not* the case: that 'the entire period from the mid-nineteenth century to the present day is arguably a single communications revolution. This revolution began with the railroad and the telegraph. It is continuing to transform economy and society through the Internet' (232). In this impressive study, Gary Fields uses two paradigmatic business firms, one from the nineteenth century (the meat-packing company, G. F. Swift) and one from today (the PC company, Dell) to justify this argument. In so doing, he produces an immensely rich analysis, both theoretical and empirical, which draws upon ideas and materials from economic geography, economic history, business history and the history of communications technologies. The result is both a very scholarly and, at the same time, a highly readable narrative, which has much to tell us about the similarities (as well as the differences) between how these two emblematic business organizations made use of the emerging communications technologies of their times to manipulate space, to create

their own distinctive production and market territories and to enhance their profits. Their very success in doing so provided models for other firms to follow along similar paths. They were the entrepreneurial pioneers of their generations.

In particular, they were, above all, *logistics* companies. It was their innovative development of ways of organizing transactions between all the stages of their supply chains that made them so successful. In the case of Swift, the process was that of vertical integration: the complete internalization of every stage (and it *was* every stage) in the production and distribution of packed meat. Not only did the company establish a continent-wide production and distribution network, which transformed the US market for beef, but it also built upon and reinforced the nodal position of Chicago and of some other emerging urban centres. 'Assuming the status of late-nineteenth century industrial districts first observed by Alfred Marshall, these concentrations of slaughtering emerged as command centres of continentally organized industrial empires, gateways to a new territory of profit making' (94–95). The anatomy of this new geography was a concentration of slaughtering centres connected to a dispersed pattern of branch distribution houses located in close proximity to major markets. In effect, Swift developed an early form of just-in-time production based upon continuously updated consumer demands transmitted back to the corporate centre using the new telegraph systems.

Whereas Swift exerted power over its entire supply network through direct ownership of assets and businesses, Dell Computer exerts its power through the *virtual integration* (not ownership) of several tiers of suppliers. Whereas Swift used the railroad and telegraph as the platform for its business operations, Dell uses the Internet not only to reach its markets but, more

importantly, to control and organize the entire process of production of PCs to customer orders. Like Swift, but on a global rather than on a continental scale, Dell has created a distinctive geography based upon a small number of geographically dispersed, strategically located assembly sites connected into close concentrations of suppliers needed for its just-in-time system. But the key to Dell's success (so far, at least), possibly even more so than that of Swift, lies in its innovativeness in the sphere of logistics. Fields quotes a Dell executive: 'we are not experts in the technology we buy. We are experts in the technology of supply chain integration. We have created this expertise with the Internet at its core' (166).

The basis of Fields' analysis is emphatically Schumpeterian, with its emphasis on the agents and processes of 'creative destruction' and, especially, on the role of opportunistic entrepreneurs who have the foresight (or possibly good fortune) to see the potential of particular new technologies. Such technologies—in this case of communications—enabled such pioneering firms successfully to innovate and to develop their distinctive models of business organization and, in so doing, to change the economic landscape for follower firms. Over the entire span of this book's focus, the outcome was a set of evolutionary processes of both development and continuity, what Fields calls the *rhyme*, rather than the repeat, of history.

These arguments are developed in three parts, preceded by a lengthy Introduction which summarizes the major threads of the book's structure. Part 1 consists of a single theoretical chapter in which the author provides, first, a broad-ranging review of ideas drawn primarily from the literatures of communication and technological innovation (essentially based upon Schumpeter) and of business organization (ranging from the work of Chandler and Coase/Williamson through to Castells' network concepts and the commodity chain/production network ideas of such writers as Gereffi and

Sturgeon) and, second, an essentially Schumpeterian synthesis, which places strong (and very welcome from this reviewer's perspective) emphasis on the inherent territoriality of business organizations. Parts 2 and 3, each consisting of two chapters, present the two business cases, each introduced by a chapter on the development of the relevant communications technologies. The book concludes with a brief Conclusion entitled 'The *Rhyme* of History'. There is a pleasing symmetry about this structure and a transparency and clarity of writing style which should make this book accessible and attractive to both specialist and non-specialist readers. I have only two minor criticisms. The first relates to the rather limited discussion of business organization in Chapter 2. There is much recent literature that really could, and should, have been incorporated into the discussion. My second criticism is that there is quite a lot of repetition throughout the book. Some of it undoubtedly arises out the very nature of the book itself and its focus on two cases from different time periods but which have considerable similarities. But I think it is also a result of the thoroughness of the Introductory chapter, which tends to create a later sense of *déjà vu*. On the other hand, this chapter provides a very clear guide to what follows. For the non-specialist reader, perhaps less interested in the intricacies of theory, this makes it possible to move straight from the Introduction to the 'meat' (as it were) of the rich and informative cases.

This book really does deserve a wide readership. It is full of illuminating insights not only into the histories of two highly significant business enterprises but also into the complexities of their geographies and of how such geographies are continuously being shaped and reshaped.

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