

# How to encourage entrepreneurs to start using telephony in the beginning of the 20th century

By Jan Verhelst



In the beginning of the 20<sup>th</sup> century, telephony was already developed so that companies could introduce it to improve internal communications.

**Figure 1: Typical intercom phone**

Besides the “traditional telephones” connected to manual switchboards, also intercom systems were developed on which you could connect to other parties by just using a push button for every destination. So no operators were necessary for this kind of operation<sup>1</sup>.

But most of the entrepreneurs were hesitating to switch over to the new technology. Sometimes the equipment was not yet reliable and required unexpected extra repair costs, or sometimes there was a need for extra investment due to the rapid growth of their company.

Two excellent business men came up with a simple but brilliant concept to overcome this problem by leasing of intercom systems. The German Harry Fuld and the English Frederic Thomas Jackson applied this leasing concept on the telephony market with great success in the first decades of the 20<sup>th</sup> century.

## 1 The German Harry Fuld (1879-1932)



**Figure 2: PRITEG's advertisement**

Harry Fuld was the only son of a wealthy art and antique dealer in Frankfurt, Germany and was supposed to join the family art and antique shop. After a bank apprenticeship in Frankfurt and volunteer work in London, Paris and Brussels, he found in the family business no longer room for him.

Together with the German master watchmaker and technician Carl Lehner (1871-1969) Fuld founded the Deutsche **PR**ivat-**TE**lephon-**G**esellschaft **H. Fuld & Co.(PRITEG)** in 1899

<sup>1</sup> Automatic telephony was introduced much later in Europe, in the 1920s.

at the age of 20. He came to know that in Brussels a company called “La Téléphonie Privée” started to lease telephony products to businesses.

The equipment was originally purchased from Bell Telephone Manufacturing Company in Antwerp, Belgium. But only 1 year later Harry Fuld started his own production of telephone sets.

The installation and maintenance of the telephone equipment was done through distributors, based on a franchising system. PRITEG supplied equipment knowledge and training to local distribution companies that were to be founded. In return, the "subsidiaries" transferred part of their income from the rental agreements to the parent company and allowed it to inspect their accounts at any time.

The advantage was a rapid grow, with foreign capital. Every distributor had his own company, and if that company went broke, there was no influence on Harry Fuld’s “mother company”. In the beginning distributors were mainly in every important German city.



Figure 3: PRITEG distributors in almost every German city

In a second stage, he encouraged people to start their own distribution company in almost all European countries, based on this franchising system. In a lot of cases the foreign companies were managed by German citizens, i.e. in the UK there were Fuld distributors with German management in *Birmingham, Leeds, Ireland, Lancashire, Yorkshire and Glasgow*.

## 2 The Englishman Frederic Thomas Jackson (1881-1959)

Frederic Thomas Jackson became in 1902 a clerk at **The Private Telephone Company** and within 4 years he was Company Secretary, PTC was using equipment imported from Harry Fuld in Germany. A number of other substantially German-owned operating companies were doing the same in Britain at the time. PTC was renamed **New System PTC**, and offered internal telephones for rent rather than purchase. This made it economic to change a business over to phones rather than continue with speaking tubes or whatever.

FT Jackson left New System PTC and joined a rival company, **Intercommunicating Telephones**, in 1908. He expanded the company, and even took over his old employer, New System. The phones were still supplied by the German company of Harry Fuld.



With the business on a sound footing, Jackson pooled resources with Campbell Cochran, a solicitor. In 1912 they bought out the German-owned **Caledonian Telephone Company**. This and a number of other regional operating companies was brought into the New System group.

Jackson applied the same business model as Fuld: offer telephone equipment for rent to avoid a high purchase cost.

At first phones were supplied as said by the German Harry Fuld, but the outbreak of World War One meant that supplies from Germany were halted . With some help, Cochran and Jackson managed to obtain sufficient financial backing to establish the **Telephone Manufacturing Company**. They established a telephone factory in 1915. Jackson named it the Hollingsworth Works after his paternal grandmother's maiden name.

The idea behind TMC was that it should supply the private telephone rental companies now owned by New System. The various installation companies managed their own affairs which left TMC to concentrate on the production of the telephone equipment needed by them.

In 1920 TMC went public, acquired other phone rental companies and expanding into Belgium, France and Australia.

In 1929 profits doubled and the business was split into manufacturing (TMC) and rentals (**Telephone Rentals** or TR), though both were under the same board of directors.

### 3 Some international partners

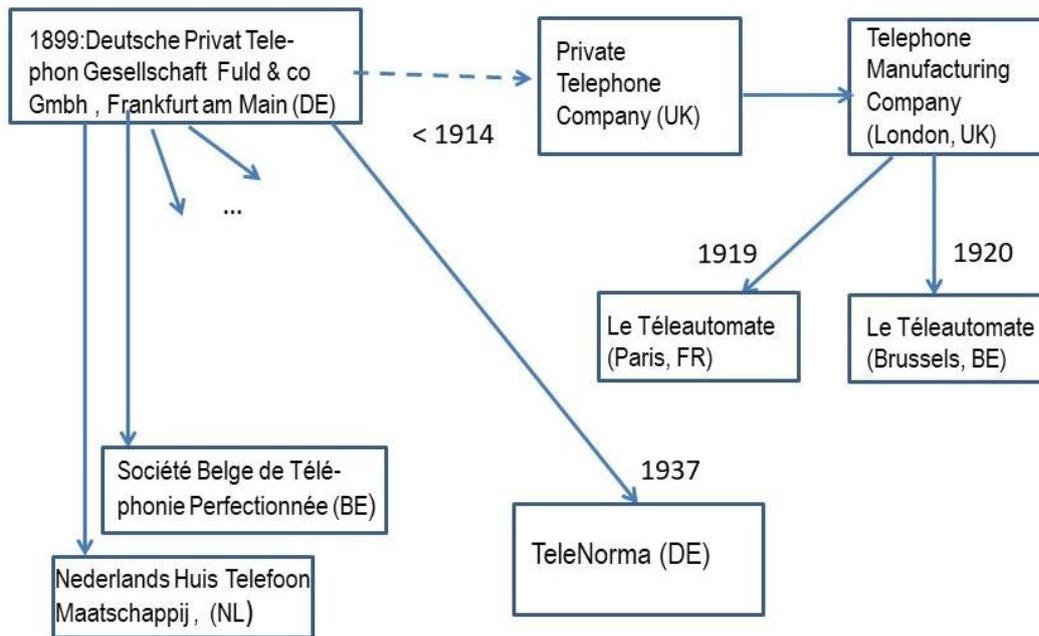


Figure 5: Some of the international partners

#### 3.1 International partners of TMC

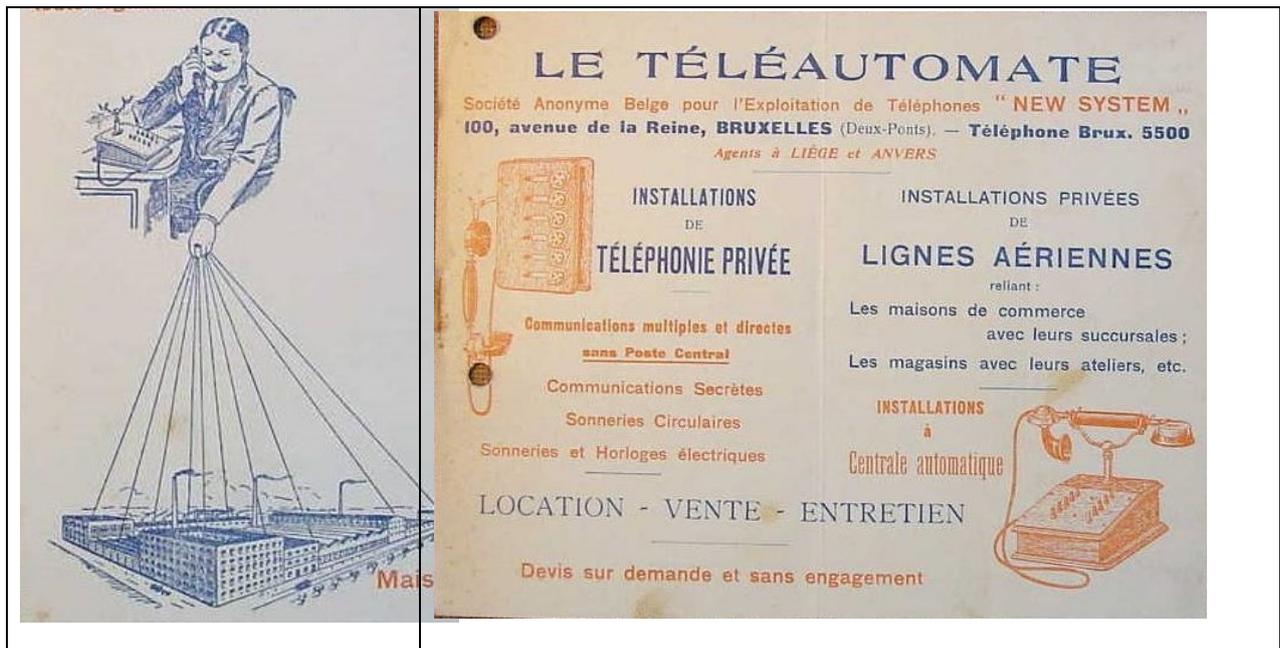


Figure 6: Advertisement T leautomate Brussels (> 1920)

Both the German and English companies had international distributors. We limit ourselves to a few of which we have illustrations, and which make a visual comparison possible.

FT Jackson and the Telephone Manufacturing companies did setup distributor companies in France and Belgium right after World War I called “Téléautomate”. In the foundation act of 1920 of the company- in Brussels one can see FT Jackson has the majority of shares. The other shares belong to local businessmen.



Figure 7: Advertisement Téléautomate Paris (> 1920)

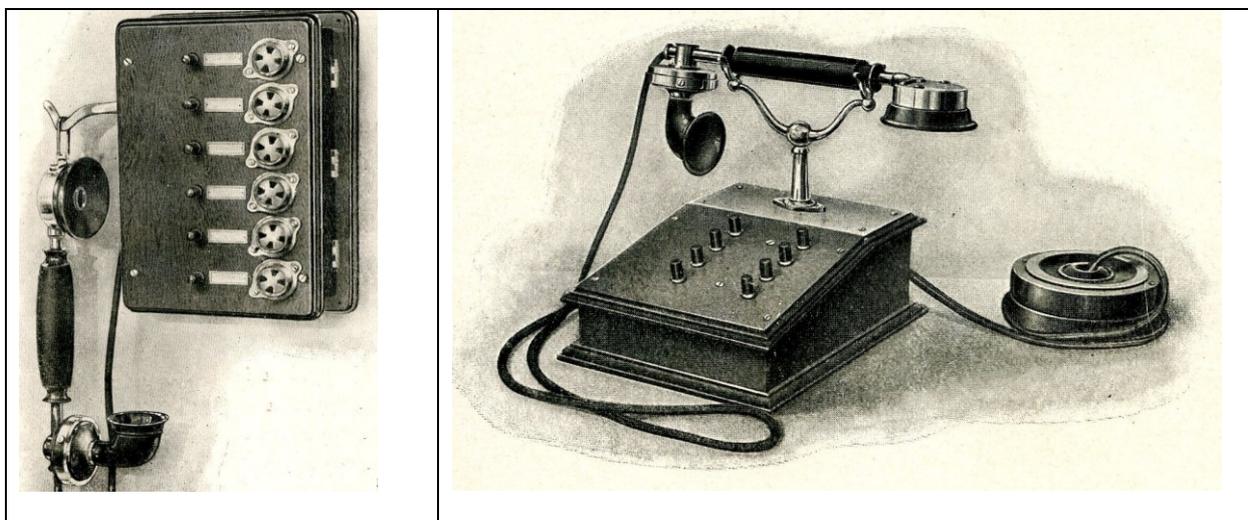


Figure 8: Excerpt from the catalog of “Société Belge de Téléphonie perfectionnée” (+/- 1912)

© het MOT, Grimbergen, Belgium

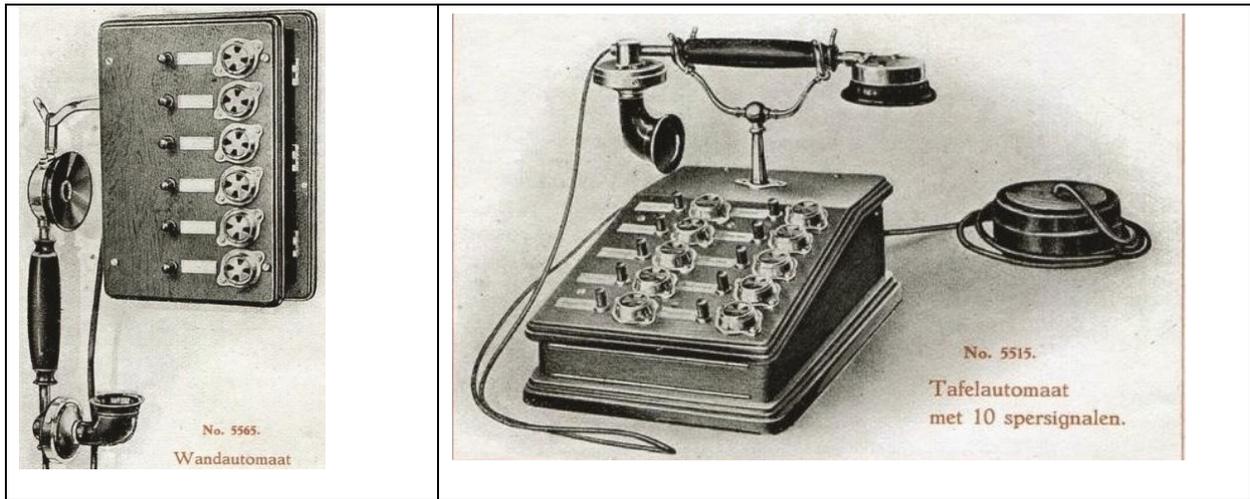


Figure 9: Excerpt from the Dutch catalog of “Nederlandse Huis Telefoon Maatschappij” (+/- 1910)



Figure 10: Advertisement in the Dutch catalog

The manager has everything under control.

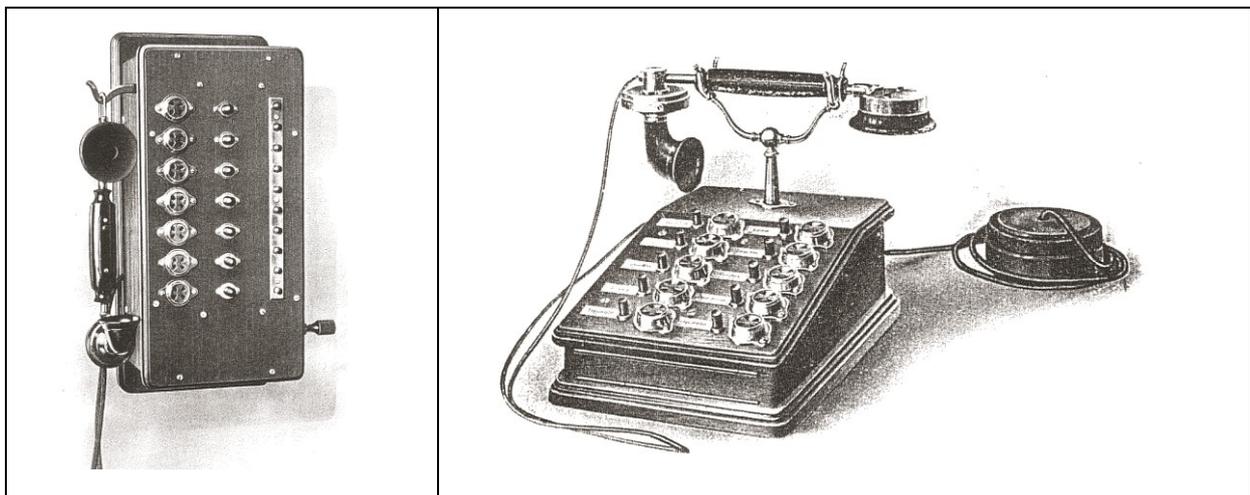


Figure 11: Excerpt from the catalog of Fuld (+/- 1914)

By comparing figures 6-10, one can see the phones are similar, from the same supplier. Also the advertisements look similar.

Thanks to Stefan Biesemans, Andy Emmerson, Thomas Göbel, John Mulrane and Arwin Schaddelee for their assistance in doing this research and writing this article.