

THE ACQUISITION OF BUSINESS RECORDS

A New Zealand Approach

by Stuart Strachan

Undoubtedly the best means of preserving business archives is for the businesses themselves to preserve them by employing archivists. This is the practice of some of the largest companies in Europe, Britain, North America and Australia. Banks in particular, insurance companies, and some very large manufacturing and trading concerns are amongst those that do. But business in New Zealand is on such a smaller scale than in most overseas countries that the need and capability of New Zealand firms to employ archivists is correspondingly slight. The situation is aggravated by the weak general tradition of archive-keeping in New Zealand, the absence of the sort of examples offered by the largest overseas concerns in their own countries, the poor standard of business histories, and the consequent low appreciation by New Zealand businessmen of the potential value of some of the records they are producing. The result is that only one New Zealand enterprise, the Bank of New Zealand has appointed an archivist, and then only quite recently. More ought to do so, specifically the trading banks, the larger native insurance companies and stock and station agencies, and perhaps the top ten public companies as ranked by issued capital, ordinary and otherwise.

It is, of course, quite possible for a business to have a formed archive, something more than a disordered mass of accumulations, without employing an archivist, and even adequately to care for it over long periods of time, but it is unusual. Its ability to do so, moreover, will be conditional on a number of factors, some constant but most of them variable: the nature of the business (a legal office is more likely to take good care of its archives than an engineering firm); the form of the business (both public and private companies have statutory obligations concerning the keeping of records); the traditions of the business (an old family concern with continued participation by its members is likely to have some respect for its older records); the character of its premises; the rate at which the business has expanded; and the nature of its record keeping systems. Because most of these factors are variable and changes in them can occur quite quickly, the archives of a business can be placed at risk with startling rapidity. Certain occasions precipitating change are of critical importance. Specifically they are: mergers, takeovers, liquidations, reorganizations, changes in management, construction of new premises, relocation of head offices, and simply shortage of space.

In these circumstances, the inability or unwillingness of most businesses to care for their archives adequately, the only method of ensuring the survival of many records of very considerable historical value is for archival institutions to acquire them, even though the word "acquire" may have a slightly offensive ring in the ears of those raised in the Jenkinsonian tradition. As well as the provision of suitable

storage, it is essential that trained archival staff be employed if the acquiring institution is to be anything more than a warehouse for old records. Besides being trained in archives work generally, quite an amount of additional, personal preparation needs to be undertaken by the archivist himself before he becomes really competent to deal with business archives. The ideal business archivist would have a degree in economic history, qualifications in commercial law and accountancy, as well as formal archives training. It is a rare combination, and something less usually has to be settled for. Because businesses, unlike practically all other organizations, are conducted primarily with a view to profit, their financial records have a far greater importance as archives than is the case with those of other corporate bodies. The business archivist, then, must be familiar in quite a detailed way with the various sorts of financial records that he is likely to encounter. Incomparably, and here I write from personal experience, the easiest and best way to begin gaining this knowledge is to follow an introductory course in accounting, such as is offered at first year level in most universities, and, because at heart accounting is a practical skill, to do the exercises and sit the exams at the end of it. This is quite sufficient to give an archivist a good initial working knowledge of the double entry system, and also make him familiar with the principles that underlie accounting, so that he will understand not only the relationship of one kind of financial record to another, but also their interpretative limitations as historical documents.

At the very least, with such a course under his belt, an archivist should be capable not only of distinguishing a journal from a cashbook from a ledger without relying on the spine lettering (often inaccurate anyway), but also of telling apart a general from a debtor's ledger, a sales journal from a purchase journal, and of following the various records through their changing physical forms. A ledger can begin as a bound volume, become looseleaf, be placed on cards, and finally be witnessed only in a computer printout. There is a further reason for having at least a seeming competence in the handling of financial records. Sceptical businessmen are not all impressed by inept fumbling around with their papers, but their doubts can in large part be countered by the sureness and quickness with which the archivist works. Some knowledge of company law is also desirable. It is important to know the exact differences between a sole proprietorship, a partnership, a private company, and a public company, as these have a marked effect on the kinds of records that an archivist can expect to find, and also to be familiar with the various forms of statutory records and the legal requirements governing them.

This is still not enough. Archives are ultimately kept for use, and apart from their administrative use by the businesses themselves, the most significant users of business records are likely to be business and economic historians. The needs of these have to be kept in mind when the archivist is faced with the task of selecting material for preservation as he inevitably will be. For this reason the business archivist must make himself familiar with the best in recent writing in the fields of business history and those parts of economic history that make use of business records. Of English language journals, the most rewarding to

study are the *Economic History Review* and *Business History* (both English), the *Business History Review* (American), and closer to home the *Australian Economic History Review*, which indeed for long was known as *Business Archives and History*. A useful specialist journal is *Business Archives* issued twice a year by the Business Archives Council (London). Good business histories should also be read. In his reading the archivist has to be continually alive to changing trends of academic study, new ways of working over old ground, and new uses of new forms of records, and yet at the same time endeavour to preserve his independence of judgement and imagination, for in practice it is the archivist who determines largely what records ought to be preserved for historical purposes and he must develop the ability to stand on his own feet.

The first step in a programme of collecting business archives is to discover where they are. Sometimes the records will find the archival institution through a direct approach by the business itself, but this is a chancy matter and ought not to be relied upon, though the availability of the institution for this purpose ought to be made known as widely as possible. A systematic method for locating possibly valuable records ought to be adopted by the institution itself. It can be done in two ways and it is preferable to combine both. The first is to make direct approaches to businesses, at a venture so to speak, that for reasons of their age, size and nature may be expected to have records of interest. It is wisest initially to select public companies operating in fields of substantial economic significance, and in particular those which have their registered or head offices nearby. Primary production and related industries, transportation, construction, retailing, banking and insurance are all obvious areas for investigation. A stock and station agency should be approached before an ice-cream factory, a tannery before a branch stationery shop, the head office of a large public company before a corner store. Priorities have to be decided upon, but they should be flexibly applied. There will be occasions when a corner store will be found to have records of the greatest value, and a slow growing branch to have material that has long since been destroyed at the head office. The names and addresses of the most important companies in New Zealand are conveniently listed with other useful information in the *New Zealand Business Who's Who*, a copy of which is always kept at hand. The other way is to look for the signs of crisis: the merger; the takeover; the liquidation; the reorganization; the retirement; the demolition and construction of offices; all of which could herald a change, possibly fatal for their archives, in the circumstances of the businesses concerned. The surest source of information is the commercial pages of the daily newspaper which should be read without fail. Physical evidence in the shape of the demolition and construction of commercial buildings should always be investigated. A further device, one which has been adopted by the Alexander Turnbull Library, is to make friends with the demolition contractors, and have them telephone the archives if they discover anything of interest. A supplementary procedure is to arrange for the Registrar of Companies to notify interested institutions of liquidations in progress in their areas. Finally, the importance of mobilising the eyes and ears of research

workers, colleagues, friends, and acquaintances to the cause cannot be over-emphasized, and can be the most fruitful source of information.

Before actually approaching a business, and here the crisis situation is excepted, some homework has to be done on the firm concerned. Any published histories, even the slightest, must be read, and if it was established before 1900 its entry in the appropriate volume of the *Cyclopedia of New Zealand* (1897-1908) should be looked at. *The New Zealand Business Who's Who* will tell how long the business has been established, what its main lines of business are, the number and location of its branches and manufacturing units, whether it is a private or public company, what its capital is and the number of its staff, and finally who the directors, general manager and secretary are. This last raises the question of the level of approach, whom exactly to speak to initially. This is important as, if a mistake is made at this stage, it can be difficult to recover from a rebuff. If the archivist has personal contacts then he should use them, but only to establish who is the right person to whom formal approaches ought to be made, and perhaps to get some idea of the general situation.

Failing this, a rough guide is:

1. In the case of a sole proprietorship, the only person to approach is the proprietor himself.
2. In the case of partnership, one of the partners. He need not necessarily be the most senior partner. It is best to plump for the most sympathetic.
3. In the case of a small public or small private company, the manager.
4. In the case of a large public or large private company, the managing director or general manager, or the secretary.

Each business, however, presents its own problems of approach, and the archivist must adapt his means to the circumstances.

Direct contact is best made by telephoning and asking for a meeting with a very general explanation by the archivist of his interest. At this first meeting with the manager or secretary, it would be most unwise and presumptuous to make a direct bid for the firm's records, unless the circumstances warrant it, and in any case it will not be known if such a bid is justified. The archivist should expand on his interest in the business's archives with a degree of enthusiasm and knowledge, which is when his homework should stand him in good stead; and without being impolite, there is no need for him to show excessive deference as competence and knowledge will earn a far greater respect. The next step is to ask to see the archives or at least what passes for them, and most secretaries are quite willing to agree to this. Businesses seldom have record keeping systems as highly developed as those of government departments or local authorities, so it is important for the archivist to ensure that he is shown all the places where archives might be, and he must be prepared to suggest these himself. For instance, manufacturing records may be housed in the factory, sales records in the marketing department, accounting records in the office of the chief accountant, and those relating to shares in the share registry. Particular notice should be taken of the following points: the physical condition of the records; the conditions of their storage, paying special attention

to fire and water hazards; the room available for storage; their security; their completeness; and the degree of order in the records. Most important of all is to discover if the archives of the business are in the active charge of an employee, and what its policy concerning retired records is. The results of this investigation and his general impressions will enable the archivist to decide quite quickly if the records have any value as archives and if they are at risk. If they are found to have value and to be at risk, only then is the archivist justified in broaching the possibility of having them deposited in his institution. It is a matter of balance. High value archives require only a low risk to justify the deposit, while low value archives will need a high risk to justify the space they will occupy.

Success is most likely to come if the archivist can convince the manager or secretary that what he is asking is quite reasonable, normal, and indeed creditable. Generally the idea of having business archives housed in an archival institution is one unfamiliar to New Zealand businessmen, who tend to react in one of two ways; suspicion of what may happen if the archives should pass out of their immediate charge, largely consisting of unfounded worries of company secrets falling into the wrong hands, the reaction of the older, more conservative businessman; secondly, that the whole thing is a waste of time, of taxpayer's money, and that if he had had his way the whole lot would have been thrown out years ago, a reaction to which a particular strain of accountant bent on making his way in the world is especially prone. The first must be reassured and the second convinced. Reassurance comes best by having flexible terms of deposit worked out beforehand. In every case, except liquidation, it is wise to insist that ownership of the records remain with the business. It may be important for a library to own legally the books in it, but for business archives it is a matter of relatively little importance. Indeed it is almost preferable that business archives should be deposited rather than gifted. In the first place it has tremendous psychological value in helping to persuade the management that the deposit ought to be made, and gives the depositing body a much greater sense of security and control over its archives, especially as it carries with it the right to withdraw records should circumstances demand it. This sense of security can be greatly reinforced by a requirement that the records can only be consulted with the prior permission of the firm. Not only will an archives institution have far greater success in securing accessions if it uses a system of deposits instead of insisting on them being gifted, but it will often gain a much greater part of a firm's archives than might otherwise be the case. Secondly, it encourages the business to continue to think of its archives as being its archives still, perhaps to take a new found pride in them, even though they have passed out of its immediate custody. Indeed the sense of dispossession should be as small as possible. This is essential to the good health of the archive group as it will encourage the company to make regular additions to the initial deposit, and give its archives a vitality that they would to the contrary lack. In a nutshell, the relationship of an archives institution to the business archives in its care should be that of trustee or guardian, and not that of property owner. Finally, it is illegal for companies to

alienate certain vital statutory records, which nevertheless ought to be kept with the main bulk of its archives. Deposit makes this possible. It is also a distinct advantage to be able to cite the names of a number of reputable companies who have entered into a similar arrangement.

The other arm, that of conviction, must also be brought to bear, the need to convince the sceptical that business archives are worth keeping at all. The archivist must be prepared to give concrete examples of the usefulness of archives both to the business itself and to scholarship. The provision of adequate source material for the writing of good centennial histories is a subject upon which it is possible to wax eloquent, and telling comparisons can be made between well and poorly written histories. Aspects of business suitable for academic study which can be quoted are: capital structure, liquidity, turnover, credit periods, methods of valuation, product mixes, cost accounting techniques, pricing policy, management styles, product development, manufacturing processes, marketing, labour relations, and so on. He can also point to the example of large and successful overseas companies which find it worthwhile to keep archives or at least to have their archives kept for them.

Assuming that the willingness of the management of the business to deposit its archives in the archival institution has been unofficially obtained, the archivist must now make a formal offer. This should only be done with the agreement of the secretary beforehand, and ideally the proposal should be as much his as it is the archivist's. In my view the decision of a company to deposit its records in a repository is one that can only be properly made by its Board of Directors, so that the letter, containing the offer, should be addressed to the secretary to be submitted to the Board for consideration at its next meeting. The letter should state, amongst other things, the extent and historical value of the company's archives, their condition, spell out precisely the terms of the proposed deposit, and ask for a formal resolution of the Board constituting the archival institution the official repository for the company's archives. The last point, if it can be gained, is of particular importance as the decision will be binding on the management of the company for all time, unless the Board should see fit to have it rescinded. It also has the considerable advantage of giving the archivist some authority and standing with respect to the records of the company when it comes to dealing with its staff. If the groundwork has been done and there are no unexpected snags, the approval of the Board should be no more than a formality.

Now comes the task of selecting, listing and packing the records that are to be transferred. Selection is a large and complex subject which cannot be considered in detail here. Considerable help, however, can be had from a number of published schedules, but it is important to remember that these offer a general guide only and that each form of business has its own characteristics which will be reflected in record forms peculiar to it; for instance, the statement books of a legal firm, the milk ledger of the dairy factory, and the killing records of a freezing company. Correspondence, because of its critical importance as a source of information and the great rate at which it accumulates, presents most difficulties and rarely survives intact. Some form of

selection usually has to be resorted to. The two most important correspondences to locate and preserve are that of the Board and that between the general and branch managers. Other bulky record forms can be sampled by the use of the random, systematic, or purposive methods, or by a combination of them. The various record series must be established as fully as possible, and missing items and series enquired after. It is also important to ensure that a complete range of company printed matter such as annual reports, house journals, recruiting brochures, advertising matter, sales catalogues, company histories, and staff manuals, is acquired, as these often escape the filing system. Staff manuals are of particular value for an understanding of the organization and procedures of the business, and so of the records they produce. One matter which has to be decided with the secretary and others concerned is the recency of records to be transferred. A single cut-off date for all the records is far too clumsy a device. Some records cease to have administrative value almost as soon as they are created, whilst others such as taxation papers, valuations, and superannuation fund records have an administrative use for very many years. It is best to establish individual cut-off dates for each series, and the criterion should be that of convenience. The occasional referral by the company to its archives in the archival institution should be quite acceptable to both parties, but if it should happen often then records of too recent a date have been transferred.

A packing list with reference to numbered cartons is then prepared, and copy of it is given to the secretary and others who may need it. There is no need to rush into a detailed inventory at this stage, nor, knowing most repositories, is it wise to promise one, so long as the packing list serves to locate any record needed at short notice. The cartons containing the records can then be transported to the archives and placed upon shelves, not forgetting to have them fumigated first.

In a crisis situation, these steps may be telescoped considerably and some omitted altogether. The archivist must simply do the best he can. It is important, however, to have the ability to act quickly, as there may literally be only an hour's notice, and in some cases it may be necessary to work over weekends to beat the demolition crews coming in on Monday. A good stock of cartons should always be kept on hand, and good relations developed with a carrier if direct access to a truck is lacking. In the case of a company going into voluntary liquidation, it is desirable to have a resolution passed at the final general meeting designating the archival institution as the final repository for the company's records, a decision which will be binding on the liquidator.

There are two situations which the archivist should try to avoid, if at all possible. The first is a vague promise that the manager or secretary or accountant will sort out some records of interest for deposit in the archival institution. This is probably just diffidence, but as businessmen usually have a remarkably narrow view of archives and their historical value, the institution is likely to get in this way only a number of fine bindings, some specimens of good handwriting, an illuminated address or two, a pile of photographs, and perhaps an exhibition prize certificate. Whole vital series, particularly

correspondence, are likely to be ignored altogether as being too bulky or lacking in interest. That is, if the manager or secretary remembers or finds time to do anything at all. The answer is to offer to help, to supply labour, boxes, and a truck, and to offer to make a list, and with a bit of luck the archivist will end up doing it all. If this is refused, then he should ensure that the business gets a copy of a good schedule to work with. The second situation is the one in which the company wishes to retain some of its most interesting and important records, such as the first minute book or very early letter books, whilst expecting the archives institution to take over the balance of the records worth preserving permanently. This of course has the effect of dividing the records into two which is thoroughly bad practice, as it carries with it the danger that the records remaining with the business will ultimately be lost sight of. It also greatly reduces the value of the deposit to the archival institution, which in the long run is accountable for public money spent to the nation at large, just as the directors of a company are directly responsible to its shareholders. This is a point of view that a businessman ought to appreciate, and it should be made plain by the archivist that his offer is for all of the historical records of the business and not just part of them. In practice, some compromise is often necessary but there should be as little as possible.

REFERENCES

1. *Editor's Note*: There has been some discussion on the point, made in news paragraphs in two recent issues of *Archives and Manuscripts*, that the recent appointment of an Archivist of the Bank of New Zealand was the first such appointment by a New Zealand bank. The Archivist of the Australia and New Zealand Banking Group Limited, Mr H. K. Hall, has written to say that in 1964 Mr J. R. Laing was appointed Archivist of the National Bank of New Zealand Limited. Mr Hall exhibited a copy of a letter in which Mr Laing signed himself as Archivist of that Bank. The appointment was, however, probably not a very long-term one.
2. A list of the more useful of these is given below:
 - W. Benendon, *Records Management*. Englewood Cliffs, N.J., Prentice-Hall, 1969, pp. 120-124. Written by the Director of Records for the Lockheed Aircraft Corporation, who is also a Fellow of the Society of American Archivists.
 - Institute of Chartered Secretaries and Administrators. New Zealand Division. *The retention and disposal of documents*. Auckland, 1972. (The Administrator's Handbook Series No. 1) Very useful because it has direct application to New Zealand, but as it is compiled from an administrative point of view, it pays insufficient attention to the historical value of correspondence, and production and marketing records.
 - Business Archives Council. *The Management and Control of Business Records*. London, 1966. Of general interest only.
 - Business Archives Council of Australia. *Business Records. Their Management and Value*. Melbourne, 1967. In many ways the most comprehensive and useful of all the disposal schedules.
 - Building Societies Institute. *Building Society Business Records*. London Franey for the Building Societies Institute, 1970. (Building Society administration booklet No. 8). Contains a good example of a specialised disposal schedule.
 - Remington Rand Inc. Management Controls Division. *A Basic Plan for Record Retention and Destruction*. New York, 1952? Now old, but still of considerable value.