

A Success Story of African-American Entrepreneurship

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The Montgomerys Settle Mound Bayou

Like others, blacks chose to settle new territories with their families and friends. This was true in the case of Isaiah Montgomery, who, along with his cousins, settled the town of Mound Bayou, Mississippi, in 1888. Montgomery's family was a remarkable one, and young Isaiah proved to be a natural entrepreneur.

His father and mother, Ben and Mary, were slaves on Hurricane plantation in Warren County, Mississippi, which was owned by Joe Davis. Davis was the brother of Jefferson Davis, who later became President of the Confederate States during the South's secession from 1861 to 1865.

Education is our passport to the future, for tomorrow belongs to the people who prepare for it today.

- Malcolm X

Black Settlers of Mound Bayou Had Skills Needed to Build Town

Literacy

Because Isaiah's father was literate, Isaiah learned to read and write early. Not all slaves were savagely treated, and Isaiah enjoyed a youth similar to those of many free blacks. Even during the period of slavery, Ben Montgomery was given the freedom to build a house and a store for his family on the Davis plantation. From his trading in merchandise, and by hiring himself out to others as a mechanic, Isaiah's father was able to pay Davis a regular sum of money, while still supporting his family.

Management Skills

Isaiah acquired his father's management skills and went to work in Joe Davis's office when he was 10 years old. While working there, he soon learned how to keep books. After Emancipation, Isaiah's father used his savings to buy a general-merchandise business in Davis Bend, Mississippi, which he named Montgomery & Sons General Store. In 1868, the Montgomery family bought Hurricane, the very plantation on which they once had lived as slaves.

Men who are in earnest are not afraid of consequences.

- Marcus Garvey

After the L.N.O. & T. Railroad Company acquired thousands of acres of land in the rich Delta region of Mississippi, the railroad's owners asked Isaiah Montgomery to act as their land agent. For his services, they were willing to pay him on a commission basis. Isaiah staked out a proposed town site and enthusiastically began selling plots of land. His first clients were people he knew who had expressed a desire to relocate.

Sales Skills

Being a good salesman, however, Isaiah did not wait for buyers to come to him. He traveled throughout Mississippi and several other states distributing fliers and handbills publicizing the town plots and surrounding farmland. Through eloquent speeches, he tried to get as many blacks as possible to see the value of working to build for themselves and their families since they were free from the restrictions of slavery. What greater value, he asked them, could there be than having the chance to own their own property? Such a proposition, he preached, would open up new opportunities for them and their children for generations to come.

Among his first land purchasers were his cousins Joshua Montgomery and Benjamin Green. Both of these men possessed skills and experience that would prove to be very helpful in the development of the new town. Joshua was born a slave in 1854. After Emancipation he apprenticed to study law and engineering. Later he practiced both of these professions. Green, who had also been a slave, lived with the Montgomery family for a while, acquired commercial skills, and became manager of Montgomery & Sons.

Creativity

All three family members decided to put their business skills and life experience to work developing the town they named Mound Bayou, after a stream that ran through the site. While they were excited and looked forward to their new entrepreneurial venture, recruiting settlers turned out to be a slow process. A plan was devised that allowed new residents to buy land from the railroad company for a specified amount per acre. Each land purchaser had five years to pay the total due. This idea, along with other creative financing techniques, enabled the new black town to be settled much faster than it normally would have been.

Opportunity follows struggle. It follows effort. It follows hard work. It doesn't come before.

- Shelby Steele

Isaiah and Green opened a sawmill business, which provided a service to the farmers who settled in the regions bordering the town, and who needed to clear their lands of trees. Thanks to the sawmill, landowners could turn their wood into building timber and many other products that they then sold for profit. In this way, many of the settlers acquired the money necessary to make the payments on their lands. The main crop raised and sold by the farmers was cotton. As the town's population increased, more businesses were established. By 1902, eighteen businesses shipped merchandise through the Mound Bayou railroad station. The number of cotton gins grew to four and the sawmills to three. As commercial transactions increased, the need for a town bank became obvious.

Philosophy of Economic Empowerment

In 1904, Charles Banks, who believed that racial uplift was linked to economics, moved to Mound Bayou from Clarksdale, Mississippi. In Clarksdale, he had been a successful farmer. With the help of his brother, he had also operated a mercantile business. After learning about the enterprising spirit of the residents of Mound Bayou, Banks decided to relocate there. It wasn't too long before he made the necessary inroads into the banking business and teamed with some other interested parties to establish the Bank of Mound Bayou.

To create the initial funds needed to capitalize the bank, they sold shares of stock for \$1 each at a meeting of the town's business leaders. This proved to be an extremely important

strategic move because the bank played a key role in providing capital for new ventures and investments for the town residents. The bank also helped them survive financially bad periods such as when disease or weather prevented high yields of crops. Mound Bayou residents no longer had to go outside the town to arrange financing for businesses or homes. The bank offered reasonable credit for the purchase of farmland and town lots, and was especially helpful to those who needed small amounts of capital to get new enterprises started.

As the good reputation of the bank spread, organizations and individuals from around the State of Mississippi became depositors. One of the bank's major depositors was the Stringer Grand Lodge. At the time, the lodge was one of the wealthiest fraternal organizations operated by blacks. The number of businesses in the town continued to grow. By 1909, there were ten general-merchandise stores, eight grocery stores, three drugstores, three shoe shops, and a bottling company. There were also tailors, seamstresses, doctors, and lawyers. In addition, there was a hotel and several lodging houses. All these businesses were owned and operated by blacks.