

Holleman Business Succession Forum

C. KEMMONS WILSON, JR.

Principal and Executive Vice President
Kemmons Wilson Companies

Interviewed by Vernon W. Holleman, III

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THE HOLLEMAN COMPANIES

4602 North Park Avenue

Chevy Chase, MD 20815

INTERVIEW

Mr. C. Kemmons Wilson, Jr., interviewed by Mr. Vernon W. Holleman, III, November 2011.

Mr. Vernon Holleman: Kem Wilson, welcome to the Holleman Business Succession Forum. I'm thrilled to be here in Memphis, to talk to you about your experiences. And I have been reminding myself as I have been preparing, when somebody like yourself follows a true American legend in business, it is -- I think any journalistic instinct that I have got still is curious about him and all of that. But what I really wanted to talk to you about was your experience having followed him and also, of course, having brothers and other siblings in the business, and what you all have done to create the continued success which was started. Let me start with this question. When I first called you and said I would like to talk to you about your experience in succession, was there a particular word or feeling or idea that came to mind immediately?

Mr. Kemmons Wilson: Well, Vernon, it did because we are actually right in the middle of the second generation transferring leadership and some ownership to the third generation. So, it resonated very loudly.

Holleman: Okay. Is there a way to encapsulate in short form all the feelings you have about having followed your dad, and then all the sudden that probably doesn't feel like that long ago and now you're in a position where you are thinking well, wait a minute, how did I get to where I'm already thinking about my kids and nieces and nephews and all of that?

Wilson: Well, I would say my entry into our family business, which is called The Kemmons Wilson Companies -- my dad founded that business in 1948. Two years later, he started building the first Holiday Inn. So, actually, those companies ran parallel.

Holleman: Okay.

Wilson: So, he hired a non-family executive, because I was only two years old at the time, and the non-family executive ran our family business, you know, for, say, 20 years, while my brothers were going to high school and college. And then when we got out of college, he expected us to come back into the family business. We didn't have a choice. It was more report for duty. I actually worked for my uncle, who was a contractor and a franchisee of Holiday Inns. So, I worked with him right after I got out of the Navy, for maybe two years. And then my brothers were already working within our company, and I remember getting a call one day, you know, Dad saying it's time, get over here.

Holleman: It's time. Two words, it's time. I understand.

Wilson: So, we just said yes, sir, and came over. So, that's kind of how that happened.

Holleman: Well, let's go back to even further than that, because that's a great place to start, but I would love to get a little bit -- because what I'm going to think about here is what was going on in his mind, a little bit, as he was trying to give you all experience and then how has that shaped how you have thought about it when you started having children?

Wilson: Okay.

Holleman: I love to think about those parallels. So, what was your first job? I guess, he waited until you were three to give you a shovel?

Wilson: Yes. Well, he always wanted us to know the value of a dollar. So, we all had summer jobs.

Holleman: I think in the book -- and for the record, there is a wonderful history of your dad, the Kemmons Wilson story, *Half Luck Half Brains*.

Wilson: Right.

Holleman: Or, is it *Half Brains Half Luck*?

Wilson: No.

Holleman: *Half Luck Half Brains*.

Wilson: Right.

Holleman: So, for anybody listening that wants to further dig into that that is a wonderful resource, not to mention, of course, I'm sure a treasured family storytelling for generations to come.

Wilson: Right. Yes.

Holleman: I think it said in there at 14 that was -- was there any magic to 14, do you think?

Wilson: Well, you know, I think we actually started before that mowing lawns and doing things like that. But, every summer he would have us work. I know I worked as a carpenter's helper for several summers. He was a homebuilder. The family business built homes. And so we were out there with the carpenter, you know, with saws and hammers and bales. We were roofing houses. You know, whatever stage they were in --

Holleman: Yes.

Wilson: -- we would do.

Holleman: So, a lot of that was just -- and was there any difference that you saw between what your brothers were doing and you were just -- or, it was --

Wilson: No. We pretty much did the same thing. And as we got -- once Holiday Inns started then our summer jobs were at the front desk at Holiday Inns, and doing some jobs in and around the hotels. The big issue was he lost his father when he was nine months. He had to drop out of high school to support his mother. So, he had worked extremely hard all of his life. And he just sort of expected us to do that, and we thought that was kind of the way you did it.

Holleman: Sure.

Wilson: So, we were all over it kind of doing that. But, we weren't thinking hey, I'll have a career in construction or hey, I'll have a career in a hotel field. You know, when you're 14 or 15 years old you just do it. One fun thing I got to do, one summer Holiday Inns was building the hotel down in the Freeport Grand Bahamas. So, we got to go down there and work on a crew that finished that hotel out.

Holleman: Perfect.

Wilson: And I got to take some buddies, and so we had an absolute blast.

Holleman: Oh, good. Now, do you remember the -- as I understand it, there was a family trip to my hometown, Washington, D.C., the summer of '51. And do you remember much about that trip or do you remember a gleam in your father's eye or overhearing things that --

Wilson: Yes. You know, I do remember -- what happened, in those days there were mostly mom and pop operations. There were cabanas. There were cabins. The only real hotels were in downtown metropolitan areas. And they were really for the aristocrats. So, on our trip to D.C. we would just stop at motorcourts, and literally my father would get out of the car. We would stay in the car. He would go to the office, and

then we would see him walking out of the office to go physically inspect one of the cabins, you know, because in those days there was no standards. So, he had to see how big the room was. You had to see if it was clean. So, I remember him walking out of the car into the office, going to see a cabana, and I remember him walking back, getting in the car, and saying that was a fleabag, that was dirty. And, there was no reservation system. You just drove until you saw the next little motorcourt, and you would do the same thing. And of course, as kids we were always wanting him to stop at a place that had a swimming pool, because it was the summer and it was hot and no air conditioning. And very few of them even thought about a swimming pool. But it was on that trip where he went in and made a deal at one of these motorcourts for \$6 a night for the room. So, my brothers and sisters we had our sleeping bags. So, we all slept on the floor and my parents slept in the room. And the next day he went to check out, and they presented him with a bill of \$16. And he said no, you've got that wrong, you quoted me \$6 yesterday. And the proprietor said yes, but I'm charging you \$2.00 extra for every child. And he said well, that's ridiculous, you know, we didn't use any more electricity or water or soap or whatever. And so he says well, buddy, that's just the way it is. And so it was that day that he told my mother that he was going to go home and he was going to build 400 hotels across the country, a day's drive apart, and he didn't need any more motivation than her laughing at him. She laughed at him.

Holleman: Wife laughter is strong motivation.

Wilson: Right. And so he came back, and sure enough he built four hotels, this is before the interstate system, on the north, south, east, west corner of Memphis, the main arteries coming in.

Holleman: Now, do you remember a level of anger when he came out after the guy had gouged him?

Wilson: No.

Holleman: Okay.

Wilson: No, I didn't. You know, he wouldn't have thrown a fit.

Holleman: Okay.

Wilson: You know, he would just --

Holleman: His brain was churning.

Wilson: And he just said, you know, this is a great untapped market. And so -- but the genius of what he did was to say I'm going to have a standard. I'm going to invoke some standards in this industry, and the first standard is going to be the size of the room. So, when I build my hotel chain every room will be the exact same size, whether if you're in Seattle or in New York City. And I'm going to have certain standards such as a restaurant, such as a lounge, such as a swimming pool, free ice machines. Back in those days, they had outdoor dog kennels. And what he said, I'm going to let children stay free if they stay in the room with their parents. And that was his big motivation.

Holleman: Yes.

Wilson: Because he always said that -- some people said well, why didn't you name it the, you know, Wilson, like Hilton or Marriott. And they were a little higher end hotels. He said there are more people in the middle. He just wanted to cater to families. He wanted them to have a good price value scenario. So, he was driven to, you know, get the construction systems right, the operations right, so he could offer a family an

affordable vacation. And this was about the time when America was waking up and families were actually taking vacations.

Holleman: And is the interstate system on the map at the -- not literally, but it's -- are they -- they're talking about it, or --

Wilson: No. I don't think in the fifties they were.

Holleman: Okay.

Wilson: If it was, it would have been just some who knows when the government is going to do any of that.

Holleman: Yes. Right.

Wilson: But, that was obviously a huge catalyst that vaulted family travel all over the country, and Holiday Inns took great advantage of that. I mean, they there. They had the best locations. They were kind of the first to market with a huge reservation system. And that's the sort of genius of my dad. He wanted someone to be able to call an 800 number and literally make a reservation at ten Holiday Inns across the country, if they were driving across the country. Because, you know, before that it was just a vacant or no vacancy sign. So, he went to Thomas Watson, Sr., who was chairman of the board of IBM, and he and his partner Wallace Johnson asked Mr. Watson if IBM could design a computer reservation system that could do this. And he looked at them, and he looked at the balance sheet of Holiday Inns, and he said well, you guys -- you know, you all don't have the credit for me to do this. And, it was back in the day where you sort of took a man at his word and you had a gut feeling about people. And Mr. Watson had a great feeling about my dad and his partner, Wallace Johnson. He said these are two honest guys, they've worked hard, and he said I'll do it. I'll extend you the credit. And, of

course, he knew if he was able to do that with Holiday Inns he could do it with Howard Johnson and Ramada, back then, and on and on. So -- but it's a good story, because they pretty much bet the ranch on that.

Holleman: On the reservation system?

Wilson: On the reservation system.

Holleman: Interesting. Well, one of the things I talk a lot about with families is strengths, and sort of using what God gave you to -- in business, in particular, and a lot of times you see in a family business somebody is just in a wrong fit and -- because they feel obligated or any number of examples like that. But it seems to me, and tell me if this is off target, your dad's -- a couple of his real loves were land acquisition and building. So, to some degree the hotel deal was a byproduct. Is that a fair way to put it, of things that he just naturally enjoyed doing every day?

Wilson: Yes. Yes. He was -- we said he was a serial entrepreneur. He just loved it. And his first love was, you know, construction, development, and he did that very well. And he had a great eye for real estate. As a matter of fact, he -- I think he personally picked the -- or, inspected the first 500 sites or something, and people built on them, because he just knew. Now, when the interstate system got built, you know, that kind of became a no-brainer and, to some extents, circumstances, because you knew exactly where the interstate went through town and the various interchanges were developed. But, he loved that. That was his first love. We used to say he was a frustrated architect. He loved to draw, or have guys draw, plans and figure out how to build it cheaper and better. And he was smart enough to know and hire good operations people. That's basically what Holiday Inn is today. It's an operating business. And one

of the interesting things was by the time my brothers and I had finished college and finished our military obligations, and we were eligible to kind of come into either our family business or Holiday Inns, we kind of elected to go the family business because it was much more entrepreneurial and we could do different things. And Holiday Inns at that time had matured. You know, I kid people and said you were going to committee meetings or lawsuits for somebody slipping on a bar of soap. The fun had gone out of what my dad loved to do, and I guess what we picked up from his love of that. And so we wanted to be a little more independent, not work for a public company. And this was long before Sarbanes-Oxley and all the scrutiny.

Holleman: Oh, yes.

Wilson: But, it was still, you know, life in a fishbowl in a public company. And it was not like a private company, and my dad said -- of course, he had no option. One of the things I was going to tell you, when he built the first four Holiday Inns at every corner leading into Memphis he ran out of credit. He went back to build number five, and they said Mr. Wilson, you're tapped out. And so he saw his dream of 400 Inns not getting built. And so that's when he came up with the concept of franchises. He said all right, what if I were to sell the franchise and then charge a guy royalty, and then put certain stipulations that he would have to build to certain building specs and have certain operational standards he has to adhere to. So, really, in a sense he was the father of the modern day hotel industry and franchising.

Holleman: Because he needed to get to 400, because his wife had laughed at him.

Wilson: That's right.

Holleman: Yes.

Wilson: I mean, you know, that's just being scrappy and figuring out --

Holleman: Yes.

Wilson: -- what do I need to do to fulfill my dream. And, so that's what he did. But part of his genius is, when you look back at it, with him being a contractor at heart, you know, he knew lumber came in 12' widths. He knew carpet comes in 12' widths. So, probably 95 percent of the hotel rooms in the world were 12' wide, for that reason.

Holleman: Yes.

Wilson: Because you don't have to saw, or you don't have to cut carpet for an extra 2', if the room is 14'. So, with his construction background he did that. I mean, it's much like, I guess, Naismith's basketball goal is still 10' tall, and it's still, I guess, the same cylinder over all these years, and a tennis court is the same way. Well, he really conditioned the hotel industry and got in that mindset. Really what happened, and I think the great success of Holiday Inns was, is that they had a standard all over the country. And so you had assurance that if you walked into a Holiday Inn in Milwaukee or one in Key West, Florida, it was going to be the same size room. It was going to be nicely appointed. You were going to have a good mattress. There was going to be a restaurant in the hotel, which you could walk to. There was going to be a lounge that you could walk to as well. There was going to be a swimming pool out there. And so, there was a great ad back in the seventies, I guess it was, and they said the best surprise is no surprise, stay at Holiday Inn. And that really did kind of sum up, I think, sort of, his ability to capture a dream and fulfill the dream.

Holleman: So, the company goes like wildfire through the fifties, and you are still a very young -- really a boy, at that point?

Wilson: Right.

Holleman: And then when does the company go public? In the sixties?

Wilson: It may have been '62 or something.

Holleman: That sounds about right.

Wilson: Something like that.

Holleman: Yes.

Wilson: And, of course, you know, it was their way to raise capital and to build some more of these hotels. Then part of the concept there was that the company, probably even now, was always about 80 percent franchisees and 20 percent company owned hotels. So, the revenue stream from the royalties, the advertising fees, the franchise fees, you know, was a big part of their growth.

Holleman: I want to go back to that part which you mentioned, where you and your brothers had some decisions to make, when your dad said hey, I really want you to come in. It doesn't sound like any of that was particularly negative, though, just --

Wilson: No.

Holleman: Yes.

Wilson: It was not negative. And, you know, it was just expected. But it wasn't a choice. You know, I'll say that.

Holleman: Yes.

Wilson: I guess it could have been a choice to say I don't want to go, I don't want to do that, I'll go somewhere else.

Holleman: Yes. But interestingly, all three of you all were interested in business.

Wilson: Yes. Oh, yes.

Holleman: So, I mean, if one of you all had been a doctor or a lawyer --

Wilson: Right.

Holleman: -- or in a different field -- so, you had gotten enough of the genetics that spelled business.

Wilson: Yes.

Holleman: Yes.

Wilson: And so we said fine, let's do that. So, we have always been in The Kemmons Wilson Companies, even when my dad was still at Holiday Inn, and kind of running parallel.

Holleman: I see.

Wilson: So, we had a great experience building apartments and hotels. And by the way, one of the reasons we elected not to go work for Holiday Inns was because you couldn't own a Holiday Inn franchise if you worked for them, you know.

Holleman: Yes.

Wilson: So, we having the entrepreneurial blood flow through us we just said, heck, we'll go find some sites. Back then, it was kind of fertile ground. There was a lot of wonderful cities that didn't have hotel accommodations. So, we went out and developed a lot of Holiday Inn hotels. We paid the franchise, and we paid the royalties. We were just like anybody else.

Holleman: Sure.

Wilson: And we started our own hotel management company. Once we got it built we wanted to -- we didn't want to sub the management out to anybody else. We figured

if we have got that asset and we have got that investment let's make sure we know how to run it.

Holleman: Now, one of the things you mentioned was the reservation system. And your dad built a number of subsidiaries or other companies that helped facilitate the larger operation.

Wilson: Yes.

Holleman: And so when you and your brothers -- and if I'm not mistaken, that time frame would have been sort of the decade of the seventies or is that too wide a range?

Wilson: No, it was about that.

Holleman: Okay. And are you -- the three of you all, how did you come in as it relates to specific jobs? Was part of that just timing, or, hey, we need somebody on this?

Wilson: Yes.

Holleman: Or, was it I kind of -- oh, I can do that? And did it just kind of go naturally, or was there a lot of strategic thinking about it?

Wilson: I don't think there -- there really wasn't a lot of strategic thinking. We found ourselves in our family business, and I do have a brother that is very construction inclined. I'm more of the hospitality side. My other brother -- you know, the oldest brother was the president. And so he had other duties. So, nobody cared for titles or anything. We were just working in the family business, and we did what we had to do. We found people if we couldn't do it, and just had to manage through just a lot of stuff. We probably had several hundred companies that we have owned and operated, and had partners with. So, in some ways I tell people we are jack of all trades, master of none. But, we've gotten a lot of great experience. And my dad was a terrific and a horrific

dealmaker. So, while he was at Holiday Inns he was still making deals for the family business and we would watch after those investments and do some things, but no formality whatsoever in our office. We just said hey, we've got this much to do and you do this, I'll do this. You look after that, I'll look after this. And even today --

Holleman: Yes, I was going to ask, has there been a -- ever been a shift in that, or feel like a need to --

Wilson: Not really.

Holleman: Yes.

Wilson: Because I look after a lot of our hotel interests, the development and the management. My brother Bob -- both brothers are aviators. My brother Bob is -- he looks after our Wilson air centers, which are FBOs in Memphis and Charlotte, Chattanooga and Houston, Texas. And the oldest brother, Spence, he still is the president of the company. And we're looking after different investments we have. And one of the biggest is our timeshare vacation ownership in Orlando, Florida, where it is based. And Spence looks after it. So, it just evolved. So, everyone sort of had their own responsibility. No one was tripping over one another. We all had respect for each other's ability, and to get the job done. But, we still meet, you know. We meet to allocate capital, where capital goes, and things like that.

Holleman: And did you have -- when Dad was still working, you mentioned the deals. Would he ever go off to a deal and come back and say here's the deal I struck, and you would say oh, we weren't expecting that or, dammit, where are we going to come up with that cash?

Wilson: That happened more than you would think.

Holleman: Yes.

Wilson: He did that quite often.

Holleman: How did you deal with that? Because that's -- to a large degree, I see that.

Wilson: Yes.

Holleman: Older domineering entrepreneurs in particular who have run a business and kind of done it as they see fit for so long. Even with maturing offspring there can be some difficulty. And then, of course, you worry too about, with age, if somebody is not as sharp and making a bad deal. So, how did you all handle that?

Wilson: Well, there was a lot of heartburn, there really was, just frustration on our part, because he had given us a good education and so we probably analyzed things much more than he did. And he did a lot of things just on gut feel and without really any due diligence. So, the things that we would typically do, or you would typically do, he'd say you're wasting your time, just get to work. We'd say well, we're trying to figure out if this is sustainable. But, you know, we worked through all of it.

Holleman: Yes.

Wilson: And nobody left. And we had our turbulent times, in a sense, but nothing big or anything like that. But he was in charge and, you know, it was his capital. So, in some ways, because you are a son even if it's his capital it's hard to kind of extract yourself and just act like an employee.

Holleman: All right. Yes.

Wilson: And so that was the only frustration. And we took a picture one day. We dressed my dad in a Mafia suit, with a hat, in a black coat with a black hat.

Holleman: The Dom, yes.

Wilson: Yes. And, you know, a white tie and we got him a big old cigar. And my three brothers just stood behind him in a chair. And the caption was when I want your opinion I'll give it to you.

Holleman: Yes. Oh, that's fun.

Wilson: So, probably realistically it was quite a few years before, I think, he came to understand that we added any value to the company.

Holleman: Yes.

Wilson: And that was -- personally, that was a little disheartening, because we felt like we did. And we did. But, you know, my dad had no education. He never had a father, and he had been in charge all his life. When he was, I don't know, 12 years old -- I mean, growing up he had paper routes. And he would make sandwiches and sell them in a lobby of an office building. And he had a popcorn machine. He bought a popcorn machine, and this was before -- there was a movie theater, but in the lobby of the movie theater there was not all the candy stuff. It was just a lobby. And he asked the guy, he said, can I bring my popcorn machine in here and I'll pay you \$50, or whatever the rent is. And the guy said fine. And my dad was selling more popcorn and the guy was jealous. So, the guy kicked him out.

Holleman: Oh, no.

Wilson: And he got his own popcorn machine, and my dad said -- that day he said I'll never work for anybody else again.

Holleman: Yes.

Wilson: I'm either going to make it on my own, or not.

Holleman: Do they credit him for brining popcorn to the movie theaters, or were other people -- or you don't know? It's hard to track that, I suspect.

Wilson: Yes. It's probably hard to track.

Holleman: Yes.

Wilson: But he did that. He was a hustler. I'd say he, obviously, had a lot of street smarts. But more than anything, he just had a lot of common sense, just like in the Holiday Inn days what does a family really want. You know, another good lesson, he kind of always listened to the customer. And a lot of people didn't. So, when my dad retired he actually -- in 1979, he came back into our family business with my brothers and I. And therein lay a couple of years where, you know, he would want to do things and he would say we overanalyzed it. And we would say well, you way underanalyzed it.

Holleman: Yes.

Wilson: And, you know, time would tell about who was right.

Holleman: Was he regretting that he had sent you all off to Harvard Business School?

Wilson: Well, that's right. Yes, he said that once or twice.

Holleman: So, as I recall, the seventies you had -- there was a lot of pressure on Holiday Inn, changes, circumstances.

Wilson: Right.

Holleman: There was some real drilldown. You all were still at The Kemmons Wilson Company.

Wilson: Right.

Holleman: But you had some familiarity with what was going on with the challenges of the business.

Wilson: Oh, sure.

Holleman: So, that clearly was a good education?

Wilson: Right.

Holleman: Is that fair?

Wilson: Yes.

Holleman: And, okay, so then as I understand it from the book, your dad had had some heart surgery.

Wilson: Right.

Holleman: He had told the Board don't go buy this Perkins franchise.

Wilson: Right.

Holleman: They went ahead and bought the Perkins franchise. He didn't need to hear anything else. He said that's enough.

Wilson: Right.

Holleman: So, he retired. Then he came back in with you all? So, you all sort of had some autonomy.

Wilson: Right.

Holleman: Even though, obviously, he was involved. And so, help people think about any strategies or advice you might have for, oh, boy, Dad's back.

Wilson: Well, it was good to have him back. And actually, it was because of him coming back and a trip to Orlando, Florida -- we were building homes down in Sarasota, Florida, at the time, and our manager down there had bought a timeshare in Sanibel. So,

my dad asked him what he paid for his timeshare. And I can't remember what it was. Let's say it was \$20,000, you know, for two weeks or something. And my dad started multiplying that out. And he said -- this guy's name was Billy Springer. He said Billy, we're building houses. You can build five houses for that, you know, times 50 weeks. But, that's the way you sold timeshares at that time, was by the week.

Holleman: And that was a relatively new concept?

Wilson: Very new.

Holleman: We're in the early eighties now?

Wilson: Yes.

Holleman: Okay.

Wilson: Very new, and so he said that's a business I want to be in.

Holleman: Yes.

Wilson: So, we went to Orlando. And we said where do we want to go, and it was pretty obvious that you want to go where there is a mass of people coming, because they're your prospect. And Disney was drawing 20 million visitors a year. So, we went down in the shadow of Disney World. And we bought 573 acres, and we built Orange Lake County Club back then. And now we've got like 2,500 units and we've got over 120,000 owners.

Holleman: All still on that original plot?

Wilson: All still on there.

Holleman: Yes.

Wilson: We bought land, subsequent land.

Holleman: Okay.

Wilson: And he was the catalyst for all that. He just kind of willed it done, and it was back in the day where, thank heavens, we had backers who weren't afraid to lend. One of the things back in those days the timeshare industry had a bad name because people would show you a rendering and they would take your money and you would never -- and they would take off. We talked our backer into lending us the money to build all the amenities. So, when somebody toured they could see a clubhouse, a swimming pool, tennis courts, golf courses, putt putt and all this stuff. And that was a big inspiration for them to buy, because --

Holleman: Sure.

Wilson: -- they weren't waiting on the amenities to be built. They were there. And we could cookie cutter build the houses along with our pace of sales. So, that's become a wonderful business for us, and it was really all because of him. You know, we did a lot of the due diligence on it but it was his idea and he just said let's go do it. And again, back to his nature, his nature is to build it and turn it over to somebody. And so, the devil is in the details of all the operations. So, we kind of picked up the ball from there and went on.

Holleman: So, you were finding that balance between sort of the idea, which was clearly a God given gift that he had, to, all right, there's a lot of ducks you've got to line up and thinking you've got to do. And did you all sort of talk amongst yourselves as the three brothers, constantly, about here is what Dad's doing, and keep each other --

Wilson: That was constant, really.

Holleman: Yes.

Wilson: The crazy way, we would not gang up on him but he had brought us closer together about how are we going to figure this out, how are we going to convince him to do this or whatever. And that's just the nature of his, you know, personality. He was not one that was sort of willing to yield. In some ways, he just felt like he was always going to be right. He was right most of the time, but not always.

Holleman: Yes.

Wilson: We used to kid him, you know, often wrong but never in doubt. I know there was one time when we were all working together where it got to be such a struggle working with him that we just said look, we'll all stay in the same building, we'll all pitch in, we'll run whatever you go build, you know, what you do, and we'll give you any advice you want. But we can't go on just having this battering ram about every decision. So, you just take some capital and you go do whatever you want to do and we'll support you and we'll make sure you're insured. You know, we'll keep the books. You know, we'll do everything. And so that in some instances just kind of gave us a little breathing room.

Holleman: And what timeframe is that?

Wilson: In the eighties. Yes.

Holleman: So, he had been back the better part of a decade?

Wilson: Yes.

Holleman: And, now, did you get some counsel during those times that helped, or particular advisors or -- because a lot of people have been through that --

Wilson: Yes.

Holleman: -- and I think would like to know.

Wilson: Well, you see, my dad would think a counselor was a waste of money.

Holleman: Yes.

Wilson: But I tell you what we did do. My brother Spence and I joined the Young President's organization, and we met a guy named John Davis, who was at Harvard Business School in a kind of a family consultant, at one of our functions. And so our kids were very young, but we talked to John. We said look, we want this to be multigenerational and we want you to help us. And he did. He came to Memphis, and we had a couple of family counsels. And we set up --

Holleman: And who did you include in that?

Wilson: Well, we included -- my two brothers and I are the only three of the five kids working in the family business. My two sisters were actually owners. My dad just, you know -- he split it in fifths. My brothers and I were the only ones that actually worked in the business day to day. So, when John came we asked my sisters if we were looking to maybe take this business to the next generation. And they kind of just opted out. You know, their kids were doing other things. Their husbands were doing other things as well. So, Spence had four children, I had five and my brother Bob doesn't have any. So, we brought John in and we brought my parents in. And he helped facilitate, sort of, all right, how do we -- how can we all work together and how can we perpetuate this into a multi-generation business. And John helped us. You know, we ended up having our children actually set some policies about coming into the family business, about -- and one -- they did it at a fairly young age, but one was that you had to have a college education.

Holleman: Okay.

Wilson: You just couldn't show up and say hey, I want to join. The other thing was you had to have some experience before you came to work. That could be two, three, four years.

Holleman: But at least two, it sounds like?

Wilson: Yes.

Holleman: Yes.

Wilson: Yes. And you had to have a meaningful promotion. So, you couldn't be a bartender in Aspen, you know, for two years and then come back into the family business and say I'm ready.

Holleman: Even if you had worked up from waitstaff?

Wilson: Right.

Holleman: Yes.

Wilson: So, that really worked out pretty good. And, you know, fast forwarding to today, you know, my children -- I've got two boys in the business. One is Kemmons III and he went to Furman and then worked a couple of years for a financial investment institution, and then went out to Jackson Hole, Wyoming, and worked with some mentally disadvantaged adults. Then he went to Cornell graduate school, and got a double major in hotel administration and --

Holleman: Oh, sure.

Wilson: -- and his MBA. And my other son --

Holleman: Now, let me stop you there.

Wilson: Yes.

Holleman: Because the -- I'm always thinking how -- you know, that some young people will be listening to this who are in a family business who want some advice on what have other people experienced.

Wilson: Yes.

Holleman: So, that son, maybe it goes without saying but I want to make it obvious, went to that double major with the idea that he would be coming with you all because obviously that double major --

Wilson: Yes.

Holleman: -- makes a great deal of sense for what you all are doing. Is that --

Wilson: Well, there was -- unlike my father, there was absolutely no pressure on my children to come into the family business. I just said look, we're going to love you and support you in whatever you do. If you want to be an artist, if you want to be a businessman -- and, of course, my three daughters, they had the same opportunity, and, you know, one ended up being an educator. She's now a stay-at-home mom. The other one is a Ph.D psychiatrist. And you know Elizabeth, she's in Washington, D.C. So, they don't really have a business interest as my two boys. But, the beauty was that, like I said, unlike my dad I would -- and I think these are lessons learned. And the lesson, I would say, is your children need to make their own decisions. My dad in a sense made my decision. I could have said no, I don't want to do it. But I just kind of folded in and I love what I've done. So, I think if it would have been drudgery I would have opted out.

Holleman: Sure.

Wilson: But, this is sort of the field -- this is the area I wanted to go in. But, I've never in any way -- I just told my kids, you know, you may have more flexibility

working, you know, somewhere else. I said in a family business there are a lot of eyes on you, a lot of expectations. And so I did not know until a month or two before they graduated from graduate school that they wanted to come back. My other son, McLean, went to UVA. He spent a year in a fellows program in Washington, D.C., and then he went to Jackson Hole as a schoolteacher for a year. Then he ended up working in Raleigh, North Carolina, in a real estate development business, and had a great experience. Then he went to Dartmouth graduate school. And upon Dartmouth, I just said look, we'd love to have you in the family business, you've done everything we've asked you to do. We know you can add value, and we'd love to have you come back. Thank heavens, both of them did. And I'm having the time of my life just being able to be there with them. And they're smart as they can be, and it's just wonderful to see them grow and see them take things. And as I said we have now hired a family consultant, about four months ago. And he is meeting with us, and we are intent on transitioning our business, our ownership and the leadership of the company, to them.

Holleman: Now, when you have those meetings is it your boys and your nephews?

Wilson: Yes.

Holleman: Are there nieces?

Wilson: No.

Holleman: Okay.

Wilson: It's just one other nephew. My brother Spence, his son Spence, Jr., is in the business.

Holleman: Okay.

Wilson: And so basically it's been, you know, really the six of us, my three brothers and those three. And we are just going through, plotting through, how we do it. We're having a facilitator help us. And we're not there yet. We don't have all the answers.

Holleman: No, it takes time.

Wilson: Yes. It does. One of the things my parents did growing up every Sunday night we went to their house and had dinner. And so all of the cousins were there. So, the family has continued to have very strong ties. And the cousins have all been at everybody's wedding, you know, best man and bridesmaids. And so, in the third generation my two boys are best friends and their first cousin is equally a great friend. So, we were lucky to already have established that. And the great news is, I mean, they're all hard workers. They're energetic. They're challenging us on why are you doing it this way. They want a little rope.

Holleman: One of the things, it seems to me, that may be helpful, but I'd like to know, is because you've got a relatively diverse group of companies -- how important do you think that has been to you three, meaning you and your brothers and now the next generation, with diversification?

Wilson: Yes. I think it's been very important. I know some people don't have that luxury.

Holleman: Yes.

Wilson: You know, if you're in the widget business and that's all you do is make widgets then everybody is in the widget business with you. But what's been nice is we've been able to segregate some businesses and some leadership issues with those. So,

we're not tripping over one another. We're not second-guessing one another. We meet enough that we make all the financial decisions together. But if it's my responsibility to run the hotels then I go run the hotels. If there are issues there then we may all come back together and say all right, how do we figure this out, what we do. So, the luxury of the diversity is everyone can sort of have a territory or division, so to speak. We call them divisions, but something that they've got ownership in. You can lead. Because everybody is a little different leader, everybody has got a different management style, it's very nice.

Holleman: What have you done to sort of better understand management style differences? Have you used any particular tools?

Wilson: Well, yes. We used -- there was a guy named Menzies, and he had just a management assessment. And we really still have all our top executives that we hired to come in. You know, it's one of those things there's no wrong answers. But you don't want to put someone with an entrepreneurial attitude behind -- in a call center.

Holleman: Right.

Wilson: Yes. So, and it's great to understand how teams work. So, again, we will tell executives that we're interviewing don't be afraid, just be very honest, because we want to make sure that we can place you on the right team and you can make a valuable contribution to that team.

Holleman: So, focusing on strengths --

Wilson: Right.

Holleman: -- and natural capacity? And tell me a little bit about the -- you talk about executives. How many folks outside the immediate family are key players, if you will?

Wilson: Yes. There is probably about six or seven. And we all meet every Monday morning at 10:30. Basically, we call it our executive meeting. And we just report on what's happening. So, our insurance division is there, the hotels are there, our private equity guy is there, and all around the table. So, everybody has a good sense of what's going on. And if you have a real issue, then, you know, like hey guys, I need some help on this, can I call on you or -- but it's just a good -- I think it's a good practice to meet eyeball and eyeball. And it keeps people accountable too.

Holleman: Sure.

Wilson: I mean, obviously, you know, a couple of weeks ago if you were supposed to have something done, you know, somebody would say hey, where is that -- where do we stand on that, you know. So --

Holleman: And what about the Sunday night dinners? Who has taken that responsibility?

Wilson: Well, actually, my wife now -- our family has grown. We will have 70 of us. So, that's out of 14 grandkids that my mother had. So, our family -- my wife Norma, we have our 21 children and grandchildren over on Sunday nights.

Holleman: Fabulous.

Wilson: So, we can't have all 70. Our family Christmas card that actually started with my mother and dad, we've kept that going and I can't tell you how many people over a year's time will say I just love that card, I've kept those cards. I mean, this is a tradition that they started. Some families will actually send out their own, but we will always send out kind of a -- and lately, I think we're down to two of Mother and Dad's

grandchildren -- or just one, that's not married. So, a lot of the cards you see it was at a wedding, obviously a great place to make sure everybody is at.

Holleman: Exactly.

Wilson: Now, it's impossible to get them. So, we just do it by family grouping.

Holleman: So, did your father work until he died?

Wilson: You know, he worked until probably 18 months of his death.

Holleman: Okay.

Wilson: And that's all he knew.

Holleman: Yes.

Wilson: He did enjoy tennis but he never had much time for it. And then kind of his legs wore out on him. But his work was his play, and he was really very active just up to the end.

Holleman: And as you all are in the throes of this Gen two to three, I've talked to a lot of people that struggle with what to do and how to either set sail entirely or how to sort of pull back or find that right balance between -- because there is a lot to be said, as it sounds like you learned, from that walking around wisdom that you probably got from your dad forever. So, what kind of things have you discovered in this short start to this process about how much you want to work? Help people think about those issues.

Wilson: Yes. Well, the good news there is that if our -- if the third generation hadn't been pushing us, we'd just probably keep going until forever, you know. So, they're the ones asking the questions, like, well, how long do you want to stay around, how long do you want to really be involved.

Holleman: Did you feel you were having déjà vu?

Wilson: Yes.

Holleman: You probably felt like you just took over, right?

Wilson: Actually, my two brothers and I we still just -- we love what we're doing, and couldn't think about doing anything else. But, we do understand, you know, you can hang on too long. And we don't want to do that. And they have sort of proven that they have the ability to do it. So, you know, like my father -- I think -- I don't know that he ever just absolutely felt like golly, these guys can do it. I mean, he saw us do it. But he still didn't believe it, because, I mean, we ran the company parallel to when he was there. But, it may just be something --

Holleman: Well, part of that is generational too, don't you think?

Wilson: Yes. Right. Oh, I do. I definitely do.

Holleman: Yes.

Wilson: And so, I mean, right now I couldn't -- I mean, I would be tickled to death to take a lesser role but maybe stay in a -- you know, I don't want to quit the business in any way, form or fashion. But, I'm involved in a lot of ministry work. And even over the last several years, I mean, I've transitioned to some of that. So, I'm the guy who would love to have one foot in the business and one foot in ministry.

Holleman: Well, let me tell you, the last woman I interviewed was a businesswoman and she was wearing a collar. She had gone and gotten ordained.

Wilson: Yes. Well, I'm not going to do that.

Holleman: I don't mean to scare you.

Wilson: But I've had a lot of journey with some entrepreneur ministries. And, you know, that's sort of -- I feel like I can really help in many ways. It's kind of like growing

a business. So, I love it. So, what I see happening is just a transition to where we give our sons and our nephew a little more rope. I don't know how the ownership -- how we'll kind of spread that out. But, I really feel that they have got the ability to lead now. So, that's a great feeling to know that we're going to turn it over to them. And part of this Gen two to Gen three is also thinking about Gen four. And we felt like we needed some help. It does help for a facilitator to kind of ask the tough questions. And we've had some of our children ask the tough questions as well. And nobody is offended by it. I mean, they're all -- I mean, one of the things we all genuinely really get along and love one another. I mean, I've had people ask me all my life, you know, how in the world have you worked with your two brothers, because maybe they can't stand their brother, or whatever. And, you know, it's just been a joy. It's been no struggle at all, and we don't have any formality. I mean, we kind of take the attitude in all these decisions we've had to make if two agree that's the way it needs to be.

Holleman: Right.

Wilson: And I don't know that, I don't know that we've ever even had an issue. Two could always talk the third one into okay, I understand, let's go. So, I think we've had sort of the upbringing and the personality to get that done. And there hadn't been combative, and I just -- I see that a lot in people.

Holleman: Yes.

Wilson: And you just know it's not going to work.

Holleman: Well, and some of what I'm trying to do with this forum is to get stories out there so people can try to avoid that.

Wilson: Exactly.

Holleman: I mean, that's my deep seated hope that --

Wilson: Right.

Holleman: -- maybe some story might resonate, and it may be -- create less friction.

Wilson: Yes.

Holleman: But, as we wind down, one of the things I took away from reading the book on your dad was, boy, it sounded like he had a hell of a lot of fun in business. And I talk to a lot of businesspeople these days, and you mentioned Sarbanes-Oxley and, Lord knows, we could talk forever about the government and what's going on. But what counsel are you giving your boys and your nephew, and anybody else who might ask, these other folks you mentioned, about how to try to have fun in a day where a lot of people feel like that's been lost.

Wilson: Yes. Well, without question, I think that's a huge part of it. And we've always worked hard and played hard. And I was telling you earlier that I take my boys flyfishing in Alaska. We take a family vacation out to Jackson Hole, Wyoming. But everywhere we go we make it fun. We'll go on a golf trip, and we'll go to some Alabama football games. We're very family oriented. So, we want them to spend time with their family. As odd as it is, the executive meetings that I was telling you about every Monday we always have a good time joking around. So, we do think that's a big, big part of it. Nobody is so serious that we've got to lock the windows down. And, if you can't laugh at yourself you've got some problems. But, we like to have fun. So, we will mix fun and work and -- with our activities. I think over the years it's helped.

Holleman: Well, it sounds like it certainly has. And it's wonderful to get your vision for the future, and I appreciate you spending some time sharing your wisdom and experience. And I certainly hope maybe after you get through the current --

Wilson: Yes.

Holleman: -- work maybe we'll get a follow-up, and share even more hindsight.

Wilson: Well, we have every reason to know that that is going to go like it should, and we'll be poised for their kids. One of the things, though, that I -- that probably is somewhat important is we are still addressing this right now, but my -- the second generation had sort of said we don't feel that if you want to come into the family business that once you're asked and once you can come in there -- that you have to work in the business. We want the ownership of the business to stay with the individuals working in the business. Because what we -- the situation we had with our sisters, they were a 20 percent owner with my brothers and I and we were the only ones working in the business. And that's okay for certain periods of times, but as you get older you're looking for working capital and they're looking for distribution. So, it really is an inherent conflict.

Holleman: You bet it is.

Wilson: Yes.

Holleman: How did you all resolve that?

Wilson: Well, we actually bought them out.

Holleman: And several of the people who have been on this forum --

Wilson: Yes.

Holleman: -- have seen that.

Wilson: You see, my dad thought he was doing the right thing by giving everybody a fifth. And I would say -- what I intend to do is give my boys my ownership, and I'll take care of the rest of my family with other assets or in other ways. You don't have to throw it in there, because I just think it can be a recipe for disaster because if you're working in the business every day and you've got the pressure of all that and you have someone occasionally pops in and wonders what's going on it just -- the bigger issue is --

Holleman: Yes.

Wilson: -- you're holding some dry powder. You know, how are you going to allocate your capital, where do you see growth, and if you've got a direct opposite of that saying hey, I want cash out, you just can't do that.

Holleman: No, it's very difficult.

Wilson: You can't grow.

Holleman: Yes. No, that's good advice for folks.

Wilson: So, you need to address it.

Holleman: I'm glad you shared that.

Wilson: Address that early on. You know, we didn't address it until, you know, we were -- probably 15 years ago, and we probably should have done it before that.

Holleman: Well, thank you very much. I appreciate it.

Wilson: All right, Vernon. Thank you.

Holleman: Okay. Enjoyed it.

Wilson: Yes. Okay.

(Whereupon, the interview was concluded.)

CERTIFICATE

I hereby certify that the foregoing is a true and accurate transcription, to the best of my skill and ability, from a digital recording.

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Jane W. Gilliam, Transcriber