

Georgia's Business #403

Guest: Joel Manby President and CEO, Herschend Family Entertainment

Richard Warner:

I'm Richard Warner. Welcome. This week a company you may never have heard of, but have probably experienced. They've got the contract to run Stone Mountain Park and about twenty other entertainment properties in places like Branson, Missouri and Pigeon Forge, Tennessee. We're talking Dollywood here. The company is called Herschend Family Entertainment. It's President and CEO Joel Manby joins us this week. Welcome.

Joel Manby:

Thank you, Richard. Great to be here.

Richard Warner:

How's business?

Joel Manby:

Business is good, but it's not great right now. We've had some weather issues. And I also think the economy is affecting us a little bit. I think people are cutting back because...

Richard Warner:

Yeah, you guys probably are an indicator, I would think, of, you know, and when they get there, what do they spend?

Joel Manby:

Well, we've actually researched our customers. About half of them expect things to get worse and about half of them expect things to get better, but irregardless, close to half of them are cutting back on vacation spending and so forth, but honestly, we haven't seen that in our per-cap spending. But, attendance is off versus last year...across the board. Not just in Atlanta, but across the board.

Richard Warner:

I look at the properties that you have, ok, Dollywood, Stone Mountain...the contract to run it...

Joel Manby:

And Branson. Silver Dollar City is the main theme park there and some others...

Richard Warner:

Who is the customer?

Joel Manby:

Well, it's generally a mid-western demographic...very moderate income. I'd say somewhere in the 35-55 thousand is our average sweet spot, so it's not a high income demographic. Although we've been seeing that move upwards. In Branson...heavy country music focus, because that's what Branson's all about. In East Tennessee, also the same thing. In Atlanta, though, it gets much more cosmopolitan, much more sophisticated customer.

Richard Warner:

Was that a challenge, then, for the company to deliver on Atlanta?

Joel Manby:

At first, I think it was. When we came and, I wasn't actually with the company at the time...When we first started with Stone Mountain, I think we looked at it too much like a theme park...like our other properties. And we went through some stumbles ourselves. I don't think we did as well as we could have out of the blocks. Yet, now, I would say that we've done very well, of cleaning up the park, getting attractions that fit the Atlanta market. But we had to look at it as what it is: it's a state park. People want it to be a state park. They want it to be beautiful, they want it to be green. They want to play in the outside there. So, we when we changed our positioning to be more outdoor focused, a place to enjoy the great outdoors near Atlanta, but feel like you're three hours away...and we started putting in attractions that fit that, we started taking off.

Richard Warner:

Well, so, are you, when it comes to Stone Mountain Park more than the buildings that attract, you know, when you go in and you go through the motif and the stores...are you the whole park?

Joel Manby:

Well, we actually have a contract with the state to run all the entertainment district, which is about 10% of the total acreage. We can only develop 10% and we've only developed about half of that and we really don't have plans to go much farther. But, it would include all the buildings you see. It would include the lodging. Both Marriott properties are ours, the golf course, anything on the water...

Richard Warner:

Rail Road?

Joel Manby:

Yep, include the railroad. It does not include the natural district. So, if you hike up the mountain, technically that's still part of the state run area, and we have a great relationship with the state agency called the SMMA, and, honestly, to my knowledge it is probably the best example of a public/private partnership that's really worked well. The state's better off financially than it was before, but, I think the guest is better off if you've been to Stone Mountain lately.

Richard Warner:

That adds another layer over and above, I'm thinking, not only the state of Georgia, but Dolly Parton. I mean you have to work with not only the customer...trying to make sure that they're happy and spending their money and come back, but you've also got that other layer, at least in those cases, where you've got another customer you've got to deal with...

Joel Manby:

Yep. That's a great point, Richard. And, with Stone Mountain it's the SMMA, which is a state agency that we report to. With Dollywood, it's Dolly Parton. She's been a great partner for twenty years. She is a part owner of the park and she's incredible, though. She...what you see is what you get...

Richard Warner:

Yeah, what's Dolly Parton like?

Joel Manby:

Well, I meet with her about five times a year. I was just in an all day meeting with her...we're talking about some really exciting things at Dollywood. What you see with Dolly is what you get. She's very bright. She's incredibly articulate. Very intuitive. She doesn't like a lot of numbers, but you give her a good creative concept that she supports and she'll be all over it. But, she doesn't micro-manage. She wants good people to run the park, but she's been nothing but a fantastic partner. But, I think that says something else about our company. It's privately held, it's family held, by the Herschend family, and we're all about relationships. Whether it's with the SMMA, whether it's with Dolly, or just our customer, we really do try to treat people like they're family.

Richard Warner:

See, you're the second guest we've had, in a row, whose company was founded on values that were printed on a card designed for the employees to carry around with them. What's the significance of that?

Joel Manby:

Oh, I'm glad you brought that up. I would say, if you said, "What is the greatest significant difference for us versus some of the other entertainment companies in the world?" I would say it's our culture. And, we are very driven by our mission. Which is to create memories worth repeating with our guests. I just love that...you come to work everyday, you want to create a memory that's worth repeating. Our vision is to bring families closer together. And even though it's not curing cancer, or something maybe as noble as that, I would still say, in our very fragmented society, bringing families closer together on maybe given that one perfect day, that you come with your family and have a good time with your kids, it's still a noble cause. And we have values that we live by...But I think the most important thing in those values is: we spent a lot of time teaching our customers, I'm sorry, our employees how to treat each other. We call it servant leadership. But, everyone in the company, from the lowest level employee to me,

and I teach it a lot myself...we teach 8 attributes of how we're supposed to treat each other. And we feel like if we treat each other with respect and dignity, then we'll treat the guests that way. It's not rocket science, but it really is pretty unique, because those 8 words are actually right out of the Bible. They're First Corinthians...it's love. We teach people to love each other. Not the romantic love, but love as a verb. It's respect, selflessness, humility, honesty, commitment, humility, and forgiveness. And those are just words that whether you're a dad, a mom, or a worker in a company, they're just good values to live by. And I've just found it really unique to work in a company that cares about those things.

Richard Warner:

Faith-based company...

Joel Manby:

The family is Christian, but we do not, it is not about what you believe. It's about how you behave, and we're very specific about that. Because, honestly, we can't talk about it, and we shouldn't make that any kind of requirement, but what we do care about is how people behave and we actually measure that. If you're a leader in our company, those 8 words, you get measured on those 8 words

Richard Warner:

Really? In what way?

Joel Manby:

We have 8 questions and it says "Is your leader humble? Is your leader honest? Is your leader forgiving?"

Richard Warner:

This is 360 degree polling of those who you're bringing up...

Joel Manby:

Well, it's at least the people who work for that person. Sometimes it's 360 and we actually, half of your raise is based on if you're hitting your numbers. Half of your raise is how you're treating each other. If you're doing great in both, you get the top raise. If you're doing terrible in both, those are the easy ones, they're gone pretty quickly. The ones that are hitting the numbers, but they run people over to get there, those are the difficult ones. Those are the ones, as a leader, you always struggle with. And, we have to work through those.

Richard Warner:

How do you find people? I mean, you know, you talk to a CEO of a company and those who are worth their salt will say that's just about the most difficult thing, is finding the right people.

Joel Manby:

It's really interesting Richard. I moved ahead, of course, to Atlanta, because we were having trouble recruiting great creative talent to Branson, Missouri. And what I found is when I told the same story I just told you, that we're creating a culture where we will treat each other with trust and respect. You'll be given the range, you run your area and you get to work on serving the customer...people really resonate with that and we have attracted people from Walt Disney World, Universal Studios, Paramount Studios. I think we have one of the best creative teams in the industry and it's because, you know, people want to work for more than money. They want to work for a cause. All great companies have a great cause, whether it's Apple computer, or Microsoft or many non-profit organizations, and Georgia Public Television is no different. People want to feel like they're doing something significant and when you can build an environment where they're doing that, you can attract the best and even though we're relatively small we have a great team.

Richard Warner:

It's interesting that you would mention those companies because, as successful as they are, and they are, and they all have cultures. Disney, Apple, Microsoft, Saab, General Motors where you came from. Servant leadership's not part of that equation.

Joel Manby:

Well, I don't think it has to be servant leadership, it just has to be a strong culture with a cause. With Apple, you know Steve Jobs is very intense and I wouldn't necessarily call him a servant leader, but, they have a cause and their cause is to, you know, have an apple in every school room and every home and, so I don't mean to imply that it has to be that way.

Richard Warner:

It's a very difficult place to work.

Joel Manby:

It is very difficult. And he is, as I understand, a pretty difficult person. So, it's not about having to be servant leadership. That's our chosen methodology to get there, because it fits our owners. Our owners behave that way, they're great models for that and the biggest reason I'm at Herschend, really, is because of Jack and Pete Herschend. I was on the board. I was in the auto industry, on the board and I was so impressed with how they ran their company versus what I saw at General Motors which was...

Richard Warner:

Chaos.

Joel Manby:

...not very good. It was chaos. It wasn't very well led. And at General Motors it was only about the bottom line. It was only about money and, you know, at the end of the day, I don't think great people are really attracted to that and I was pulled towards wanting to be...I wanted to lead that part of a culture, because I always felt business

should be more than just profit. Profit is an oxygen. You need profit to live. But, you want to do other things with your body. You want to do good things for mankind. We have a very strong environmental initiative. We have a very strong social awareness initiative. We give ten percent of our profits away. We have a foundation for our employees if they're in need, we help them...a lot of seasonal employees without benefits. Dolly Parton has the imagination library. She's giving a book away every month to...they've given three million books away so far to help illiteracy of children, and if we have time, I could tell you about our environmental initiatives, but, it's just, that people resonate with that and they love to come to work because of that.

Richard Warner:

General Motors, you were with Saturn in 1985. Now, this is when Saturn is inventing itself as a new kind of car company in Tennessee, so it was trying to create that culture that was different from the parent...

Joel Manby:

Yes.

Richard Warner:

That must have been a very interesting experience from the outset...

Joel Manby:

That's again, a great question that you even picked that up. That probably is the best experience I've ever had in business. I was one of the first 8 people at Saturn and it started from scratch, 1985. You talk about a mission driven company. In a terrible industry where everybody negotiated and everybody was treated poorly and the dealership...

Richard Warner:

On the lot, you mean.

Joel Manby:

Yeah. I mean, car buying is the worst experience other than maybe getting your wisdom teeth pulled, it's right up there. We wanted to create a world class experience where guests were treated with dignity and with respect.

Richard Warner:

Heh, guests.

Joel Manby:

Well, yeah, it sounds like, of course...but in that industry, it was impossible. But, back to your point, we had to start Saturn...everyone was under thirty years old...because anybody that was older than that in General Motors would not take the risk to go into Saturn...

Richard Warner:

You mean, you couldn't attract the people in General Motors over thirty that you wanted?

Joel Manby:

Well, for the most part, no. Now, there were a few exceptions. John Meadowbrook was one and Skip Lafoe, but a vast majority of the people were young, kind of naive, cause we all had this grandiose vision for how the car industry could be, but to those few senior leaders who came over to support the team, and to the dealer body who really supported it, we did create a different culture within GM.

Richard Warner:

Anti-GM.

Joel Manby:

Anti-GM.

Richard Warner:

We wondered...even as a consumer I wondered, "How long is that gonna last before it gets consumed by the mother ship?"

Joel Manby:

Well, you know, we could talk for hours about that and I don't want to bore your audience, but, I will say it is sad to me to see what has happened, because Saturn has been folded into mainstream GM. If you look at their advertising now it's all about the car and when we were there we would not allow the advertising to be about the car. It was about the experience. First of all, the car was only marginal to begin with, but it was about the car-buying experience, and if you remember those early ads by Hal Riney, they were very focused on the guest experience.

Richard Warner:

I got an e-mail, management e-mail this week. It was, I can't do it justice, it was fascinating, and it's kind of along these lines, which is, that you as either an entrepreneur or a boss are going to be focused, you're employees are going to be focused on giving the customer even more than they paid for, because they want the customer to...what it really is about is what was the customer experience?

Joel Manby:

Exactly. At Saturn, that's what it all was about and at Herschend Entertainment, we hope that's the case. We have a little diagram that describes our strategy, but the bulls-eye of that diagram is the customer, and we are very customer focused. I know that sounds obvious...

Richard Warner:

Well, I've never had a guest on here who's said anything else...

Joel Manby:

Yeah, but you would be surprised at...when I was in the GM culture, a lot of the discussion was about cutting costs and labor issues, union issues, and not enough about what's going on with that customer. Now, it could have changed now, but when I was there, except for my Saturn experience, it wasn't as much as it is at Herschend.

Richard Warner:

So, what did you take away, then, from the Saturn and then Saab, experience, because, you know, you were CEO of Saab.

Joel Manby:

Well, Saab...I'll answer that in two different segments...with Saab, we had a fantastic car, but we had no marketing strategy and no dealer network. So, I was a very young, I was 32 years old and actually by the time I got to Saab, I was 34, but I was one of the younger GM division presidents, because they wanted the Saturn guest experience applied to a great product. But, what I took out of Saturn is how important it is to have the leaders aligned with strategy. And I know that sounds really obvious....

Richard Warner:

No, no, no...that's core.

Joel Manby:

It is totally core. Because, what amazes me about big companies is that they'll stick new people into new positions whether it's marketing, sales, engineering and the very top leaders will not make sure they're a hundred percent aligned on the mission, vision, the positioning of the company, and it starts to lose its way. And Saturn lost its way. On Saab, the biggest thing I learned is how difficult it is to change a culture that is not customer focused and in Saab's case, it was an engineering driven company. When you'd be in the meetings, it'd be all about having the absolute, best car, which actually, you can go too far, because you can put things into the car that customers aren't willing to pay for. The engineers want it, but you're not willing to pay for it as a customer, so again, quality focus, but not driven by what the customer's willing to pay for, and that's what I walked away with Saab. You've got to only put in things that the customer is willing to reward you for, and at Herschend I think we're very, very good at that. We only put in things that we think will get a good return.

Richard Warner:

How do you get, then, the management team, all aligned on the same vision and strategy...because, by nature, there're going to be strong personalities with their own experience in the company and there's going to be some difference. Move off site, or what?

Joel Manby:

A lot of things. At Saturn and Saab I saw a lot of mistakes there where, frankly, it became poor leadership. It really comes down to strong leadership and at Herschend, the owners just permeate the values. It's natural for them, and people just rally around them. What I'm hopefully doing is institutionalizing that as we grow, because you can't...any

great company, if you read about any great company as they've grown, they've found a way to institutionalize what the owners brought as they grew, and so that's why we took special care to put that language in there. But to specifically answer your question, everybody goes through training on those vision, the mission, the values. The top leadership team, we spent, if you add it all up, over a week going through that together, arguing over every single word and frankly, got to the point where either, they agree or it's time to leave. You've got to get on the bus or get off. In the end of the day, that's what it comes down to. But, you know what, it kind of self selecting, because I'm sure you've seen it, any strong culture you've been a part of, either you want to be part of it or you don't. And let's just own up and if it's time to leave, it's time to leave.

Richard Warner:

Arguing about the points, not being afraid to argue about the points. Not being afraid of the heat that comes out of that, because a lot of the cultures don't embrace that, they're afraid of it, it's the opposite of servant-leadership, it's the top person saying this is what it is and get on board.

Joel Manby:

Well, you're right. A lot of times, it's that case, and if it is the case...some of the leaders in the auto industry were intimidation leaders. But, that's why one of our values is humility and our owners represent that and I just think...and no one's that smart. You've got to have a great team of great people and you have to listen to what they're saying. And, if I ever shoot down somebody publicly, in front of everybody else and embarrass them and destroy their dignity, they're never going to speak up again. So, we have an unwritten rule. It's that you praise in public, you admonish in private. If I'm going to take somebody to the woodshed, I'm going to do it behind closed doors. I'm not going to embarrass them in front of their peers...Now, we'll have open debate...that's different than...you know the difference between open debate disagreement versus losing somebody's dignity. There's a difference, and good leaders don't do that in front of their peers...so we do have a culture of disagreement and at least I hope so, you'd have to ask some of my folks, but I like to think so.

Richard Warner:

You said you moved to Atlanta because of the talent pool was potentially bigger, or people would be more apt relocate here if you found someone out of area...How do you find those people?

Joel Manby:

Well, it is really a...the people in our industry, we just stay well connected, honestly. We hear who's really good and we go after'em. It's as simple as that. We don't do much advertising, it's really just word of mouth...who's really good out there, and it's a pretty small industry, it's much smaller than the auto industry was. We, honestly, though, we don't tend to do Disney too much just because they're so big their people tend to have very specific responsibilities and that's not a criticism, we need people who are a little broader, who can do a wider variety of things.

Richard Warner:

Did you take any management [practices away from Disney? They're famous for what they do...

Joel Manby:

We have. For one thing, all though it's not totally public yet, but I'll still say it because we've made some discussion of it, we've looked at their resort strategy, very hard. Because they're great at how they've integrated the resorts into their parks and that's one thing we'd like to copy. We also copy some of their great attractions. They are very creative. Now, they'll spend ten times what we'll spend, but we try to take the great idea and say, "Well, how can we do it for a tenth of the price?" and figure out how to do it a little more economically, and...

Richard Warner:

Their training is what really impresses me, and you can go back, behind the scenes and learn a little bit about how they train their cast members backstage, I mean, it permeates...the culture permeates the place

Joel Manby:

You're very right. We've studied that...actually, we've visited Disney as part of Saturn and as part of Herschend. What impresses me about Disney is they're willing to invest forty hours of training into somebody even the seasonal worker before they ever go on the park floor, so to speak, that's very impressive. And we're really, at Herschend, very much moving in that direction, but it's hard because the operators don't like the expense to do that, and it's very easy to get relaxed there. But we've got to train them in our culture. We have to train them in great guest experience and we do have a couple of days of training we require before they go out on the floor, so to speak, and we got that from Disney.

Richard Warner:

Universal. I know less about them. What did you take away from them?

Joel Manby:

Universal is a great creative company, but probably a tougher culture and I would say we've learned...they have good brand integration. They take their brands, they overlay it well on their attractions, so they're good brand people. I'd say from a leadership standpoint, how we treat our employees, we've probably learned more from Disney and really from our own owners, Jack and Pete, than anybody else.

Richard Warner:

And you haven't always been successful...they had White Water, right?

Joel Manby:

Well, you know, actually, White Water was very successful. We did have an issue with an E. Coli situation that

Richard Warner:

Yeah. So that was the defining moment?

Joel Manby:

That took it down very badly for a year and a half. I was not with the company at the time, but that was not the reason we sold it. We actually sold it because Six Flags was coming into town and they were going to do their own water park, and they basically offered us a tremendous price, honestly and so it was "Do we compete with Six Flags and maybe lose some value or do we give them a very strong cash price?" They were buying up a lot of things at, frankly, I think, too high a price, and they're still paying the price today. I mean, Six Flags is having some difficulties.

Richard Warner:

Interesting to see there were lawsuits and all that and interesting to see how that pans out. the company is called Herschend Family Entertainment, that's twenty venues, right?

Joel Manby:

20 venues yes. It's actually 21 if you include the two resorts, but yeah.

Richard Warner:

...in nine states. Joel Manby is the president and CEO of the company. From Saturn to Stone Mountain, I guess. Good to have you with us.

Joel Manby:

Sure enough. Thank you. Very good to be here.

Richard Warner:

And thank you for watching...