

Georgia's Business #418

Guest: Mercer Reynolds Chairman and CEO, Reynolds Plantation

Richard Warner: Welcome, I'm Richard Warner and this week on Georgia' Business Real Estate Developer behind Reynolds Plantation in East Georgia which is growing now. The Chairman and CEO of Reynolds Plantation joins us, active in fundraising at the top levels of the Republican Party, former Ambassador to Switzerland and active at the national level in a number of non-profit organizations including the Fellowship of Christian Athletes, The NCAA Leadership Advisory Board, and The Common Wealth Club. We welcome the honorable Mercer Reynolds known to friends as Mers, give to have you here.

Mercer Reynolds: Thank you very much.

Richard Warner: As we do this show, it's another crazy day at Wallstreet, and I just wonder you've been very successful in the investment world and no doubt bad times slow times what do you make of where we are?

Mercer Reynolds: Well gosh, it's unparalleled in a time of history where we were at the precipice I think of financial disaster and I think that the moves that we're made by the Treasurer Department and The Fed were necessary maybe not excepted as well as they should of been but I think without question The President and the Secretary of Treasury Mr. Mackey made the right decisions the right calls. And I think that we're on the road to recovery.

Richard Warner: Were you surprised that how fast it happened and scared on how deep it was?

Mercer Reynolds: Well, I think everyone was. I don't think anyone expected the depth of the problem we were facing and so like others were very concerned. Not because of the future of our business but because of the credit crisis we we're facing, the banks were unwilling to lend resources lend cash to the companies like such as ours and others that were out there.

Richard Warner: You are Co-Chair of an investment firm; obviously Reynolds Plantation entails a significant investment for someone who wants to move there. What impact does it have on your business and your strategy?

Mercer Reynolds: At Reynolds Plantation...

Richard Warner: Sure...

Mercer Reynolds: I'm at Reynolds Plantation I think we've been relatively fortunate and I say that because we've been in business for twenty years and we have a history of on what we say we're going to do. We have located in such a wonderful part of the world in the Southeast cluster Atlanta in an area that is going to continue to grow. We're blessed with wonderful land and on Lake Oconee and we're not investor driven the way maybe some other communities have been in the past so we have a loyal group of company owners and they support us in everything we do and for that reason the buyer that comes to Reynolds is not looking for a bargain their looking for to turn the profit and sell it to someone else, their looking to come and stay. So we've had a fairly good year on a relative basis.

Richard Warner: Expansion in fact is in the cards?

Mercer Reynolds: Well we continue to expand our business; we just did an announcement today in the next golf course designed by Pete Dine. We're thrilled about that, this past year we expanded Lake Club and expanded our restaurant at Ritz Carlton which we own. So we continue to make investments back into the community and deliver on our promises.

Richard Warner: Mercer is this part of a vision is this something that twenty years ago you and others said twenty, fifty years from now this is what it's going to look like or has it taken shape as the market demanded?

Mercer Reynolds: I think that the vision in 1979 when the lake was formed and then again in 1985 when we formed Reynolds Plantation certainly has expanded from where it was at that time. First of all, we started off with twenty-five hundred acres, we now have seventeen thousand five hundred acres and so that's the first thing I think has expanded and allowed us to continue to expand our vision beyond what it was originally. But I think that the important thing that we've meant to those our the purchases and when you come here you become a citizen and you become part of the community, you give back into the community, your involved in the community so someone who comes to live at Reynolds is highly engaged in what goes on around them and that really is if you wanted to point to one thing in the vision that really evolved is that giving back to others that exist in our community.

Richard Warner: This is a family plot of land; it goes back a couple of generations to your grandfather Reynolds. I'm curious in that the growth has really happened to be this generation. What would you say are the most important qualities that you have brought to bear to allow that to happened?

Mercer Reynolds: People I'd say and resources. I think we had the land so and we added to the land very conservatively so our holdings have been have grown over the last fifth-teen years, so we just didn't buy everything last year. So we have very significant land holdings, we have wonderful people, seventeen hundred employees at Reynolds Plantation and The Ritz Carlton. We have a top flight management team at Reynolds and we're all dedicated to serve our members and serving our customers.

Richard Warner: Mercer your people, what do you look for?

Mercer Reynolds: Well the first thing I look for is honesty and hard-work ethic. The second thing I look for is their family situation, I think if you have a good family life then your going to be a active and member of Reynolds team so that's very important to me when I look to potential employees.

Richard Warner: I'm looking back to the beginning of your career, was with Coco-Cola, your from Chattanooga and Coco-Cola Chattanooga was home based from the very beginning of the career and you stayed there for ten years?

Mercer Reynolds: I was with the Coco-Cola company for maybe four or five years.

Richard Warner: And what came out of that this is interesting, in later life particularly relationships with investors and President Bush and the base-ball team, you learned marketing is what I took away from that is something that really helped propel you later in life, it was part of the value of your investment of the base-ball team mind-set of how to market. What did you take away from those early years that follow you the rest of the career?

Mercer Reynolds: Well gosh if you look at Coco-Cola I mean who would not want to emulate that brand and what that brand represents. I think if you were to take a look at my career one of the greatest lessons I had was to be member of the Coco-Cola family and how proud I was to bear that name and how long my life been to the brand over the years and that continues on with the Saint Louis Cardinals of course. That's a significant brand and one that has a lot of band loyalty and I think I've learned that the most important thing is when you put your name on the door whether it's Reynolds or Jones or Smith that means more than just a company, it means your putting your name and your seal and your brand on that property so everything you do you take personally whether it's a tree that you have to remove or whether it's a road you have to repair or whether it's a bike path you have to put in whatever is necessary to keep that brand at the highest passable level. That's what I've learned from the Coco-Cola experience early on.

Richard Warner: From Coke you when into the investment world and expanded skill set related to money and handling money and growing money. You know what were the secrets Mercer, what did you learn from that?

Mercer Reynolds: Not every investment was a great success; you know I learned that I learned it. Everyone can improve on your vision and improve on your marketing skills, improve on your investment skills throughout their lives and it was an exciting time for me because the first thing we did was buy the Coco-Cola Bottling Company in Cincinnati and expanded that. We we're the twelfth largest bottler in the United States...

Richard Warner: Yeah that's a big that's a critical bottler...

Mercer Reynolds: It was a big undertaking, one that we're very proud of but we've been in a variety of business and we've always learned how to successfully capitalize them first of all, you have to be well capitalized, you have to have the right people, and you have to make the right purchase. They tell me and I think its true for those who are successful is when they started when they begin the company or when they buy it is the most important part of it.

Richard Warner: And what do you look for? Your looking for a piece of the place on the curve where your sensing either by characteristics or by gut that that curve is about to take off.

Mercer Reynolds: That's right and your looking to buy in this market your looking to buy not at the bottom but you want to hit the last twenty percent of the down market if its real estate or anything else you want to be buying right at that point in time because your not going to hit the bottom, and its much easier to purchase something as the market drops than when it goes up because as the market rises the competition becomes much greater and sellers tend to run away from you a lot faster.

Richard Warner: Well this is Buffet's Law and I mean that would tell me that your seeing opportunities now that if you have dry powder you can put it to good use.

Mercer Reynolds: Yeah I was talking to a Hedge Fund Manager, a highly respected Hedge Fund Manager yesterday and who gave me a lot of hope because he was actually up this year and up five percent and I said 'gosh how did you do that' and he said 'well its on the right side of the market' and then we talked a little more about that and I said 'where do you see the market today' and he said 'in my history' and he's a Georgia Native, lives in San Francisco and he said in my history of investing this is the most opportune time I ever experienced and I he I'm in the market buying I'm not going to confess everything today but over the next several months I'm very optimistic about the future of our economy.

Richard Warner: What verticals are we talking about here, obviously you want to but quality it's not enough to buy low?

Mercer Reynolds: No no, absolutely we want to buy quality I mean I think that's the and I heard this before you buy everything and you buy everything across the board and limit it to quality but you can buy a host of assets over asset classes and feel comfortable as long as your averaging investment because we may not have hit the bottom yet but we're close. If you average that investment over time you're going to do well.

Richard Warner: Mercer you hinted over the of course it's a numbers game to some extent that your going to have some failures in addition to the home-runs. To what extent have you gone into an investment that you were sure of, the numbers aligned, the gut was there, it didn't happened?

Mercer Reynolds: Well there any number of investments I'd say that one of the first was our Spectrum Seven Energy Company back in 1979 when Bill Wynn and I boast the managing partner for the cardinals and our firm was Reynolds to Wynn. We started Spectrum Seven and during the late 1970s and price of oil was headed to a hundred dollars a barrel and you may remember the story about the oil in those days and of course it went down instead of up. It went down to fifth-teen dollars a barrel from thirty-five...

Richard Warner: Fifth-teen dollars a barrel...

Mercer Reynolds: Yeah, so all the drilling companies were in Midland, Texas and they had the largest Rolls Royce dealer in the country in Midland, Texas and of course two years later there was nothing in Midland, Texas and of course our business we were fortunate to have sold it but we certainly did not we weren't particularly making a big profit off the acquisition so all your plans can be lead astray just by global changes out of your control.

Richard Warner: This was during the era when you met and became partner, friends, colleagues, comrades with the Bush's?

Mercer Reynolds: That's correct.

Richard Warner: What was the Bush family like back in the late 70s or early 80s?

Mercer Reynolds: Well I was not involved in politics, I heard of the Bush name but it wasn't something that I was particularly interested in becoming involved with anyone because of their political background.

Richard Warner: You were apolitical?

Mercer Reynolds: Yes, yes absolutely and so was Bill, my partner, and we met the President at Midland at local business club there and he came running in and jogging as he does, and it actually ran about fifth-teen miles and came in his you know t-shirt and shorts in a men's club. That didn't bother me a bit, we sat down became friends immediately absolutely became fast friends.

Richard Warner: What did you like about the guy at that point?

Mercer Reynolds: His magnetic personality, he was genuinely has charisma and you know it when you see you can't really define it but you know it. He's a charismatic person, a caring person...

Richard Warner: This is W?

Mercer Reynolds: George W and we became fast friends and we ended up merging our two companies together into Spectrum Seven Energy.

Richard Warner: How has you know I believe it was JFK that said the problems are greater there is no training for this job, there's nothing that you could do to anticipate the depth of the problems. How has the job changed him in the eight years that he's been in it?

Mercer Reynolds: Oh gosh, your asking me to comment on a close personal friendship and you know we're very fast friends and I think he just like any President has he's grown in many many ways and he's become probably a lot more introspective about his decisions and feels the history is going to judge him well as I do. So I've seen the President in many ways become a lot more I would say personal in his feelings towards people, I've been with when he's visited soldiers from Iraq for instance or families of soldiers who have fallen seen him before and afterwards obviously I wasn't in the meeting and understand the pain that he's gone through and how he feels about those difficult times that we've all faced. And I feel like that he become a person that genuinely is looking forward to working on his legacy, doing something really important with us the days that he has left. He's got thirty-five years as he says beyond us and he's really looking forward to creating a real legacy for preserving freedom and democracy in all the values that I think he tried to instill while he was in The White House.

Richard Warner: So it's very interesting to know Mercer Reynolds the apolitical you know financially skilled business man who then rose grew to become by one account one of the twenty-five most influential Republicans in the United States. What led from one to the other?

Mercer Reynolds: Well, we're close friends and I was originally asked to help out in Ohio with the campaign in 2000 and...

Richard Warner: Home-based for you?

Mercer Reynolds: Home-based and I did that as a Chair-man of Ohio Co-Chairman of Ohio and then of course that role expanded when he ask me to help out in Georgia, I certainly had plenty of contacts in Georgia and in Tennessee and other places so became more of a national supporter of his in helping him connect with people and then he upon that ask me to Co-Chair the inauguration in which was a challenging task of nine-teen days to do that and ask me to go to Switzerland which I reluctantly did. Part of me wanted to stay home but Gabby and I decided to make that journey and...

Richard Warner: That meant giving up a number of things including board appointments I would think.

Mercer Reynolds: Right.

Richard Warner: And your first day in Switzerland?

Mercer Reynolds: Well, that was 9/11, that was the day that I presented my credentials to the Swiss Government. So that was quite a day because I started off in a very festive manner and ended with the tragedy of 9/11 and...

Richard Warner: And from your point of view, massive on the job training in the first twelve hours?

Mercer Reynolds: We were supposedly trained for this occurrence but I don't think any Ambassador really knew what he was getting into when 9/11 hit.

Richard Warner: And what did you do what would an Ambassador I would imagine most people don't even know what an Ambassador does?

Mercer Reynolds: Well, we were put on high alert you know the Marines out there protecting the embassy were put on high alert, we went into close session. We listen for information from Washington about what to do and word was you take care of it, it was you know you do what you think is best. So they sent the message back to us and we fly people out of Switzerland that needed to be flown home, we needed to protect people in Switzerland that needed to be protected, we needed to provide housing for people that coming to Switzerland to get out of where they were because they thought it was a dangerous place. So we did all of those things very quickly and of course we had to go throughout the community, large number of ex-pats from United States and Switzerland and reassuring them that everything was going to be ok.

Richard Warner: I look at a man who has risen to a very high level in investment, in politics, in on profits, a lot of work that you've done without profits. What are the characteristics over time that have become the most valuable to you to help get you to those levels?

Mercer Reynolds: My great wife.

Richard Warner: Well said and she's right over there.

Mercer Reynolds: Yeah, that's the first thing because she's been my soul mate for thirty-seven years. So she has to, she's my best friend and someone that I depend on a lot when I make decisions when we make decisions.

Richard Warner: Does she sound off; I don't think that's a good idea?

Mercer Reynolds: Well, I think that's been said before, yeah so, and because I'm a bit of a dreamer and so sometimes I need a solid grounding and Gabby keeps me grounded so...

Richard Warner: Are you opposites?

Mercer Reynolds: I say so; she's probably a lot more outgoing than I am. I'm much more of bit of a dreamer than she is you know and I'm a supreme optimist so...

Richard Warner: Aren't the entrepreneur?

Mercer Reynolds: Yeah I think you know you have to be almost to be a entrepreneur and of course I think everyone at least I feel has to have some basis of faith whatever that your one's faith is that's important to me and of course my friends and those are the three things that really help me stay grounded and focused on where I need to be.

Richard Warner: Reynolds Plantation, Cracker's Neck, this long time family asset and the family host it. Is this correct, wind up under water when they block the rivers?

Mercer Reynolds: That's right, of course Cracker's Neck is not doesn't have a greatest definition I guess...

Richard Warner: Connotation.

Mercer Reynolds: Connotation...

Richard Warner: Yes, yes. Nevertheless, way back I mean we're talking a hundred and plus years or whatever. You're grandfather was involved with the land and you became you and your dad became stewards of that land.

Mercer Reynolds: My grandfather bought the Cracker's Neck area back in 1930s. He had actually lost that land to The Depression and though we're not to The Depression but the decline of cotton in that area and it moved to Chattanooga and as a result he went back and repurchased the land and built a small cottage there and we would go down there every year to enjoy being away from Chattanooga...

Richard Warner: That was the summer place? Fishing...

Mercer Reynolds: Fishing just running around in the woods and swimming and living in that rock house, that's what we did.

Richard Warner: What a great thing, is the house still there?

Mercer Reynolds: House is under water, that's...

Richard Warner: Oh ok, that's what's under...oh ok...

Mercer Reynolds: That's right, it with the dam and the lake.

Richard Warner: And it is now I mentioned to you, I've been to Green county fifteen twenty years ago. This is prior to the explosion of what Reynolds Plantation became and it was a very poor rural area of the State that has been transformed partly because of giving back which is part of the Reynolds mission.

Mercer Reynolds: Giving back and also providing opportunity for those who live in around the Green county area. Green Putnam Organist three bay counties and people of common thing made for having been in the lumber yard and moved to the service industry and they've been trained and they worked at the Ritz Carlton. In fact, I saw a attendant actually at the front desk at the Ritz Carlton in New York City in Central Park and was from Eaten, Georgia and she had made her way through the Ritz and at Reynolds Plantation and had gotten the opportunity to move to New York and what a great story to be able to tell about you know The American Dream, so I think it's not just service, giving back to the community, it's providing those opportunities for the hundreds and hundreds of employees that live in and off of Reynolds Plantation.

Richard Warner: Well as far the Ritz goes, there is a characteristic of that Ritz that it was the first to be located outside of a what, major metropolis?

Mercer Reynolds: It was the first really resort location for Ritz Carlton in the image of a lodge, so that was bit of a challenge and certainly I don't think anyone expected it to be as successful as is but it has become a tremendous success in the Ritz's organization.

Richard Warner: We got a minute, quick story, inauguration day in the limo with President Bush and President Clinton is no where to be found, so pick up the story.

Mercer Reynolds: President Clinton is no where to be found?

Richard Warner: Yeah, don't tell me to tell you the story you don't know. You in the limo...

Mercer Reynolds: I'm in the limo with the President. Actually, he's a President elect, he has not been inaugurated yet and we're riding around in town but he's in the Presidential limo and phone call comes and it's his phone rings and he picks it up and he said hello and here's his voice in the background and he said I'm sorry you got the wrong number.

Richard Warner: So whoever it was...

Mercer Reynolds: Whoever it was talking to the future President of the United States on his cell phone and I though goodness gracious how interesting and bizarre that is but it was an amazing experience for me to be with during the inauguration.

Richard Warner: What a life, Mercer Reynolds is Chair-man of Reynolds Plantation, awesome to have you here, thank you so much and thank you for watching. That's Georgia's Business for this week; you can download our pod cast on iTunes and listen to this. In addition, you can also listen to the broadcast on the radio on WCFO at 1160AM. Sound off to me directly if you like at richardwarner.com and catch us here next week. For now I'm Richard Warner and for all of us here at Georgia Public Broadcasting, thanks for watching and don't sell yourself short.