

## Georgia's Business #419

### Guest: Michael Leven CEO, The Georgia Aquarium

**Richard Warner:** I'm Richard Warner, welcome this week on Georgia' Business. Over forty-two years he made his mark in hotels and hospitality, first in Days Inn where he build the company into a world wide brand. Then Holiday Inn where he launched Holiday Inn Express and then in 1995 his own, Hawthorne Suites and Microtel. After all that, after selling that company and serving as Vice Chairman at Marcus Institute n Atlanta, he was elected CEO of the Georgia Aquarium not long ago. Joining us, Mike Leven, the CEO of the Georgia Aquarium, good to have you here.

**Michael Leven:** Thank you, nice to be here.

**Richard Warner:** Why did you take that job, you id all that stuff, you could of walk away and now your in a very high profile high energy job?

**Michael Leven:** I think fairly for to reasons, one is that Bernie Mack has wanted me too.

**Richard Warner:** And you can't say no?

**Michael Leven:** And no one ever says no to Bernie Mack because especially if you write a check to a charity or something. I wouldn't say no to him and the second is that I think it gives me a final opportunity to pay back the city of Atlanta and the State of Georgia for how nice it's been for me to be here since 1985 and to make my contribution to that.

**Richard Warner:** Bernie Marcus. What kind of guy is he?

**Michael Leven:** Well, he's a friend one of my very dear friends and I think he's bigger than what most people think of because they think of him as the head of Home Depot or the person who gives charity, but he the genuine article, he's a caring wonderful human being and really can make anybody proud of being associated with him.

**Richard Warner:** So you're around him, I'm wondering what that osmosis from that he was able to impart on Home Depot to grow it. How does he do that for you at the Aquarium?

**Michael Leven:** Well, I think I think his first concern is getting the mission accomplished and his dream of the Aquarium is that it'll be a generator of entertainer, of education, of conservation, of job creations, of development around it and he's concerned very much about it being self-sufficient. Not being well fare situation that has dependent on other people's money all the time and he drives that. He drives it through his own energy and he drives that energy through me.

**Richard Warner:** And that's your job, make it self-sufficient?

**Michael Leven:** And that's my job.

**Richard Warner:** And how are you going to do that? You know no matter what business of yours in, chances are pretty good that your facing a change in the business dynamic, it's not as good as it was. Certainly in your case where you're dealing with disposable income, entertainment dollars, how do you push that forward in this environment?

**Michael Leven:** Well, I think in today's environment which obviously there's no secret that it's going to be more difficult for any organization depending upon disposable income dollars. People will still want entertainment, they'll still want to entertain their kids, they'll still want to teach their children, and we have to merchandise and merchandise appropriately. Do the kinds of promotions that will bring people in and there is in a sort of way a sort of advantage to the economic situation for us. People may not go as far, they may stay closer to home and about half our business is relatively close to home business for us to merchandise to that market place and be effective. That's the challenge we have.

**Richard Warner:** Rebecca Paul ran the lottery which has been extremely successful particularly at her tenor and her secret was there's always got to be something new to talk about. I would imagine that that has to be part of your philosophy too?

**Michael Leven:** Oh, it's no question I mean just like the High Museum and it's exhibit or another exhibit that you might find., Atlantic Station or anything like that, in order to bring traffic you have to continue to do things that are new, and we sort of made a promise that we were going to have something new at least every quarter, either through animals or promotions or activities that would bring people back that have been there before.

**Richard Warner:** The philosophy prior to your arrival, I don't know if this has changed was keep it secret until it is out there. We want first of all make sure that the animal lives because there's some danger in promoting something that goes wrong and also it's more of surprise when that happens. Is that like Leven's philosophy?

**Michael Leven:** Not really, I think that we do have to when we get new animals in and they have to go to quarantine for anywhere from thirty to forty-five days. There are some dangerous situations that could occur and we certainly don't want to promote until we know the animal is very healthy and can make it. But I think you'll see that what we'll be doing will be making much earlier announcements of the animals or fish or whatever we're doing in order to build up a momentum. We have something new coming around Thanksgiving, we'll be announcing some of that around the second week of November where we feel very confident that the animals will be ok and will be ready for display at that particular time.

**Richard Warner:** You're doing Titanic so it's not all animals?

**Michael Leven:** It's not all animals. Titanic is associated with the ocean, it's associated with history, it's associated with you know water and some extent what we do and Titanic has been incredibly successful. We got forty thousand people through there since it open and it also brings a whole different approach to what people want from entertainment stand-point. It's a wonderful exhibit and our hope is that when Titanic is over which will probably be at the end of next summer 09', there will be another exhibit that will be in that space that will attract the people. So we intend to do exhibits, traveling exhibits all the time.

**Richard Warner:** Forty plus years dealing in this with entertainment dollars, prior life dealing with lodging dollars. You have seen good times and bad times, up and downs, so Leven's lessons learned and bad times that can apply to virtually any business. What do you need to be doing right now?

**Michael Leven:** Well, I think that there's a bigger question than that and I think the way you should run a business if someone were to ask me to teach them to run a business I would say stay thin all the time, in good times and bad times. In other words make sure that your business can operate effectively in either side, try not to confront the situation where you're going to be laying off a lot of people because you get fat in the good times. Manage effectively so you don't have that kind of crisis in bad times because bad times in our kind of economic system are always going to cycle in. I've been through so many of them that although this one looks to be as bad but I heard this morning that this looks like a 73' 74' crisis and I can tell when 73' 74' I was in charge of marketing thirty road side motels, and when there's thirty road side motels and there's no gasoline and somebody says to you we need business Mike go find this.

**Richard Warner:** What did you do?

**Michael Leven:** I said well what am I going to do? Get people to walk there, you know I mean but we did things we found local business where people in local community could use the facility by doing weekend packages and special events and things like that to mitigate some of the circumstances. When I had a hotel next to a airport of 600 rooms that was the airport closed and moved and I was doing eighty percent occupancy before and it went down to fifth teen percent occupancy after it moved I set up a training center, built a airplane to train brand of airway steward's 1975, so in order to replace it. You can be creative, you can't do as much but you can still be creative. In this environment which may be like 73' and 74', the idea is to merchandise and you may not get the same ticket price that you would get before but your going to get people in your building the same as getting them through your hotel.

**Richard Warner:** So if I sold widgets or services, it's the same idea. I may not get the margin in the price that I had before?

**Michael Leven:** Stay in business until it turns because it will turn. It's a great country, great people, creative solutions, will get through it.

**Richard Warner:** You know the first thing that gets cut is advertising and marketing.

**Michael Leven:** Not in our case not in my case. I think the critical component is how you use the marketing mix in periods where you're economically in difficult times. The marketing mix contains not only advertising but public relations, direct sells, sells promotions, merchandising, etc. It's how you use your marketing mix in those particular times to be most effective, sometimes when you have excess capability and you need to advertise from a media stand-point you advertise. Sometimes when you don't, you're much more dependent on public relations and publicity to do it for you.

**Richard Warner:** You got through the bad times and you stayed in business. Was there any time it got so bad that you wonder if you would?

**Michael Leven:** Well, I think...

**Richard Warner:** That fifth teen percent comes to mind.

**Michael Leven:** Sure, I mean I think you always wonder you know whether your going on make it to the next time but in today's environment which we have we a situation where we got a lot of older people who's IRA's have been dramatically compressed in the last month and many of these people are friends of mine. They call me, who are retired, and say what am I suppose to do, I'm living off this portfolio and the values are going down and some of them had said I want to sell everything I want to panic and my advice to them has been hold on, wait, this will get better. If your can hold off for a couple of years, don't do this, don't minimize your situations. On the other hand, other people have more balanced investments that have cash capabilities can take advantage of some of the opportunities that arise and it's no different from a business perspective, the same thing you got to keep some dry powder for the bad times.

**Richard Warner:** Money in the bank.

**Michael Leven:** Absolutely.

**Richard Warner:** Days Inn, you were saying that Days Inn which was probably your first high profile high level management role, 80's 1980s?

**Michael Leven:** 1985 to 1990, right.

**Richard Warner:** You know tremendous growth within the company; I'm looking at some of the factors that happen. One that comes to mind based on memory was that you hired a lot of senior citizens?

**Michael Leven:** Well, it wasn't very fashionable to hire senior citizens in 1985 and 1986 and we hired one hundred and twenty-five. We had one hundred and twenty-five older workers working at our reservation system here in Atlanta at that time and then we compounded that with people with disabilities and some homeless people. We made the whole reservation system a place for a workforce that didn't have a place to go and I think it changed the culture internally of how we treat people in a hospitality company because of the individuals who work at Days Inn became very sensitive to the individuals and sensitive to their role in society not only their role as people working at a company.

**Richard Warner:** Those who you hired, how well did they work out generally?

**Michael Leven:** Well, I think history will show they worked out great because everybody wants to hire those kinds of people now. And turnover rates will be low, medical bills were low, you know we had a few problems here and there getting going, but once we got going it was really pretty easy to do.

**Richard Warner:** Why did you transition out from Days Inn and then into Holiday Inn?

**Michael Leven:** Well, Days Inn was sold and the new owners were not particularly nice people and I left and sat around for a couple of months, did some consulting work and Holiday Inn moved from Memphis to Atlanta and I got the call from Head Hunter to that they wanted somebody to run their franchise business and went over and had an interview with the CEO, Brian Latham, the CEO of that time and got the job and from there I became the President of The Americas and then the President of the World Wide Operations.

**Richard Warner:** Did you take philosophies and practices from Days Inn and imply them then to the job at Holiday Inn?

**Michael Leven:** Well, I think certain, I think what I did take was a custom of focus practice but in each company is somewhat different in terms of the qualitative nature of their products and how they do business and what I try to do which is not much different than the Aquarium is try to meld some of my values in terms of what I think is important and how we can get results into the culture that exists without destroying it. It wasn't my job really to tip Holiday Inn over, but it was to be sensitive for my own experience what could be done differently to make the company successful.

**Richard Warner:** I don't think I've ever interviewed an executive who doesn't think his company is customer focused and yet if you look at if you talk to customers you might come...

**Michael Leven:** I don't think you've been interviewed enough executives.

**Richard Warner:** What is customer focused actually mean?

**Michael Leven:** Well, I think there two things an executive have to believe in. One that the customer is critical to their success and two is that their employees is critical to their success. Now they are not successful in and of themselves without either one of those particular situations being successful and you have to have it in your belly. I mean Bernie is a great example of that, when he ran Home Depot, he ran Home Depot on the basis that the customer and the employee both were critical to the success of that company. When Home Depot had its troubles when the administration change after he left, both of those situations were in jeopardy and now...

**Richard Warner:** Because there was a focus on sig sigma process, margins, measurement?

**Michael Leven:** Yeah there's nothing inherently wrong with or margins, except if it gets in the way of customer and employee, that's not going to get you a successful business. It's going to get you a successful short-term result which may get you into the next job or may get you into a richer pocketbook, but it's not going to make successful company long standing. Go back to the aquarium for a moment; this aquarium is going to be here for a couple of hundred of years and what were trying to do today is to build a foundation that insures a success for at least a hundred of those two hundred years. I can't promise two hundred but I'll promise you a hundred when we get through.

**Richard Warner:** You took over a organization that wasn't broken and yet whenever a new executive comes in at the top, there an analysis that has to go on objectively during that brief period where you're not sucked into oh here's why we do it. To figure out what are you going to change, how are you going to move it forward, how you're going to improve it? When you walk into the door, how do you start that process?

**Michael Leven:** I think it starts with two things, just what we talked about. I think it starts with the customer and it starts with the employee. You first look at your customer base, you understand when their coming, how their not, how their buying, how their not and whether the opportunities to increase their purchase capability and our case the return case capability as well as the initial purchase. The second thing you look at is the employees; the employees have a kind of values that match up to getting he customer levels that you need to have a successful business.

**Richard Warner:** And how do you tell that?

**Michael Leven:** Well, won't I just say that you do make a lot of mistakes along the way. It's not a science, it's basically an art. People like myself are not unusual in this respect, some of us have perhaps what you say a god given talent of being able to recognize in human beings there particular capabilities. Take a great manager of a baseball team, a professional baseball team, what makes a Joe Tory the kind of manager he is compare to an other manager? How does he evaluate professional talent in a way that's different from any other professional manager in managing professional players? Their all professional players, some of them do better than others and you can't define what it is but its inside somehow.

**Richard Warner:** Well, baseball there's a you know there's a metric that starts every January where the team gets analyzed and replaced. You know you're constantly trying to maneuver it so that your team is the strongest in every position. In business, you really don't have that kind of dynamic and yet you're under the same pressure to deliver.

**Michael Leven:** I don't think, I think the dynamics the same. I say there isn't a day that goes by that I'm not looking at the people on my team and figuring out are they in the best position, should the second baseman be playing short stop, should the left fielder be pitching...

**Richard Warner:** You did a lot of that, you came in at the aquarium and did a lot of that.

**Michael Leven:** Sure.

**Richard Warner:** Moved people from the right seats on the bus back to good to great?

**Michael Leven:** Yeah, I think you have to make the determination whether your philosophy of how the business should run assuming you have a confidence in it. That the people can buy into your philosophy of how you do business and I guess at this stage of my life if I don't have any confidence in my philosophy I should be retired. That doesn't make it right all the time but at least I have to be confident about what I'm doing.

**Richard Warner:** Do you feel like you surround yourself with people who are going to tell you your right besides your wife?

**Michael Leven:** Well, my wife tells me I'm not right a great deal of the time that's for sure. Particular about what I wear you know, she doesn't like this tie, or doesn't like this or like that, but I think I tell people who are working with me please tell me if you disagree, please but it doesn't mean they will. You have to really work on it so that people feel comfortable and secure in saying Mike I don't agree with what your doing and I will say to them if you don't agree, tell me why, explain it to me, particularly in a business that's new like this business. I have to have that and but you can ask for it, you can even demand it but you don't always get it and takes a while before people trust you.

**Richard Warner:** Was there some platform some way to solicit the news you don't want to hear? It can mean the difference between success or failure. Have you found ways that that works?

**Michael Leven:** You have to be a good questioner and you have to be a good listener so when your sitting with someone and you keep asking them enough questions eventually it will come out how they think and what they think and what they think is important and how. And if your a good listener you'll hear it so can't just say 'Richard tell me what don't like about the way I'm doing business', you have to go after him and say what do we here, what would you do on this, why would I do that, how would this benefit this, etc. and so

forth. So you really have to be you have to be significantly interested in a getting into the other person's head and learning what they have to offer.

**Richard Warner:** Empathetic?

**Michael Leven:** Empathetic, yes, I think that's a good word. Empathetic is a good word, but I think it's even slightly more than that, I think it particularly if you understand if I'm talking veterinarian, now I don't know the slightest thing about veterinarians. I mean the other day I got memory and I'm saying the invertebrates have arrived and I sent a e-mail, the fellow who sent me the e-mail and I say Chris I don't want to appear stupid but in my political science courses a invertebrate was a dictator. What is an invertebrate? So I got a list back of crabs, shrimp, and all these things that have no back bone. Now you have to be willing to expose yourself to someone who knows something different than you know by being secure enough to say 'hey listen, I don't know, tell me about', and by doing that you establish a communication situation that now the person said to me ask me anything you want to, I would be happy to tell you. Don't fear you're asking a stupid question and by that time you build a reprove with the people.

**Richard Warner:** And yet you still have to have some degree of a gravitas or there has to be some...true or false, there has to be some measure of fear for lack of a better word that a CEO or top manager has to have in order to then once he's got the answers he doesn't necessarily want to hear has to push it through the organization?

**Michael Leven:** Well, I think there are some things that your going to hear that you don't want to hear and still going to disagree and your still going make that decision, but I think if you went around and asked a few people in the aquarium that are working with me, I think you'd find that that probably hasn't happened very often or if it has happened people buy into it. I mean there's a way of doing it, but the difficulty you have when your in a business you haven't been in is how you integrate the things that were successful to you previously into a business where you don't know as much, and what I try to do is to separate what I don't know from what I know. So I know how to merchandise, I know how to market; I know those things from my previous business. What I don't know is when somebody says to me an animal is sick, what the degree of difficulty that really is and what has to be done with it, and when somebody comes down and said would you like to see a indescarpe on a beluga whale, and I say to them well I hope you don't mind but I've never seen a indescarpe on human being so why would I want to see a indescarpe on a beluga whale, and they'll say to me well you'll see what we do, and I say gee that's a good idea and I go down at six o'clock in the morning and watch fifth-teen people going through a procedure and they say to me look at the x-ray screen and you'll see it. I don't know what I'm looking at but I'm looking at people working and getting a sensitivity for here's fifth-teen people on staff who are getting up at five o'clock in the morning to do this procedure on a beluga whale and gives me a sense of understanding without knowing the technology and I think that's what you have to do.

**Richard Warner:** There's this parking lot across the street for the aquarium it looks like its right from development. Is that yours, is that there's?

**Michael Leven:** Yeah, we own about two and a half acres on the corner of Lucky and Avalon Boulevard.

**Richard Warner:** What's it going?

**Michael Leven:** I'm not sure actually, we bought it a couple of years ago with the idea that we might put our dolphin situation there. It turns out we're putting our dolphin expansion right on the west side of the aquarium. Now it's under construction today and we don't need it for that. There has been some conversation about selling it to another museum, perhaps The National Health Museum or the Georgia Youth College Hall of Fame or something like that because we like that corner to be a traffic builder for that area and for the aquarium. So we can find something like that, we will more than likely not sell for commercial purposes like an office building or something. It will have to be something that will drive traffic there or perhaps it's some point in time in the future we may use it but there's no plan now to use it.

**Richard Warner:** Location, Location, you got World of Coke there, did that help traffic by giving more critical mass?

**Michael Leven:** Definitely, I think anything like World of Coke even the Museum of Patriotism that's going to open up in December. It's small but anything like that helps out traffic and we help them.

**Richard Warner:** And then you got that big plot of land that was going to be NASCAR. What's that going to be?

**Michael Leven:** I think that's the Human Rights Museum isn't it? Between Coke and...

**Richard Warner:** Civil Human Rights?

**Michael Leven:** Yeah, Civil Human Rights yeah, assuming they can raise the money, that's where their going to go and that will be helpful too. Anything that brings more tourists into that area is going to be helpful for all. We're going to be the anchor because we're big and we take up a lot of space and we're very interesting to a much broader a very broad market place. You know, other museums may a little bit more narrow but we are very broad and so we're always going to be an anchor there, but all these places will feed tourism and that's great for the city, it's great for Atlanta, it's great for the state and the more they come the merrier for us.

**Richard Warner:** I mean you've rewind however many years, five years and look at what that area was compared to what it is. Now fast forward five years, what's it going to be?

**Michael Leven:** Oh, it's only going to be better. Only going to be better, once we get through this economic down-turn, more developments going to come in. All the

residential and all the other facilities that have been built downtown which is struggling right now I'm sure. About the time we turn into ten, eleven, twelve, I think your going to start to see re-development continue to go on in that area. It just has to get better.

**Richard Warner:** Ten, eleven, twelve implies you think that this down-turn is longer than a year?

**Michael Leven:** I'm hoping that well by 2010 we're out of it, 2009 is going to be a tough year. I think it's going to be a tough year for a lot of people, it just the size and scope of what's going on economically globally today is going to have really significant impact for awhile and I'm hoping our bookings for 2010 in the city of Atlanta are quite a bit bigger than 09' already, but bookings can be misleading because of the economy is bad. The amount of attendance at those conventions and things will slip. So I'm hoping by 2010 we're in a different stage.

**Richard Warner:** You having fun?

**Michael Leven:** Most of the time.

**Richard Warner:** Well, you have many chapters of a man in full, a full life of hospitality, non-profit, and now into the aquarium, newly elected newly crowned CEO, congratulations.

**Michael Leven:** Thanks Richard.

**Richard Warner:** Well, it is good to have you here, Mike Leven from the Georgia Aquarium. Thanks a lot and thank you for watching, you can catch a replay of this broadcast on the radio in Atlanta on WCFO, that's a 1160AM and you can listen to the audio track on iTunes, just log on and do a search of Georgia's Business and you'll find us and you can sound off to me directly online at RichardWarner.com and now for all of us here at Georgia Public Broadcasting. I'm Richard Warner and until next week thanks for watching and don't sell your-self short.