

Georgia's Business #420

Guest: Bo Callaway Chairman Emeritus, Ida Cason Callaway Foundation

Richard Warner: I'm Richard Warner, welcome, this week on Georgia's Business; it is the journey not the destination. Our guest this week is behind the growth and evolution of Callaway Gardens in West Georgia. Now Chair-man Amerada's of the Idacasen Callaway Foundation, his history is equally as interesting, Secretary of the Army, Georgia's First Republican Congressman since reconstruction, narrowly lost the election for Governor here in 1966, headed President Ford's re-election campaign, elected to the U.S. Senate from Colorado. We welcome Howard Bo Callaway. That's a quite a history.

Bo Callaway: Well, thank you first of all, it's a great pleasure to be and a great honor and I appreciate the extra honor, I was not elected to the Senate. I ran for the Senate, it was a very close race but I did win so I'm not be in the U.S. Senate.

Richard Warner: Oh, details details, but my first memory...that was in Colorado?

Bo Callaway: Yes., Colorado

Richard Warner: My first memory of you is when we moved to Atlanta I was a kid. Yard signs all over the place that said 'Go Bo' and they weren't telling you to go away, they were basically saying run and you did win that. That was quite a feat.

Bo Callaway: Well, I won the popular vote, yes.

Richard Warner: You were because of a strange quirk in Georgia's election laws. Go back over of what happen with that?

Bo Callaway: Well, it is strange. There was eighteen twenty-four provision of the Georgia constitution. They never been called into play because we never had elections in Georgia. The democrats always won, I was the first Republican to run for any state-wide office, much less be elected sensory construction. So it was never tested and it said if nobody got a majority than the legislator decided between the top two. Well, Ellis Arnold ran as he lost the democratic primary, ran in the again in the general as a write-in candidate and he got about fifty-thousand votes and he kept me from getting-they were all my votes incidentally but from getting-I ha forty-nine percent but anyway I won but I didn't win it by enough and of course there were I don't know there eight or ten members of the generally assembly that were Republican and you know three hundred Democrats. No question of how that was going to come out.

Richard Warner: You know you look back on that from this vantage point, looking back to that. What did you take away from that?

Bo Callaway: Well, I really was just disappointed. We run a good race and the first Republican ever to run and you know there was a lot of things' happening. A little bit like today, the election year and during the election they were talking about Hilary Clinton, the first woman; Obama, Barack Obama being the first black African-American. So whatever happens it's going to be pretty good, the election as it was going on you knew it was going to be different and got a lot of enthusiasm on everybody and the first woman Vice President and you know, whatever is going to happen in elections is going to be good. Well same with the first Republican, people didn't know what to make of it and they just couldn't quite figure it out. The court houses of course uniformed against because they like it like it was. The one party system was great for the court house, great for incumbents, great for people getting re-elected. Didn't have opposition except in their own party and they can use well, they can pretty well win there own party nomination.

Richard Warner: Philosophically, it seems like a Georgia Republican is conservative the way a Georgia Democrat was. The Democrats really were, the southern Democrats were much more conservative than their northern counterparts, so philosophically did you have a lot in common with what the Democrats were promoting?

Bo Callaway: Yes, a lot in common, there was a difference. A big difference is how you vote to organize the house or organize the senate because that first vote. You vote by party and that first one tells whether who all committed chairmen, all the organization because the party in charge gets all the committed Chairmen, gets all the bills. The other crowd they just sort of sit around and try to complain and don't really get to do much and so it's important for that vote but also the a lot not all but a lot of the southern Democrats will come home and be the most conservative people you ever heard and then to go up there when the party need them, they didn't need them it's ok, you vote your states, you vote your district but if we need you we want you and they get them. So that's the difference, Dick Russell was the head of our delegation and he was just like my father, all of the rest of the Democrats treated me like snits, they wouldn't let me attend their meetings, they did everything they could to put me down but Dick Russell was really like a father to me.

Richard Warner: Who else, we were talking about names from that define Georgia from 60s into the 70s but particularly the 60s. Some very real icons, who stands out in your mind as most influential?

Bo Callaway: Of course the senators have been Walter George followed by Dick Russell followed by Jane Towers. They always are people who had a great deal of influence, the person who influenced Georgia politics the most in many ways is Barry Goldwater. Barry Goldwater changed, the first time Georgia was the only state in the union who never gone Republican ever until Barry Goldwater and that changed it and Barry Goldwater changed the south. As I around and don't do it much anymore but see people that are really interested in conservative politics, if anything like my age, they started with Goldwater. They were Democrats before they started with Goldwater, whether here or Colorado or anywhere, Goldwater just changed the whole country.

Richard Warner: Did you ever see Georgia becoming as dominant Republican as it has been?

Bo Callaway: I never thought we would have a Governor, both Senators, majority in the federal house and you know elected officials.

Richard Warner: Never could imagine?

Bo Callaway: No, well I knew we had hope but no.

Richard Warner: Do...

Bo Callaway: We just wanted a two-party system that would change for one party Democrat to one party Republican. Two parties are best because you have competition of course.

Richard Warner: Some checks and balances and you know that kind of flows into the question about the plenum...

Bo Callaway: Sure every Governor knows that the Democrat...their just going to have competition every time he makes anything he knows they'll be people against, just whatever he said because the other party is not going to like it. You know whoever's there and that's competition, that's healthier.

Richard Warner: Here you are this elected phase of your life and then you move into really the presidential side of the political arena. What was your impression of Gerald Ford?

Bo Callaway: Well, I did a lot of things in between that but Gerald Ford I think, of course first everybody knows he a very decent person. They got him bum because he fell down the steps once as this clumsy kind of guy, couldn't walk and chew gum at the same time. He's the best athlete ever elected to President, He was the best in All-American football in Michigan, Michigan State, those don't mean a difference to him but they do to me but I think its Michigan State but which ever it was same to me. But such a nice guy, he was just courteous to everybody all the time. I thought he was a great President; he vetoed a whole a lot of legislation which other Presidents have not done. Once I got to be his campaign manager, I met on all the meetings that he had that had anything to do with politics and so I was in the oval office two or three times a week on decisions and nothing against to the President but something like that unless it's close, it's not close, it's just decided and it doesn't call anybody in you know it might be a very important thing but everybody sort of agreed with it, at least in his group and so it had to be close. He would go around the room and he would ask each person, so from his viewpoint if it's sector transportation, how does it effect transportation, if sector advance...that sort of thing and he get to me and ask what the political effect is and then when it was all over he would make up his mind and usually right there usually right there but not always but usually.

Richard Warner: Ok, rewind. Richard Dixon appoints our Secretary of the army. Nixon, what are we missing about Nixon?

Bo Callaway: Well I don't know what you're missing; I think you know all about him. Very brilliant guy, very astute politician, very is dower the right word personality, just wasn't someone you'd like particularly, but anytime I had a few times even after he left the office to sit down with a hour just to talk and gosh you better listen because he's smart, he really is. He's going to China, the Democrats couldn't have gone to China because Democrats were the ones who seemed to have given away China, the Republicans the ones who seemed to have fought given away given. So Nixon wasn't subject to be criticism but hanging out with those commies whether the Democrats would have done it. So that was of course brilliant and well worked and it haven't been for Watergate, I think he would have gone down as a very good President and Watergate was a third-class burglary but when you start covering up and lying to the American people, you can't do that, you just can't do that, I was Secretary of the Army at the time all this went through and it was not political at all, I didn't have any dealings with the President, I deal with Secretary of Defense instead, but I was all supporting Nixon all I could and then each day I said I don't know, and sometimes about the time the impeachment started I said well fortunately I don't have to have anything to do with that but if I were asked to support him I couldn't. I can not support anybody who lies to the people of America and he was just the one reason. The way the army worked, the best thing I did about the army is transparency, everything was open, everybody that asked said glad you asked, any can a reporter anybody if asked about what your doing tell them, don't hide anything and the army loves secrecy because they got this classified stuff and you ask a question and they just classify it and I stopped all that. Well, Nixon is just the opposite, everything was secret and you can't do that.

Richard Warner: Transparency is an important management characteristic in private practice as well. To what extent has that defined your style with Callaway Gardens?

Bo Callaway: Well, I think my Dad started that style. He was just a opened kind of person and my son's running now and he's I mean it used to be when I wasn't there and was gone, you try to 'oh, that's none your business', you know this is a private company, we don't have to tell none of you business, it's not like a public company that you have, you wouldn't publicize statements, we didn't let anybody know how people are coming or anything. Well, now we do, it's all open. I think the more you open the better.

Richard Warner: Why would you do that if you don't have to?

Bo Callaway: Because people trust you more if you're open. If they think your hiding something, they don't like it. I mean it's just fundamental. Do you do anything here that you're ashamed of? Hope not. If you don't have anything you are ashamed of, y don't you open up. I mean I'm not saying you don't but you should, I bet you do.

Richard Warner: Your Dad, this is several generations now that the gardens have been in Callaway name and they come an enormous distance in those days. What was it like

when you were growing up? What was that area, that property like? Obviously not at all what it is now.

Bo Callaway: Well, when I was growing up that probably was being acquired, he still had been acquiring that around 1932 so in there and virtually all of it required by 1940 and so a lot of that was why I was growing up and of course without the oppression it could of been done. No ill domain, you had to just buy as you got more and more, the last guy would try to hold you up and that sort of thing because you couldn't condemn it. It was all private but it was...

Richard Warner: He was in textiles, right?

Bo Callaway: Yes, his business life was textiles but he had left that before he came to Harris County. That's when it was in Troop County and we moved our to Harris County to stay in mid thirties and that's when he retired from textiles. But during the depression land was so cheap, nobody wanted land and actually the first he bought a lot of land and the first several thousand acres, matter of fact the first tens of thousands of acres were well less than a dollar an acre. It's hard to believe today.

Richard Warner: Less than a buck an acre, unbelievable.

Bo Callaway: Money was different than.

Richard Warner: Did you take away from that land was ultimately the best investment?

Bo Callaway: I think it's a great investment. It's not investment for the faint hearted, land goes up and down all the time and until you got land that's going to develop and your renting it out and stuff like that, that's one thing, but if you got undeveloped land, it not only goes up and down all the time but it costs money because you paid tax in it and nothing is coming in and if you had pine trees or something but land was mostly worn out cotton land, most of what he built.

Richard Warner: So there had to be a vision to transform it into something worth more than a buck an acre?

Bo Callaway: Oh, absolutely.

Richard Warner: And how was, who's vision was that?

Bo Callaway: Oh, my Dad's.

Richard Warner: And what was it? What did he envision it becoming?

Bo Callaway: Well, the first thing he did when he started buying land, he bought water sheds. He envisioned making the water from a water shed a very important and clear stream and to do that, you can't have cultivation on it unless you control it in certain ways

and so you control water sheds and he wanted to do that and in doing that make it beautiful. Each water shed he looks at differently, the Mountain Creek water shed is where Callaway gardens are right now. That's on the north side of the mountain, he lived on the south side of the mountain and that was sort of you know people...great rivalry between what was then named Chip Lynn and Hamilton and you know the people in Hamilton didn't like the folks in Chip Lynn. you know how that goes in little towns and little counties is how they do that and so the Chip Lynn side which is now the Pine Mountain side that was sort of the second-class citizen and we didn't go there much we stayed on the other side. But I was in Korea when I got a note from him that he was giving all that to the what's now the Ida case Galloway Foundation which is open to the public and I thought he lost it, no I knew...the smartest man of ever knew. I thought if I didn't know it was him, he would have lost his mind because how can you open to the public a garden, how can you do that. There's no public garden in the world that make money, if you know one please let me know, I would like to emulate it, but there's none that makes money but if your going to have one that makes money you would surely put it in New York or big industrial area with a lot of people. It's in a rural county; the county seat was about a hundred people, the total population of the county less than eight thousand.

Richard Warner: And how are you going to get there. This was before...

Bo Callaway: You couldn't find Atlanta from there. If we couldn't find Atlanta and Atlanta couldn't find us, you would go through dirt roads and I mean it was just impossible and not only that it is today and was then the largest single public garden in the world. So you know why would you have this great thing with all this money to upkeep it and all that sort of thing, you'd have a little small rose garden if you wanted to, you wouldn't make money. Anyway, it's worked and it's work by him.

Richard Warner: But clearly at the beginning when it's not clear it' going to work. There has to be a vision of how to get to there from here.

Bo Callaway: Yeah, you know and that's what Dad got me to get out of the army to come do and help with it. The financial end of it, I'm not a horticulturist and sometimes my son...he's not a horticulturist either he's a businessman and he will give talks to garden clubs and you know they always see if what flower is that and stuff and he would say 'oh that flower, that's a red flower' and I'm sort of that way, but the finances is what I was doing. Trying to find a system where by we could make it economically sound and basically to make it economically sound virtually all public gardens I think all to my knowledge in the United States are 501 city non-profit foundations and we're the same. And that means your not going to make any money, so you have to have a non-profit foundation to make it work better, but we have a corporation which is called a c corporation by lawyers that is a fully for profit corporation, fully tax paying but that's owned by the non-profit foundation, that's exactly they way they are and you keep everything separate. So if you come in the gardens and pay admission to the garden that's non-profit, it doesn't make money we lose money. If you come into the hotel and spend the night, we pay out of taxes just like every hotel we compete to and that's the way it

ought to be. Free enterprise is wonderful but you know not to give somebody an advantage over somebody else, it ought to be a level playing field and we play that one level.

Richard Warner: How did you get, this goes into marketing and positioning and getting the word out. How did you get people to come from Atlanta and those dirt roads to Callaway Gardens to even start funding the non-profit?

Bo Callaway: Because you got to have people to come, there's the admissions part of it but also donations. People like to give have to give him money and we can talk about that if you want to, but the way this garden was absolutely beautiful. It's lakes, roads, drives, trees, flowers, everything had been done to make it really quite nice but frequently this not occasionally frequently someone would drive through. There's a five mile drive and other drives off the roads and drive through and say this is absolutely lovely but where the gardens we missed them. It was more like a park, if this was the Callaway Park; it was more like a park. So dad, it was about the time it was just before I get out the army and when I was talking to him, saw me that time and he decided we ought to have a beach to swim. Then there were virtually no swimming pools if people had not many some of the cities had municipal swimming pools. There was virtually no air conditioning, so what people did if they wanted to swim they got into the creek and the lake, lakes were sort of fun places, he like them. So he was going to build a beach, he never did anything small, Daniel Burnen once said make no little plans, they have no capacity to stir man's minds. A he was a Daniel Burnem guy, the guy that built Chicago back together, built the Union Station, that kind of guy. So he built the world largest man made inland beach, four hundred rail car loads of sand and of course you prepare the beach and the fun thing was I sitting in my Dad's office he very sick and that's why he wanted me to get out of the army and come help him but sitting in his office day after day while we talk about this. Well I'm technically an engineer and he never graduated from college but I don't know enough to really do that but two of us decided how to build that lake, none had ever been done like that. And how to prepare the land so the sand wouldn't come through the land when its under water and how when you get thunderstorm it doesn't wash the sand off the beach and what we did is just back from there a storm sewer on the backside, the storm sewer is not going to be used when it' raining hard so it's the walkway, so the walkway is down like this and then it drains off, so when the rain come it doesn't nothing falls on the sand except what hits it. It does have any gullies going across it and stuff.

Richard Warner: So it really started with a beach?

Bo Callaway: Well, no it started...

Richard Warner: It took off...

Bo Callaway: Now when you say how they found the roads, once we built that beach they found us. That was the place to go, we have had as many as twenty-five thousand people swimming in one day in that lake and when they got out the water, it went down a

foot. I'm just kidding but it was full and it was the noise of children and umbrellas and it was just like Miami Beach except the water didn't burn your eyes. It was fresh water and then people like lakes now if a brim bites you on mole, you think a shark bit you now because people grew up thinking that lakes they weren't scared of snakes, we didn't have any snakes, I'm sure we had them but no snake ever bit anybody but everybody if you had a date you had it there. If you were going to have family out for picnic, that's where you had it. Whatever you did this where you went.

Richard Warner: It has grown tremendously since that...

Bo Callaway: Without the beach, we probably never would have made it.

Richard Warner: What I'm wondering is was there a master plan that existed that said back in the days of the beach we're going to build some really great stuff after that? You just opened a five star resort there that's amazing. Was this all part of the plan or did it evolve as you went?

Bo Callaway: Little of both. What we planned pretty well was the cottages, the cottages had come and people stayed a week in the summer and that kind of thing. That was planned pretty well, extremely successful, they're done with no telephones, no television, I mean barely electricity and just very simple and very inexpensive and you come spend with your whole family. There were some A frames they were the family where children stayed up in a loft above and stuff.

Richard Warner: Oh yeah, that's where we had Thanksgiving every year.

Bo Callaway: Yeah, very inexpensive. Well, times changed and we replaced the them, all the ones who do have air condition and do have telephones and do have television and that sort of thing because nobody would come to it otherwise today; but there's still quite inexpensive. That was sort of planned, the other thing that sort of grew is things happened and we knew for a long time that the Holiday Inn that you stayed in when you came with GPB down there was much too old, was not competitive, bathrooms aren't as big, but I still love it because it's clean, it right in the middle of beautiful gardens. You walk out of your room and you have beautiful gardens and it's really a great value.

Richard Warner: Well, yeah. They didn't do anything but fix it up. It's still there; it's the same place I remember.

Bo Callaway: Yeah, but if built one today. Today people want the big bathrooms and all that sort of stuff and it doesn't have that but you know things getting tough. The economy is just tight...

Richard Warner: Yeah, that's what I was going to ask about that....

Bo Callaway: Gas prices are up...

Richard Warner: How does that affect you?

Bo Callaway: Well it bad but the good thing about that old Holiday Inn you got, we got three hundred and fifty rooms there. There just as nice as they can be and we going to be with this gas coming we going to be making more and more deals of course because that would be happening. But even right now, ninety-nine bucks a night, there's not room in America for ninety-nine bucks a night you can get for the value that is and that's good in a time of a bad economy. You got ninety-nine dollars, you got this wonderful room, it's in this wonderful garden, it's got good facilities all around it, and you get free admissions to gardens which is third-teen dollars. If you take two people that's twenty-six dollars, you can come the day before and the day after that's twenty-six times two is fifty-two. Fifty-two dollars your getting a admission and your paying ninety-nine so you really got a forty-five dollar room and its nice, there's no I mean Days Inn are nice, lots of nice inexpensive things but there's nothing got the garden around it and there's no competition for it. So we going to be talking a lot more and you say how's the gardens doing right now?

Richard Warner: How's it affecting you?

Bo Callaway: It's terrible. Hotels are one of the things you don't have to do. You know you got to get your groceries, you might say I'll go buy a little this instead of buying a lamb chops, I'll buy you know some piece of chicken, but you still go grocery shopping. Our business, our main economic business is hotel rooms for social guests and hotel rooms for groups like you used to come with. Groups are saying, I mean Sunny even Sunny knows better than this but Sunny even passed a...Sunny Perdue...passed a rule that said nobody can go on any trip outside of there home or outside of Atlanta or whatever. Well we had several hundred thousand dollars just canceled just the minute he did that because we had all kind of education groups that just love coming down there and we think their very worth while and that sends a message when you say don't do that. It's not really important now; we just do the important things which we thought we weren't really important we won't really be in the business.

Richard Warner: You been through ups and downs though before. I mean the depression obviously was a key part of Callaway's existence today. What did you learn then getting through dips that have existed before?

Bo Callaway: Well, the depression was important so we can buy the land because you couldn't have bought it otherwise. We've been through several dips. I think the big thing we learned is we always wait too long, we always say well let's don't start...we've already taken huge measures that have changed what we done and what we trying to do pre-successfully, my son doing all of this, what we're doing quite successfully is were not laying off people which lot of are competitors...we have competitors have laid off already twenty-five percent of the entire work force, now that's tough. We haven't laid anybody off but we're giving some short hours, we're spreading some of tat around. We're getting every one of our salary people, we're saying look sorry about this but your going to take a one week vacation without pay and you know that's better than losing your job and we

can instead of that we can fire a number of people but now were keeping everybody. But we have saved a lot of money; we are deferring capital maintenance of course. All of the things that you can defer, we're deferring and but every single thing we're doing, we got a thing where everybody has a hotline where they can call in with suggestions, we're taking suggestions. Everybody in the company, we have seven hundred employees, eight hundred it depends on the season and everyone is just committed to saving this company, we're going to for it, there's no question about that, but it's tough.

Richard Warner: Transparency, it sounds like back what you practice in the army. Is what you're practicing now?

Bo Callaway: Well, just yesterday you know yesterday my son had a...what they call team members instead of employees. A lot of companies do that and we have an all team member, of course some of them had to still work, we had four hundred people there and he's telling one of the financial commissions what we're doing, how everybody's sacrificing and if you got some problem we'll try to help you. We got the whole human resources department trying to help everybody and do that and the rule that we got is we will not do anything, don't give us a suggestion unless in doing that suggestion we can improve service. We're not going to go through another thing we did wrong in the past, we cut things and when we cut them it made people not want come because the things they wanted to come to is what we cut out and that doesn't work. You got to be sure that your experience is still good and so it's a little tricky. You don't cut some of the good things you like to, it might save you money to close a particular restaurant but people don't want to come with that restaurant closes. So you have to do that.

Richard Warner: Bo Callaway, a real pleasure and an awesome jewel that Georgia has to its credit. Thank you so much for being with us.

Bo Callaway: Thanks for inviting me.

Richard Warner: Bo Callaway and thank you watching. You can catch a replay of this broadcast on the radio in Atlanta, WCFO, that's 1160AM. You can also listen to audio portion on iTunes, just do a search on Georgia's Business and you'll find us and you can sound off to me directly on the web at richardwarner.com. Now for all of us here at Georgia Public Broadcasting, I'm Richard Warner, thanks for watching and until next week, don't sell yourself short.