

## Special Interview

# A CONVERSATION WITH CURT CARLSON

In one of his last interviews, the late entrepreneur looks back on his career and discusses the workings of his family business.

**W**hen Curt Carlson died last winter, the media asked his friends and associates to share their glimpses of the man and his career. Almost without exception, they recalled anecdotes of his salesmanship, personal drive, and entrepreneurial spirit. That was to be expected, as Carlson was one of America's entrepreneurial icons, having launched the Carlson Companies with an innovative idea—a trading-stamp program—that was one of the first types of loyalty marketing programs.

Two years ago, as we were finishing a lunch at his corporate headquarters, discussing family business strategy and planning, he confided that his daughter Marilyn Carlson Nelson would be CEO within a year, and that I could have the interview in which he would answer questions about “his” family business. The interview was conducted in spring 1998, shortly after Marilyn was named CEO and Curt had assumed the new role of chairman. As we met in his boardroom, I sensed that what he wanted was an opportunity to share his views on his family business experience without the spins and story angles he had experienced with the news media and business press.

The interview was classic Curt Carlson. He sat at the end of the boardroom table he had begun using as a desk and directed



Marilyn Carlson Nelson and Randel Carlock with a statue of Curt Carlson at the Carlson Companies' headquarters in Minnetonka.

**By Randel Carlock**



the questions and pace of our conversation. When I asked a question he didn't like or didn't want to answer, his impudence was palpable. No one could ever say Carlson wasn't in charge of any situation; I could easily see how the rumors of tears in the boardroom got started.

Two things surprised me as we talked. One was his candor; the other was the wide range of emotions he expressed. I hadn't expected him to say that his reason for retiring was "because I can't do it as well as my successors will." Nor had I expected that his eyes would mist over and that his voice would crack when he shared the story of his father's deathbed legacy. The elder man told Carlson he wouldn't leave him much money, but that he was leaving him America for his sales territory. Of course, Carlson expanded that territory to include the world.

Carlson was a master salesman, or maybe a teacher, who never missed an opportunity to share ideas, whether it was with one person or an entire auditorium. I know he would have appreciated this article because it provides a balanced picture of his family business story and because it can help others develop new insights about themselves, their families, or their businesses.

I've spend the better part of my professional life working with entrepreneurs, but that afternoon with Curt Carlson taught me that we can never fully understand the drives,

motivations, and dreams of another human being unless we listen with curiosity and without judgment. Finally, my wish in sharing this interview is that Carlson's story be told without someone adding, "He hung on too long," or "He should have retired 20 years ago."

**RC:** A year ago we talked about the changes you were going to make in the leadership of the Carlson Companies, and now you have transferred the CEO position to your daughter.

**RC:** Carlson Companies is a dynamic and entrepreneurial firm with an annual growth rate of about 30 percent. One major challenge for family businesses is maintaining the entrepreneurial culture after the founding entrepreneur steps back. What are some of the things you've done to maintain the risk-taking culture in the Carlson enterprises?

**CC:** Yes, that's true! I've heard the story all my life and it's not that remarkable. The

terms of your decisions and/or actions?

**CC:** No. I have been fortunate, and Marilyn is going to be a very good CEO. She probably has another eight years and then we go to her son, Curtis, who seems to be doing very well.

I would like to see the Carlson Companies go on as a family dynasty. However, with a dynasty we are looking at a minimum of 100 years. The three of us—Marilyn, Curtis, and I—can

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But, knowing you, what do you still want to accomplish at the Carlson Companies?

**CC:** My plan, after I get the Gold Points Plus Program straightened out and running, is helping the University of Minnesota more. I have an ambition for its entrepreneurial program. I would like to see the whole school, the Carlson Business School, become one of the top five public universities. I think we can do that in my time. I want the entrepreneur courses to be at the top. I would like to have Minnesota compete against Stanford and all the schools on the East Coast.

companies lose because they start making compromises, and they keep compromising until the company goes down. The family is still the same family, but it loses track of its values. That could happen to any family business. The values that have made us successful are marketing and motivating sales. You have to realize how important it is to motivate people. I don't think we teach that in universities.

**RC:** Thinking about the family dimensions of your business, is there anything you would do differently at the Carlson Companies and in the family, in

do that, but then it's up to the rest of the family. I hope the family will continue with the dynasty because I see many advantages. We can move fast and we are not burdened by trying to satisfy outside stockholders. We do exactly what's best for the company, rather than worrying about monthly or quarterly statements.

**RC:** In family business we often talk about the two CEOs, the chief executive officer and the chief emotional officer. We have heard a lot about your role at the Carlson Companies, but I would like to explore how you see your wife's role with the



family, the business, and in supporting you.

**CC:** It is great if your wife wants to take an interest. My wife was my only supporter because no one knew what stamps were. When we started, I had to hire a young man to go house to house and give customers 100 free stamps. Overnight we could cover six or seven blocks, which would get a lot of customers in the store, but they were still uncertain. So, at the store level, my wife dressed in a blue and gold uniform and sat at a table answering questions as customers came in. That only lasted about a year and the news quickly spread—like it is spreading right now—so we didn't need to do it anymore. We just put up a sign that read, "We Give and Redeem Gold Bond Stamps," and that was all we needed.

**RC:** Your wife was your first marketing support and research department. Does she have a lot of influence when you talk about the family business and what you do with it?

**CC:** No. This is my baby. One thing I feel strongly about is that it is wonderful if the wife wants to get in and work at it, but I don't expect to have a lot of my family come into this business. I tell them they are all part of the family, and when I go they all will be treated equally.

However, treating everyone equally does not mean working in the business. If you want to work for the company, you need to get a master's degree and work four years on the outside—and prove during the four years that you are capable of moving up. My



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grandson, Curtis, worked at other hotels; after he fulfilled the requirement, he was ready to come in.

**RC:** You have been criticized for hanging onto the CEO position and not naming a successor sooner—ei-

ther from the family or an outsider. What should academics and consultants know about your succession plans and why you chose to wait until you were in your 80s to make a transition?

**CC:** I felt I was sacrificing a lot of the things that I would have liked to do. I gave up golfing, and I didn't do much tennis because my bigger objective was to form this family dynasty. There is always a big temptation for a guy to wait until retirement, sell out, divide the money up, take care of his own family, and let it go at that. But there is talent in the family, and so I would like to be able to see them continue. Entrepreneurship today has more of a place in our economy than it has had for a long time. So I think, in my case, it was justified, because of the progress that was made in those years.

Fortunately, my health is good, I learned a lot, and didn't have to retire. But I am ready now, perfectly satisfied, because I can't do it as well as my successors will.

**RC:** As a founder and CEO of one of the biggest family businesses in America, what advice would you give to other family entrepreneurs when they start to think about succession and consider how they will transfer the family business to the next generation?

**CC:** I am having family meetings now. There are three parts to the family meeting. First is the relationship between everybody. Family meetings are important for relationships. We talk and write it down, describing what we think the family rela-

tionships should be like, so it can be agreed [upon] and all [will] abide by that.

Second is governance. The family is not there to run the company, and they have to know what governance is. It is not trying to get in and micromanage the company because my name is on there. They can't call the shots; we don't have that. We are sticking with a governance plan based on a board of directors composed of my descendants. They automatically join this board when they reach the age of 25.

The last thing is the relationship with wealth. They need to manage the money—what I already have given them and what they will be receiving. Because I have money, they are learning about it; they sit on the family boards and learn real estate. It also is very important for the family to understand about its charitable activities by serving on community and not-for-profit boards.

**RC:** You mentioned governance. Two years ago you added three outsiders to your board of directors. What has their role been in the succession process at the Carlson Companies?

**CC:** All have been good contributors. They all speak up, they contribute on everything that comes before the boards, and they are a great help. There are three of them, but the family outnumber them. They are all good board members because they are successful people in their own businesses, and, right or wrong, they participate. Strongly too. I think that having them is good for everyone in the company. If my



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two daughters agree, they have the votes. If they do not agree, the outside directors can side with the one they feel is best for the company.

**RC:** Obviously, you have strongly influenced your children. What was your father's impact on you?

**CC:** I never asked my father for a job. It never occurred to me because I got paper routes and then it was one thing after another that I was doing to make money. I went to college but I didn't ask my parents. They were just proud that I was going to the university.

My dad only had a third-grade education. I am proud of that because when he died,

he left each one of his five children \$75,000. That doesn't sound like quite a lot today, but that is pretty good for an immigrant with a third-grade education. He was a salesman his entire career. Shortly before he died, he told me that he wouldn't leave me much money, but that he was leaving me America for my sales territory. Today, my sales territory is the world.

**RC:** Did he live long enough to share your early business success?

**CC:** Yes. He lived to be 85 years old. The immigrant experience is an important part of my values. My dad was born in 1863, and the family

left Sweden in 1866. Sweden got the potato blight after Ireland, and 2 million people left in a few years—because they served those potatoes for breakfast, lunch, and dinner.

**RC:** When you passed the CEO job to Marilyn, you talked about immigrants and mentioned a Swedish chest. Part of the chest's symbolism involved the fact that immigrants had to leave a lot behind when they left for a new country. What will Marilyn need to leave behind?

**CC:** Well, you could comprehend how tough that would be. My ancestors sacrificed everything to get enough money to come to

America—and then Minnesota, because that is where their friends were and someone was there to help them. Marilyn is taking her new role seriously, and she brings ethics, integrity, and an attention for the job.

There is an old Swedish proverb: Work as hard as you can, earn all you can, give all you can. Simple! ■

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