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LEADERS & SUCCESS

J.W. Marriott Rose With His Hotels Push: He turned a soda idea into an empire

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J. Willard Marriott knew he didn't want to stake his future on the unpredictable livestock market. He saw enough of that from his father, who struggled financially in Marriott-Slaterville, Utah.

So after graduating from the University of Utah, Willard struck out for Washington, D.C., in 1927 to set up an A&W Root Beer franchise.

He was ready for the [business](#) world. At age 13, he had farmed his own plot of land, earning \$2,000 (worth \$49,000 now) that season by planting produce that he determined the food markets needed.

Two years later, in 1915, he rode a trainload of lambs to San Francisco to supply restaurants stocking up for the Panama-Pacific International Exposition.

Likewise, he knew the Washington area from his travels doing Mormon missionary work. So Willard and his new bride, Alice, drove in their Model T Ford confidently.

With them was \$1,500 that he'd earned from selling woolen goods to lumber camps on commission.

A Start With Root Beer

After landing in the nation's capital, Willard borrowed another \$1,500 to open a root beer outlet on 14th Street. His new partner, Hugh Colton, also invested \$3,000.

The return was impressive. The first year, from 1927 to 1928, sales totaled \$16,000 — worth \$220,000 today — and Marriott soon bought out his partner.

Marriott's A&W root beer franchise was finding sweet profit in charging 5 cents for a frosty mug filled with root beer.

From this humble beginning, Marriott built a global food service and hospitality enterprise by paying attention to details and providing quality at a reasonable price.

The firm lives on as Marriott International (NASDAQ:MAR), which had 2014 sales of \$14 billion and has enjoyed a 550% stock ride since 2009.

Marriott (1900-85) steadily expanded his operation. He shifted his A&W stand into selling hot food and opened other D.C.-area outlets.

Next came a name change. Alice came up with Hot Shoppe, devised menu items, decorated the restaurants and kept the company books.

Marriott understood the risky nature of starting a new business, with 50% failing during the first five years of operation. He felt that pain with a Washington bank that closed paying only 20 cents on the dollar to its account holders.

To avert such failure on the food front, he paid attention to every detail. He hired youngsters as traffic counters at key intersections around town in order to situate new restaurants properly.

Marriott's big innovation was opening the first drive-in in Washington in the summer of 1928. To advertise the new restaurant, employees passed out tickets around town for free root beer. Customers came nonstop all day long.

By the 1930s, the Marriott enterprise of eight restaurants stretched all the way to Baltimore.

He was on a roll, even preparing meals for Eastern Air Transport. From this venture, his firm launched its in-flight catering service for all airlines serving the D.C. area in 1937.

All the while, Marriott visited every operation of Hot Shoppes and made it a point to shake hands with employees while giving the kitchen and serving areas a white-glove inspection.

He insisted on cleanliness, tasty food, reasonable prices and the complete standardization of the menu for each facility.

He lived by the mantra "if you take care of your employees, they will take care of your customers."

He instituted bonuses for managers and gifts for longevity of service. When employees had personal tragedies, he comforted them and aided them financially.

"J.W. Marriott was a pioneer in employee advocacy," **George Haley**, director of the Center for International Industry Competitiveness and a University of **New Haven** marketing professor, told IBD. "Only 41% percent of companies engage in it today."

With the birth of their two sons, J. Willard Jr. in 1932 and Richard in 1939, Alice stepped away from day-to-day operations but remained a force behind major corporate decisions.

Meanwhile, the '30s were traumatic, as her husband was diagnosed with cancer of the lymph nodes and was expected to live only a year or less. But Marriott lived 50 more years, worked to the hilt and saw his elder son take over the reins of the business he had founded.

Hard Work

"J. Willard built a solid and extremely profitable business by taking to heart that no person can get very far in this world on a 40-hour week," said executive coach Karissa Thacker in Wilmington, Del. "He kept seizing new opportunities to expand and continually experimented with his operations to perfect them. His life is a testament to learning agility."

During World War II, Marriott contracted to provide meals to the Naval Communications Annex and industrial war facilities surrounding Washington. All of this activity fed company coffers that continued to grow well after the war ended in 1945. By 1952, revenue approached \$20 million (worth \$178 million now), generated from 58 outlets.

The next year, Hot Shoppes went public at \$10.25 per share. According to Lawrence Friedman's 2012 book, "Go to Market Strategy," \$1,000 invested in 1953 in the firm that would turn into Marriott International would be worth well over \$1 million today.

Then came 1957, a watershed year for Marriott. He opened his first hotel, the 365-room Twin Bridges in Arlington, Va.

By then, his company had doubled its revenue over five years to \$38 million (the equivalent of \$320 million now). Ten years later came a name change to Marriott Inc.

The company's leadership transition from Willard to Jr. — who went by Bill — started with the launching of that first hotel.

In 1972, Bill rose to chief executive and helped transform the family business into a global empire.

"Bill was one of the first to introduce revenue [management](#) to the hotel industry, employing analytical tools to predict consumer behavior," said **Haley**. "He also recognized the segmented hotel market and developed brands for each price point."

Death And Beyond

Marriott died age 84 at his summer home in New Hampshire. He is buried in Rockville, Md.

Eight years after his death, the company split into two, Marriott International and Host Marriott, the second of which would change its name to Host Hotels & Resorts (NYSE:HST) and become the nation's largest lodging real estate investment trust, with 2014 revenue of \$5.4 billion.

Bill relinquished the role of CEO of Marriott International to Arne Sorenson in 2011 and took on the title of executive chairman, helping oversee one of the world's largest lodging companies, with over 3,900 facilities consisting of almost 715,000 rooms in 79 countries.

"I'm sure it was daunting to step into the shoes of J.W., a larger-than-life business figure, but Bill kept his father's corporate culture in place and chose his own areas to expand, being one of the first hotel executives to recognize the potential overseas," said Thacker.

James Berkeley of London-based Ellice Consulting lauds the company that John Willard Marriott left behind for applying "common sense more consistently and constantly than anyone else in the global lodging business. After first owning their hotels, they switched to franchising to minimize the competitive threat and improve the return on their capital. Their managers and employees are among the best in the industry and stem from their core values of taking care of its people, employing sound business practices, embracing change and pursuing excellence."

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