



Oral History of Mervin Morris

Interviewed by:
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Fairbairn: Today, we're here at the Computer History Museum. I'm Doug Fairbairn and I'm here interviewing Mervin Morris, a retail giant in the-- not only the Bay Area but across the nation. He has a fascinating series of tales to tell us about his life and accomplishments and career and so forth. So, welcome, Merv, we're delighted to have you here.

Morris: Thank you. I'm delighted to be here.

Fairbairn: So, as part of this story, we always like to set the stage and learn where were you born, when where you born, and a little bit about your family life. So, if you could tell me that, the town you grew up in, and a little bit about your father and mother-- that's a good place to start.

Morris: Well, I was born July 4th, 1920, in San Francisco and my parents had a little store in the San Joaquin Valley near Bakersfield, in a little town called Delano. And that's where I spent my childhood. I went to first grade and grammar school there, graduated from high school. And I had two sisters, one who's passed away, one who's still with us. And my parents had what was known as a Mamma-Pappa store in those days. And Mamma and Pappa ran it. And, you know, Delano was a little town of 2,300 people. And it-- now, it's larger, but it never really participated in the growth of California. It's just mostly itinerant labor. And, so, then I--

Fairbairn: Well, let's just focus on that for a moment, before we move on. So, what kind of store did they have?

Morris: Well, in those days, they called them dry goods' stores. You know, they're just apparel and home furnishings, blankets, and pillows, that sort of thing, you know.

Fairbairn: And was it the only store of its kind in the town?

Morris: No. There were a couple other little stores, but it was the leading store at the time. And, in those days, we used to say, "If it doesn't bend, we don't carry it." In other words, we had no hard goods, just home furnishings and apparel.

Fairbairn: So, I understand that there was actually a longer history of retailing in your family. Can you tell me a little bit about--

Morris: Well, my great-grandfather had a store in Columbia, California, which, of course, was briefly the capital of the state, I believe, many, many years ago.

Fairbairn: Mm-hm.

Morris: And sold clothes to the gold miners. And then my grandmother was born. She was the only grandparent that I remember. She was born in Columbia in 1848. And I knew her very well, because she was still around when I was a young man. And her husband, my grandfather, passed away very young--

in his 40s-- so that my father didn't have any education, went to work selling newspapers, and finally migrated to Delano where he and my mother started this little store. And, of course, it made a living during the years that I was growing up. I was 12 years old in 1932 and that's when I really started working after school in the store, and that was a family business. And everybody was hungry in those days. People worked for nothing. I mean, they were very happy to-- the sales lady in the store might get 25 cents an hour or maybe even 15 cents an hour. And people would be ringing your doorbell and not bums, but people who are really hungry and say, "Can I cut your lawn for a sandwich?" and they were serious. I mean, and the people from the Dust Bowl came to California, so it was a particularly depressed area.

Fairbairn: So, you grew up in-- there's a long history of retailing in your family.

Morris: Yes, yes, there is.

Fairbairn: You grew up-- and working in the store on a regular basis.

Morris: Yes, yes.

Fairbairn: What did you-- what were the lessons that you learned in working in your father's store? And did you have any ideas about things that you might do in the future or the same or different or whatever?

Morris: You know, I was exposed to very little, because, you know, we didn't travel at all, because nobody had any money to go anywhere. And, so, my horizon was very narrow. And I thought, you know, my father always dreamed that when the Depression was over that he'd build a larger store, that I'd be there, and I'd grow up in Delano and that would be my future. And that was as big as my horizon was.

Fairbairn: So, you grew up doing many different jobs within the store--

Morris: Oh, yeah.

Fairbairn: --and, but then you went off to college. Were you--

Morris: I went-- well, that came later, yes, obviously. I went to UC Berkeley for one semester. And then my dad had a heart attack in the middle of finals, so I never even completed the finals for the first semester. I just went home and went to work. And I stayed in the family business until 1941 when the war broke out. And then, of course, I was just 21 years old and I beat the draft, because I enlisted before they could draft me--

<laughter>

Morris: --so that, hopefully, I could pick the branch of the service. But it didn't work that way. So, anyway, I went in the infantry at the Presidio of San Francisco, and I stayed there for a few months, and then I went on to Officers School. And then--

Fairbairn: So, before you went in the military, how is it that you went on to college? Your parents didn't have a significant education. Was that something that you really wanted to do? Or did they push you to do that?

Morris: No, they did not push me at all. My sister was at University of California and I went up for a football game and had a grand time and said, "Gee, I think I'd like this myself." And, so, I enrolled at UC Berkeley.

Fairbairn: I see.

Morris: Yeah.

Fairbairn: So, did both your sisters go to college then?

Morris: My younger sister went to UCLA; the older sister went to Berkeley. The older sister has passed on; the younger sister's still living. She's 94 years old.

Fairbairn: But up until this, you were just working in the family business.

Morris: That's right, yes.

Fairbairn: And when you went to Berkeley did you have any idea as to what you wanted to study or--

Morris: Well, I always felt that I was going to wind up in Delano in the family business. But.

Fairbairn: So, that was always your vision--

Morris: Yeah.

Fairbairn: --and your father's vision.

Morris: Yeah, yeah, yeah, but after I was away in the service for four years, Delano didn't hold much charm.

<laughter>

Morris: Anyway.

Fairbairn: So, that really opened your eyes.

Morris: That did.

Fairbairn: So, what was your experience in the service. I think you mentioned that--

Morris: Well, I went in in January and then I-- no, in March I guess went in, yes. And I enlisted on Friday the 13th of March and I then went to Officers School in Fargo, North Dakota. And as a private I was in the infantry and wanted to go to Fort Benning to the Infantry Officers School, but they found out that I was color-blind and I couldn't read the signal flags. So, I had to go to an administrative school which is in Fargo, North Dakota--

Fairbairn: Oh, my gosh.

Morris: --in the middle of winter.

<laughter>

Morris: That was a great experience. And after I got out of there, then I was sent to a staging area to go to North Africa. And I got War Department orders-- someone thought that I'd be a merchant, I guess, because I had taken an aptitude test and they decided to send me to Princeton, New Jersey, to the University of Princeton, because they had a school there for officers that became post exchange officers. And, evidently, I qualified. So, I was there for, I don't know, six or eight weeks, studying to become a post exchange officer. And then I get sent from there to Camp Chaffee, Arkansas, which was right outside of Fort Smith. And I've stayed there the rest of the war.

Fairbairn: So, you managed to be in retail even in your military career.

Morris: Yes, I had 18 retail stores and I had four restaurants and a couple of non-commissioned officers' clubs I was running. So, there were three officers and I was number three on the totem pole, but eventually wound up running the thing, because the others got transferred out over time. And, so, that's where I spent the rest of the war.

Fairbairn: Wow, so, even in your early 20s, you were running a major retail operation.

Morris: I was. Yes, I was.

Fairbairn: So, this opened your eyes to things larger than Delano, California.

<overlapping conversation>

Morris: Yeah, when I got home, I really didn't like Delano. And I knew it was going to break my father's heart, but I said, "I've got to get out of here," which I did. And I went to work as a traveling salesman. In those days, there was a line of men's hats called Champ Hats. Maybe you haven't heard of them, because men don't wear hats anymore. So, you wouldn't have heard of them. Anyway, so, I got the line of Champ Hats for Northern California. And I worked at that for a few weeks and didn't like it.

Fairbairn: Was that going around to stores to get them to carry the hats and sell them?

Morris: Yes, yes, yes. And I was just doing that to put bread on the table, to be in a holding pattern till I found something. And then I discovered there was a bankrupt men's store in San Lorenzo, California. And everybody was clambering to buy the inventory to run special sales. And I, fortunately, got the lease on the building and, so, everyone had to get their merchandising and get out of there. And I got this first little store, 2,800 square feet and we expanded it 13 times in the first 11 years.

Fairbairn: Oh, my gosh!

<laughter>

Morris: And David Bohannon who's a well-known-- was a well-known developer in this area, he took a liking to me, because we had a percentage lease, obviously. And the more business I did, the more money he made and the more money I made. So, he kept expanding the business for me. So, we started out with 2,800 square feet and we wound up with 85,000 square feet--

Fairbairn: Oh, my gosh!

Morris: --in the same location. They just kept tearing buildings down and expanding.

Fairbairn: Huge store.

Morris: It was good for the Bohannon family and it was certainly good for the young Morris family.

Fairbairn: So, who did you open this store with? Did you have some--

Morris: Myself.

Fairbairn: --friends that you knew, or did anybody join you? Or this was all your--

Morris: Well, I had people that I knew that I put to work for me, but I was the sole owner.

Fairbairn: Mm-hm.

Morris: Yeah, never had a partner.

Fairbairn: Did you know immediately what you wanted to sell or what kind of store you wanted to operate?

Morris: Yeah. I said we wanted to be a JCPenney with brands. And in those days, JCPenney had-- you know, in all these little areas, they were a powerhouse, of course. They had, like, 1,800 stores. Of course, today they're nothing. And, so, I just found a niche and it just worked fine.

Fairbairn: And do you know where that idea came from or had that--

Morris: Now this is a strange story: I used to play poker, played poker in the Army. But one night I was invited to, of all places, in Oakland, California, they had some men's club at a synagogue there -- a Jewish synagogue.

Fairbairn: Mm-hm.

Morris: So, I went to the synagogue to play poker and one of the guys sitting next to me-- I have no idea who he was-- he says "You know, something," he says, "your store," he says, "you found a strange niche." He said, "You know," he said, "you're a little upgrade from Penney's and Montgomery Ward." There were no discount houses in those days. And he said, "And you're below the Macy's and the Emporium," which were the big department stores of the day. He says, "You just have a niche for yourself right in there." And I said, "He's right." And I just exploited it. And it was kind of crazy, but that's what we're-- after we went public, we used to tell the investment community that we have this narrow niche, between the chain stores and the major department stores. And that's really where we were. So, a woman, like, maybe your wife, did not want to shop at JCPenney or Ward's or Sears, and maybe Macy's or the Emporium are a little expensive; we were right in that little narrow niche.

Fairbairn: So, you got that sort of description from a poker buddy, huh?

Morris: Yeah.

<laughter>

Morris: I have no idea who he was or anything about him, but it actually defined my niche.

Fairbairn: Had it figured out. Interesting.

Morris: Yeah, he figured it out before I did.

Fairbairn: So, just back up a little bit. Sometime after or during the college days, you met your wife. Is that right?

Morris: Yes, yes. That came much later. That came after the first Mervyn's was opened. Yeah.

Fairbairn: Oh, okay. The first Mervyn's. So, tell us about-- it's called Mervyn's, the store you owned and tell us the story about how it got its name.

Morris: Well, when I was in Delano working for my parents and I was trying to figure out an escape route without breaking their heart, in those days there were a lot of chain shoe stores. There was Gallenkamp's, Kirby's, and Cole's. Lots of different ones--

Fairbairn: I remember Gallenkamps, yeah.

Morris: --and I decided that I could more inexpensively get into the shoe business compared to the department store business. So, I thought, "I'll open a chain of shoe stores." I didn't want to call it "Morris" because there'd be confusion with the department store. So, I was going to open the first shoe store and I wanted to call it "Mervin's" for my first name. And the architect designed the sign for the store, and he spelled it with a "Y" instead of an "I" and I said, "You've made a mistake." I said, "It's supposed to be an 'I' instead of a 'Y'." He says, "Well, it looks so much better on a sign with the 'Y'." So, I said, "It's a fictitious name anyway. So, let's go ahead and leave it with a 'Y'." And, so, then I never opened a shoe store, because I then decided to get out of town. And, so, I went to open my own store, the department store, I thought, "Well, 'Mervyn's,' that's a nice name." And I left it with the "Y".

<laughter>

Morris: And then after I was in business for a few years there was so much confusion, because it was spelled incorrectly and it wasn't my last name and I toyed with the idea of changing it to Morris', but, by then, it was too late. We were established as Mervyn's. So, we never changed it.

Fairbairn: But, as we discussed, you did open a store under the Morris name, right?

Morris: When we went public, you know they were looking for all sorts of things to make it a little more interesting. And some investment banker, in his infinite wisdom, said, "You know, the fabric business is such a--" because it was a hot business in those days. All the women were sewing. That's before we had all the imports, you know, that you could buy children's clothes so inexpensively. A housewife couldn't waste her time sewing. So, anyway, he said, "You know, it would really be a nice addition if you added fabrics and had a fabric chain to go along with Mervyn's." Why I let him talk me into that, I don't know, but I did. And it actually was quite successful. We had, I think, six or seven stores.

Fairbairn: And you called that Morris' [sic] Fabrics?

Morris: And we called that Morris Fabrics. And then I eventually sold it. Mervyn's became too big. We couldn't fool with it. So, I sold it to my brother-in-law, who operated it for several years, long after the business was dead. Anyway.

Fairbairn: So, getting back to the story of when you met your wife and how that came about, and what role did she play in the-- in your subsequent businesses, if any?

Morris: I met her on a blind date and it so happens that her parents were in the mercantile business, too. They had a store up in Napa, and years later I bought that store. But she and I met on a blind date. And we had four wonderful children, who I still have. And my wife was with me until about three and a half years ago when she passed away.

Fairbairn: Mm-hm. And did she play an active role in your subsequent retail activity or was she--?

Morris: No. The role that she played was-- and this is serious-- I'm colorblind. And when we wanted to design a new store and I'd sit down with the architects to decide what colors should the dress department be, what color should this department be, she would come with me and express her thoughts. But early on I took her with me on a few buying trips. But we decided that if she picked it out it was not going to sell, because my wife had very understated tastes and our customer-- they wanted-- for their six-dollar dress, they wanted a lot of buttons and bows and all that.

Fairbairn: Right.

Morris: That didn't appeal to my wife but appealed to my customers though. So.

<laughter>

Morris: I soon learned I couldn't take her advice on that. She tried, but anyway.

Fairbairn: All right, so, you opened your first store, you expanded several times, but did you have a goal, a vision, to expand it a large chain or what was your--

Morris: My goal, believe it or not, at the time, there was a store in Pacific Grove, California, called Holman's, and they did everything. You could go to Holman's, you could buy anything, they could do anything for you. And then I expanded on the idea they had. I forget what they called it now, but you could go there and if you had a plumbing problem, they'd hire the plumber-- not Holman's -- my concept was that we'd have one store that was the center of everything. So, if you were a householder and you needed a new roof or a new fence, that we could provide it. We would contract-- we would have approved contractors and we'd build around this one big store. But that's when we realized it was fraught with problems.

You know, whenever you get into a building, everybody has all sorts of complaints. The original store in San Lorenzo was 12 miles away from the Fremont hub in Fremont, California. And the owner of the Fremont hub had a deal with JCPenney to build a 33,000-foot store and JCPenney backed out at the last minute. And, so, he had these plans, this shopping center that was going to be built around a 33,000-foot department store. So, the realtor brought him to me. And the problem was the insurance company said, "That won't replace JCPenney. What happens if Mervin Morris gets hit by a truck? Where's the tenant?" So, we worked out a deal with the insurance company that they'd carry-- I'd buy-- the landlord would buy an insurance policy on my life. So, if something happened to me, it paid the minimum rent for x-number of years. And, so, that was the first deal that we--

Fairbairn: So, that was your-- that was the first expansion store.

Morris: First expansion, yeah.

Fairbairn: And when you started the first store, did you-- what was your goal or vision other than--?

Morris: My goal was-- my vision was not very great. My vision was to be able to make a living and live in the Bay Area and get the hell out of Delano.

<laughter>

Morris: Pardon me! Yeah, so, that was my goal.

Fairbairn: So, just to finish the Delano story, did any-- did your parents' store eventually just close? Was it taken over?

Morris: Eventually. Yeah. But many, many years after. My brother-in-law continued to run it for a lot of years. I would say that it lasted maybe 15 years after I left. Yeah. Yeah.

Fairbairn: I see. All right, so you had this store, you were-- you started in '49?

Morris: Yes.

Fairbairn: And how long was it before you expanded to the Fremont hub store.

Morris: Thirteen years.

Fairbairn: Oh, so, it was a long time.

Morris: Yeah. It was.

Fairbairn: And then--

Morris: But we, in the meantime, we had expanded many times at San Lorenzo. No, actually, it was 11 years. Yeah.

Fairbairn: So, 1960 approximately.

Morris: Yeah, 1962. We opened right in the middle of the Cuban Missile Crisis, but we had-- it was quite an opening we had. We had retail clerk picketers in front, and we had the Cuban Missile Crisis on the weekend of the opening. And we didn't know what was going to happen. Anyway, it was a huge success, the second store was just dynamite. So, we were very blessed. Had that failed, I had everything on the line. I would have been broke, but, fortunately, it didn't.

Fairbairn: So, did you have a philosophy about retailing and sort of how you approach it or things you carry-- the customer service aspect?

Morris: Yes.

Fairbairn: What were sort of the key elements in your view of retailing?

Morris: You know, Marshal Fields used to say, "Give the lady what she wants." And, you know, that's pretty much the same story. You know what? And we had to learn to not listen to voices of all the suggestions of what to do. In fact, a good example: I had a friend of mine who was an old-time merchant and, you know, there was a time when every community had an individual store. And my friend-- Reggie Gaylord was his name-- who had a store in Vallejo. I I said to him one day, I said, "You know we're getting a lot of calls for ladies' hats." He says, "Merv, one sounds like a hundred. They're like crickets," he says, "one sounds like a hundred." He says, "Forget it." He says, "Stick with what you're doing." He says, "Ladies' hats-- going to go nowhere. Just have markdowns." So, we pretty well stuck to our original game plan by keeping it simple and just carrying the basics. And we worked on a close markup by comparison to some of the competition and we did very well.

Fairbairn: Mm-hm. And, so, the basic strategy was-- in terms of content, was-- their inventory was clothing and other soft goods, is that--?

Morris: Other soft goods. Bedding. You know, towels, those things, yeah.

Fairbairn: And, so, once you had a second store and that was successful, did that then get the ball rolling for--

Morris: No, then we started being noticed and then the landlords started approaching us, wanted us to put a store in their shopping center. And then we were able to make some very attractive deals, because now we're commencing to be an entity. We had-- our volume was running into the millions of dollars and, so, we became an item. And we kept our head down and kept working until-- in 1971 when we went public.

Fairbairn: So, what did you carry forward from the experience working with your dad in his retail store? Did you learn things to do, things not to do? What was your--?

Morris: You know, it wasn't very scientific. And it was totally different, but we-- I learned to work hard and to watch every expense and to also be concerned about the inventory control, which was a difficult problem in those days, because, as we said earlier, there was no way to keep track of what we were selling other than just manual, keeping it in your head; or, if you would sell that shirt, you would tally it, you know, just-- and then when you sold five of them, you put this diagonal line. And, so, it was hard to keep control on an inventory. And that's when we--

Fairbairn: Yeah, so, you mentioned that you were NCR's first customer for their--

Morris: For their punch card, yeah.

Fairbairn: --punch card system. Tell me a little bit about that.

Morris: Yeah. Well, it was not much. It was-- it wasn't very successful. We tried, but, no. But, as time went on, we were kind of their poster child, because we went into all their new deals and were able to get decent inventory control, which today is no problem controlling. It's no problem keeping track of what you're selling. In those days, it was-- we used all sorts of methods: split tickets, and all that. But.

Fairbairn: So, can you remember a point where that problem became solved, that you got a complete enough system or an accurate enough system that--?

Morris: You know, to be honest with you, I can't give you an exact date. No. It just evolved. It happened gradually.

Fairbairn: It just got better and better.

Morris: Yep.

Fairbairn: But you felt you were on the leading edge or that you were a leader in that--

Morris: We were, yes.

Fairbairn: --yeah, in that space. So, what was the-- I don't want to go through every one, but, so, what was your strategy in terms of expansion? Did you sort of say you wanted to stay in the Bay Area. You were looking statewide or U.S. wide or--

Morris: We wanted to expand as a liquid flows: into continuous areas. We didn't want to jump around. The only time we made the big jump was going to Southern California, because, once again, we were already in the Bay Area, we were known as a hot company, and we were tempted by deals in Southern California. So, we made the big step of going to Southern California. Other than that, most of our expansion was in continuous areas where we were already known nearby. And even when we went into Arizona and Texas, you know, areas that were reasonably close-by so we could cover with the same advertising, so we didn't go in as complete strangers. And even going into South California, when we had no stores there, we started our advertising several weeks in advance of our arrival so that people were commencing to get familiar with the name. That's always the challenge when you're not a national chain, you weren't well known. But.

Fairbairn: So, were any of those new regions, so Southern California, or Arizona or whatever, were any of them particularly successful or unsuccessful that, you know, that were bigger or--

Morris: Yeah, I will say this--

Fairbairn: --a bigger disappointment than you thought?

Morris: It wasn't really a huge disappointment, but to this day I can't figure out how we-- when we went into Salt Lake City area, you know, which is obviously family-oriented. We thought we were going knock

the cover off the ball. And it was-- they were successful, but mildly successful compared to other areas. Somehow or other, we didn't click there like we did in other areas and I still don't know exactly why. But we really-- we didn't have any-- we were fortunate: We didn't have any real failures. We never had to close a store once it was open.

Fairbairn: That's a great marker. So, as the store expanded, did you have any organizational challenges? Did you sort of grow naturally? Did you feel you always had the right people in various positions? So, tell me about the growth challenges as you went from one store to this huge chain.

Morris: I can define it in one word: nightmare!

<laughter>

Morris: No, there were lots of challenges with growth. I mean, we had people who, number one, we brought people in who might have been very well qualified, but we were growing so fast that we didn't have time to train them. They either had to sink or swim. So, if they made mistakes, they had to get fired or they did get fired. Or, maybe, if we had had a bigger organization and more time, and did more training in advance, we might have been able to salvage those people. But we were moving fast. So, we had more personnel changes than I would have wished.

However, I had two very, very powerful key guys that came to work for me and one came from a larger department store in Oakland. The other was the CEO of Macy's California and he was also a Stanford biz guy-- biz school guy. And they arrived just at the right time and as we were going public. And we really-- we had for a company our size, we had a powerful management team, if I boast a little bit. But there were challenges, bringing in buyers and so forth. You know.

Fairbairn: Well, it sounds very familiar to any entrepreneur who has a very fast-growing company. The challenge of bringing in people and managing the growth and being able to adjust the organization to--

Morris: And our concept of retailing was different than the traditional department store. And we worked a lot on gross margin dollars instead of gross margins. And, so--

Fairbairn: So, the percentage wasn't as important as just the dollar-- just the cash flow.

Morris: Yes. Yeah. For example, we had an event where we had, like, several thousand men's suits and we-- don't hold me to the exact numbers-- but, say, we paid \$25 a suit, we'd say, "We want to get rid of them on a weekend." We'd mark them \$35 or something and, so, we multiplied by \$10 gross margin, we'd blow them all out in a weekend instead of saying, "Well, we have to get \$50 for them," or whatever it was. So, we worked on, as I say, getting the gross margin dollars in.

Fairbairn: Right, right.

Morris: And it was a different concept than a lot of the retailers were doing. And it really established us as a place of value.

Fairbairn: So, tell me about the time leading up to the initial public offering, the IPO. When did you first think about going public, what was the state of the organization at the time? Did you have to make adjustments to--

Morris: The one name that I haven't mentioned to you is a fellow by the name of Bob Kahn. Bob, he was a Stanford Business School guy and he was part of the Mensa Society, is that-- have I got it right?

Fairbairn: Yeah, mm-hm.

Morris: And he--

Fairbairn: Smart guy, hm?

Morris: He was not smart. He was brilliant. In fact, I had to speak at his funeral and I said, "If I never met Bob, I'd be worth half as much. If I listened to everything he said, I'd be broke." He had more ideas so fast, I mean, but he was a genius with finance, too. And--

Fairbairn: What role did he play in the company?

Morris: He was just a consultant. He was a guy that I met every Friday afternoon, we'd have lunch together, and spend the afternoon together. Friday afternoons were blocked out for Bob Kahn and me. I introduced him at an investors' meeting, and I said, "I have my psychiatrist with me." And afterwards, someone came up and said, "Did he really bring his psychiatrist with him?" <laughter> Anyway, Bob would calm me down and straighten me out. One of our problems was this was before the days of the credit card. And so, we had to figure out how to handle our-- how to finance our accounts receivable. Well, you know, it's not like an automobile or something they can take back. Nobody was financing soft goods. Because they can't take it back. So anyway, Bob Kahn figured it out and he worked with the Bank of America and we had all of our accounts receivable in big metal trays that you could pull out, you can kind of visualize them. And then he had a legend printed on them that said, "These accounts belong to the Bank of America," and anyway, he worked it out so that they financed our accounts receivable. So when we went public, we had like a 60-million dollar line of credit at Bank of America, which saved us.

Fairbairn: Wow, so--

Morris: I shouldn't say it saved us. We were not on the brink of any financial disaster, but it allowed us to keep growing.

Fairbairn: Right, it was a key part of that. Were there other perhaps actual employees that played a key role in this? Who would be the ones that you would sort of pick out? And you know, and were perhaps with you for a long period of time?

Morris: Well, I would say Bob Kahn, really and truly. He was my mentor. He was key. And then it was Jack Kilmartin, and Jim Lundy, who was the CEO of Macy's at one time, and those three people really very, very key.

Fairbairn: So you were growing very rapidly during the '70s.

Morris: Yes.

Fairbairn: And you went public in what year?

Morris: 1971.

Fairbairn: Okay, '71. So major growth was during the '60s. At what point did you decide, "Hey, we ought to go for a public offering?"

Morris: Well, we just wanted to be sure that we were on a solid footing, and that we had the right formula. But we were thinking early on of going public. In fact, Bob Kahn kept pushing me in that direction.

Fairbairn: So once you got a few stores going, you saw that, "Oh, boy, this is a much bigger thing than my one store that I envisioned when I started. Right?"

Morris: That's right. That's for sure.

Fairbairn: And--

Morris: I can't overemphasize the role that Bob Kahn played. He really-- he was wonderful.

Fairbairn: So, he was pushing you in that direction and made--

Morris: He was no merchant. Knew nothing about being a merchant. But he was a financial guru.

Fairbairn: And--

Morris: And he personally went through two or three personal bankruptcies. I mean, he was so smart, but he--

Fairbairn: <laughs> A lot of ideas, not all of them good ones, huh?

Morris: Yeah, not all good. You had to separate the wheat from the chaff.

Fairbairn: Right, right. And did you have to do any major changes within the company in preparing to go public, or were you all on solid ground?

Morris: No, no, no, we had to make sure that we had a major accounting firm, and that we had the proper people, which there was no major changes from what we were doing. We were grooming ourselves all along the way.

Fairbairn: And then you-- how did the public offering go? What was that day like?

Morris: It was dynamite! It really was oversubscribed. And of course, I had a few friends who said, "You've got to get me some stock," and I'd get them stock, and then we went public, the stock went boom, and they sold the next day. <laughter> You found out who were the loyal ones.

Fairbairn: Right. And before that you went on a road trip to promote the sale and--

Morris: Yes, we did.

Fairbairn: And did you do that promotion in the U.S. or around foreign--

Morris: We did it first in the U.S. obviously, and then we did it in Great Britain. Yeah.

Fairbairn: Did you ever envision international expansion?

Morris: No, we had plenty of room in the U.S. to grow. After I left the company and we had sold to Dayton-Hudson, they expanded rapidly. They went all the way to Florida, and then they had to turn around and come back and-- it was so badly mismanaged it was a shame. But--

Fairbairn: So you went public in '71. And how much longer did you stay with the company before--

Morris: I left the company in '79, yep.

Fairbairn: And by that time, you had how many stores?

Morris: By the time we went public, I had 6 -- by the time I got out, we had about 75 stores.

Fairbairn: Seventy-five stores. And you went public with about 6?

Morris: How many? No, when we went public we had-- no, no, no, we had, let's see, not that many stores. Maybe a half a dozen stores.

Fairbairn: Oh, I see, it was relatively still small but then you expanded even more rapidly after that.

Morris: Once we had some money in our jeans, we expanded rapidly.

Fairbairn: Right! <laughter> And so how did the-- and throughout that time in terms of the retail strategy—it remained the same? The things you were carrying and the--

Morris: Never changed. Never changed.

Fairbairn: So people knew what Mervyn's was, and that's what it did.

Morris: Yep.

Fairbairn: So the personal computers started to enter the scene in the mid-1970s at the hobby level, and then later in the business level. Do you remember the impact of computing on your business, and the use of computing in your businesses?

Morris: You know, really, when I left the company, it was not that big. It was-- we were still, our main effort was trying to capture inventory on the computer. And as we mentioned the old punch card system, but nothing really was doing the job like we wanted it to do. We got by. We were at the forefront of what was available at the time. But what was available at the time was nothing great.

Fairbairn: So how did the sale come about? Did you go looking? Did somebody approach you? How did that happen?

Morris: The sale of Mervyn's?

Fairbairn: Yeah.

Morris: What happened was I got a call from Goldman-Sachs at-- I'm trying to remember-- oh, Gus Levy was the CEO of Goldman-Sachs. And they said that, "Gus Levy would like to meet with you when you come into New York," because they knew that all the retailers would go in in January for the big National Retail Merchants Association Convention. And they said, "Gus Levy would like to meet with you." So, I was flattered. "What does Gus Levy want with little Mervyn?" So, I sound like Mr. Trump, "little Mervyn." <laughter> Anyway, so I made a date to have lunch with Gus Levy, and I got a call a couple of days before the lunch that he had passed away. He'd died suddenly of a heart attack. So that was scrubbed. So then I got a call back that Jeff Boise, was his name I think, and, "He would like to meet with you instead of Gus Levy." So I-- we had lunch and he said, "Do you have any idea what your company would be worth?" "No, no, I don't know." And he threw out a number like \$600M. I said, "What?!" <laughs> So that caught my eye. And in those days I was popping pills for high blood pressure. I didn't know I was going to live this long.

Fairbairn: And your father had died of a heart attack. Or had suffered a heart attack.

Morris: My grandfather died of a heart attack, so I said, "This looks pretty good to me." So long story, they started bringing me candidates who wanted to buy the company. And there was--

Fairbairn: So you were public, so you had some valuation based on the stock market.

Morris: Oh, sure, sure, sure, yeah.

Fairbairn: But these offers were substantially higher than the current--

Morris: So anyway, long story, short, going over the list of candidates, it was Dayton-Hudson who was the dominant retailer in Minnesota. And I met with the Dayton family, and it seemed to be a fit. And so, we were opening our Tempe, Arizona store when I got a call from Ken Dayton, who was the spokesperson for the family, and he was talking about who would be able to be involved in the-- in secondary-- if we wanted to sell stock. And they wanted that the Dayton Family should have priority over the Morris Family. So I said to him, "Ken," I said, "The deal is off unless I'm the sixth brother." So when I retired, they had a portrait made of the five brothers with me on it, and it said The Sixth Brother, and they did all sorts of little sentimental things calling me The Sixth Brother. And it worked out. It was a wonderful marriage. It was good for them. It was good for me. And good for my family.

Fairbairn: So, what changes-- did you step down completely? Or what role did you play?

Morris: Oh, no, no, no. I ran the company for a few years after that. Like three years. But it does change the psyche. No question about it, working for somebody else. I founded the company, and that part was not fun for me anymore.

Fairbairn: Now they had-- they owned other companies as well. Other department stores, right?

Morris: Well, they owned basically the department -- see Hudson's was the big department store in Detroit. Dayton's the big department store in Michigan-- I mean, in Minnesota. Each one of them, Dayton and Hudson had satellite stores. And so it was a good fit, and I enjoyed the association. But the thrill of the chase was over for me.

Fairbairn: Did they have anything that you could learn from them? Or that you could teach them? Or was there any collaboration or anything?

Morris: You know, I can't remember anything because we ran our own show, so to speak. Other than financial controls, you know, we did our own merchandising, decided the direction of that company. And of course, as I was phasing out, and they were bringing their people in and they thought the old story, "If it ain't broke, don't fix it," well, they wanted to fix it.

Fairbairn: They wanted to fix it. <laughter>

Morris: So, but it was not a contentious relationship. It was quite nice, but I was happy to step down.

Fairbairn: How large did it grow before you stepped down? How many stores did you have? Do you remember?

Morris: We had 75 or approximately 75 stores, maybe 80 stores. Because we had a lot under construction when I stepped down. Yeah.

Fairbairn: And so, what year was that that you stepped down?

Morris: 1979.

Fairbairn: Okay.

Morris: I was 59-years-old, and thought I was an old man. <laughter> I was only half-way home.

Fairbairn: Didn't know you had another 40 years <laughter> to get here.

Morris: No.

Fairbairn: So, did you completely step away? Or did you stay on a board, or advisor?

Morris: I stayed on the board. Yeah, I was on the board, on the Dayton-Hudson board. And I stayed on that for several years. But then I got off of that, because it meant monthly trips into Minneapolis, and not my favorite thing to do, particularly in the wintertime.

Fairbairn: Sure.

Morris: And besides which, that way I had much more freedom in selling my stock and so on.

Fairbairn: Mm hm.

Morris: And then as I mentioned at lunch, then I got involved in the automobile business.

Fairbairn: Yeah, so you're-- so washed your hands of this retail in '79. You stepped down, is that right? From the CEO position. And you sat there and said, "Okay, now what do I do?"

Morris: Well, it so happens that there was a Cadillac dealership that the owner of it passed away as a young man, and it really was one mile from my home. And Howard Kehrl, who was the Vice Chairman of General Motors, was also on the board of Dayton-Hudson as was I, and so we became friendly because my interest in the automobile business. And I said, "Howard, I'd like to buy that Cadillac dealership in Menlo Park. <coughs> It's right down the street from my home." He said, "Merv," he says, "You have to have an automobile man," he said, "General Motors would not give a dealership to anybody that didn't have an experienced automobile man." So I had an acquaintance of mine who was a Pontiac dealer. I said, "Would you like to be selling Cadillacs instead of Pontiacs?" Oh, yes, he would! So anyway, so we agreed on a deal. And--

Fairbairn: He became a partner of yours?

Morris: Oh, yeah, that came a little later, I'll tell you. So, then Howard Kehrl said to me, he says, "Merv," he says, "You don't want that Menlo Park dealership," he says, "That's going nowhere." He says, "You

want the dealership in San Jose, which is selling about 12 cars a month. They should be selling a hundred!" So anyway, he Mickey Moused the meetings and so forth. So, when I say Mickey Mouse, nothing illegal, but he had an inside track on what the sellers might want to do and so forth. And so he helped me, and I bought the Cadillac dealership there.

Fairbairn: So, then you had both of them, or you did not--

Morris: No, I bought the Cadillac dealership in-- no, didn't buy--

Fairbairn: Didn't buy Menlo Park.

Morris: Didn't do Menlo Park.

Fairbairn: Okay.

Morris: So, then there was a Cadillac dealership coming up in Fresno, California. And the guy that owned the Cadillac dealership passed away and he also owned a Porsche-Audi dealership. So, I bought both of those. And I had to bring in another partner. Anyway, eventually decided that the automobile business, you know, we were battling the auto mechanics union and all that. It was a lot of aggravation. And my kids were too young, they didn't want to fool around. And what young man wanted to sell Cadillacs? I mean? <laughter> So anyway, we got rid of all that.

Fairbairn: So how long did you own these dealerships?

Morris: I owned maybe three/four years.

Fairbairn: Oh, short period of time.

Morris: Yeah, yeah.

Fairbairn: And you managed to make some money, but nothing spectacular.

Morris: Nothing that doesn't-- didn't improve my lifestyle. No, no, no.

Fairbairn: Did you find it completely different than the retail business?

Morris: Totally different. Absolutely! In the first place, it was almost like working for somebody else. Because in those days General Motors was so strong and you played by their rules. You know? And you had to take cars that you didn't want, and so forth. And so that was something that I wasn't accustomed to. So, I was kind of glad to get out of that situation. I wasn't completely free to do my thing. But we did build a nice business, and--

Fairbairn: You mentioned your sons weren't interested. Did your sons or children become involved in any of the retail business in Mervyn's?

Morris: No, they were a bit young. Actually, I had one son-- my oldest boy, he really wasn't interested in the retail business. And he, as you, he went to Stanford, and was interested in other things. And then I have twin boys who were too young at the time. So, the family had ownership because I gave them ownership as infants. But they weren't active in the retail business.

Fairbairn: Mm hm, so they were young during the whole period in which you were--

Morris: Yes, they were, yeah, yeah.

Fairbairn: -- active in this, so they didn't-- they weren't working in the stores or anything like that.
<laughs>

Morris: No, no, no, no. Maybe at Christmas time or something, but that was all. A little bit on summer vacations.

Fairbairn: And none of them have gone into the retail business since?

Morris: No, no, they were smart enough to stay out. They were all real estate development and so on.

Fairbairn: So, you left-- you stepped down from Dayton-Hudson in '79.

Morris: Yep.

Fairbairn: And then you were in the Cadillac business subsequently after that. Did you have any other businesses that you--

Morris: Oh, yes, I was involved in real estate, you know? Commercial real estate. Just as a landlord. I never really got into building-- not developing, just--

Fairbairn: So, it was an investment kind of business?

Morris: Just my investment properties, yes, yes.

Fairbairn: And you continue doing that? You still hold a--

Morris: I'm out of all business now.

Fairbairn: Out of all business, okay! <laughs>

Morris: Good estate planning. Not on any boards anymore.

Fairbairn: Yeah, so I want to get to that. But did you-- what has been your observation of the changes in the retail business? you've been out of it since the major upsets of the internet and that sort of thing. But you were involved in it basically all your life up until then. Tell me about your observations and what you see as the major driving forces there beyond, maybe beyond just the internet kind of impact.

Morris: I'm sorry.

Fairbairn: The retail business has undergone a lot of different changes. One obvious one is the whole impact of the internet, which really came along much after you had exited the business. But and I'm not going to ask you to go through sort of the details of what happened to Mervyn's, but what were the changes taking place in that period from when you retired in approximately 1979 through 2000, let's say, in that two decades that impacted Mervyn's, but also impacted other retail operations at that time?

Morris: Well, obviously the internet gets much of the blame. And part of it is that retail is so change-- there's no such thing as personal service anymore. Try and find a salesperson. I walked into Macy's a few months ago. I just wanted to buy some Jockey shorts. And I went in the men's department. There was no one around. And I'm not kidding you! I stood in there and I said, "Help! Help!" like this, thinking that somebody would show up, and no one. You can't find anybody. So, the stores, they're being so squeezed and the real estate, particularly in California, is going so crazy with the rents through the roof. And it's very hard for them to survive. And personal service, as you know, is almost non-existent. So that's--

Fairbairn: Beyond that, I mean, the department stores have been particularly vulnerable, it seems, in these changes. And not just the internet, but what were the changes that eventually impacted Mervyn's after you left? It eventually had to close its doors and I know it went through many different generations.

Morris: Well, the problem was that Mervyn's-- I can address Mervyn's, I can't address all of them, but with Mervyn's, they lost their identity. They kept changing what they wanted to be, and what they represented to the community. And just one example, ladies' dresses. One year they'd want to have ladies' dresses and the next year they'd throw them out, because that's a tough business. And they just stick to sportswear. And then a new buyer come in and they decided they wanted to get back in the business. Nobody really knew what they stood for after a while.

Fairbairn: So, they lost their identity.

Morris: In the old days, they had an identity. You knew what you could find, and you knew what you couldn't find when you went there. Totally different picture.

Fairbairn: And I know that Dayton-Hudson had eventually become just focused on Target, right?

Morris: Yes, yes.

Fairbairn: And became Target, actually, the business. And the subsequent buyers of Mervyn's had different agendas as to what-- how they wanted to optimize.

Morris: You hit that right on the head. Well, I think they bought it a lot for the real estate. The funny part of it is, that when I was at Mervyn's, we didn't own our own real estate. We couldn't afford it. So, we rented everything. Leased everything. But subsequently, Dayton-Hudson bought a lot of the real estate. So, I think that some of the buyers, the suiters of Mervyn's, wanted the real estate more than they wanted to run an operating company.

Fairbairn: But not only Mervyn's, but Penney's and Sears and all these other companies that we've known as sort of the standard bearers of the department store business have either gone away or faced very tough times.

Morris: Yeah.

Fairbairn: And I presume part of that has to do with the internet, but there must be other things in terms of changes in the--

Morris: Well, you know, each one was a little different. With J.C. Penney, we know what happened. Penney's, of course, they hired Ron Johnson, who was a wonderful guy. Did a great job with the retail stores at Apple. But had these extreme ideas of how he should run the J.C. Penney Company, and of course, he took it down to nothing. I mean, it was just pathetic. But I never felt sorry for J.C. Penney anyway. <laughter> So, but--

Fairbairn: Do you think that they're-- with the appropriate management and focus and so forth that Mervyn's could have remained a viable operation in today's landscape?

Morris: I think they could, yes, with proper management. Maybe not the same hot company that it was, but I think, you know, Kohl's, which is kind of a clone of Mervyn's, they-- when I used to go to Chicago, and Kohl's was just starting out, I'd walk into a Kohl's store, you'd think you were in a Mervyn's. They were just-- and they eventually took over most of Mervyn's locations on the West Coast, and the ones that remained open. And they're still hanging in there. They're not knocking the cover off the ball, but they're adjusting and I think Mervyn's could-- I think there's still a need for the market that Mervyn's was after.

Fairbairn: Did you have any contact with the management at Kohl's? Or were you--

Morris: Not of recent date. Early on, way back, when they were just starting out, they used to come out to visit us to see what we were doing. And they were like clones of Mervyn's. I remember walking into a Kohl's store in Chicago, I thought I was in a Mervyn's, I mean, you could, unbelievable.

Fairbairn: Interesting. Did they ever acknowledge that they were following in your footsteps, so to speak?

Morris: To be honest with you, I've had no contact. I don't know. I don't know whether they are.

Fairbairn: Okay, so once you retired from the business operations of Mervyn's and then your automobile dealerships, what areas-- you were maybe before that you were participating on a number of boards and philanthropic organizations. Can you talk to me about some of the most-- ones that were most meaningful or important to you, or that you felt most kinship with, so to speak?

Morris: Well, the Boys and Girls Club, obviously. In fact, there is a Mervin Morris Boys and Girls Club in Redwood City. And that's an organization that I have a great deal of regard for. And they're doing a magnificent job. And they're really in the business of saving lives. They are. And then of course, I've been involved my wife's favorite charity was the Peninsula Volunteers in Menlo Park. And I've maintained a contact there. And there is a Roslyn Morris building there that's obviously for my wife. And so that's important. But and then I'm involved in some Jewish philanthropies.

Fairbairn: Did your Jewish heritage play any role in terms of your upbringing or your business operations, or were you active in that Jewish community, or how was that--

Morris: There was no Jewish community in Delano. We were basically the only Jewish family there, so that really had nothing to do with my business experience, or my upbringing, very little. My parents did not practice religion a great deal. They were not a very religious family. They taught me that I was Jewish and I did what the ritual of a 13-year-old Jewish boy, and had a bar mitzvah, that sort of thing. But it was not an important part of my life.

Fairbairn: I understand along the Jewish lines you were a trustee of the Holocaust Museum? Can you tell me about that association?

Morris: Yeah, that was a George Bush appointment. Actually, it was really Condoleezza Rice who recommended me, because we became acquainted through the Boys and Girls Club, so when an opening came up, she had me-- it was a Presidential appointment. It was a wonderful experience and I don't know if you've ever seen it or not but it takes your breath away.

Fairbairn: No, I haven't. I was just in Washington D.C. and didn't have a chance to stop by, but that's sort of the next one on my list to go to.

Morris: It's worthwhile. Anyway, so I was involved in that. And then I was on some business boards. Kind of interesting how the business boards work, you know? They-- and it kind of ties in with my Judaism. There was a member of the PG&E board, his name was Walter Haas, and he was a very-- the Haas family, they founded Levi Strauss.

Fairbairn: Yeah, yeah.

Morris: And he was a very committed Jew, and when he stepped down from the board of PG&E, he said, "I want you to replace me with somebody else of the Jewish faith." So there was an attorney in San Francisco, you may have heard of him, Bill Coblentz. Bill Coblentz was very well known, and he was kind of a political activist. He knew everybody. He was very close to the Haas Family, and he says, "I got just

the guy for you to go on the board of PG&E." So, they arranged a lunch with the President of PG&E for me to go on the board. And I swear to you, I didn't know the difference between a kilowatt and a megawatt. <laughter> And I knew nothing. And I stayed on the board for a few years, and then I left because we were in the-- grooming ourselves to go public and we were expanding rapidly, and I didn't have to time to go sit in PG&E meetings. But when I see what's happened to the company now, I'm so grateful I got off the board when I did.

Fairbairn: I was about to say, it's lucky that you are not going through the current turmoil.

Morris: Terrible. Anyways.

Fairbairn: So just in summary, the ones of those activities, sort of post business have been like the Boys and Girls Club and the--

Morris: Yeah, have not been terribly time-consuming.

Fairbairn: Have there been any other activities that you've been involved with that have been important to you in terms of your contributions or--

Morris: Nothing that's taken a large amount of my time, no. No single activity. In fact, I've been kind of lazy!

Fairbairn: <laughter> Yes, you've earned that.

Morris: Yeah, of course. But of course, I've been involved with my children, and their activities, and they're all busy all doing things. And--

Fairbairn: Are they in this area?

Morris: Yes, well, one son and my daughter-- my daughter lives in San Francisco. I have a son who lives right down the street from me in Atherton. And then I have twin boys, one's in San Diego, and one's in Los Angeles.

Fairbairn: Wow, wow. All pretty close-by.

Morris: Yeah, so we get together all the time. Yeah.

Fairbairn: Oh, nice.

Morris: There's usually some member of my family at my home for dinner. They keep close tabs on me.

Fairbairn: How nice! Looking back, would you have-- in terms of the Mervyn Department Store, clearly, you know, in terms of financial and other things, your biggest accomplishment. Would you have done anything differently with respect to how that evolved?

Morris: No, no, I would not have.

Fairbairn: Mm hm.

Morris: I guess, maybe if I knew I was going to live this long, if I knew I was going to live to be an old age, to an old age, I might not have sold the company when I did. But I was already popping pills for blood pressure, and I was 59 years old, and they dangled all that cash and I said, "Here's a chance for the family to be on-- to be comfortable, the entire family, if they behave themselves." And so, I said, "I better get out now."

Fairbairn: Do you feel that the establishment and growth of Mervyn's is, in fact, the thing that you most fondly remember?

Morris: Absolutely. If I'm remembered for anything, it'll be for Mervyn's. <laughter> Yeah.

Fairbairn: Are there any other things that we should talk about or cover in terms of your family or accomplishments or activities?

Morris: My greatest accomplishment is my family, really. I'm not being Pollyanna-ish about it, but I'm so proud I have four wonderful children. I had a very devoted wife, and I have no regrets. As Sinatra says, "Regrets, I've had a few, but too few to mention."

Fairbairn: <laughs> And you're with us 99-and-a-half years in.

Morris: Yes, yes.

Fairbairn: That's a tremendous accomplishment by itself.

Morris: Hanging on for 100.

Fairbairn: Well, that's great. Okay, well--

Morris: All right!

Fairbairn: It's a great story, a huge accomplishment focused on the goal and doing a great job of achieving it.

END OF THE INTERVIEW