

EPISODE 74

[INTRODUCTION]

[0:00:06] ANNOUNCER: You are listening to 10,000 Swamp Leaders, leadership conversations that explore adapting and thriving in a complex world, with Rick Torseth and guests.

[INTERVIEW]

[0:00:20] RT: Hi, everybody. This is Rick Torseth, and this is 10,000 Swamp Leaders, a podcast where we have conversations with people who've made decisions in their life and in their work to lead. Our job here is to have those conversations and find out what they've learned from their decision and lessons picked up. Today is a pretty dang cool day for me, because I have the, honestly, the joy and pleasure of having my closest friend and his son on the podcast. Clif McKenzie is the Owner and Chief Executive Officer of Watson Furniture in Poulsbo, Washington. For those of you who are not familiar with where Poulsbo is, it's about an hour west of Seattle.

Also joining, CK McKenzie, who's the President of Watson Furniture, and yes, he's the son. It's this connection and the transition that I know has been going on at Watson for a while with Clif stepping away and CK taking over as running the organization, that provoked my interest in the podcast conversation. I asked them if they'd jump on here and they said yes. We got a chance to find out what we might learn from them and the experiences they're going through both in work and also in this transition.

First, let's get them into the conversation. CK, why don't you go first? What is it you think people should know about you before we get started here that helps them get oriented?

[0:01:37] CKM: Okay. I appreciate the introduction, Rick, and I'll keep this brief. The orientation for how CK ended up here in the – I think it's important to know that it wasn't part of the big road map for a long time. This was not a transition, or pathway that we started planning the seeds for intentionally at a young age. Instead, I was given, call it the gift of the lack of pressure for my father to take over Watson and the encouragement to follow where my passion was. For me,

that passion was going the route of warfighting. I made up my mind when I was eight or nine years old that I wanted to fly helicopters in the Marine Corps and did that, went through the Naval Academy Commission in the Marine Corps in 2010 and spent a decade on active duty.

In doing that, realized, we've found a love of leadership and realized a love of family that made me start reorienting where the next steps were after that journey and brought me back to Watson. I think that journey and that time away and then the involvement, or evolution of that has been really impactful, both in who I am as a leader and how we navigate this transition. Let's say that.

[0:02:54] RT: Okay. Great intro. Clif, how about you? What do you want them to know about you?

[0:02:59] CM: Well, I actually need a video stream, because if we took a look behind me right now, we'd see the little patch of sunshine that's followed my backside for my entire life, where some people have these bits and pieces of life and life starts and stops and it's a challenge. Life for me has been easy, because there's always been a patch of sunshine that patches relationships, that patches my family, that patches working for a guy in high school who ran the local grocery store, the Safeway Grocery Store, who had this dramatic impact on my life as a leader, to dating a woman who happened to have an ad to had some vocational background.

The next thing, introduces me to white collar welding, also known as accounting, and started this career of developing some competency around financial statements, and ultimately, led me down the road that I am right now. Maybe, I don't know, the choice to be a leader? I'm a leader. For me, it just comes, because I love being around people and I love being in front. I love helping them make decisions when they struggle. I like making them for them. This just has been a journey from my standpoint, one struggle or another being solved by this patch of sunshine that was always there to guide me and led to a life of great fortune.

[0:04:28] RT: Great. Thank you. All right, so I'm going to give you both a chance to answer a question on the other person here so we get some stuff going here. Clif, let's start with you. What gifts and talents does CK bring to Watson that are value ad, compared to perhaps what you've been able to be bringing?

[0:04:45] CM: CK is the most thoughtful person I've ever encountered. He has a beautiful mind. But he takes that mind and he's able to marry it with these leadership lessons. Ultimately, we can talk about Marine Corps leadership, but it's A-plus servant leadership. To take this beautiful mind he has and marry it with the lessons he's learned in the art of servant leadership and watch him apply those and make sure that every decision we make at its heart starts with, what's best for our team? What's best for our team? Not what's best for the balance sheet, or the income statement? What's best for our team? It's been a beautiful thing for me to watch and see evolve and absolutely, not necessarily something I saw when he was a kid, right? I mean, this has been developmental and it's been from a parental standpoint, it's been beautiful to observe and now to be a part of.

[0:05:47] RT: Okay, CK, your turn. Tell me about Watson. What is it you've learned about Clif that you didn't know that you saw show up in the workplace?

[0:05:57] CKM: Rick, that's a good question. He's been remarkably consistent through the years. I'll say that the version we get of him at home wasn't any different really than what he brings to the team at work. Probably relieving to see that when you show up here and find a totally different man running the company than I knew as a father. He has a fire to get things done, right? Some would call it impatience. Frequently, I call it impatience, but it's a drive to get things done that at least we're doing something. I think that while it was as good for knocking off the chore list on Saturday morning as it is for knocking off the project list here, and it is uncommon, I think, in this space where people are easy to just say, "Well, we'll put it off till tomorrow," and tomorrow becomes the next day and the next day. That fire leaves to trying things in the business that do propel it forward.

[0:06:45] RT: Right. Let's give people a little bit of understanding who Watson Furniture is. Who wants to start? Let's tell a little story about Watson Furniture, so people understand what the work is you're doing, why you do it, etc. Who wants to go first on that one?

[0:06:58] CKM: I'll let Clif take it. He's got the elevator pitch down. He's practiced. He's been doing it for 30 years.

[0:07:04] CM: In the end, capitalism is a barter system, right? I mean, we hopefully create things that people are willing to trade their dollars for. Those things, from my standpoint, have to be remarkable. I have little or no interest in doing it. We bought a company. We did not start a company. I'm not an entrepreneur. I'm just a business guy. I'm a business guy that initially, probably had no love of furniture. It was just a product. Over the years, I've developed a love of furniture and the love of the art of furniture and a belief that, well, I'll tell you, at the end, our marketing guys don't want us to use this pitch. But here's the pitch. We make furniture for people who give a shit. It should matter to them, because it matters to us. We create what we believe is some of the most interesting products in the world.

I don't say that in well, there's some hyperbole in it, of course. But the reality of it is that's what we're trying to do. I think we've done a pretty darn good job of creating stuff that is remarkably insightful, relative to how furniture can be an asset. Something that, well, we think, I've got this laptop sitting on, just a – it's like table of some sort. But how furniture can actually matter and help people if they care about it. We do that by building it, and we do that because we create jobs. I guess, the great satisfaction that I have and I see in CK is creating something that is not just about making money. It's about creating careers and creating jobs for people who need them, that want them, that want to be a part of showing up and doing something every day and having fun with it.

[0:08:47] RT: Okay, CK. It's a tag team deal here. You get a shot at this as well now.

[0:08:52] CKM: Well, not just rephrase this. I'll elaborate on where Clif ended there in the careers world, that Watson Furniture builds furniture. More than that, it offers a pathway for folks to be a part of a team in a society that increasingly feels like if you just read the news, it's placing less emphasis, particularly in the Northwest on working with your hands, right? Everyone's talking about the dotcom, job or how to get to Amazon. It's really, we're really quick to forget even the fact that all the Amazon jobs out here are predominantly in the fulfillment warehouse in Bremerton and are back to working with your hands.

The fact that we have blue collar jobs, where you're not just doing something because you're ever so slightly cheaper than the robot right now, but you're doing it because you're adding value and you're transforming a raw material with your hands and with your machines. You're

doing it oftentimes without a high school degree. You're doing it despite a lot of unlucky circumstances in life, despite the fact that things haven't gone your way. You still found a way to add value and create really stunning things, and doing it in a way that requires teamwork, right?

It's nothing else. I didn't have the athletic gifts to be playing centerfield for the Mariners right now. But man, I always wanted to be on a sports team, and there's a little bit of that in this building, too. Everyone does. We found a place where everyone gets to come be a part of the team and win and lose together. That's what Watson does.

[0:10:26] RT: Okay. Down the list of questions I prepared, here's a question that realize a little bit the culture, but you guys have got right into it from the start. Let's just surface it a little bit. When you think about this culture, for lack of a better term, the vibe that you believe is important for people, how do you handle that? How do you manage that? How do you make sure that that is present, because it can wane and fall if people don't pay attention? How do you take care of that, so that people in the organization feel that family part that you're referring to, CK?

[0:10:57] CKM: Turns out, culture doesn't happen. I've learned a metric boatload in the last four years about how to actually run a business. An interesting part is the Marine Corps doesn't struggle with culture much, right? That's drilled in so very deeply that it's something I took for granted. At first, you show up here and you're just like, "Well, I'm here. Everyone else is here. We must all be here for the same reason." We all believe in a purpose like, "Oh, no. No, we're not. We have different things, different paths that brought us here." I've found that the culture is, who knows if I'm doing it right? What I know how to do is lead by example. If I've modeled behavior and the acts I want to see, I can't talk about stopping to pick up trash without stopping to pick up trash. I can't talk about the importance of being at work without being at work. That means showing up at the weird hours, or working a little later when the teams got to stay later. It's being with them.

Then, it's both recognizing the folks that model that with you. Also, when their values issues in culture fits, making the tough steps to terminate employees and get them out. I'd say, that is really easy to convince yourself in the moment that, oh, you're helping them and you're trying to bring them into the culture. Then, always after, you've made that decision, it's like the clouds been lifted off the office and like, man, there's an extra pep in everyone's step. You're like, oh,

yeah, the wrong people cripple culture a lot more than the right people bring it up. It has been yeah, we don't make the culture, Clif and I, we have our own values. We model them. The culture is the people that are in the building and what they do. We have some role to make sure those are the right people.

[0:12:41] RT: Great. Clif, anything you want to add to that?

[0:12:43] CM: I do, and amplify it. CK said something at the last bit is, we don't make culture. I think leaders quite often believe culture is their responsibility. I think our responsibility is create this petri dish that things can thrive in. If I were to describe our culture around here, I'd say, Fred Wirtz. Fred's one of our engineers that I've thanked him for this, because I can't do this. Every day at noon, Fred will bring a different game out to a large stand-up table in the middle of our coffee area. Sooner or later, there'll be 10 people around that table, maybe 15, somebody new shows up, Fred always makes sure they know they're welcome. Some will be playing crosswords. Some will be playing this game together. I didn't create that culture. Fred did, right?

Understanding, that to CK's point, having the right people matters. It matters. It matters. It matters. Then letting them do what they do. Man, I'm so grateful that when Fred's not there, someone else will take over. I'm just grateful for people that create culture, because they're the culture, not something CK and I do.

[0:13:59] RT: I want to stick something in here for, I think a little bit of the future of the conversation and Clif, this one's for you. I don't even know the answer to this question myself, and I've known you almost my whole life. You came out of college and you were going to be, what did you call it? A white-collar welder. You were working as an audit accountant for a big firm. I don't know how the left turn came to get into manufacturing. This is a self-serving question. What was going on? What provoked you? What was in you that came out when you had this opportunity? How did you get there?

[0:14:29] CM: Ricky, patch of sunshine. I worked for a large public accounting firm. Well, let me be clear about this. They were as happy to see me leave as I was to leave, because I struggled to work for accountants. I met some wonderful people, talented, capable people. But man, I was – They were looking for a square peg and I was just a round hole. I left to join two remarkable

business partners that I'm still in business with today. We didn't have any real plan, except to try to grow businesses at that point was more focused on international representation of automotive products. We had some investment dollars. We bought a company. We bought Watson. We'd know one, two things, right? That in business, you should buy low and sell high. I mean, this is all you need from Harvard. Buy low and sell high, and always have an exit strategy, right? Okay. There you go. You got it. Now, there's your MBA.

We just bought a business, and we were going to try to improve it. My partners asked that we had somebody running. It wasn't quite working out. They asked if I would take over. I did, within three months. I just knew I was meant to be in manu – I love building stuff, right? I just got lucky. I just got lucky. I love building stuff. I love leading. I began to love furniture. That whole exit strategy became something that was gone, right? I went to my partners, I went to Billy and Daniel, I don't know, six months a year into it and said, "I don't know about you guys, but I don't want out of this thing." The accountant and me developed spreadsheets and said, "This is your age. These are the ages of your children. This is when you might need college funding. This is this. This is that. Let's put a shareholder agreement together, so that you can exit as you want to exit." But no, I don't plan to exit, because I don't want to say this is my life's calling, but sure, rev me up in the morning. I know that.

[0:16:33] RT: CK, I've never asked you this question. When I was preparing, it was an obvious one for me. What did the Marine Corps teach you that is relevant to your life and you had some pretty serious role models at home. You had your father, you had a grandfather, you had grandparents, probably teachers and coaches. There were a lot of people influencing you. The Marine Corps and the Naval Academy, what did they bring out in you that is important to you when you show up in life and in your work every day?

[0:17:01] CKM: Where to start, Rick? They're very good at brainwashing, so as it turns out. I keep finding things that I think are my ideas and then people with the onion layer back one. Like, oh, no, that's a Marine Corps idea. That one's not mine at all. It is though, I believe Simon Sinek, title of the book, *Leaders Eat Last*. It is a general idea that the Marine Corps puts a spin on servant leadership that is unique and informative and runs to my very core. It is this idea that you are here for your team. You're here to support them. But that doesn't mean passivity either, right? You support them by being who they need you to be in the moment, right? You make sure

they're taken care of. You make sure they understand the mission. You make sure you're good at your job, so that you compartmentalize. You make sure you're there and you're who they need you to be, and then you lead them when they need leading, you support them when they need supporting, you teach them when you have the ability to teach them, because you never waste a training opportunity, because there will be times when you need them to perform and you will be too late to train.

That idea of a bias for action and leaders eat last is a servant mentality combined with leadership, is I'm learning pretty unique to the Marine Corps. It seems to serve me well around here, the art just of not looking like you care for your people, but actually, caring for people, and caring for them by helping them with something, or being there with them and particularly being there when it's a little extra, when it's cold, or hot, or wet, or everyone's tired, you'd be there in the bad parts, too, and they trust you pretty fast. Then once they trust you, you're made. You're golden.

[0:18:47] RT: Nice.

[0:18:48] CKM: But you earn it.

[0:18:49] RT: All right, so let's shift a little bit to this transition. Clif, I cannot be certain when you formalize the plan that you would start to begin to step aside and CK would begin to take over. But frame the transition. What provoked it and how did you initially think about it, and CK, you can be able to jump in here anytime you want to, you can have it back and forth, and how's it going? How have you had to adapt it based off of reality, versus what you may have thought was the road you're going to travel? I just kick it open a little bit there if you would.

[0:19:21] CM: Yeah. You got a few wrapped up in that.

[0:19:23] RT: I'll remember them.

[0:19:26] CM: This lack of an exit strategy, for the longest time, I just said, we have a continuation strategy, and that's what we're not going to sell this business. This business at some point, I have this great admiration for the European business model, where we do

business with a company that's in Austria. They're 11th generation. 11 generations, right? It's just remarkable. My observation was these companies were led by family members who viewed their role as caretakers and not this term that, I'll say it's a pejorative term over here, owners. We own this business. We own these people. Well, you don't, man. This idea that the responsibility of caretaking, I think, is a beautiful way to look at the role that we have.

We had a continuation strategy. There wasn't much exit strategy tied into it, than my jokingly referring to the lack of an exit strategy. Then 10 years ago, 10 years ago this June, I had a heart attack, as you know. It was a good one. It was a wakeup call. It told me that I realized, I was one of those leaders that I was wrapped up in being this leader. This organization was wrapped up in me being the leader. If something had happened to me, we were ill prepared to go forward. We were still prepared as an organization to go forward. It wasn't because I was so damn good. It's because I was so damn bad at making sure that others knew their roles going forward, and that I could seamlessly walk out of the company.

That began this very clear need to be intentional about transition. You gave me assistance in that. I started reading the books you suggested and others as well. Then sooner or later, I realized, I got to figure my own path out on this one. To me, it started with deadlines. I think, I at least operate better with deadlines, but made a few, right? I said that, all right, when I'm 65-years-old, I'll still be working five days a week. When I had this heart attack, I was 60. When I'm 66, four days a week, 67, three, and so on, until I hit 70. Then I'd be at zero days a week, which meant I had to fill this leadership void.

At that point, I looked around and my children were – the good news is I got four of them. The bad news is two daughters are leading rich and fulfilling lives, doing anything but furniture. It's not an interest to them. The youngest, greatly interested in doing it, but needed experience, right? His teeth needed to get longer. He needed experience elsewhere, so that he could be better prepared to lead at Watson. Then CK, the oldest was fortunately, unfortunately, a marine, a marine that seemed to indicate absolutely not only no interest in business, but had disdain for it. I mean, it was, what the hell are you doing? What you do, right?

I brought an outsider in, a guy that I still count as a dear, dear friend, Rob Bensman. Rob was extraordinary. I think I surprised Rob. We brought him in a particular role, I think he was our

chief. I can't remember exactly the role. But within six, seven months, I also began to realize, CK alluded to it earlier, I don't have a lot of patience. When you don't have a lot of patience, that leads to internalizing of stress in a remarkable way. I realized, because I was just coming off that thing and probably more concerned about mortality than I needed to be, I knew that I needed to be stepping aside and get rid of some of these responsibilities sooner rather than later and asked Rob to step in quickly to lead our company. He did. He did a fine job.

Ultimately, that didn't work for personal reasons that Rob had. Again, we remained great friends. He was absolutely extraordinary. At the very same time, this is 2019, something like that, this patch of sunshine shows up again. I get a call from Rota, Spain. CK is deployed over there and I remember and I don't remember the conversation, but it was this, "Any chance I could come to work for the company?"

[0:23:51] RT: Okay, CK, take us to Rota, Spain. What was your version of the call?

[0:23:55] CKM: Oh, it's a fun walk down memory lane. I'm not sure that my deep-seated disdain of business isn't quite there still. I don't know that I've heard you describe it like that, but it is – There's a segment of it where you hear people say, "Oh, he's a great businessman." It's because he bought and sold companies and destroyed a lot of lives on their path up, but they made a lot of money and we logged them and say, those are amazing business people. I have a huge disdain for that still.

It took some growing up to realize that that would mean that every business needed to be run like that. The really short level of this is that I truly – I didn't have any great plans to live past 30, the short answer there, right? I made the decision, my mind had joined the Marine Corps and as an eight or nine-year-old, a couple of years after that was 9-11, and now didn't change anything. Was excited to be going and joining the Marine Corps at war. Went throughout this all with the mindset of learning from folks that were coming back from Iraq and Afghanistan and dealing with losses, saying, go do my turn next. But, I mean, aviation is a dangerous business and I've figured, don't burn anyone else with planning on me being around in the future, because you never know what will happen.

Fortunately, things didn't quite go that way and made it through all of that and started around the 2017-18-19 timeframe, realizing, hey, I think I may survive this. I need a plan for the backside, because I knew I didn't want to go 20 years in the Marine Corps. Never had. I wanted to be a war fighter, not a staff officer. That upper out mentality, I was reaching the end where they said, "Hey, no more flying. Go plan something, or sit in an office." I said, "No. If I'm going to sit in an office, I'm not going to do it in the Marine Corps."

I think growing up, I'd probably thought I was going to parlay that into some other service work, go into government, try to get into either politics, or the State Department, or continue, but nothing like the Marine Corps, to disillusion you with the US government at large. I was ready to have a little more, or little less reliance on Uncle Sam and a little more control over my own destiny. Then it just took getting over my ego to go ask the old man for a job, I think. That's an oversimplification. I had a real, real desire to look myself in the mirror and feel self-made. It's difficult to rectify that with, well, I'm going to go just, yeah, use nepotism to get a job.

Certainly, the Marine Corps gave me the ability to look in the mirror, "You know, I'd succeeded in my own. I'm grateful for that." It gave me the distance to realize all the gifts I've been given by my family to be able to go have that life and that experience. I felt powerless starting at that heart attack and being on the other side of the world and knowing deep down that stress was a driving factor there, right? That I know my father. I know that there was no home in business, like it was all wrapped up and business was stressful and that does have an impact there.

Feeling powerless to help in anything. It was pretty quick for me to realize, there is one way you can help, CK. You can go serve the family, right? You can give him an exit strategy, a transition strategy. You can share some of the stress and at least transfer it to a younger heart, a few less miles on it, and then get over yourself. Who cares if you don't like it? That's not important. Just go, give back to your family a little bit.

Within that realization, there was some growing up that happened on my side, I feel. I got lucky. Once again, I got lucky that it turns out, I've been deeply programmed from a young age to love manufacturing, or something to that effect, because I do truly love it here. It is everything, nearly everything I loved about the Marine Corps and very few of the things I hated. If we had a helicopter in the front yard, then we would have everything.

[0:27:58] RT: You should add in here as a little sidebar that you didn't just marry a woman, who is an incredible person and she tolerates you, but she brings a certain compatibility professionally to the conversation. Just let people though, it wasn't so much a wedding, as it may have been a merger.

[0:28:18] CKM: Rick, to your point, I married a Coast Guard pilot. She, like me, figured she was going down in a hurricane somewhere in a helicopter and also was not making a lot of plans. It was right around that time, it was a joint discussion to both of us say like, "Do you want to stay in?" "Not really." "Do you want to stay in?" "Not really." "Well, what do we want to do?" "Well, we got to get out of the southeast." She's from Boston. I'm from the Northwest and it was just a little bit too much time in Florida and Georgia and North Carolina and say, well, all right, we want to move to one of the – we want to go to the fishing lumber town, so New England or the Northwest. We want to start a family and have some stability. Through that, it was very much, she didn't want to go work with her old man at Boston properties. This one, we had a better economic outlook on the West Coast than being surrounded by Patriots fans. I'm thankful for that, because –

[0:29:12] RT: We won't talk about that.

[0:29:13] CKM: I can deal with one Patriot fan, and that's barely, some days. Not on Sundays in the fall.

[0:29:20] RT: Okay. Clif, pick this up a little bit now. Now you're together. How did you form up and actually, I have a question wanted to ask before this, because I'd be remiss personally and relationally with you if I didn't put this question into the mix. For listeners, share a little bit about 538 Juniper Street and how that's influenced a little bit about who you are.

[0:29:43] CM: I was raised by depression era parents, two people that were meant to be together, complemented each other greatly. There are so many, when I talk to customers a little bit about our company, the number of times I talk about lessons I learned from my parents is truly incredible. I mean, the other day, I'm talking about how the respect for the inanimate, respect for the individual that is making the goods that we use every day, how that was drilled

home to me by my father. I mean, this one's an absolute gem. If this doesn't impact you as you go through your life, I mean, how could it not?

Saturday is project day at McKenzie house. I'm 10, 11-years-old. Dad's got a list of projects. I got a bunch of friends who want to play. We want to play together, but we got to get through these projects first. We finished the first one and I'm ready to go to the second, one and he's stopping to clean his fricking tools. I just remember saying, "Why are you doing that? We got things that have to get done. You're playing them tools." He said, "Well, somebody made this tool for me. I think I owe it to them to take good care of what they've created for my use."

God bless it. That's just stuck with me about how important that person is that makes things, and the responsibility we have to them to take good care of what they created for us. I'm looking at that, I realized this is how you take the inanimate, you make it animate and part of your life and you realize that it may just be a piece of iron with a wood handle, but the reality of it is it's got a life in it. I don't know. I don't know. How does that impact the decision you make every day? Probably, not at all. But how does it impact the whole of your thinking, mightily, mightily.

Yeah, who's raised them? I'm one of six children. You realize then that you learn that depression era stuff, right? How do you balance a budget? Well, it's not complicated. You spend less than you make. All those little basic things about life that I learned in Spain. Then also learned about love. The way my parents looked at each other and the way they looked out for us. Then ultimately, the responsibility have – Part of our guiding principles, they end with this deal that we're going to create these careers and jobs by building products that we get absolutely jazzed by, and we're going to do it in a manner that would make our parents and children proud.

There's a deal about you still driving me, they had some expectations about responsibility, about the golden rule, all that stuff. It still drives me to live up to the standards they set and provide an example to our children, so that they have the same gift that I had, the gift that came from 538 Juniper Street.

[0:33:00] RT: CK, I know that you were fortunate for a good period of time when you were growing up to have four grandparents in your lives. How did the generational relationship influence you?

[0:33:12] CKM: I found myself thinking, I wonder if I've learned anything from my parents, or only from my grandparents passed on by my parents and they're like, "It's cool." We all put it on and spin on it, but there's a level of immortality that exists within your family as these lessons get passed on and characters get passed on and the stories themselves fade away, but the values stick. I think the connection to your roots, and maybe take for granted, yeah, spending Christmas mornings in basically, government housing from the World War II in the shipyard town of Bremerton. But you knew where your family came from. You'd get the bedroom and you'd say, "Oh, this was Uncle Joe's bedroom, or this was dad's bedroom."

You're like, "This wasn't big and it wasn't much." You know even in the course of generation, we came out of this duplex that I knocked the wall out and turned into a one-plex and then in – and that's still grandma and grandpa's house. The same thing on the other side of the family, go into the four-plex that was across the street from the dry cleaners that my grandparents ran on the other side of the family to say, yeah, hey, they found a way to make something for self, but they ran a business work with their hands and grew through it. It anchors you. Anchors your grounds. Keeps you humble and helps remember that would have been lucky. But we've also grown through the efforts of them enabling the next generation and it continues to pass that on.

[0:34:40] RT: Okay. Let's come current here a little bit. Clif, if I got my math correct, you should not be in the office anymore, because I know you're 70. I also know you're still in the office. Help people now understand how is the transition going? Where are you now in broad strokes, or maybe fine detail? Is there a point out there where you envision that your life is all about golf and not about making furniture, or since both of you, catch us up now on how it's actually going, versus the scheme you came up with when you started?

[0:35:13] CM: The scheme has played out. It's been a gradual reduction in my time. There's both the time element. If you look at the 5-4-3-2-1, at some point, we can substitute time for influence, right? What I'm saying, that I will have a decreasing influence on our organization, measured by days in the week, but that's just the way we're getting at the influence. Starting a couple years ago, maybe a year ago, it became very clear, I don't make any decisions anymore. I mean, CK runs our company. My job is to counsel, provide guidance, to the occasional cheerleader when I get in. I'm part of the culture, right? I'm part of the culture and I still want to

know people. I get energized by connecting with the people on our team and I'm going to energize them a little bit when it seems it might be fun to do so.

You won't believe at this point, but this has been a difficult time for those of us in the office furniture world, because of work from home and companies significant pulling back on their furniture budgets. It's been a difficult time to run a company like ours. We'll look back at this. CK will look back at this someday, the lessons he's learning now, you can't – I mean, this truly is not a master's class. He's getting a doctorate in how to run a business using challenging times. All of that has been good from a learning standpoint.

We still have very robust conversations. They're honest conversations, but they're really good. Neither of us really hold anything back. We're not raising our voices, but we have intensity and firmness in our beliefs.

[0:36:58] CKM: There have been some raised voices. There's been some, yeah, intensity.

[0:37:06] CM: Well, yeah, because this stuff matters to us.

[0:37:08] CKM: It's out of passion, not anger. Were raised out of passion, not anger.

[0:37:12] CM: Absolutely. Always, always in service to getting better. Never in service to getting our way. I mean, it's not about that. It's not about, I got to get my way here. It's how do we combine what the two of us bring, and we have different perspectives. I have greater experience. He's got judgment and characteristics of reflective more of what leadership should be right now than I'll ever have. It's fun to watch those things come together in intense conversations, but we're still navigating, right? We're navigating out of a storm.

From my standpoint, it's a deal and I deal. I mean, you're talking about retirement. Yeah. Okay. I get it. You work some place for 30 years. You retire. You leave, right? You turn back on it, you go. How do you leave a company? It's not because of the financial investment, but it's because of this purpose and it says, we're here to create jobs for people. We intend to live forever in this community. You don't walk away from that stuff. But effectively, I have from a standpoint of decision-making, coaching, counseling, discussing all that stuff. That doesn't really end. I'd say,

has a plan been executed in spades, I'd say, without hesitation, I'd say, that we're able to do that. If we get caught up, then yeah, just go watch Pirates of the Caribbean again, right? We aren't calling these rules. We call them guidelines, and the guidelines, right? We just got some guidelines. I'll show up when I want to show up on the damn building.

[0:38:46] RT: Okay. CK, so how is it now that now you're running the show, how's that feel for you? How's that fit for you?

[0:38:54] CKM: I'd say, we're progressing certainly as I anticipated. I didn't ever believe there was a zero at the end of 54321. I don't know Rick. How does it feel? It feels both natural. I don't feel overwhelmed. I surprisingly don't feel it. I almost expect more imposter syndrome and it's not there. It's there at times for sure. But for the most part, it feels natural. It feels like it's going all right. The one of the ways it feels that way is because I've been very vocal from the beginning, that I don't have a clue what I'm doing and I'm learning. Do I feel like I'm learning? Absolutely. Do I feel like the team's helping me learn? Absolutely. Do I feel like I can honestly tell them, I've not done this before. I think we've got a pretty good plan though. I think we've made a logical decision and we're going to try it and we run with it and say, yeah, can I mitigate the ill effects of if we're wrong? Yes.

It is at all leading, is he? Yeah. It's supporting, encouraging and making decisions when no one else wants to make them. I've had no problem doing that. Do I feel like I got loads of growing to do still and learning, and that never stops. I'm not going to say, I'm an amazing leader. No, I'm leading it. I'm doing it. I know I'm doing as well as I can right now. That's good enough for what the business needs at this moment, I hope. It will continue to be a journey and I continue to surround myself with people that know a lot more than I know about their jobs and I'll listen to them. People are here still. They've not walked out on me, so that bodes well.

[0:40:34] RT: Right. We're coming down to the end here. One of the reasons I started this podcast was that there would be people who are a little further down the road behind you on their journey of leading. If they listen to this conversation, they might pick up a few things that they didn't know that could help them and help them move down the road and their journey. My question to you both is, based on a premise that we tend to learn more from our leadership failures than we do our successes. Scan your experience here, and if you don't mind, what's a

failure, or a non-success, or whatever euphemism you want to use where it didn't go according to plan that you learned from and has informed you a little bit more about how to do your job effectively, leading and managing people? Clif, why don't you go first?

[0:41:20] CM: Something I've taken to saying lately when asked to give any advice by decision making is that we keep talking about mistakes. You learn from your mistakes. That's all true. We could call those things these missteps that we take. Over the years, if I've learned anything, there are no missteps. There are only steps. Everything is just a step. It's your job to learn from when the step didn't get you where you wanted to go. It's your job to adjust to that whole thing. I've made probably, I don't know. Have I made more bad decisions than good decisions? Probably. I don't know. I don't really give a frick. You just keep taking the steps.

If there's anything that haunts me organizationally is when I've hesitated to make people decisions, because the people whose lives I've impacted when I've not made those decisions, I ain't for them, right? I ain't for them. I don't even know if I'd go back and do it any differently now, because those are hard and you are trying to work through things. There's that continual reminder. You're not doing it for the company. You're doing it for people, right? How do we help people remove their barriers to happiness, you want them personal and financial and professional ambitions to move their barriers to happiness.

I mean, the ones that haunt me are people. Not the other strategic decisions. I don't give a rip about those. You make the decisions, you go forward. Yeah, I've told you this. I've been blessed with business partners that have short-term memories relative to my bad decisions and long-term memories relative to my good ones. I think we need to be like that as people, too, is forget about that. You're going to make them, right? Don't be paralyzed by the concern there might be a bad decision. Yeah, whatever. Just go on.

[0:43:20] RT: CK?

[0:43:21] CKM: What I've found is a slight deviation on the old trust, but verify. You got to lead with trust. You have to trust your team. That doesn't excuse you – you still have the responsibility at the top, in making sure that you've put the steps in place to verify that things are going the way they need to be going is important. It's a really, really important part of that trust.

For me, that is what's bit me is when I don't think through the guide rails, or the triggers, or the things on the bads, the unintended consequences. I'll let people hurt themselves and hurt others more than we should have, because I said, well, I'm trusting them. I'm trusting them to do their job. I'm giving them the space to do their job. I'm not micromanaging.

When they don't know how to do that job, you're just passing the responsibility onto them. Thinking through out on the first, on the beginning to say, hey, when are they going to need help and not ask for it? Because if you wait for them to ask for help and say, "You should have come to me. You should have asked a question. You should have come to me for help." That's a leadership failure. Part of leading is anticipating when they need help and offering it before they are so panicked that they ask for it. The balance there, I'd say, I'm still calibrating where that balance is, to not offer it too quickly, but not wait so long in the name of letting them learn on their own.

[0:44:42] RT: CK, with you, what are you excited about in the short-term future for Watson?

[0:44:47] CKM: Rick, I'll try really hard not to get excited, because a way to protect myself emotionally. I try not to trick myself into being an optimist in –

[0:44:58] CM: By the way, that's a defining difference between the two of us.

[0:45:04] CKM: Yeah. That's, I'll be the leader. We have the optimist in the building right now in Clif. And so, I will try to balance it out. That's being maybe more pessimistic than I should be. I think within the corporate world, the economic winds have shifted a little bit. People seem to be buying furniture at a rate that they have not in the last two or three years. I'm excited that we are having conversations about how to grow again. They're small, right? They're real small. The growth, is how do we get 20 more desks into the schedule in three weeks, instead of six weeks? They're small, but we're back to exercising that, how do we do a little bit more, rather than how do we do a little bit less? It'd be exciting if that trend continues again as it appears to be.

[0:45:49] RT: Okay. Clif, is a question, it's a personal question. I really want to know. What's ahead for you in the absence of, I can't say, the absence of Watson. I don't think that'll ever be the case. But when you think about the next short-term future, what's up for you?

[0:46:05] CM: You know, Rick, when I have an answer to that question, I'll get back to you.

[0:46:10] RT: Fair enough.

[0:46:11] CM: I am finding it to be flamin' hard. The reality of it is my self-esteem and my ego have been wrapped up in leading a company. I believe, that's why people stay in leadership positions in smaller, or family-owned businesses much longer than they should. You need to do what we're doing. I'm quite happy and proud of our method of transition and how it's working. Tell you what, when your juices are going by leading every day, you tell me what's ahead that just can get me, because I am someone that gets easily amped up and ramped up. To find that, no, I've got to get comfortable that that's not there. I think that's a journey.

Converting things to a weight room so my friends can come over and exercise, right? It's not lost on me that the importance of maintaining connections. I may never have the dopamine hits that come from making daily decisions. I flat have to get used to that and need to figure my way forward out, in a way that doesn't just try to replace what I had before with something different. It's a personal adjustment I have to make. That's a journey. That's not a light switch. That's a journey. I'm on it, though. I'm on it.

[0:47:31] RT: Sounds like Pete Carroll, doesn't he, CK? Hey, guys. Thank you. This personally has been a great treat for me. Thank you for doing this. I appreciate you making the time and being as forthright as I knew you would be, but it's just so refreshing to have it. Thanks very much for joining me on this.

[0:47:50] CM: Rick, it's been a pleasure. I've enjoyed the opportunity and the conversation. I enjoyed listening to CK.

[0:47:56] CKM: Me too. Yeah, I'll echo that. Thank you, Rick. Always nice to have a third party moderate the conversation a little bit.

[0:48:04] RT: Thanks, guys.

[END OF INTERVIEW]

[0:48:07] ANNOUNCER: Thank you for listening to 10,000 Swamp Leaders with Rick Torseth. Please, take this moment and hit subscribe to follow more leadership swamp conversations.

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