

David Green

He combined business and faith to grow Hobby Lobby from one store to more than 450.

Chapter 1 - 1:00

Introduction

Announcer: How is it possible to come from a background that included picking cotton to become the CEO of a privately held retail chain of stores known as Hobby Lobby? Because of his fascination for retailing at an early age, David Green opened a store in Oklahoma City on a \$600 loan for his manufactured picture frames. He grew the business to be housed in a 3.4- million-square-foot manufacturing, distribution and office complex. Listen to the story of this chain of stores that are not open on Sunday, stores that maintain an 8pm closing schedule to encourage employee family time and a company that does not use a barcode system. David Green will tell you he built his business on biblical principles. He attributes his success to his faith in God. This story is made possible by the generous grants of foundations that believe in preserving Oklahoma's legacy one voice at a time on VoicesofOklahoma.com

Chapter 2 - 5:04

Picking Cotton

John Erling: Today's date is October 6th, 2009.

David Green: My full name is David Marvin Green and I was born in Emporia, Kansas, on November 13, 1941.

JE: Your parents' names?

DG: Walter Green and Marie Green.

JE: Their profession? What did they do?

DG: My Father was a Pastor, and so I grew up as a Pastor's son.

JE: You had brothers and sisters?

DG: I had five brothers and sisters.

JE: Were they involved in the ministry in any sort?

DG: All five of my brothers and sisters went into ministry. I'm the only one, (who didn't) so I'm considered I guess the black sheep. They pastored churches and they were Pastors' wives. Some of them are still in the ministry. All but one is older than myself. So, most of them are retired at this time.

JE: Grandparents?

DG: You know, my grandparents, for some reason or another I only met one of my grandmothers. My grandparents lived in California and we just never connected. They passed away pretty early in my life.

JE: Your education, you went to grade school in?

DG: Actually the nature of the denomination we were in, we were moved around quite a bit and so I went to school in five or six different schools from grade school on through high school. I graduated from high school in Altus, Oklahoma.

JE: That had to be tough perhaps as a youngster?

DG: Yeah, I think so. At the time you thought it was an adventure, but I think looking back on it, it made it a little harder to connect. But my five brothers and sisters did well in school. I didn't do quite as well. I was usually preoccupied especially in my junior and senior year. My junior and senior year I took distributive education. That's where you get out of class and you get a credit for working and a credit for the class and I thought that was neat. So my junior and senior year I was out of school by 11 o'clock and I was working about 40 hours a week at the local five and dime store.

JE: Going back, didn't you work in the cotton fields?

DG: Well yeah, and even in earlier times in Altus, Oklahoma. Before that time we lived in Ranger, Texas in my junior high days and as well as high school. We did a lot of picking cotton on weekends.

JE: Tough, tough job.

DG: Well, yeah at the time we were just glad to have a job and the ability to earn some extra income.

JE: And what kind of money would you have made?

DG: It wasn't much, but you know when I was growing up...my Father pastored fairly small churches. With the six of us, eight counting my parents, things were fairly thin but we always were provided for.

JE: But weren't there those in the community who helped you with food and with clothes?

DG: Not so much the people in the community I would say, as those few church members that we had. You know a lot of them were farmers and they'd bring in things from their gardens, and give vegetables or different things that they would raise, sometimes even

meat when they raised chickens and things of that nature. So we were given gifts from the church members from time to time.

JE: Clothes too maybe or?

DG: Yeah, sometimes. I had cousins out in California and we'd see clothes from them sometimes, and maybe even from our church members yes.

JE: Is it true that you actually repeated the 7th grade?

DG: I did. I didn't do the 7th grade well, so I did repeat the 7th grade.

JE: In high school, you had difficulty getting up in front of a group.

DG: That's correct. In fact, I wouldn't even do an oral book report. The teacher would say, "If you don't do it, you're going to get an F on this assignment." That was an easy choice for me, I would just take the F, because I was not going to get up in front of a crowd and speak because it would frighten me to death. And even today, I do very few public speaking engagements as I'm asked from time to time. Because it's not something that I really feel comfortable about.

JE: It's amazing with your brothers and sisters being stage people I guess we could call them.

DG: Right.

JE: You didn't have that gene I guess?

DG: No.

JE: Then those oral reports, did you have to give them to your teacher in other room, or?

DG: I have done that after class. I have done that, yes. It was either that or got a failing grade. That was the two choices that I had. I'm sorry I didn't get up in front of it and brave the crowd but I didn't because I was just too frightened to do such.

JE: But in school you worked?

DG: I worked at least 40 hours a week when I was in my junior and senior year.

JE: Did you even wash dishes in the cafeteria?

DG: During my junior high and my freshman year, instead of going out for sports...and my brothers and sisters sometimes would do the same thing, we would work in the cafeteria doing the dishes and get the free meal, yes.

JE: You first became interested in a store as a very young person, didn't you? When you went into McClellans Five and Dime?

DG: That's correct. I wasn't that interested in school, here again unfortunately, but when I got to work in the Five and Dime store, I just really took to it. I really, really enjoyed being a stock boy and building displays. McClellans in Altus was the first retail store experience that I had and I really enjoyed that.

JE: What was the name of your boss then?

DG: We called him T-Texas Tyler. Mr. Tyler was the one that I worked for. He took special interest in me and gave me a lot of training. He would work with me and take me down

and buy me a Coke at the local drug store. There I was, I was interested in the retail business and he was interested in me, so it really worked well for me to learn from the manager of the store.

JE: So this would have been in your junior year?

DG: Junior and Senior year was when I worked there in Altus for McClellans.

Chapter 3 - 4:35

TG&Y

John Erling: There was somebody else that was working in the store that you took an interest in.

David Green: Well you know, there was a little girl that worked in the candy department named Barbara. She tells the story differently than I tell it. I tell it that someone told me she was interested in me and she doesn't remember it that way, but I would swear that that's the way that it was. I always talk about how there's a song back in my day that says, "I met my million dollar baby in a five and ten cent store" where I really did. But I didn't realize it was going to cost me a million dollars in just shoes alone. (Laughter) But we started dating when she was 15 and I was 17 and then of course we married at 17 and 19.

JE: You took her out for Coke dates I guess?

DG: Yeah I recall having, 10 cents, actually 20 cents. We could buy a five-cent Coke and a five-cent ice cream cone at the Dairy Queen and with 20 cents we could go out on a date.

JE: Your first big purchase was an automobile.

DG: Yes, I bought a yellow and it fit real well, convertible. I didn't look under the hood and it was the lemon that it looked like, because I was just interested in buying a convertible, so that didn't last long. Then I traded it for a little better car later on.

JE: Do you remember how much you paid for that convertible?

DG: You know I think I paid about \$300 or \$400 for it as I recall.

JE: This would have been in the early '50s?

DG: Early '60s.

JE: Oh, '60s, okay.

DG: Or the late 1950s.

JE: You loved this retail business from the very start and you caught the spirit of buying at 10 and selling at 20 I guess.

DG: Right.

JE: Pretty exciting.

DG: Right. There was just something fascinating to see the goods and I'd see the cost when I'd check merchandise in, and just seeing the economics of buying and selling products. And how you could display it and how the display made a lot of difference as to how fast or how well you sold the product. So I just found that very fascinating.

JE: Many of us, we worked in retail stores but it was a job and it never occurred to somebody like me to think about the business model. But your mind jumped to that, and so you were obviously born to do this. You had that kind of mind.

DG: I know that through the years and I've been in retail now over 50 years, that it's always very, very exciting to me. It started at that very young age. I don't know if I would have been as interested if someone hadn't taken a personal attention to me and given me the time that Mr. Tyler did.

JE: So after high school you went into the military?

DG: You know, I wanted to be a store manager for McClellans and they said, you know, "You cannot be a store manager if you haven't done your military service." And back then they were drafting people. So they didn't want me to become a store manager and then I'd get drafted and then they'd have no store manager. So I said well I'm going to go into the Air Force Reserves. And then that way I could take and become a manager and serve during the weekends.

JE: It would have been about '63 or '64 or in there perhaps?

DG: I think it would be about '63.

JE: And Vietnam was on then at that time.

DG: That's right.

JE: So you were married at 19 and Barbara was 17 and out of that marriage did you have children?

DG: We have three children.

JE: Then somehow you came to work for TG&Y?

DG: When I was working for McClellans they were really not growing. TG&Y was the Walmart of their day back in the early '60s, they were adding 70, 80 stores a year. They were growing with leaps and bounds. I knew that if I came over to TG&Y I could become a store manager a lot quicker because of their fast-paced growth, so I came over to TG&Y.

JE: What does TG&Y stand for?

DG: TG&Y stands for Tomlinson, Gosselin and Young. It started with three businessmen who had variety stores in Oklahoma and they decided to join their forces to create this chain that actually got up to over 1,000 stores.

JE: You became assistant manager of the TG&Y in Shawnee?

DG: My first position was in Shawnee as an assistant manager when I joined that company.

JE: So you would have been pretty young?

DG: I was about 20, yes, because as soon as I turned 21, after I had been with the company for 6 months, they gave me my first store to manage.

JE: What year is this?

DG: It was 1961 when I went to work for them. I became 21, which would be 1962 when I received my first store.

JE: What kind of money did you make back then?

DG: They paid me \$400 a month. I made \$4,800 in my first year as a manager.

JE: And you were married and did you have babies on the way?

DG: Yes. I had one on the way, Mark, my oldest son, yes.

JE: Let's name the children.

DG: My oldest son is Mark Green, my second son is Steven Green and my daughter is Darcy.

Chapter 4 - 5:43

\$600.00

John Erling: While at TG&Y, you saw some potential there. I don't know which comes first here but in 1970 you actually started your own business, is that true?

David Green: That's correct.

JE: Wasn't it while you were at the store that you grew the pet department?

DG: Yes, TG&Y gave you a lot of latitude. I think that is one of the reasons why they didn't make it, because they really didn't have a cookie cutter type of set up. It was sort of like every manager could go his own direction. I built a pet department that had 13 employees in it here in Oklahoma City. I saw that you could take a category and really expand on it and really do something with it. But, because I was so familiar with pets and I saw so many fish die and hamsters die, I said, you know if I want to specialize in something I really want to specialize in the craft department, and that was a dream of mine. But really it wasn't the retail that I got started first in. I was sitting at the lunch counter at Penn Square that had a TG&Y with two fellow managers and we were just sitting there talking. One of them said, "We ought to get into business and make clocks." I said, "Well, if I'm going to make something, I don't want to make clocks. I want to make little miniature frames, because here at TG&Y I can't find any of them. There's a fad right now with people buying these little frames that have canvas in them." The customer would paint on the canvas and they would put 4 or 5 of them in a grouping on a wall. So we didn't know how much money it would take. None of us had any money. It took all (the money) we had to support our

families. So we thought, we'll just go next door to Penn Square Bank and we will borrow the money. One of the three said he didn't want to gamble the \$200, so he wouldn't go with us, so a guy named Larry Pico went with me. We went to the bank and borrowed for \$600 to start but we called Greco, which was (a combination of our last names) Green and Pico.

JE: Was it easy to obtain a loan?

DG: We didn't have a hard time. Because of our jobs they loaned us the \$600. We spent \$450 of that for a chopper that would miter the moldings and we spent the other \$150 buying the moldings. Well, we didn't read any directions or anything. So, we put this in our garage and we came up with just about a dozen little samples of frames to give to a salesman that had a lot of lines. He not only had our line and he had a lot of other lines. In about a month, he came back with \$3,500 worth of orders. Well, we had no money left. So we took the orders down to Denton's, here in Oklahoma City, We talked to Mr. Denton, and said, "Look, we've got these \$3,500 worth of orders. We need so many feet of moldings to make this. It will probably take us 60 days to make this and to turn the product and get the money back to be able to pay you." He extended us the credit to make these first \$3,500 worth of frames and that's how we got started in the manufacturing business in 1970.

JE: That led up to the opening of the first Hobby lobby in 1972?

DG: Exactly. In 1972 we rented a retail spot on North Robinson. It was only 600 square feet. So we used 300 in the back and we moved the manufacturing out of the garage and into the back part of the store. And then in the front 300 square feet, we put the retail store. Now there was only about \$4,000 of cost in that first retail store, because that's all the profit that we had saved from the making and manufacturing of the frames. You see we still had our day jobs. There was no way...

JE: You were still working at TG&Y?

DG: Yes, I was still working in TG&Y and at night. Actually my wife Barbara was the one that really worked most of the frames delivering them to the various small arts and crafts mom-and-pop stores. That's mainly who we sold those to. She would do all the work, but my partner wouldn't show up for workdays. He would send his brother. So it was at that time that I asked if he wanted to sell out. That was when we bought the company from my partner.

JE: With Barbara working in this, and working so hard, she must have caught the spirit of retail herself? Or did she think that this was something that she needed to do because you wanted her to do it or did she also enjoy this dream?

DG: I think she saw that it would work. You know, it wasn't retail that we were in there. Primarily, she was in manufacturing and of course later, in 1972, it became retail. That's when I hired someone to help run the first store. I hired a manager to manage the first

store that was only 300 square feet. Then she took the back room and she continued to work with the manufacturing and the shipping of all of these little frames. And here again, my heart was in retail, but it was a means to an end. There was no money to start a retail store. So sometimes you don't start with where you want to eventually be. What's the means to an end? Our means to an end was to start making a little bit of money to pump into our first retail store. She worked for the first five years without pay. There were many, many times that we would say what are we doing this for? You now, it's hard and we are crawling. There were a lot of very, very difficult times when you start with no money at all, or almost, \$600 was not a lot to start what is now a \$2-billion company. But she was very faithful and we had children. By that time we had all three children. In fact, she would take our youngest daughter down in her carrier and take her down to ship frames. My daughter would be in a little rocker or something while she was shipping frames. So she took care of the home, because I was working for TG&Y probably 60 or 70 hours a week. She is the reason why we're here today because it couldn't have happened without her free help. That was the only way we could have survived because there was no money to pay anybody to do otherwise.

Chapter 5 - 4:44

First Hobby Lobby

John Erling: You have just reached to show me the check that you wrote to Larry Pico for \$5,000 on September 1, 1973. And on the check you have written for entire and holdings in Greco and Hobby Lobby, signed David M. Green. Was that tough to write that check? Did you have the money? Obviously you did.

David Green: Yes, we had the money. You know, there were times, for instance, I recall one time borrowing \$10,000 from my mother-in-law. Of course we paid that back. In fact, back to our borrowing of money. After we borrowed the \$600, it took us a year to pay it back. We went back to Penn Square to borrow \$1,000 and they would not loan us \$1,000. Of course as we all know, a few years later they made national news by loaning monies in the tens of millions of dollars to oilmen and oil companies and of course they had to close their doors because of these crazy lending policies. Yet, we couldn't get \$1,000 from them. I've often said, "Well they should have loaned us the \$1,000. At least they would have one good loan on their books."

JE: Really? When you had already proved yourself a worthy...

DG: We had proven it. I had no idea why they would go for loaning us \$1,000.

JE: Larry Pico, did you maintain a friendship or a relationship with him? Did he ever say to himself why did I sell out?

DG: Well, I think he knew he had to, because it was a situation where he showed up and he did not want to sell. I said, "Well, what we will do is we will divide up all of the materials. You can get half and I can get half." And he didn't want half of the materials because he was not one that wanted to do a lot of the work. So he really didn't have a choice.

JE: That first Hobby Lobby was near the Capitol?

DG: Yes, it was on North Robinson. It wasn't too far (from the Capitol). It's really not a good place for a retail store. There are a lot of little shops there, laundry mats and things of that nature there. But that was what we felt like we could afford, was that little 600 square feet to put our first retail store in.

JE: How did the name Hobby Lobby come about?

DG: We weren't very original to say the least. Actually, there was a store in Houston, Texas that we shipped little frames to. And we thought well, there's a little store down there, we're here in Oklahoma, you know, it's okay. We used a name that we saw someone else using and that's how we did it. Of course, we registered the name and the little store in Houston is no longer there, so we now use this name in 36 states.

JE: Exclusively now you use that name.

DG: Right.

JE: Then you moved Hobby Lobby into an old house, which was a little bigger.

DG: Yes, the house was about 1,000 square feet and we thought that was a huge move from 600 square feet, which was where we were. The back porch is where we put the manufacturing part. It almost tripled the size of our retail store. So we began to add other products as we gained space there.

JE: Back then, we knew them as hippies, the guys that wore the long hair who would come in and visit your store.

DG: Well, one of the things we sold was jewelry-beads. We put them in little baskets and we would have all of these beads. The hippies would come in here. Thank God for them. They would sit on the floor and go through all of these beads and make their various necklaces and bracelets and things of that nature. So that was one of the things that kind of helped kick start us to really another level.

JE: You probably were offering some products back then, that you were just experimenting with. Do you remember anything that you bought to sell that now that you look back on, just didn't work?

DG: Actually, when we opened our second store, we got into all kinds of gourmet foods. We got into kitchen pans and pots. We got into ceiling fans, luggage and expensive gifts.

We did most of the experimenting when we got into our second store, which was 6,000 square feet on NW 10th Street. That's where we did an awful lot of experimenting because we didn't really know what Hobby Lobby was. There wasn't really anything like us out there.

JE: Christmas was a big time from the get-go for your store. Like in your first store, did you have \$2,000 worth of merchandise?

DG: That was actually in our second store. It was in 1975 that I left TG&Y and I came over to open the second store that was 6,000 square feet. That's when Barbara saw me get a paycheck and she started getting her first paycheck. In that store we had room to start adding other departments. That's where we did a lot of experimenting. We would get in and out of something. We chased a lot of rabbits so to speak. That's when we started the Christmas department and that is what we spent the first year for Christmas merchandise was \$2,000 there in that store.

JE: So that was a big hit then? You didn't know but you realized it was a possibility.

DG: That's right and for 20 years thereafter Barbara and I bought the Christmas and the seasonal merchandise for Hobby Lobby.

Chapter 6 - 5:52

Ready-Made Frames

John Erling: Then ready-made frames became a big division for you?

David Green: What happened in our 1,000 square foot store...is Denton's sold out to an individual and he didn't want to do ready-made frames. He wanted to do the custom frames, mouldings and things of this nature. So he sold us an entire 40-foot trailer load of frames for \$2,000. So we took the trailer and parked it up on the lawn in front of the old house. We didn't have any money, so our ads would just be small, two-line ads in the classifieds section that said we were going to have a yard sale at the 23rd Street store. We would pull some of these (frames) on the lawn and people would get up into the truck and we would sell these ready-made frames. They sold us the second trailer load for \$4,000 because they saw that we did really well. Then the third one they sold to us for \$8,000. Then that was all that they had and that was when we had to go to a trade show. We saw that ready-made frames had a huge potential. We went to a trade show and we found a vendor that would sell us frames, but certainly not at the price that we bought all of the closeout frames from the Denton Company.

JE: A little secret here, the barn wood frames line was a big deal then and it probably still is. Does that material actually come from barns?

DG: Actually it comes from picket fences. Even today, we make literally thousands of those every week. We take old picket fences from people that are putting new picket fences up. The fence companies have got to pay to haul it off and they have got to pay to put it to the dump. So we get that (from them) and we have various machines that will make the wood into ready-made frames and it's still one of our better sellers today.

JE: Here's something that you tried and you decided to get out of the business and that's radio-controlled airplanes.

DG: When we were on 10th Street, which is our second store, a 6,000-square-foot store, we decided to carry radio-controlled airplanes and we decided early on that that was not for us. We had gotten broken into several times and it was always related to those radio-controlled airplanes. No one wants to come in and steal your silk flowers or a lot of the things that we have. But those radio-controlled airplanes were something that we had problems with, as well as when someone would crash a plane it was always the plane's fault. So what do you do? You either give them their money back or tell them they are not telling the truth. So we decided early on that that was not a business that we wanted to get into.

JE: In the '70s and '80s, things were progressing nicely and the oil industry was booming, this was reflected I suppose in your merchandise and your profit and all of that?

DG: Yes.

JE: But then along came 1985 and there was a bust in our state and you lost a ton of money. Talk to us about your thoughts about that.

DG: Actually in 1985 we lost \$1 million dollars. It was very, very difficult. We got a letter from the bank threatening to foreclose on us to get their money back. We had built the business pretty much in the late '70s and early '80s based kind of on a false sense of security that was the oil boom. We were selling expensive gifts and luggage because people were traveling. We had a lot of product in our stores and expensive art that was correct for that time, but it wasn't right for the bust times. So we had to get back to basics and get back to the arts and crafts business. That's what we had to do. We had to go month by month. I got on my desk and prayed just about every single day saying God, what have we done wrong? What would you have us do differently? I think pride was a part of what he wanted us to learn because we had been so successful that I think we had gotten very prideful. It was sort of like God was saying to me well, let me see what you can do by yourself. So, we had it by ourselves for what was about a year, or I felt like that. Then, month in, month out we would come and we would see the thing turning around. In fact, we ended up two years later having the very best year in our history after we had

the very worst. So we just got back on track. We really tried to depend on the Lord for his guidance ever since.

JE: Tell us a little bit about when you owed \$1 million dollars and the bank's threatening to foreclose and the sleepless nights you must have gone through. You went to the bank and you asked for some relief.

DG: The banks were just pretty tough on us at first. A lot of the banks were having problems as well. A lot of the banks went out of business. Sometimes they gave the people that were most able to pay the hardest time because they needed the money. We weren't able to, but they knew that in time we probably could pay them back. They were very difficult on us. We asked for time and they didn't foreclose on us. But, like I said, it took a year or two and then we found a different bank that loaned us the money.

JE: In about 1987 then I guess you did come back?

DG: Yes.

JE: You had some challenges too. In 1984 you had a flood in your Tulsa store.

DG: Yes, in 1984, even before the oil bust we had a flood in a Tulsa store and it pretty much ruined an awful lot of product there. The merchandise was in the floor and the parking lot was torn up. We owned that particular shopping center so it was very devastating. One of the things we did was, we just wrote to all of our vendors and asked them if they would give us a 10% credit based on whatever we owed them. That was very successful. We had a lot of our vendors that came to our rescue by discounting what we owed them by 10%. That was in 1984 and we've got a plaque up on our wall of all of the different vendors that helped us out during that time.

Chapter 7 - 6:57

Second-Generation Stores

John Erling: How many stores did you have in 1984?

David Green: We had 12 stores in 1984.

JE: By that time you knew that this model was working. It was certainly adding to your personal wealth and there was a point that it affected your lifestyle I would imagine by that time, is that true?

DG: No, I don't think it affected our lifestyle much at all. In 1984, I think we were still trying to see and formulate even though we had 12 stores, there were so many things and so many departments and so much work to do. Of course in 1985 we had the big loss. We had the

philosophy of-if you feed the business it will feed you-and so it took an awful long time before we saw much income of any consequence.

JE: Who was your competition back then?

DG: The competition back then was much the same as it is today, Michaels, which is a public company. They have gone out and had stock offerings of \$100 million several different times. They were out getting monies in that way to grow, where we were just borrowing money from the bank and taking our profits for our growth.

JE: Would they be the only competition?

DG: We do \$2 billion. There are only three of us that do half a billion or more. Up in the northeast there's a company called A.C. Moore that does about half a billion. There is a company called Jo-Ann's that does about 1.8 billion, we do about \$2 billion and Michaels today has more than 1,000 stores and have sales of \$3.8 billion.

JE: You chose not to go public.

DG: That's right.

JE: Why is that?

DG: We chose not to go public first, because we felt like we could grow our company without borrowing money, even though it would take us a little bit longer. Secondly and most importantly, we didn't go public because we wanted to take the funds and the profits that we made and we wanted to be able to give them to various mission endeavors, which we have been able to do.

JE: We should point out that Sam Walton also thought about a craft store.

DG: Actually, Sam opened up five stores called Helens. He later sold those to Michaels. I think someone told me that he made the remark, that he could take a manager and expend that manager on a store doing \$5 million, which would be a Helen's or he could take that same manager and use him for a Sam's that does \$50 million dollars. So he didn't see going into the craft business after he saw the amount of volume he could do in a Sam's or a Walmart.

JE: Did you ever meet him?

DG: No I didn't, but I sure wished I had. I have a lot of respect for him.

JE: You have a four points of retail philosophy, including orderliness. You're an orderly sort of guy.

DG: We try our best to be very orderly in our stores and have neat and clean stores. That for me is very important.

JE: But that was a mark of you as a young person. I mean there's a story about you going into the basement of one of your stores and you just organized everything.

DG: When I came over to TG&Y the manager didn't want me in Shawnee, that's where my first TG&Y was. He thought I wasn't experienced enough and so he wanted to just almost

trash me. But he said, go in the stockroom, down in the basement and clean it up. So I went into the basement and I hardly came up to breathe. In fact he came up to me after about a month and he said, "You know we're not slave drivers around here you can take a break." Well, I had never taken a break and even to this day I don't take breaks. You know I might get a cup of coffee and bring it to my office but just take a break, I just never... that's not something that I've done. And so I really sold myself to him because I got down there and it was a total mess, the basement was. And we had it cleaned up and he was very surprised at the commitment that I made to that stockroom.

JE: Another part of your philosophy is spaciousness. You work to maintain space, you buy space you may not necessarily buy in a high-profile area but you might buy a huge amount of space.

DG: Yes, we like to have the very best locations possible. But something else that enters into it is, we would rather have a larger store that's maybe just a little bit off the track, not a lot of course. That way I can give my customers wider aisles and give them a good shopping experience instead of having it where if they have a child in a push cart they can't have the cart in the middle of the aisle without them touching both sides, and this is the case in most of our stores. Sometimes to get a location where we really want to be there's not a large enough space. So some of our stores are a little more crowded than others. But for the most part, our stores have some wide aisles and give the customers some space.

JE: Many of them we would call second-generation stores?

DG: A lot of them we have done are second generations and this is more in our early days when all the TG&Ys were going out of business. We took a lot of those TG&Ys and retrofitted them for a Hobby Lobby. Then you had Walmart going from 120,000 to 180,000 square feet with their grocery stores--so we took an awful lot of those. But now there's not as many of those and so more of our stores today we build from the ground up.

JE: Helpfulness is another key to your philosophy of business.

DG: I think that as much as possible we like to give service to our customers. We want to give them as much as we can. Even though we really are a self-service store, when we see a customer that's looking, we want to take them to it. We don't always do that. But this is something that we try to promote with our managers and our district managers is to be as helpful as we possibly can with the help that we have in our stores. We think it's also important for someone to have a great shopping experience. The ambiance, the background music is a lot of music that people would enjoy listening to. It's not loud, but music that would be very soothing to them as they come into our stores. We like to have good lighting in our stores as well. We've had to take second-generation stores and add more lights there. There are even those that we're working on today, trying to put enough

lighting in there, where you just want to come into the stores because of the ambiance.

JE: But on music, you can subscribe obviously to music, but I think you get involved even in the selection of music.

DG: There's an awful lot of gospel. It's not all gospel music but an awful lot of gospel. We put together our own song (lists) and our own music in our own stores. People ask for the CDs and so we sell the CDs of music that we are playing in our stores. There is an awful lot of gospel music that gets played in there. We have people come in that have just lost a husband, or just lost a loved one and they have come in and said that we made their day for them. This is not unusual for us because of the music that they hear when they come into our stores.

JE: But for the most part the customers that come into your store are in a happy mood. Is that true?

DG: Yes, it's a totally different environment than like when I was at TG&Y. Because sometimes they would come in there and they would need some baby formula or they would need some toothpaste. They are there because they have to be because it's something that you need. But in our store, we have absolutely nothing that you need, so it's a fun time. You don't need crafts you want them. So it's more of an enjoyable shopping experience than going to the grocery store or going someplace where you have to do shopping just for survival.

Chapter 8 - 6:00

Gross Sales

John Erling: About pricing in your stores, you will absolutely cut your price to match the competitor. It doesn't matter what you bought the product for, you will cut our price even if you lose money.

David Green: We try our best to be competitive in our marketplace. One of the things we do in terms of our pricing is first and it's the most important, for us to buy right. That's the first and foremost thing, is for us to buy it right. A lot of our products are not the kind of products that anybody else even has by the way. We're not selling drugs and toiletries and those types of things that are easily identifiable. So, so much of our product is not even something that's apples to apples. But we want to make sure that we give the customer a good value no matter what the product is. Therefore, we do the best we can to buy from factories rather than from middlemen. The name of our game is that most of

the things that we buy are made in the Orient because they don't even make them here. You can't even put a Hobby Lobby together without going over there. So it's not a matter of buying American, you can't buy silk flowers and baskets here. Can you imagine paying someone minimum wage to weave a basket? We couldn't sell it. So, the name of our game is not to buy these types of products from an importer or even from a trading company overseas, but rather to buy them from factories. Therefore, I think it gives us a leg ahead because I think we do this as good or better than anyone, to be able to then sell products on a good discount on ad. That's what we try to do is to have good ads every week where a customer can buy from us at prices that they couldn't buy anywhere else.

JE: Have you received criticism because you buy and deal with foreign entities?

DG: We've gotten very little. I think most people understand that if we are going to sell some of the products that we have, they are made overseas and only overseas. I think most people understand that. Because of our labor costs here, if you can even buy it here, you would not be competitive in many, many of the product lines that we have. I think that most people understand that if you are asking for a good price and if it was twice as much because you paid a higher labor cost, you couldn't even sell that product. But there are still a lot of products that we buy here that make sense (for them) to be made in this country. In fact, we manufacture a lot of products ourselves and it makes sense to do that here because it's not really labor intensive.

JE: But even if people do criticize, I guess if the United States didn't want us to trade with other countries they wouldn't allow it. The trading laws are in place for you to do this.

DG: Well, the trading laws are there so that if our competitor can do it and we don't-and that's if you could even find the product here, we would be out of business because a customer will not pay you twice as much for something. But yes, it is the law. So we are basically doing what our laws allow us to do. At the same time, we understand when we can buy something at the same price or a better price, we will certainly buy it here in America.

JE: But even in the case of the Chinese, if they manufacturing furniture, they would actually buy the wood from America?

DG: Yes, a lot of the goods do come from here, especially when you are talking about wood products. They can ship it over there and ship it back and still be very competitive if not have a better price than if it was made here.

JE: Here we are in 2009, what are the gross sales of an average Hobby Lobby store?

DG: The average store sales are about \$5 million.

JE: How many do you have right now?

DG: We have 436 stores today, but they have not all been open for a year, so that, of course affects the total numbers because this year we will exceed \$2 billion dollars.

JE: So is your future plan to open stores once a month?

DG: This year (2009) we are opening 25 stores. We have the budget. My son is the one involved with real estate. He has four people out looking. Actually, he has three people out looking and then we have one person who does nothing but demographics. So, he is the one in charge of finding locations and we would open 35 stores if we could find that many locations. There are a lot of places that we want to go, but the timing is not right or there is nothing available. We are looking in about every state now. We're in 36 states now, but we have opened up ourselves to go into just about every state within about 1,700 miles, which is the radius we are working in now.

JE: There is no top end on this yet?

DG: No, we feel like we need to continue to grow our company because we feel like growing our company grows, like the book says, it's more than a hobby. For us, it's all about the ministry and what we can do in ministries. It's not about us. We do okay. We do well from a personal standpoint, but really our real goal and what we are really excited about is what we can do around the world in missions as well as here in the United States, so having more stores allows us to do that.

JE: So to grow more you can give more?

DG: Exactly. Yes.

JE: Are stores all alike in terms of merchandise?

DG: As much as possible, because they are different size stores. They all have the same 55,000 items in the warehouse, but we may have to change the layouts a little bit. Although we do have a store within this warehouse where we have everything pretty well laid out so we can show the stores how to lay out items in each department and how product ought to be placed within the store.

JE: Because no matter where you go in the country, your customers are basically all alike.

DG: Yes, that's right, but when you have 55,000 items and you have items in Texas, like a bluebonnet flower that sells more, well, you just buy more of that than the guy who is up in North Dakota. So, that allows for the flexibility in the country when things are in the warehouse, you'll just buy more of an item or less depending on where you are. But generally speaking, they are pretty much the same.

JE: North Dakota is my home state, where are your stores in North Dakota?

DG: We have three stores in North Dakota I believe. Fargo, Minot and Bismarck.

Chapter 9 – 3:12
Master Merchant

John Erling: What would you say is your best talent or trait that you bring to the business?

David Green: Actually I consider myself the VP of merchandising. I don't have a VP of merchandising, so that's what I am. I spend probably 80% of my time with merchandising because that is what I love. I love buying and selling merchandise and I love working with our buyers. We have about 75 buyers and we have about 12 merchandise managers. So I work with the merchandise managers and they in turn work with the buyers. We put together almost 100,000 items. There are 55,000 items in the warehouse and there are probably another 40,000 items that we push into the stores that are seasonal that are not in the warehouse. Of the 100,000 items, there are tens of thousands of those that change from year to year. So we're constantly adding new products and purging old products. If I have a giftedness, it's more have been a master merchant of Hobby Lobby stores.

JE: You have 75 buyers, are they given freedom to buy without a whole lot of direction from you?

DG: No, not a lot (of direction from me). We get together and talk about philosophies and things of that nature. But I don't OK any of their orders. We just talk about the bigger picture, where we want to go and what we want to do. Every buyer knows how much space they have within the stores, so their buying has to fit within that. When they are pushing something into the stores they know they have to sell x percent of it at regular price before it's closed out. So they know the math of the business. You can't just go out and buy to the point where they carry a lot of product over and have a lot of markdowns. They have to live within a budget and their budget is what can you sell. You can buy all you can sell, but you have to sell it within a given time and a certain percent of it at the regular price.

JE: They do have freedom within that, but they could buy a clunker I guess and that does happen to every buyer?

DG: Yes and if you get too tough on them in that regard they are going to back off. Everybody is going to make mistakes. We hope we don't make the same mistakes over and over. But yes, every buyer is going to make some buys that don't work.

JE: You probably laugh about them later on?

DG: Yeah.

JE: Do they say, "Why did I buy that?"

DG: Right.

JE: How do you deal with them when they make those kinds of decisions so it doesn't backfire?

DG: Most of our buyers now, because most of them have been around awhile, have learned their department well enough that that doesn't happen a lot. They will have some things that don't sell, but we always have these percentage ranges that we talk about. When they buy Christmas items, I tell them I want them to sell 85 percent of it before they start marking it down. All of our seasonal we usually have a pretty good policy. Easter three days at 50 percent, three days at 66 percent, three days at 80 percent and three days at 90 percent. Then it's all gone and we don't carry anything over. They have to have an 85 percent sell through. Then if you look at the math of where we started and the margins we started with, then it works for us. So they give me their numbers and they say, "Oh yeah, I did do that and I ended up with this margin because of my purchases." Within that there's going to be items that don't sell. You don't worry about an item. You worry about Easter season. You don't worry about 30 items that don't sell. You look at the bigger picture and don't worry about that single item.

JE: Right.

Chapter 10 - 3:43

Tithing

John Erling: Your guidelines for your company pretty much come from the Bible.

David Green: Right.

JE: What are some of those guidelines?

DG: I think we want to operate our company based on biblical principles so that as we deal with individuals, I think a big part of it would be just to do unto others, as you would have them do unto you. I like to talk to our management and our management team about trying to be service-oriented. We want to serve our customers and we want to serve our employees. We are the only \$2-billion company out there that's open only 66 hours a week. There are no companies our size to my knowledge that close at 8 o'clock at night. There's only one company that I know of and that's Chick-fil-A that closes on Sundays, yet they are open I think over 90 hours a week. We are open 66 hours a week. That is for our employees. There has to be a line between the profits we need to be able to serve our customers-and families. We want to be sure that we are family-oriented. We want family-oriented people working for us, people that put a high priority on family. Therefore we ask our managers to work only five days a week and that is unusual in the retail business. This year, on April 15th, 2009 we came up with a minimum wage for all of our full-time

employees. It's \$10 an hour. We pay nobody less than \$10. That's when the minimum wage is \$7.25. We feel like we are responsible for those people God put in our charge. We have four full-time chaplains who are out visiting the stores talking to our managers. We have 2,000 people who work at this campus, so we have 2 chaplains that work with these 2,000 people. We want to care about our people. Every Monday, each manager will receive a small devotion. That comes across their desk. We have put over 2,000 people through the Dave Ramsey course that tells you how to manage your money and how to cut up your credit cards. We have people come up and hug us and say, "That's the first time in my life that I've had money at the end of the month." We try to take care of our people. We have an Angel Food Program where they can buy about \$70 worth of food for about, I think it's \$15 they pay and then we pay the rest. We have a lot of things that we do to care about families. In many cases we are by ourselves in those things, especially in the number of hours that we ask our managers and our people to work.

JE: At this point, in October 2009, how many employees do you have?

DG: We have about 20,000 employees now.

JE: One of the tenets of the Bible is tithing and your father is a minister. When receiving goods, he would determine the amount of let's say vegetables?

DG: That's right. What we saw in our parents really stuck, because the Bible talks about tithing of your increase. If my mother and dad received any kind of a gift, whether it was from the members of the church and their gardens, they would tally that out so they would actually pay tithes on that. So that was something that my brothers and sisters and I really learned from an early age. If we picked cotton and we made a dollar, we would give a dime of it to the church, so that's just something that was bred in us. We think that God would reward that. Maybe not as some people think dollar for dollar. Things come in different ways than dollar for dollar. Sometimes it comes in how your children know the Lord, sometimes it comes in your health, it can come in different forms. Blessings come in more than just dollar for dollar, because I always say the dollar is probably one of the least things God can give you in his blessings.

Chapter 11 - 5:28

Ministry

John Erling: The fact that you have four chaplains on staff, they are there for your employees to come to them if they have any kind of family problems? The chaplain is not there to try to proselytize?

David Green: No, we are not trying to proselytize. We're there for them. We have two (chaplains) that are out on the road all of the time talking to managers. They will go in (to the stores) and ask them if they can pray for them. They ask if there is anything they can pray for them about. But there's never any way that we try to push anything on anybody. Here at the warehouses, the two chaplains have offices and if people want to come in about family problems and things of that nature, they can counsel with them here. So that's how they take care of the 2,000 employees here. Then they do all sorts of other things. They put together little Bible clubs and people come in here early in the mornings and they will go through studies. They will get them together and have different functions. I know one of the functions the women have is bunko. I don't know what that is, but I know they will play bunko. But then they will witness to them after that. Because sometimes you will have something like that that someone will come to, but then we would take that opportunity to witness to them. So we do witness to our employees whenever we have a chance. But certainly no one has put any pressure on relative to what our beliefs are.

JE: Because there must be those that have no faith or members of other faiths than yours? I mean that's not obviously a prerequisite to become a member of Hobby Lobby, is that true?

DG: Yes, that's very true. When we employ people, we never ask them anything about their faith. When they start working for us we don't ask them, but that does not stop us from being bold in our witness. We are bold in our witness. People know who we are. Of course, you know, on Christmas Day we run a full-page ad that says this is what Christmas is about. It goes into hundreds of papers. If we have a store there, there will be a full-page ad and also one at Easter time. There's music in our stores and so we are very bold about our witness about who we are and our belief in Christ. This is something that other people might not consider politically correct, nor do we intend to be.

JE: I am sure you have stories of those who came in either as agnostic, or maybe of another faith, who after they saw your example, decided to become a member and accept your faith.

DG: There have been times, in fact, one of the lady chaplains that goes out into the stores, she told me one time that a manager said to her, "I don't understand this God thing that you guys do. I don't understand it." She said, "That's okay. All I know is that Christ died for me and he paid for my sins. I don't know exactly how I could live without knowing and having a relationship with someone that is my creator. It means everything in the world." Of course, she could do it so much better than I could. All of a sudden, these tears started coming down his eyes and she led him to the Lord. We didn't push this on him. But these kinds of stories happen every single day with individuals. One individual

came up to this chaplain and she could hardly even speak English. She said, "You know, I don't think I would go to heaven if I died today." They could hardly even communicate with each other, but somehow or another the Lord and the Holy Spirit helped her and she went back into the office and there she accepted the Lord. They didn't realize that the cashier was in the next office and she said, "Before you go out there, would you pray for me?" The manager said, "You don't know what kind of a miracle this is. This girl didn't want anything to do with the Lord. We couldn't witness to her." There's just dozens and dozens of those stories out there where people come to know the Lord simply because we try to present ourselves in the way that Christ would have us to present ourselves. We try to run our business based on how God would have us run our business. There are a lot of exciting stories out there. We were doing a lot of work overseas, touching millions, tens of millions, hundreds of millions of people overseas. The Lord just touched my heart and he said that he put these people in my charge and you are going to have to do something and that's when we hired our first chaplain, then the second, third and fourth and we may go even further than that. My youngest son Steven has started a church right across the street here in a high school for our employees. There are 2,000 of them here and he puts a note in their paychecks telling them if they want to come over. What he does is go out and find different messages that are shown on film and then he will show a movie from time to time. Like Fireproof, about once a quarter he will show a movie that has a lot of value to it. This program was created for people that maybe would never darken our door. So that's one of the other things that we do here on this campus is we make that available to them. They are all just different films and it's called 360 Truth. What he is trying to do is give different truths of God's word that he finds from different ministers. So he goes over literally hundreds of messages. He puts them on double-speed when he watches them to view them. Every Sunday night we have that available to the employees as well. We try to do what's right and we try to run our business based on biblical principles because I am sure sometimes we don't do the right things and sometimes we don't act the right way, but we do make an effort to run our company based on biblical principles.

JE: Well, we can't forget the fact that we are still human beings.

DG: Yes, right.

Chapter 12 - 5:07**Sunday Closing**

John Erling: In your business, when you report to manufacturers and say, “You shorted me on a product.” Your philosophy is that even when they go long and they happen to send you 50,000 more of an item that you didn’t ask for, it’s your philosophy to call them and let them know that.

David Green: That’s right. We tell our people in our warehouses to report all shortages and all overages. We have blown away some people because some factory reps have said they have never seen that before. That’s really one of the things that we try to do. There’s a magazine that comes out for all of the crafters. It’s really on the Internet. The author wrote to all of the other retailers and factories that are in our industry and he said, “Tell me about Hobby Lobby and what makes them tick.” These are the vendors discussing so many reasons for Hobby Lobby’s success. These are reasons that came from different vendors. Here’s one that says, “Hobby Lobby is a culture seemingly filled with salt of the Earth people working very hard, acting with sincere integrity and delivering on their goals.” Basically it tells about our people. This doesn’t so much talk about me as it does the culture that we have tried to build here with integrity. When salesmen come in here, our buyers literally have tens of millions of dollars worth of clout, but they treat everybody with integrity. We tell them that they must do that. They can’t be prideful. They must be respectful. This is what this says from our vendors and from our other retailers. They described us as being loyal and decisive. This was good because I felt like this is what we are trying to do. But I didn’t know exactly how we were being viewed. So the newsletter called Creative Leisure News that is put out every month talked about this. It was exciting to see that our people are fulfilling what we would like for them to do terms of being respectful and having integrity and treating people well.

JE: You must have many, many people who want to be employed by Hobby Lobby or any of your other companies. How difficult is it? Do you put them through tests to find the right kind of person that’s going to work here?

DG: We have about five recruiters here and about eight in the field. They recruit our managers. Most of our managers are ex-managers of grocery stores and various other retail companies. We probably hire, I’ve been told, less than one in every hundred people that apply here. We feel like we get the very best. That was something that we didn’t know when we decided to be closed on Sunday. We did it because we really felt like God would have us to do that when we closed on Sundays. We just thought, well, you know, we say we’re trying to follow biblical principles and we wanted to be pro-family, yet if

someone wanted to go to church, they couldn't even go to church on Sunday (unless we were closed). I didn't realize what was going to happen in terms of the kind of people that would want to come to Hobby Lobby. I think we get the salt of the Earth people because of that. In fact, I tell people, we had a meeting just the other day with a lot of new hires and co-managers and I said, "Guys, I want you to put God first in your life. You don't have to, to be here, but I think that would be the best thing. The best is for your family and then Hobby Lobby comes next. I said, I don't mind being third because if you do the other two you are going to be a phenomenal employee. You are going to care about your family and you are going to work hard and that's what I want you to do. That's the kind of people you want to hire. You don't have to be Christian. You don't have to have my faith. That is not necessary. But at the same time, I don't have to be quiet about my convictions.

JE: When you decided to close on Sundays, Sunday was a big revenue day.

DG: Actually, Sunday, per hour was the most successful day. We were going over \$100 million on Sundays that we walked away from. Today, it would probably be \$250 million, because we did that I believe in the late 1980s.

JE: How long did it take for those who would come in on Sunday to figure out that they can't get the product someplace else so I am going to have to come in Monday through Saturday and do you think you were able to still capture those numbers?

DG: Well, we feel like there's a piece here that somehow or another we always forget and that's God's blessings for us to do his will in our lives and so right now we are very profitable. We are just very profitable, let's just put it that way.

JE: It didn't hurt you that much to close on Sunday.

DG: You know, we felt like God was talking to our spirit. My entire family was feeling the same thing and what happened is we didn't have enough faith to close them all. We didn't have that level of faith. So we said that we were going to close them one state at a time. During that time when we were halfway obedient, we saw sales go down and things didn't look good. We could have turned around but we didn't. We kept closing stores. The first state we closed was in Nebraska where we only had about three stores. We had about 60 in Texas and that was the last state where we closed on Sundays. But you know, it wasn't until they were all closed on Sundays that we saw things turn around. We had done what we were supposed to do, then at that time we saw things were going in the right way. So that was an unusual experience for us to see how that worked.

Chapter 13 - 6:10**Technology**

John Erling: You got into the manufacturing business.

David Green: Actually, that was our first business, making frames and so we never got out of it.

JE: Okay.

DG: What we did in later years is we would see other products that we felt like we could make. Obviously, they couldn't be very labor intensive or we couldn't make them here. Someone would make the same thing overseas (for a lot less) and we would look crazy you know. We make our own store fixtures. All of the store fixtures that you see, except for the metal and wood, all of that is made here. We make all of our stretch canvas. Of course, all of our custom frames that are made in all of our custom stores are cut here and then shipped to the stores. We make throw pillows. We make candles. We have probably one of the largest candle factories in the United States. But that's very automated and we can make them here and there's a lot of scent to them as well. They have a shelf life. So trying to import a quality candle from overseas doesn't make sense. We do lot of packaging. Sometimes you have a company that will make something in bulk, like little wood turnings for instance, but that's all they do. Well, then we have to have machines to take those and package them. So we have a lot of packaging of items that we do here. We have about 700,000 square feet devoted to manufacturing. You can go from one factory to another factory to another. We do all of our printing. In scrapbooking there's a lot of scrapbook papers with different art. We have 50 artists that put all this together. So we have our own artists and they will give us the art for our buyers to look at to decide what they want to put on a gift bag or some Christmas paper. There are literally thousands of items that you see in our store where the art originated here.

JE: You have one huge warehouse right here in Oklahoma City.

DG: Actually we have 4 million square feet here in four different buildings and we are starting on our fifth building, which will get us to 5 million square feet. This is where our factory is. This is where our warehouse is. This is where Mardel Christian Bookstore's warehouse is. We have 35 Christian bookstores and we have 6 Hemispheres, which are home furnishing stores. All of the corporate offices are here. Ninety-eight percent or more of everything that goes into every store comes here first. We ship everything. We have our own trucking company and we ship to every store every week. Every five minutes we have a truck out here that leaves the dock. We are very automated here in terms of loading the trucks and the conveyor systems.

JE: As you talked about earlier, you could be in every state of the union. The idea of shipping out of Oklahoma City, does that still work?

DG: We think it does. We think it's the right thing to do and that's our philosophy. You know our products are fairly small. If we were shipping furniture, that wouldn't work okay, but most of our items are very small, so we think it works. When we bring in things from overseas, it doesn't have to go to eight warehouses, it goes to one. When we take something to Chicago, we are usually bringing things back that we are buying from that area. So we bring our truckload into a distribution center there that we pay to hold that product until our trucks to pick that load up and bring it back to here to OKC. We don't go to any distance without having something to bring back. If so, we will use an independent trucking company. We are not going to go to South Carolina without having a backhaul (a load to bring back). We think it works and it gives us a tremendous amount of control to have it all in this one spot.

JE: As the business became more complicated, how did you learn? Did you have a mentor? A lot of CEOs have a business degree from Harvard or what have you. How did you learn to get to this sophisticated level?

DG: I think the thing that I had to learn is that I had to have people in every area that knew what they were doing because I don't know. I don't have my own computer. I've never accessed a computer. I don't even have a cell phone. I don't like technology, yet I love it. I love it for someone else to do, but for me, I don't do it. So I have over 50 people for instance that work in my IT department. I only need to know that I have got to have the very best in these areas. I've got attorneys, I've got accountants, I've got warehouse people. All I need to do is to hire the very best in each of these areas and understand that I don't know everything and I don't need to know everything. I do need to know that I have got to have the very best people and we have that.

JE: You talk about technology in your stores. You don't have scanner technology at all?

DG: No.

JE: That's because?

DG: Well, I put a chapter about it in my book. That could take a 30-minute segment there. I'll just say that my three competitors have it and two of them lost money last year. One of them barely got their head above water and we are very, very profitable. So, I can say that there is no guarantee that it's going to make you money.

JE: And you don't see using it in the future at all?

DG: No.

JE: I guess they put them in thinking the lines move faster?

DG: They do and so I have to have one extra checkout girl that costs me \$30,000 a year. Maybe that is the negative aspect of it, but the positive aspect is...one of the problems

with companies is that they think they can run their stores from the home office with computers. I don't want to run it. I want someone every week checking every item in every department because there's nothing more important. Sixty percent of our items we only sell one or two a month. So if someone steals one or two of these items, I don't have it on the counter. How much does that cost me? When someone breaks something, there's no accounting for it. But quarterly, I come back in and I check these things to get it back in stock. So I am checking every item, every week in every store to make sure that I have got those items for the customer. That is more important to me than for me to try to take over the replenishment system in the stores. So that is the positive side from my standpoint. Instead of saying, look, I don't need you guys. Instead of using you, I am going to use the computer to replenish your stores. So we do a much, much better job than any of our competitors.

JE: So the old-fashioned way of just plain counting works?

DG: Yes. They don't have to count every item, but they can see and we give them a basic idea of what they should have on the shelf of every store based on their volume.

Chapter 14 - 6:22

Companies

John Erling: It just so happens that last week Forbes' List of the wealthiest people in America came out. You are one of the wealthiest people in Oklahoma, or the company is, with \$2 billion. How does that make you feel when that information goes public and you see that those numbers are out there?

David Green: Well, I don't know where they get them. They know my sales because I tell people my sales, but I don't tell them the profit, so they come up with that. I've asked not to be in there. We would prefer not to be in there. It's not something that I can control. When they talk to me, I at least try to witness to them. If there is something said about us I hope it's about how we try to serve the Lord and how we try to run our business based on biblical principles. So they've gone some language from me, but it's only because I know it's going to be there. I have asked not to be there, so I might as well try to witness if I am going to be in their magazine.

JE: As students listen to this, here you are listed that way, but then we have already talked about back in the 1980s there was a time when OG&E came to turn off the electricity.

DG: That's right.

JE: Creditors wanted money and your nerves had to be shot with many sleepless nights.

DG: Right.

JE: That's when you talked to God crying out for the right direction. Yes, you are seen in that light. This has not always been an easy street.

DG: No. It's been very difficult. Especially in the beginning, we had a lot to learn. We learned a lot and we learned the hard way. In some cases we grew too fast, but when we were growing fast also the economy was hot. Then all of a sudden, we weren't poised for tough times. Today we have no long-term debt. As of next month every warehouse building around here will be all paid for. We are very profitable with no debt. Part of what we've learned is we feel like we are God's son and he doesn't want us in debt anymore than we would want our son in debt. We are glad that God has blessed us to the point that we don't have to borrow money. We haven't borrowed any money from the bank this year and don't intend to unless some opportunity comes along that we feel like is the right thing for us.

JE: You probably have banks calling on you now with all of this?

DG: Yeah, they take the umbrella away when it's raining and they give it to you when it's not, so that's just the nature of banks. But I have to say that our banks have been very, very good to us over the years.

JE: As you went along and became a successful retailer, I think you asked, is that all there is, in a way?

DG: Right.

JE: Peggy Lee sang that song, Is That All There Is? Then you found an answer to that question.

DG: Yes, because of the way I was raised, really I have always known that. I can recall back when I was the youngest TG&Y manager going home and saying, "Hey Mom, I'm the youngest TG&Y manager." She said, "Oh yeah, what are you doing for the Lord?" I would make district manager. I would be the youngest district manager and I would say, "Hey Mom, I'm the youngest district manager, I've got 30 stores." Whatever. "Yeah David, but what are you doing for the Lord?" Of course, I knew that before she had to say that, but she had to get me back to where I came from. And that is that we have one life and that shall pass and only what's done for Christ shall last. That is something that I heard over and over and that is so true. So we really try here to use this business and we try to continue to grow it so that we can do something so that at the end of our day it's going to have some eternal value to it, because everything almost is temporal and that's God's word and man's soul. Those are the only two things. If we are not working for those two things, then everything that we are doing is not going to count 500 years from now. We want to put a lot of our emphasis on things that will matter.

JE: You know, we mentioned Hobby Lobby but I can go through really quickly here other companies, Hobby Lobby, Mardel Christian and Education Supply. If you want to comment on each one of them we can do that. Your son Mark heads up Mardel, which is self-explanatory I guess.

DG: That's right.

JE: Hemispheres is a furniture company?

DG: We call it furnishings because we sell a lot of art and accent items but it has furniture as well so it's more of an home furnishings store that higher end. We have six of those and we started those about five years ago.

JE: Crafts?

DG: Crafts, Etc.! is a whole-seller of arts and crafts. If you have a mom and pop store and you want to sell crafts we can sell you crafts, that's what Crafts, Etc.! is.

JE: Worldwood?

DG: Worldwood is our manufacturing business that we started. It makes all of the pictures and the frames and things of that nature. It's the factory that makes the wood products.

JE: Basket Market?

DG: Basket Market is one store that we have for florists to come in and buy their baskets and all of their silk flowers at a wholesale price. We also put all of our buyers' samples in there. So you can buy one of all of these samples that come in here and there are like truckloads of those in a year's time that come and go.

JE: We have referred to the frame and supplies of Greco Frame and Supply?

DG: Yes. Actually since this has been written we have taken the Greco and the Worldwood and we have kind of combined it and basically it is now just a Hobby Lobby factory. It's all been rolled into Hobby Lobby and Hobby Lobby's factories.

JE: Do you have a realty company?

DG: HL Realty is the real estate company we own here and we own a few of our stores but not an awful lot of them.

JE: Bearing Fruit Entertainment?

DG: Bearing Fruit is my son. He put a movie together called End of the Spear and now he's doing different documentaries. He did Miss HIV in Africa. He has gone over there and he still runs that company as well as serving a Chairman of the Board at ORU. He is also the Chair and CEO of Mardel. My oldest son started Mardel and he is the CEO. Those are three things that he is doing.

JE: But Steve is?

DG: Steve is the president of this company and his primary job is in real estate but he has other functions here at Hobby Lobby.

JE: Every Tribe Entertainment?

DG: One of his companies does the movies and the other one does the documentaries. So, I'm sorry but I am not really familiar with exactly how that works.

JE: Isle Connections?

DG: Isle Connections is a distributor that worked with us in the Philippines but we have since closed because their prices are not as good as China. Then we have, probably listed next is Hong Kong Connections and we have 100 employees in Hong Kong. Those people help us over there with quality control and they help us source things. We find an item and we send it to them and they will tell us where to get any item and things of that nature. So, that's a very viable company that we have.

Chapter 15 - 6:27

ORU

John Erling: We've got to mention now your connection to ORU. The school was \$55 million in debt. How did the story come to your attention and how did you decide to offer help?

David Green: You have to understand that I didn't go to college and I didn't know anybody over there, not a single soul at ORU. I had no connections, but we were just reading about it and we were talking about it possibly being a huge warehouse facility and that it was going to close. That was what we were hearing here. It was in the paper and there were lawsuits and it was just a mess. We knew that there were 3,000 young people that needed to be guided and to have that loss seemed to be just terrible. So I think that what happened to me is just the whole experience started dealing with me and I really started grieving for these young men and women. I grieved for them at a point that doesn't even really make sense because I am someone that had no connection. First, I said what is it going to take? I didn't know anybody. I had a friend that knew Billy Joe, who is a pastor over there and he is very connected. We asked what it would take and they said, "Well, it would take about \$70 million, because, they are \$55 million in debt." So I came to my family and I said, "Guys, we won't give any money with the present leadership. But would you give \$70 million to see if we can do something over there?" So it was on Sunday we sat down and said this is what it was going to take. We wanted new leadership and we wanted a new board. We wanted the things that we wanted and then we presented. First, they said you have to talk to Oral Roberts and so we talked to Oral Roberts.

JE: So you went to see him?

DG: He was in Tulsa because it was all crashing.

JE: Okay.

DG: He came from California because it was all coming apart.

JE: So, at that meeting he didn't know whom he was talking to?

DG: No, we didn't know him and had never met him and he didn't know us. We told him that we would give the \$70 million, but we need a different board. Eventually, we said, well, you give us eight names and we will take four of the ones that were on the present board and then we will name the rest of the board. That was also after Richard had resigned. So we saw there was a place for maybe coming in, because we felt like governance was the problem that we had to deal with. Then about two days later, he (Oral) wanted us to fly out to see him. So my son-in-law and my two sons and I flew out to California to talk to him in his home. We just basically told him what was on our minds. We told him that we didn't want to change anything in terms of the vision that he had. So the vision would stay in place. We explained that we are Pentecostal and we didn't want to make it any university for some organization or denomination. There was nothing that we wanted to change. But we also explained that we would not get involved with it if he was not supportive. Because he founded the university and without his support it would not have gone well.

JE: After you made your offer, then he had to do his homework and find out who is the Green family.

DG: Yes, he was definitely checking on us. Someone said that he was himself after we visited him in California and I didn't know this, but he was in one of our Hobby Lobby stores and in one of our Christian bookstores, Mardel. So he was viewing that and we were viewing him.

JE: So his initial reaction at that first meeting was with some reservation I suppose?

DG: Yes, he was stunned I think. He had three or four other people around him that were on the Board, that he had the most confidence in and they were there. One of them said, "You know, if I were them, I would ask the same thing." We went back and forth, but we knew we didn't have to compromise. We knew that, because if God would ask us to do something there's no compromise. The compromise that we didn't want to get involved with was, we had to see that it had new management. Even though we put four of the regents in, there were a lot more that we could have gone in that we have a lot of confidence in. But, because of the perception in Tulsa, I think everybody was ready for a new group to come in. And so Mark because of being in the movie business and because he knew so many people, he was well able to bring people in, the same way we run this company. He brought great, great people in that knew about universities and governance and the math of the University. Mark has just had one year of college himself, so it was kind of strange for him to come in. We are not here about the power. If they don't elect him after three years, then that's fine with him and that's fine with us, because that's not what we are about. We cared about those kids. It's all about those kids.

JE: Had you hired them? Did you know anything about ORU students working in your stores? They must have, no doubt.

DG: I imagine we had them in Tulsa, but I just didn't know about them. I just knew it was a Christian school and God caused me to grieve. I grieved over those kids. And then, after God asked us to do it, my testimony is, I told Barbara and this is stupid. I said, "I'm mad at God. I'm really mad at God because he's asking us to do this. This isn't about \$70 million, this is about mess." There are a lot of great people over there, but still we knew that it wasn't running right. You talk about what they need today, but what about the fact that it was running \$16 million in the hole every year? Okay? So now you're involved with something that's got a \$16 million deficit every year. We knew that it wasn't something where you just come in and now everything's okay after \$70 million.

JE: Why were you mad at God?

DG: Because he asked me to do it, because I didn't want it. It was a big white elephant. Would you want a white elephant like that? Because here again, we provided the \$70 million, we had it. We didn't borrow it. We had it, but that's the easy part. God provided Mark by the way, because I didn't have the time to do it. Mark, he had more time, but he still had his movie business and he still had his 35 stores. But he was available and he has probably given 80 percent of his time over the last almost two years to ORU and it is going to turn around. But, it was like we thought. There's a lot of work to do in the accounting area and other areas. It has a phenomenal faculty and phenomenal students, but there are a lot of things to do. There was \$55 million worth of delayed maintenance. A year before we took it, it lacked \$60 million just breaking even. We knew that, so why wouldn't you be mad at God? But he puts us in there and he knows our family for some period of time has to be responsible. We had to find a president. Now that we have a president, a lot of responsibility shifts. He is the leader now and we're just serving him.

Chapter 16 - 4:46

Properties for Purpose

John Erling: While your gift to ORU is so famous, I know that you give to many other entities as well. I think I have heard of how you have gone into shopping centers and maybe built out part of it for churches.

David Green: We have been able to purchase 50 different properties for ministries that God has put in our hearts. Usually it's because it's a fire sale. This is one, a D.L. Moody

property that we are working on that we are going to close on this month. (Showing some pictures)

JE: Where is this?

DG: This is empty. This is in Massachusetts. This is one in Chicago that we purchased. This building cost \$53 million to build and then the company went out of business and we were able to give that to a church.

JE: This is quite a campus here in Massachusetts.

DG: This was the D.L. Moody campus in Massachusetts. Then we bought another one in Massachusetts that we gave to a college called Zion. My wife is up there today by the way. She is on the Board. God has just given us different buildings. We don't go looking for them. If someone comes to us and says, this is a building that we would like to have and the numbers work where we can pay considerably lower than what it would appraise for, then we will look at it. But we also make sure that it's a ministry that we would support. There are ministries that we walked away from, even though there were a lot of dollars to be gained on our side. So far, God has allowed us to buy all of these. (Handing him a document.)

JE: You are showing me a list of about 50 properties that we have purchased?

DG: Yes, there are about 50. There are hospitals that have closed. There are colleges that have closed. I think we have bought at least three colleges. Now I am talking about buying properties that have been vacated. We did not buy ORU. We just contributed to that.

JE: Right.

DG: I think we have bought three colleges and about four or five studios. In Branson, we bought Mel Tillis' studio. We have bought some studios in Pigeon Forge and some out on the East Coast. There are just a lot of various properties.

JE: What about churches?

DG: Sometimes a church will buy an old Walmart property or a grocery store and turn it into a church. We have done that before as well. But just various ministries, just any ministry, 501(c)3 that needs the property. We bought an 800,000 square foot manufacturing building for Jerry Falwell that was right next to his university. He moved his Thomas Road Baptist Church into that building and then used the rest of it for his law school there in Virginia.

JE: This is a business in itself.

DG: My son Steve does real estate and we have a person who is almost full-time here work on this project. But I would say only one in 10 that come to us works and is finalized. Only one in 10 we feel like is the one in 10 that God wants.

JE: I am struck by the fact that you didn't have a college degree. Here you are able to affect all of the lives of these people in college (referring to ORU) and at that inauguration from

Mark Rutland we have all of these academics marching down the aisle and the fact that you were able to be part of that, having no college experience at all. I don't know if that runs through your mind at all, but it just seems strange how life works itself out.

DG: I am thankful for those people. Because I have people here working for me that went to college and that's how I run this company is by those people, my attorneys and my accountants and a lot of learned people here and without that education I couldn't operate this business. So I am thankful for that.

JE: Students will listen to this, and it's rare probably in today's age that someone can be successful without college. So as we talk to them and they want to get into retail and have their own business and they want to be worth \$2 billion, you now have a story to tell them. What would you say to these students?

DG: You know, I think God has a plan for all of our lives and I truly believe that his plan for me wasn't to go to college. I don't know that it is for everybody. Because his plan for me is to do what I am doing and I didn't need college to do what I am doing. I needed people that went to college to do what I am doing. But my grandsons are going to college and I would recommend that for anybody. Because of my background, my focus coming from a poor family was not on education, it was on survival. When I was a junior and senior in high school, I bought the furniture for my house. I bought the dining room table and the living room furniture. I was focused on just survival. I wasn't focused on anything other than that. I found a place where I could make some money and help the family out. Thank God I was very interested in it, so I spent a lot of time learning it and I was focused on retail. God has helped lead us and give us the kind of people that it takes to make this company as successful as it is.

Chapter 17 - 6:12

Advice

John Erling: So a student says, I want to do what you have done, what would you say?

David Green: I would tell them that they really need to try and hear from the Lord and sense what he is saying to them, because it's going to be different for all of us. I don't have a recipe for everybody other than just try to find your path. That's what I try to tell my grandkids. I don't tell them I want them to go to college and I don't tell them I don't want them to go to college. I tell them to find out what God would have you to do and you follow what God's will is for your life.

JE: At the beginning of this you said that you felt like the black sheep of your family because your brothers and sisters were involved in the ministry, which would perhaps put them in the public eye and on stage behind a pulpit. But now here you became involved in the ministry without having to be that kind of person.

DG: I don't think my mother and father, being ministers, understood that we all have a calling in our lives, every single one of us. I don't think they understood that. I don't blame them for that. I think a lot of pastors in churches today don't understand it. Oral Roberts understood it early on. He said to go out into your world to bring light not into the world, but your world, whether you are a nurse or a businessman or whatever. He understood that way back in the very beginning. I didn't understand that, so I felt like God passed me up in that I was not called to preach like my brothers and sisters. So I really felt like I was the black sheep. It took me some time after God had talked to me about doing something and then I saw it all come together. Then I said I think he could use a businessman as well. But I also think he can use every one of us no matter where we are. He has a purpose and if in our purpose we don't affect the world somehow or another, directly or indirectly, then 500 years from now, what was the purpose? So if we don't affect someone for eternity I don't know that we have a purpose. I can't imagine a purpose without eternity. So that's the way that I see things. I feel like God put every single one of us here and someplace, somehow, if we are obedient we can make a difference in someone's life, here again directly or indirectly. So I know that I am where God wants me and I feel like that as a pastor is anointed to do what he does, many times I tell Barbara that I feel anointed. God's anointing me to go to work with ideas. I feel and sense the Holy Spirit in my life. It's directing me on a day-to-day basis. Why would he anoint a pastor and not a businessman or a farmer or a doctor or anybody else? I think we can all be anointed by the Holy Spirit, I sense it. So it's exciting to come to work to know that we can grow this company and do more than we ever thought was possible.

JE: The student who is a business student and wants to be on the Forbes list, that's the wrong way to look at it. You didn't start out that way wanting to be there at all. It was kind of a day-to-day, week-to-week business and you had no idea how far this thing was going to go.

DG: Right.

JE: And here you are 68 years old and you have let's say a good 20 years left to live and build and all and you don't know that the end of this story is going to be yet.

DG: Yes.

JE: And somebody would say, man that was good, but look what else you have to do.

DG: Right. Well, we are bringing in generation three into the business now. My grandson is responsible. His job is a mission coordinator. So in all of the missions that we are involved with he coordinates them. Last weekend he was working with an organization called Every

Home For Christ. They had a celebration in Colorado. There is a lot to be done with what we are doing. It's a full-time job while I am supposed to be a retailer. So we've got gen two and gen three working for us.

JE: How old are they now?

DG: My grandson, gen three, the one that I am talking about is 22 I believe, or 23 and he just graduated from college, so he's really excited. He told me early on, he said, "Hey grandpa, I'm not going to do like you. I am going to be directly involved in ministry rather than being indirectly involved like you are." I said, "Whatever God has for you is okay with me." Then he wanted to come on and help us with all of the various ministries that we are involved with. He wanted to connect with all the leaders of these ministries and learn more about them and things of that nature. So it's a full-time job for him and then he has about 300 financial requests per month that we want to answer because we receive about 300 a month. So he is in charge of that as well.

JE: So that's the next generation, the grandchildren will get involved likely in one-way, or another.

DG: Right.

JE: So the ripples from this pebble, which you are, keep going out and out and out.

DG: We are trying to make sure that this thing doesn't become a Yale or a Harvard. That this thing stays. We are working on documents. We've got a lot of them. They will make sure that this thing is the tree and no one can touch the tree. They can have the fruit, but they can't have the tree. You can't sell this business and sit on a yacht. This belongs to God. That's the way that it is. If it's sold then the proceeds have to all go to God. But if it stays like it is, in the family, whatever fruit you've earned you can have. That's all that I get and that's all that anybody else gets. I will never get more than the monthly salary that I get. We don't have jets. We could buy a dozen of them tomorrow if we wanted them. We don't have yachts. We don't have second homes because this is not ours. We live well but this is not ours. This belongs to God and everybody knows it. Gen two knows it and gen three knows it. We are here to serve people and employees and we are here to tell as many people about Christ as we possibly can. That's our goal and that's why we are here.

JE: That's great. You refer to them as gen two and gen three, what does that mean?

DG: Well, I am generation one. I started this business and gen two refers to my children and gen three refers to my grandchildren. I have 10 grandchildren and I have got two gen fours on the way that will be here in the next six months.

JE: When you say goodnight to God you are full of thankfulness.

DG: Yes.

JE: You must say God is still blessing us. He must want us to keep sowing in somewhere.

DG: Yes, if there is someone that doesn't know Christ. How would you like a pastor that had 500 member and he is comfortable and there is a world that is lost and doesn't know Christ?

I still believe in a heaven and a hell. I still believe you must be born again. I still believe the Bible says go and tell the world and preach the gospel. That's just the basic foundation of what I believe. So, he's comfortable. How can I just sit here and get comfortable when there are people that need to know Christ when I can do something about it?

Chapter 18 - 0:24

Conclusion

Announcer: The Hobby Lobby story is another remarkable Oklahoma experience as told by the founder David Green. For more information, please consult our Further Reading section and the Bookstore section on this oral history website. Thank you for listening, and please thank our generous foundations for preserving these stories on VoicesofOklahoma.com.