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## Community, company define Marcus' mission

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Last September, Stephen H. Marcus, chairman, president and chief executive officer of the corporation that bears his family's name, presided over the kind of a deal that comes infrequently in the life of a business leader: the profitable sale of a major division.

It was a bittersweet moment for the soft-spoken 69-year-old. The asset being sold was one he had spent a large part of his career building - the Baymont Inns & Suites chain of limited-service lodging.

The deal left the Marcus Corp. (stock: [MCS](#)) with a large stash of cash and significant holdings in movie theaters, full-service hotels and resorts, and its leader with a wistful satisfaction.

"I have no regrets; we did absolutely the right thing," Marcus said recently, sitting in a sunny conference room in his company's headquarters on the 19th floor of a downtown office tower. "Still, it was hard to do emotionally. But you have to be able to divorce yourself from that. There was more than me involved."

"Selling that part of the business, that was like selling part of him," said Bud Selig, commissioner of Major League Baseball and a friend of Marcus since the two were fraternity brothers at the University of Wisconsin at Madison in the 1950s. But, as always, Marcus was looking out for those around him, Selig explained. In this case, it was the investors in his company.

That quality, of thinking beyond himself to the greater good, corporate and civic, is a large part of the reason Marcus is being recognized as the 2004 Wisconsin Business Leader of the Year.

The award is co-sponsored by the Journal Sentinel and the Harvard Business School Club of Wisconsin. It will be presented at a dinner Thursday night at the Pfister Hotel, including a keynote address by Jack Valenti, former president and CEO of the Motion Picture Association of America Inc.

### Pfister played large role

The location is especially apt for Marcus. Not only does his company own the landmark Milwaukee hotel, but the property also played a large role in his career.

The Marcus Corp. acquired the Pfister in 1962 under the leadership of the company's founder, Ben Marcus, Steve's father.

The younger Marcus had recently joined the firm. He had a degree in accounting from UW, a law degree from the University of Michigan and had served stints in the U.S. Army and in the real estate business in San Francisco. But soon enough, his father had persuaded Marcus to come back to Wisconsin.

### Marcus Honored



Photo/[Kevin Eisenhut](#)

This oil portrait by Luis Machare portrays Stephen H. Marcus.

### If You Go

**Tickets** to the 2004 Wisconsin Business Leader of the Year award dinner are available by calling the Harvard Business School Club of Wisconsin at (262) 646-3147.

It had been tempting to strike out on his own, to get out of the shadow of a spectacularly successful immigrant father, Marcus admitted.

But "I had to be a little careful that I didn't let pride get in the way of a good decision," he said.

The family business was then private and included about 40 corporations. His skills as a lawyer were needed to make sure all the paperwork was correct.

"I really felt very useful," Marcus said. "I finally understood why I went to law school. It was a perfect slot."

Soon, the Pfister, which had been in considerable financial trouble, came into the fold, and Ben sent Steve over to deal with the situation. He was 27.

"What I thought would be half-days for six months turned into a life's work," Marcus said.

He ended up managing the Pfister for about seven years, overseeing the hotel's physical and financial rebirth. Before too long, the Marcus Corp. was deeply into the full-service hotel business.

## **Pioneer in budget field**

It was while he was at the Pfister, however, that Marcus developed the idea that allowed the company to expand into a new field.

Managing the Pfister, he came to understand how room rates subsidized other parts of the business, such as restaurants. Get rid of those extras, and you could rent a nice room for a lower rate, he realized. Thus was born a new segment of the lodging industry, which Marcus dubbed Budgetel. It changed the name to Baymont and upgraded the offering a bit in 1999.

At the time the division was sold, the company owned 90 Baymonts and had franchises for 80 more. It also had a lot of competition in the segment it had pioneered.

"We created it, but then it became commoditized," Marcus said. In order to thrive, the chain needed greater marketing and more locations than the Marcus Corp. could provide, so it was sold to a larger competitor, the La Quinta Corp.

More than Steve Marcus' fortune was involved in the decision to sell. The company had gone public in 1992. That helped with valuing the estates of his parents, both of whom died in 2000, but it also meant that Marcus was responsible to outside investors.

Marcus has been careful with their money and has yet to invest the proceeds of the sale. When he does, it will be shrewdly, predicts Sheldon Lubar, a Milwaukee venture capitalist who has known the family for more than 50 years.

"I would characterize him as a very deliberate business man," Lubar said. "He walks around something quite a few times before he is willing to touch it."

## **Seen as good role model**

Marcus throws himself into whatever he decides to touch.

"He is a good role model in how he conducts himself," said Daniel F. (Jack) McKeithan Jr., president of Milwaukee's Tamarack Petroleum Co. and a member, with Selig, of the Marcus Corp. board. "He does it with a pleasant attitude, and he is always ethical. If he tells you he will join the effort, you can count on him to do his part in pulling his share of the workload."

Over the years, that pulling has been considerable. The corporate conference room is littered with awards given

to Marcus and the company from scores of charitable organizations.

Among his many volunteer efforts, Marcus is a director and former chairman of the Greater Milwaukee Committee and a co-chairman of the Greater Milwaukee Foundation Corp. He has been co-chairman of the United Way campaign and served as president of Summerfest and a director of the Milwaukee Symphony and of the Milwaukee Jewish Federation.

Many of his efforts have been low key and behind the scenes, such as working hard to make sure that no one lost a job after Baymont was sold, even offering to pay some employees for up to six months to work on the United Way campaign.

Much of the charitable work involved his wife, the late Joan Marcus, with whom he had three sons.

## **A passion for architecture**

More recently, Marcus has combined his philanthropic urges with an earlier passion: architecture.

"When I was a kid, I wanted to become an architect," he admitted, "but that probably succumbed to reality or talent."

However, the man who oversaw the construction of the tower extension to the Pfister would like to see more distinguished buildings grace his hometown. So the Marcus Corp. Foundation is offering a \$50,000 prize to a promising young architect. The prize will be administered through the University of Wisconsin-Milwaukee's School of Architecture and Urban Planning, which will get another \$50,000 to cover its costs. So far, the commitment is for three Marcus Prizes to be awarded every two years, starting in 2005, said Bob Greenstreet, dean of the school. The first winner is expected to be announced next month.

In addition, the winner will come to UWM to work with graduate students. Over time, Marcus said, he hopes the program will have "a lasting impact on the community" by having some of the designs actually built.

## **Ready to work some more**

As for Marcus himself, he will turn 70 in May, a time many men would be happy to retire to the golf course and their grandchildren. Marcus enjoys both of those diversions, and he is getting ready to move from a home in River Hills to a downtown condo.

But he is not yet ready to leave the corporation he has worked so hard to build.

"I always want to be somehow involved in growing things," he said. "I don't want to be standing still."

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