

America's MEGA FRANCHISEES

AREA Developer™

Business Solutions for the Multi-Unit Franchisee

FranchiseUPDATE Publication

America's

MEGA FRANCHISEES

Hank Huth: A master of multiple brands (videos, chicken, bagels, framing, tanning), and one of this year's mega franchisees, p. 12

Cover Story



Training Is the Key

Building for retirement in the tropical sun

Kelly Saxton thinks big. He's the largest, McAlister's Deli, multi-unit operator, with 30 units throughout Texas, Oklahoma, Mississippi, and Kansas. Prior to that, he was the largest Marco's Pizza multi-unit operator, with 50 units throughout Texas, Arkansas, and Mississippi.

So, how does he do it? "By knowing your business and working hard to develop your organization," says 46-year-old Kansasite. That's something Saxton has been doing for the past 25 years. Today he heads up Saxton Pierce Restaurant Corp., based in Dallas. The company is 300 employees strong and has its own dedicated training facility.

"We know how to manage staff and operate in this business because of our extensive experience," he says, but that, alone is not enough. He says multi-unit operators also must aggressively build their businesses. "I'd handle a brand, but you control your growth and level of success. That's one of the reasons he created a development division within his company.

Saxton's SP Properties builds small retail developments (10,000 to 25,000 sq. ft.) in markets across Texas, Oklahoma, and Mississippi. He discovered it was easier to find prime sites of two to three acres for a restaurant and retail development than a one-acre site for a restaurant. He estimates about 60 percent of these upscale strip-shopping centers in smaller markets are anchored by a McAlister's Deli.

"We wanted more control over the real estate where our restaurants were located," he says. Saxton's son Adam heads up the real estate development wing. His other son is finishing up college, and Saxton hopes he will join the team soon.

Kelly G. Saxton

Title: President/Founder

Company: Saxton Pierce Restaurant Corp.

Units: 30 McAlister's Deli restaurants

Years in franchising: 25

Years in current position: 25

Saxton says the company also puts a lot of emphasis on developing its employees. "Nothing is more rewarding to us than nurturing our employees, encouraging them to think, training and holding them accountable, and rewarding their initiative," he says. His philosophy with employees is "Show us what you can do." Says Saxton, "We build our reputation and gain respect by out-operating the competition. It's made possible only with good people."

But ultimately, he says, the strength of the concept is based upon the fundamental quality of the service. "The food is great, the menu is varied, and the décor is great, but the service element differentiates McAlister's from other quick-casual concepts. We feel like we're in the people-business and our product is sandwiched." ■

Key accomplishments: Remaining successful after 25 years in a highly competitive industry. I am proud that our company has been able to adapt as the restaurant industry has evolved. Seizing opportunities as they were presented is probably my biggest accomplishment.

Biggest mistake: Early in my career, I often looked to the franchisor to solve any problems that might be happening with my restaurants. Looking back, I now know that I could have been more proactive in reacting to these problems myself, rather than relying on the franchisor to fix them for me.

Smartest mistake: Continuing to move my company forward even though the odds were stacked against me at times. Others might have seen such bullish determination as a mistake, but in retrospect that perseverance was a smart decision.

How do you do it? I firmly believe in hiring great, talented individuals and allowing them the resources and flexibility to fully engage that talent and do a great job.

How will you continue to do it? We firmly believe that above all else this is a people business. Just having that philosophy is half the battle. Since we know what an integral role our employees—join corporate staff to the hourly employees—play in the vitality of our organization we will continue to focus on hiring and retaining the very best people.

Greatest challenge: Others, the greatest challenges I have faced in my career are the ones I didn't see coming. Right now, I do see the market for high quality yet affordable restaurant sites shrinking dramatically, which will be a challenge. Additionally, hiring the right people and putting them in the best roles will always be a challenge.

Personality: I'm direct, forthright, and honest. At least that is what the employees in our corporate office told me when I asked this morning. Above all else, I know always tried to be fair.

Our second annual listing of the nation's largest multi-unit franchisees and area developers goes one step beyond last year's

"Big 99" (Area Developer, Issue 1, 2006). In addition to ranking the largest multi-unit franchisees by total number of units, we've added a new list this year, ranking the top franchisees within different industries.

Why? No surprise here: fast food again dominates the list, accounting for 23 of the top 25 positions this year, and 48 of the top 50. While fast food has served many franchisees well, there's more to franchising than pizza, chicken, burgers, and tacos—and we want to recognize owners in other segments, too.

Only 13 of our 99 "Mega Franchisees" are not in fast food. Three are in automotive, one in real estate, four in lodging, one in personnel, three in

hair care, and one in business services (tax preparation). For a list of leaders within categories, turn to page 36.

Area developers and multi-unit operators are some of the most creative, industrious business people anywhere. That's why we've chosen to profile some of the unique individuals we've known to know in the past year, revealing not only how they're succeeding in business, but something of their personal lives as well.

You can find profiles of the largest companies and their executives in those "big" business magazines. We've striven to find franchise owners and operators more like you, our readers. Perhaps next year you'll find your own picture among them in our profile. Here's to a year filled with growth (and not too many bumps along the way). Grow on!

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How do you hire and fire? I'm lucky enough to have individuals in our company who handle the great bulk of the hiring. I would say that I have been able to spot talent along the way and have always tried to attract that talent to our organization.

Find good people? Most of the time, our best employees come from the recommendation of other great people in our organization. I think that is one of the highest compliments a company can be paid.

Train them? We have invested a lot of our resources in training. Internally, we have a director of training and a dedicated training facility attached to a working restaurant that allows us to combine classroom exercises with hands-on experience. At any given time there are 5 or 6 new managers going through our training program. Additionally, we continue to develop our current management by bringing them back for classes quarterly.

Retain them? People are motivated by opportunity. The growth of our organization has created new roles for many existing employees. I always believe in promoting from within, and that has allowed us to keep great people. I always say that people don't quit companies, they quit bosses, and I have tried to be an exceptional boss.

How does size of franchise matter? Size matters because it shows a track record of proven success. Particularly attractive are brands that have been successful in multiple geographic areas.

How do you spend a day, typically? I start most mornings working from home, reviewing nightly sales reports on my laptop while having coffee with my wife. I'm fortunate enough to have a very short commute.

Once arriving at the office, I usually check in with the corporate staff to see if there are any issues. I spend the rest of the morning on the telephone. I work out in the late afternoon and then head home. I always check the live sales reports before going to bed at night.

Work week: Most weeks I am in the office all week unless I am traveling to visit restaurants or work on our real estate projects.

Favorite activity: Having dinner at a great restaurant with my wife and son.

Exercise: One hour a day at The Copper Center in Dallas working on cardio and weight lifting.

What do you do for fun? I love boating, sleep sea fishing, professional sports, and aviation.

Growth meter (how do you measure your growth?): By the success of our people. If those who surround me aren't successful, it would be difficult for me to be successful.

2007 goals: Continue to operate our existing restaurants at the very highest level while growing our company and the McAlister's brand. We plan to add between five and seven new units this year.