

CHICK-FIL-A'S EXCELLENCE GOING GLOBAL

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ABSTRACT

This paper will discuss the management and facts of Chick-fil-A. This company has shown exemplary management skills and so much success in their business. They continue to grow despite what statistics say should happen. Their management practices have remained the same from the beginning with very little changes. The changes being to add more positions, and accommodate the growing business, but the foundation have remained the same. Even now, the company continues to bring in more money and plant more restaurants despite the fact studies show when companies grow income goes down. This paper will examine Chick-fil-A's history and how they have grown along with how the business' management is set up. The examination will go from the CEO down to how the individual restaurants are managed.

Key Words: *Manage, management, restaurant, Chick-fil-A, company, business, globalization.*

JEL classification: *F6, F69*

INTRODUCTION

Chick-fil-A is one of the most well-known restaurants in America today. While they have not expanded everywhere, most people have at least heard of one. They are known for their delicious chicken, hospitality, second mile service, and the infamous "my pleasure." In 1946, Truett Cathy opened a restaurant called the Dwarf Grill located in Hapeville, Georgia. He and his wife had three children, all of whom work in the family business, and one who is the CEO. While this was not the original Chick-fil-A, it was where the original chicken sandwich was created in 1961. A few years later, the first Chick-fil-A restaurant was opened in the Greenbriar Shopping Center in Atlanta. After this the company has become "one of the largest privately-owned

restaurant chains in the country.” This business exploded and now there are Chick-fil-A’s across the nation. Truett has done many other things off of this company. He has opened a few other restaurants that are not Chick-fil-A’s, has written multiple books, and started the WinShape Center Foundation and the WinShape Homes program. Truett Cathy died on September 8, 2014. He was 93 years old, but his legacy and management practices continue to live on [2]. Chick-fil-A has been so successful because of the great leadership it has had and continues to have. Their management is exemplary, and they stick to what works. Chick-fil-A continues to thrive because of the financial and management decisions it makes, and firsthand accounts can attest to this.

BUSINESS STRATEGY

- **Financial Decisions**

The statistics on Chick-fil-A’s financial successes are from 2017 which means the numbers are greater now. As of 2017, “Chick-fil-A’s systemwide sales have increased nearly 73 percent, to nearly \$7.9 billion from 4.6 billion.” [3] Their unit volume had also increased more than 39 percent from five years earlier. These numbers may seem normal for large, successful businesses, but what makes Chick-fil-A stand out so much is the fact they are only in operation six days a week. It also closes its doors at a certain time every night. They are not open 24 hours and keep the same hours during holidays instead of extending hours to make sales go up. “Chick-fil-A’s unit volumes are the 11th best among the 100 largest chains. And every one of the 10 chains with higher volumes are full-service concepts with much higher average checks or, in the case of No. 1 Dave & Buster’s and its 11.7 million-unit volumes, a massive games area.” Chick-fil-A has higher volumes than fast food restaurants that serve food around the world and those that serve alcohol. At the end of 2016 Chick-fil-A had 2,085 locations, meaning there are even more now. This number was up 25 percent five years before 2017 when it only had 1,669 units. Usually, expansion of restaurants hurts sales due to the number hurting nearby businesses, but in Chick-fil-A’s case it actually helps. The reasoning behind this is because of the volume Chick-fil-A’s do on the daily basis. Putting another restaurant across town from another seems like it would hurt the sales of the other store, however, the Chick-fil-A does such a large volume, having another restaurant nearby takes some of the pressure off of the other Chick-fil-A. “Chick-fil-A’s estimated unit volumes have grown at a faster rate than its unit volume growth” [3]. Something spectacular that was shared during an interview is that Chick-fil-A is debt free. They are completely paid for and continue to pay for everything from their income. They do not owe money to anyone. This seems to be unheard of today. According to human resource management (HRM), it is resilient organization because employed people who can respond to changes with minimum stress promptly and efficiently [4]

- **Management**

Anyone can apply to become a Chick-fil-A operator. While it is very competitive, it is possible. “It’s less expensive to open a Chick-fil-A than it is to open a location of almost any other chain- Chick-fil-A charges franchisees only \$10,000 to do so.” Chick-fil-A has stated that they want “to put somebody in the store that was close with the customer.” The company puts operators in place so they are able to reach the community. They want them to make connections with those around them and bring the community together. Chick-fil-A franchise owners make their own decisions when it comes to their business. No Chick-fil-A is truly the same because each operator is allowed to do what they want- within corporate boundaries. They are able to hire and fire employees and they are also allowed to and asked to get involved with organizations around them and participate in activities. They are greatly encouraged to get out into the community. Corporate wants its operators to make connections and bring the community closer (Kate, 2018). Chick-fil-A is a privately-owned business and has many different leaders. Until 2014, Truett Cathy was the CEO, but when he passed away his son, Dan Cathy became CEO. With that being said, Chick-fil-A resembles a family business. It definitely started off this way when Truett started many years ago. However, due to the great volume the company now has thousands of employees all over the nation. They have strategies in place that allow for everyone to work together for a common goal. There are many different positions, but there is not one person calling the shots. When Truett died he left with his family and employees his legacy of how he managed his company. This worked for many years and continues to work today.

- **An operator’s standpoint**

An owner/operator of a Chick-fil-A has a tough but rewarding job. They are able to make decisions on how their management structure will work best for their location(s). An operator, and the store I actually work for, helped me out with some information about his choice of management structure. The operator, Mark, has different levels of management, and this is, for the most part, standard for each Chick-fil-A, but each operator can do something different. At this particular Chick-fil-A there are five different levels of employees. It starts with team members. Chick-fil-A works as a team to make operations happen which is why the term “employee” is not often used. Team member stands out, just like Chick-fil-A. The next level is team leader. These individuals are in charge of leading the shifts and getting the orders taken, food prepared, and out of the restaurant to the guest. They basically oversee the operations of team members. Next, are managers? Managers oversee both the team leaders and members. They have the same job as a team leader but are in charge of making sure things are running smoothly and fixing problems when they arise. The next level is directors. Each of these team members operates a different part of the

store. While they do work in the store, they are in charge of making different aspects of the restaurant run smoother. They are also constantly searching for ways to improve and innovate the systems that are in place to enhance and give a better customer experience. As of now there are five directors that work in the store: director of hospitality, HR director, director of back of house operations, hiring director, and finally the director of operations. The person in charge of operations is basically the leader in the store. While the operator oversees every aspect, the operations director is the person people go to while at the restaurant, and if need be, he reports to the operator. The final level would be the operator. This system works very well. Everyone has someone to answer and go to, but each level builds on the other. Overall, Chick-fil-A as a whole works together as a team. There must be people in authority in order for things to run smoothly, but they all work together.

CONCLUSION

In conclusion, Chick-fil-A is a one-of-a-kind and successful global company. There really is no other company like it. The management has been thought through and through trial and error it has been made into a well-oiled machine. However, like any company, there are always hiccups and problems. There are things I see daily that need to be fixed or made better, but what makes Chick-fil-A stand out is the fact they put people in place to do that. One thing that has stood out to me is the fact each operator is interviewed many times before they are hired. They put a lot of time and effort into choosing Chick-fil-A operators. It is a long and vigorous process. When the operator I worked for was interested it was many years ago, but he still had to go through a lot of steps and interviews to become an owner. However, now it is even more competitive. There is a much larger volume of people who want to become operators than there has been in the past. Along with that, at the store I work at, each person is interviewed before they are hired. Instead of just putting in an application and looking for certain makers then being hired, we have a hiring director. Each potential team member puts in an online application. Then the applications are reviewed, and they are called back for either a personal or group interview. Next, they may have one more personal interview and then they are hired. Throughout each process there are things the hirer is looking for. While this is a tedious process, it allows Chick-fil-A to uphold its reputation of having polite and helpful team members.

After researching more about Chick-fil-A, the reason the business thrives is because of the way it was set up in the beginning. The values and ethics that were the foundation of the business are still being used today [6]. The management is set up in a way that the company works as a team. Each position works toward making the company better.

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