

EXHIBIT N

>> HOW SMART PEOPLE WORK <<

FAST COMPANY

OCTOBER
2004

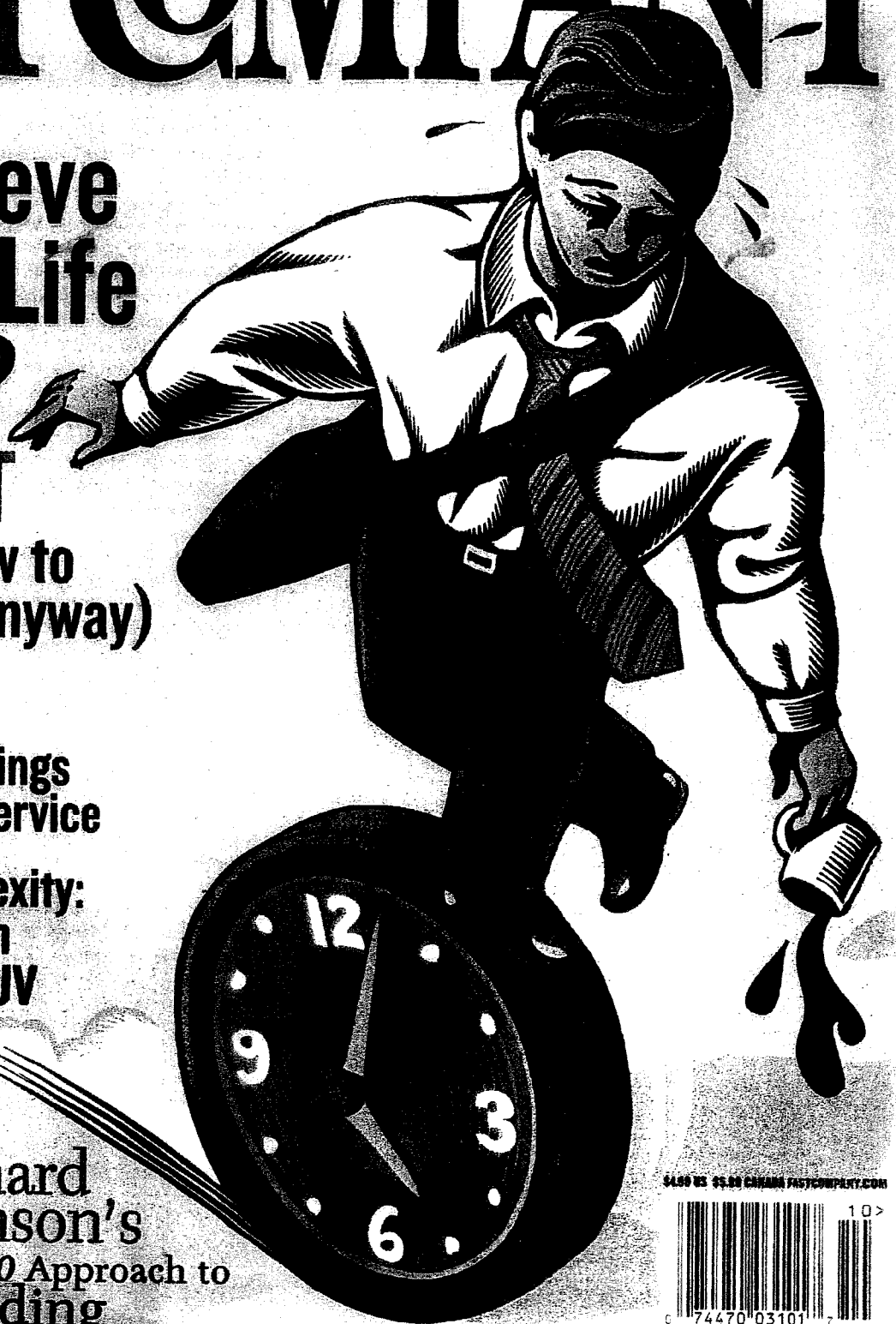
**Still Believe
in Work-Life
Balance?
FORGET IT**
(But here's how to
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10>

BETWEEN THE LINES

The stories behind this issue's stories.



SLEEPLESS IN EVANSVILLE

It's not as though I planned on sleeping with one of my sources. It was late, I was tired, and, well, it just sort of happened. Let me explain.

When Chick-fil-A ("Putting Customers First," page 79) opens a new restaurant, it tries to create the fast-food version of a movie premiere, with its cow mascot working the crowd, a barbershop quartet, and local TV and radio crews. The biggest draw is the giveaway: a year's worth of free chicken-sandwich meals (52 coupons) awarded to the first 100 customers. At the opening I attended in Evansville, Indiana, customers started camping out at 2 p.m. the day before. Dan Cathy, the company's president and chief operating officer, presided over the surreal nocturnal circus like an elfin Dick Clark counting down to the new year. He

led customers on a midnight tour of the kitchen and in a group prayer after giving out free ice cream. Finally, at a little after 1 in the morning, he decided to hit the hay.

"Where's your tent?" he asked. I told him I was going to curl up in my rental car. He insisted I join him. His tent, pitched on a small patch of grass near the drive-through, was bigger than some of my old apartments. How could I resist? After three hours of fitful sleep (a DJ blasted music through the night), Cathy rose and was soon playing a bugle call on his trumpet as 100 groggy customers jogged inside the restaurant to receive their precious coupons.

At that hour, I couldn't stand the thought of chicken. I needed coffee. **Chuck Salter**



A Consultant Repents

I remember the day I started at Columbia Business School. The dean called out—as he always did—that my particular class was the most diverse ever. Why, there was even a certain person who had been nominated for an Emmy Award as head writer of a show on MTV Networks called *Pop-Up Video*, some misguided goof who had pissed away a show-business career for the plodding rewards of life as a suit. That person, of course, was me.

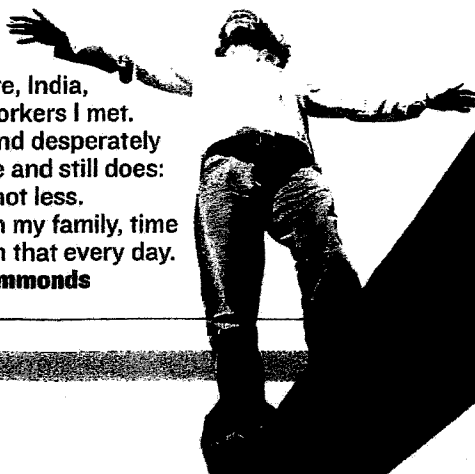
A few years later, I was a management consultant—never home, friendless, getting fat. If I was always going to be tired anyway, I figured, with only an aching emptiness to call my soul, I might as well complain. In print. That's why I wrote my exposé, *House of Lies* (Warner Books, March 2005). And that's what inspired the suits (just kidding) at FAST COMPANY to unleash me on the late, lamented Consultant Debunking Unit (page 40), which returns after a too-long hiatus in a cold, dark place. If there's anything we consultants need, it's more sleep. And a regular debunking. **Martin Kihn**

Off the Beam

Back in the late 1990s, I "got" balance. I wrote about the best companies for work and family, celebrating employers that got it like I did. Now, here I am challenging it ("Balance Is Bunk!" page 68). What, you might ask, gives? Three formative experiences drove this story. The first was my own haphazard journey as a husband and father, coming to terms the hard way with the impossibility of balancing work and family day to day. (An admission: I missed my original deadline for this story, but I did catch the new *Harry Potter* movie with my son.)

Then there were my travels as a journalist. I've met many successful people, and few worried much about getting home in time for dinner every night. Finally, there was my trip to Bangalore, India, in 2002, where I was awed by the fervor of the workers I met. These were people who had tasted opportunity and desperately wanted more. The implication seemed clear to me and still does: If anything, we're all going to be working harder, not less.

All of which isn't to say I don't value meals with my family, time for a workout, and sanity in general. I wrestle with that every day. I just don't expect to win all the time. **Keith H. Hammonds**



ENTERPRISE RENT-A-CAR • TRADER JOE'S • COSTCO • WALGREENS • CHICK-FIL-A • MINI USA • PROGRESSIVE • SHARP • HARRAH'S • WACHOVIA • FAIRMONT HOTELS • PETSMART • WEGMANS

CUSTOMERS



YOU'D THINK IT WOULD BE OBVIOUS:
TAKE CARE OF THE FOLKS WHO MATTER MOST—THE
ONES WHO PAY THE TAB. BUT TRULY CUSTOMER-
FOCUSED COMPANIES ARE SADLY RARE. AND SO *FAST
COMPANY* IS CELEBRATING THOSE THAT GET IT RIGHT.

Meet the _____ companies that use feedback to
make things better; the _____ who cre-
ate a culture that's dedicated to service; the
_____ who know that investments in service really pay off; the
_____ companies that use technology not just
to replace the human element but to improve the experience;
and the _____ who understand the inextrica-
ble link between good employees and happy customers.



PUTTING CUSTOMERS FIRST

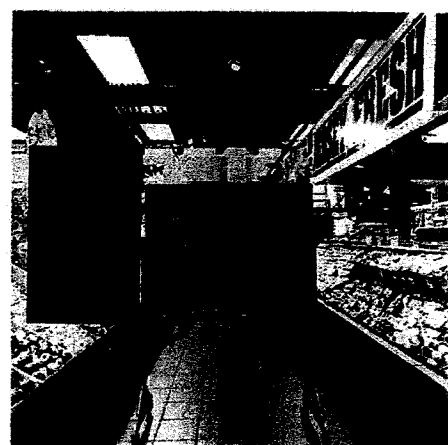
BY JENA MCGREGOR
★ PHOTOGRAPHS BY MICHAEL EDWARDS

Amoco has come to this. Over the summer Delta Air Lines surveyed some of its customers asking whether they're willing to pay a fee to talk to U.S.-based customer-service representatives rather than having their calls screened overseas. Frequent fliers were outraged, and before long a frank op-ed article by the company's chief customer service officer appeared in *The Arizona Journal-Constitution*. In it, she renounced the plan, quoted CEO Gerald Crivellini—"That darn question should never have been on a survey"—and noted that "creating a

'customer-focused culture' is a central element of a new plan to transform Delta and its business model."

Whoopsie. True, the folks at Delta are in quite a pickle, and you can't blame them for brainstorming ways to save cash. But their example illustrates the issues at play for consumers today. Market forces such as offshoring are transforming service. Too many CEOs are removed from the customer. Coddling customers can seem like an expensive frill in tough times, a cost to be cut when it's time to make next quarter's number. And yet more and more companies are talking about creating a more customer-focused culture. "I think people are starting to understand that the customer experience is the next competitive battleground," says Tom Knighton, who heads the customer-experience practice at consulting firm Forum Corp. "It's where business is going to be won or lost."

But as Delta shows, talking about focusing on the customer and actually doing it are two completely different things. That's what makes truly customer-centric compa-



nies so worthy of our attention. They constantly try to innovate and manage based on what their customers want, not just on what they can sell to them. They do not delegate the customer experience to marketing or operations; it is a core function that has support at the highest levels of leadership. Companies that put customers first win their loyalty, and in our minds deserve to win even more. FAST COMPANY

believes there should be due recognition for creating a rich customer experience and for focusing on excellent service. These companies inspire us with their commitment to customers; they have rousing stories to tell and valuable lessons to teach.

To find them, we turned to a panel of experts in customer service and customer experience from academia, consulting, and corporations. We asked for nominations in

A BAKER'S DOZEN OF EXPERTS

Here are the 13 jurors who helped us select the Customers First Awards winners and finalists*:

LEONARD BERRY <<Distinguished professor of marketing, Texas A&M University, Austin, *Dispersing the Soul of Service*

SCOTT M. BROETZMANN <<Vice president and general manager, Customer Service, Sears & Roebuck & Company, Chicago, *Customer Service Excellence*

*Certain jurors have current or former business relationships with some nominated companies.

STEPHEN BROWN <<Executive vice president, Global Customer Service, Delta Air Lines, Atlanta, *Delta Air Lines*

LEWIS CARBONE <<President, Delta Air Lines, Atlanta, *Delta Air Lines*

CLAES FORNELL <<Vice president, Customer Service, Delta Air Lines, Atlanta, *Delta Air Lines*

ANDY FROMM <<Executive vice president, Customer Service, Delta Air Lines, Atlanta, *Delta Air Lines*

BRUCE JONES <<Program manager, Disney Institute, which runs seminars on Disney's customer service

TOM KNIGHTON <<Executive vice president, Forum Corp., Chicago, *Forum Corp.*

KELLY MOONEY <<Executive vice president, Forum Corp., Chicago, *Forum Corp.*

ROLAND RUST <<Executive vice president, Forum Corp., Chicago, *Forum Corp.*

Our survey results were audited by ForeSee Results, which applies the patented methodology of the American Customer Satisfaction Index (ACSI), a leading indicator of financial performance driven by customer satisfaction that quantifies satisfaction on the Web and predicts future behavior. ForeSee Results has administered more than 23 million online surveys across 22 industries, helping companies scientifically measure and manage customer satisfaction. While the ACSI is based on a random sample, our survey was presented primarily to FAST COMPANY newsletter and Web-site readers and to groups with pertinent interests or demographics. Respondents cast a total of 1,805 votes; response rates varied by company.

JOHN TIMMERMAN <<Executive vice president, Forum Corp., Chicago, *Forum Corp.*

PAUL WILLIAMS <<Executive vice president, Forum Corp., Chicago, *Forum Corp.*

VALARIE ZEITHAML <<Executive vice president, Forum Corp., Chicago, *Forum Corp.*

Champions of customer service: Wegmans (left), which turns grocery clerks into knowledge workers, and Chick-fil-A (far left and below), whose president, Dan Cathy, often camps with fans at store openings.



five categories, each of which represents a practice or philosophy that works to place the customer at the heart of the organization. Our jury came up with more than 100 names; we vetted them for frequency of nominations, for how well they fit the category, and for originality. (In the interest of telling new stories, we looked beyond the obvious suspects—the Starbucks, the Southwest Airlines, the JetBlues, and the Amazons of the world.) We then asked our panel to rate our finalists and combined their scores with the results of a consumer survey. And in the overall spirit of this project, we also put the customer first, giving heavier weight to consumers' scores.

The names that floated to the top were those that not only provide good service but a rich experience, too. The total customer experience—the service, the quality, the design, the brand attributes—connects on an emotional level, keeping customers satisfied and feeling well-served, as well as loyal. Chick-fil-A bonds with its customers through friendly, speedy service and by communicating its values of humility and

compassion. Wegmans builds a marketplace-style atmosphere that's underpinned by its employees' deep knowledge. Mini USA engages its impatient customers with fun, customizable technology. Trader Joe's feeds customers with its authenticity and uniqueness. And Progressive reassures its insurance customers during a time of crisis through on-the-spot service.

Two categories also clearly emerged as more important than the rest. They are, not surprisingly, the ones that most depend on people. Without customer-centered leadership and without the right employees in place to deliver great service, other plans and programs won't amount to much. In fact, many customer-focused leaders talk about the value of putting employees first. Take care of your staff, this thinking goes, and they'll take care of your customers. As the authors of Forum's customer-experience book, *Uncommon Practice* (Financial Times Prentice Hall, 2002), put it: "Your people have to put the customer first." And it is up to you to lead them.

TAKE AT YOUR SERVICE

Lessons From
the Customers First
Awards Finalists

1) LEADERS MUST BE CHAMPIONS OF THE CUSTOMER EXPERIENCE

To get close to his patrons, Chick-fil-A's president, Dan Cathy, spends at least one day each year behind the restaurant counter and has camped out overnight with customers at 16 store openings this year. But for Cathy, leadership is about championing the great ideas of others and setting an intensely customer-centered tone that promotes development of those ideas.

2) EMPLOYEE EMPATHY CREATES DISTINCTIVE SERVICE

After Fairmont Hotels' customers made it clear that empathy was an attribute they admired ("Travel-industry employees usually have no idea what you're going through," says one Fairmont fan), the company created an orientation program to help workers understand what it feels like to be a guest. It also began screening for empathy as a personality trait during interviews.

3) IN THE RULES OF ENGAGEMENT, TECHNOLOGY RULES

Mini USA's customers have to wait two to three months for their cars. As they wait, Mini's Web tools keep them engaged in the process while also communicating the brand's image of individualism and community.

4) DATA HELPS, BUT USING IT TO BENEFIT CUSTOMERS IS CRUCIAL

Too many companies collect copious data or feedback—only to leave customers out of the benefit loop. Harrah's offers real-time perks to gamblers based on their gaming history, and Wachovia gives targeted, one-on-one coaching to employees based on feedback from customers.

5) CUTTING COSTS DOESN'T HAVE TO MEAN CUTTING SERVICE

Progressive's instant-response vehicles and concierge centers speed claims handling and get cars back to drivers sooner. At the same time, these customer-focused innovations boost productivity and save the company rental-car and storage costs.



LEADING LISTENER

TRADER JOE'S

Customer feedback doesn't have to come from sophisticated research. At Trader Joe's, it's all about listening to people.

At first glance, Trader Joe's might not seem like a company that listens well. The specialty grocery chain, known for its private-label foods, doesn't have a way for customers to email it from its Web site. The 800-number on the site offers only a recording about store locations. And the company says it doesn't do focus groups.

But talk to almost any Trader Joe's customer, and you'll hear a story of how the company has listened and responded. Marynne Aaronson was surprised at how quickly her Reno, Nevada, store started carrying a soy ice-cream cookie she'd requested after trying it at a Southern California location. Susan F. Heywood was driving past her Phoenix Trader Joe's early one morning when she found it bustling, even though the store's official opening wasn't until 9 a.m. "A lot of people wanted us to be open early, so we try to be as often as we can," the manager told her.

And Mike Losey was tugging a cart full of flowers and wine in his Ann Arbor, Michigan, Trader Joe's when an employee stopped him and asked if he was throwing a dinner party. When Losey said yes, the staffer recommended a three-minute crème brûlée after the two spent a few minutes discussing Losey's menu.

At Trader Joe's, listening to customers—and their valued feedback—is not about a carefully calibrated contact center or extensive customer research. Rather, it's about

something much more simple, and simply human: a conversation among the customer and the "captains" and "crew members," as its Hawaiian-shirt-clad managers and employees are called. "We feel really close to our customers," says Audrey Dumper, vice president of marketing for Trader Joe's East. "When we want to know what's on their minds, we don't need to put them in a sterile room with a swinging bulb."

It's also about responding to what gets said. Captains spend most of their day on the retail floor and have a lot of autonomy to set up their stores to meet local needs. Employees can open any product a customer wants to taste and are encouraged both to recommend products they like and

to be honest about items they don't. All store employees can email buyers directly with ideas or feedback from customers.

When customers do have questions or problems, Trader Joe's prefers that they contact their local store captain—hence, the info-only 800-number on the Web site. But the company does have a customer-service department and will hand over the number when requested. One question the department often gets is about ingredient labeling. In response, Trader Joe's began introducing allergy labels a few months before Congress passed related legislation in July.

In the end, Trader Joe's business model allows it to respond to customer feedback in ways that other supermarkets cannot. Suppliers do not pay stocking fees, or "rent," to place products on Trader Joe's shelves, a widespread industry practice that's anything but customer-focused. With drastically smaller square footage and inventories than typical grocery stores, the company removes items that don't sell well to make room for new products. In a sense, Trader Joe's entire inventory is a result of listening to customers—both their feedback and their dollars. "We like to think of Trader Joe's as an economic food democracy," says Dumper. —Jena McGregor



LEADING LISTENER

WINNER: TRADER JOE'S

RUNNER-UP: WACHOVIA

There's more to listening than gathering data. What you do with it also matters. When Wachovia surveys customers—an impressive 25,000 every month—for feedback on its service experience, it doesn't just collect the results branch by branch. Rather, the bank asks customers about individual employees and uses those answers in one-on-one staff coaching. A recent 20-minute coaching session at a Manhattan branch made clear how this feedback—each customer surveyed rates 33 employee behaviors—can improve service. The branch manager urged an employee to focus on sincerity rather than on mere friendliness, to "sharpen her antenna" so she'd listen to customers more intuitively, and to slow down rather than hurry up. That focus on careful, sincere, intuitive service has paid off: Wachovia has held the top score among banks in the American Customer Satisfaction Index since 2001. —JM

CUSTOMER-CENTERED LEADER CHICK-FIL-A

Chick-fil-A's Dan Cathy practices servant leadership—and customers and employees of the restaurant chain eat it up



Once the grand-opening festivities for the new Chick-fil-A restaurant in Evansville, Indiana, are over, you expect Dan Cathy, president and chief operating officer of the Atlanta-based chain, to head for the airport. Instead, he heads straight for the dozens of customers camping out in lawn chairs and sleeping bags; when the doors open at 6 a.m. the next day, the first 100 will win a year's supply of chicken-sandwich meals. "I'm Dan," he tells one after the other. "I work in customer service."

He sure does. Like his father, Truett, Chick-fil-A's founder, chairman, and CEO, Cathy, 51, believes that attentive, sincere, memorable service is a key ingredient to building a successful company. He talks about service plenty. How it's tied to the corporate mission. How it affects the bottom line. (Over the past four years, sales have increased 40%, to \$1.53 billion, and the number of locations has jumped from 958 to 1,160.)

But what makes Cathy a leader worth watching is that he walks all that talk: At midnight in Evansville, he still hasn't left the restaurant. Cathy spends one day each year working behind the counter, just like all of Chick-fil-A's 494 corporate employees do. And new store operators even get a taste of Cathy's servant leadership through dinner at his home; the boss does the cooking, serves the food, and clears the dishes.

Because of him, franchisees and frontline staffers constantly think about service. At some restaurants, the first employee to memorize 100 customer names receives \$100. If someone calls to say they picked up the wrong food, Chick-fil-A often delivers the correct order. Cathy says his role is championing the latest ideas, such as an Atlanta franchisee's notion of having an employee visit tables with a big pepper grinder.

Exemplary service, Cathy says, begins with hiring the right people. Chick-fil-A is notoriously choosy; it typically awards franchises to just 5% of applicants, and the selection process

can take a year. Cathy wants operators to have business acumen as well as values. And they must be hands-on managers, not mere investors. "The closer top management is to the customer, the more successful an organization is likely to be," he says.

In Evansville, Cathy certainly gets close to his customers, spending the night with 100-plus diehards, his 16th campout this year. He doesn't feel his work is done until they've gotten their coupons and he has signed T-shirts for some giddy moms and posed for a few parting photos. Then, and only then, at 10 a.m., does Cathy finally head for the door.

—Chuck Salter



CUSTOMER-CENTERED LEADER

WINNER: CHICK-FIL-A

COSTCO WHOLESALE

Jim Sinegal runs one of the largest wholesale club chains, but there are two things he doesn't discount: employee benefits and customer service. Average hourly wages trounce those of rival Sam's Club, and 86% of workers have health insurance (versus a reported 47% at Sam's). Sinegal isn't just being nice. Happy employees, he believes, make for happier customers. Low prices (he caps per-item profits at 14%) and a generous return policy certainly help. Although Wall Street has long been arguing for smaller benefits, a stingier return policy, and bigger profits, Sinegal sides with customers and staff. "We're trying to run [Costco] in a fashion that is not just going to satisfy our shareholders this year or this month," he says, "but next year and on into the future." —Lucas Conley

ENTERPRISE RENT-A-CAR

Andy Taylor became president of his father's \$76 million rental-car company in 1980. Today, it's the largest in North America, with \$7 billion in revenue. How has he kept customer service a priority? By quantifying it. Enterprise surveys 1.7 million customers a year. If a branch's satisfaction scores are low, employees, even VPs, can't be promoted. The result is self-propagating. Seeking better scores, managers make better hires. And because Enterprise promotes almost solely from within, nearly every exec—including Taylor, who started out washing cars—has a frontline understanding of what it takes to keep customers happy. Says senior VP of corporate strategy Sandy Rogers: "The company would never have gotten that 100-fold growth without Andy's knack for putting systems and processes in place so you can deliver consistent service." —LC



EXHIBIT O

INSIDE:

**BRAD STINE: THE NEW FACE
OF CHRISTIAN COMEDY**

**AN EX-PILOT TALKS ABOUT HIS
NEAR-DEATH ENCOUNTER**

NOVEMBER/DECEMBER 2004

New Man

AMERICA'S #1 MAGAZINE FOR CHRISTIAN MEN

Chick-fil-A

President
Dan Cathy is
beefing up sales
at Chick-fil-A,
and continuing
his father's
legacy.

**DON'T
HAVE A
CROW!**

How good food and family
values made a chicken
chain famous. p.18

EAT
MOR
CHIKIN
Chick-fil-A

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A Strang Publication

BY ROB ANDRESCIK

Don't Have a COW!

Recipe Serves: _____
Dish: _____
Chick-fil-A president Dan Cathy shares his recipe for success: Honor God, put people before profit... and always choose chicken over beef.

It's noon at Chick-fil-A's national headquarters in Atlanta. Lunch time.

Employees are lining up at the company's cafeteria. On today's menu, there's pasta in cream sauce, fresh salad and, of course, piping hot chicken sandwiches.

As you exit the line for hot food, there's a soft-serve "Ice Dream" machine. Take as much as you like because, after all, everything is free ... not just today, but every day of the workweek.

For Chick-fil-A's 475 corporate employees, it's a sweet deal. But that's just the topping on the sundae.

Chick-fil-A, the second-largest quick-service chicken restaurant chain in the nation, demonstrates a commitment to its employees—and its customers—that's rarely seen in today's marketplace. From modest beginnings in a tiny Georgia eatery 60 years ago, the company has grown into one of the largest privately owned restaurant chains in America with more than 1,100 restaurants nationwide.

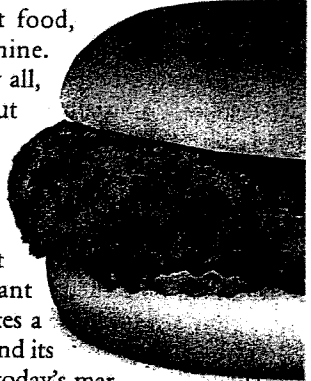
The mainstay on the menu is the original Chick-fil-A Chicken Sandwich.

The recipe's a tasty secret, locked up tight in a safe on the first floor of company headquarters.

But the first priority for Chick-fil-A isn't just to serve chicken. It's to serve a higher calling. This is spelled out in Chick-fil-A's corporate purpose: "To glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come in contact with Chick-fil-A."

That's why the company invests in scholarships, character-building programs for kids, foster homes and other community services. It's also why all of its restaurants are closed on Sundays.

This gives the employees at Chick-fil-A's restaurants time to worship,



PHOTOGRAPH: JOSEPH P. SEBO

to rest and to spend time with their families. Some observers see this as a missed business opportunity. But Chick-fil-A president Dan T. Cathy sees it differently.

"We think our food tastes better on Monday because we're closed on Sunday," Cathy says. "We've got to take care of our people in order to serve great food. And that doesn't happen if people are working seven days a week."

Home Cooking

At Chick-fil-A, hospitality starts at the top. As lunch concludes, Cathy converses easily with employees and buses their food trays. He doesn't do it for show, he just can't help himself.

Cathy, 51, has been picking up after people since he was a boy. His father is S. Truett Cathy, 83, the company's founder and the undisputed "inventor of the chicken sandwich." It was Truett who, years ago, put Dan to work picking up trash in the parking lot of Truett's first restaurant in Hapeville, Georgia.

To this day, whenever Dan visits one of Chick-fil-A's locations, he scans the parking lot for garbage.

"My wife won't let me hold her hand after I've been picking up all this stuff," he jokes in his Georgia drawl. "I wash up; I never have died yet from picking up cigarette butts."

This is what sets Dan Cathy apart from so many executives in this competitive industry. He isn't afraid to get his hands dirty.

"A lot of restaurants are not run by restaurateurs any more," Cathy notes. "It's one of the problems and struggles you see at Burger King and McDonald's and others: They're run by financial analysts; they're run by accountants that know a lot more about their financial statements than they do their recipes."

"This chain is still run by restaurateurs that spend a lot of time in the kitchen. I can go back there in the

kitchen, and I can make any of our recipes. From the biscuits to the coleslaw to the carrot-and-raisin salad, I know them all."

Cathy is wide-eyed. He talks with his hands and displays childlike enthusiasm for his work. This isn't surprising, given the fact that he has been an active part of the company since he was a kid.

Cathy's nearly lifelong career at Chick-fil-A began officially at age 9, when he sang for his dad's customers wearing a "dorky, little dwarf costume," as Cathy tells it. An accomplished trumpet player (he still plays on Sundays for New Hope Baptist Church in Senoia, Georgia), Cathy kicked around the idea of becoming a professional musician back when he was a teenager.

He tabled that idea when one of his musical heroes began using drugs. Cathy explains: "I didn't want to go in that direction if it meant playing in honky-tonks, nightclubs and such as that. So, between where he was headed with his life and where Chick-fil-A was going, I made the decision to work with Dad."

Cathy went on to earn a bachelor's degree in business administration from Georgia Southern University. He then returned to Chick-fil-A where he served as director of operations—opening more than 50 new restaurants throughout the country.

As Chick-fil-A continued to grow, so did Cathy's business acumen. He earned his stripes, rising steadily through the ranks as senior director of operations,

vice president of operations, executive vice president, and, most recently, president and chief operating officer.

Truett Cathy, Chick-fil-A's founder and chairman, notes: "Dan is a natural leader. Not many fathers can

THE CHICK-FIL-A TIMELINE

1946

Truett Cathy opens his first restaurant in the Atlanta suburb of Hapeville.



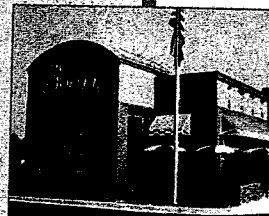
1967

First Chick-fil-A in-mall restaurant opens in Atlanta's Greenbriar Mall.



1986

Chick-fil-A opens its first free-standing restaurant on North Druid Hills Road in Atlanta.



1997

Chick-fil-A corporate headquarters doubles in size.



2000

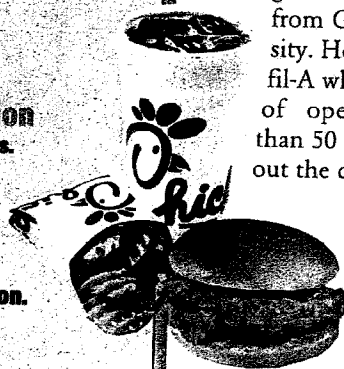
Chick-fil-A surpasses \$1 billion in system-wide sales.

2001

Chick-fil-A opens its 1,000th location.

2003

QSR magazine recognizes Chick-fil-A as the "Best Drive-Thru in America" for second consecutive year.



feel comfortable leaving the business to their son, but Dan is even more excited about Chick-fil-A and its future than I am."

Not that Truett has taken a back seat in the organization.

"He [Truett] is still the CEO, absolutely. His schedule is as demanding now as it was 20 years ago," Dan says. "He's very focused ... very demanding in the way he handles himself. He sets the standard by model."

Truett has 12 grandchildren (two of whom are Dan's children). Several of them have expressed an interest in making their careers with the company, but they aren't being pushed toward this. In fact, all of the grandchildren are required to do something outside of Chick-fil-A for two years before they are allowed to come onboard, Dan says.

He explains: "We're trying to deal with them like Mom and Dad did with

us. And that is to obey what God called you to do."

The Cathy family is in the minority in terms of succession. Studies show that only 30 percent of family businesses are ever run by the children of the founders. And why is this?

"Oftentimes the entrepreneur is so caught up in his business that he neglects his family, and he's not a positive role model as a parent," Dan notes. "The children grow up saying: 'I don't want to have anything like that. I won't have that kind of attitude in my home.' But in our situation Dad was a great dad for us."

Truett's example played a key role in Dan's decision to go into the family business. It's also the reason Dan is serving Christ today.

For 50 years, Truett has taught a Sunday school class to 13-year-old boys. When Dan was a boy, he would tag along when Truett would visit the kids from his Sunday school class at their homes. Dan sat and listened as his father shared the gospel with these boys. One day, something clicked.

"I'm sitting there as his son, and I knew I hadn't made a public commitment as a Christian. So God started really working on my heart," Dan remembers.

At the age of 12, Dan made a public profession of faith during a church service. He was baptized on the same night as his sister, Trudy, and his

brother, Bubba, who now serves as Chick-fil-A's senior vice president.

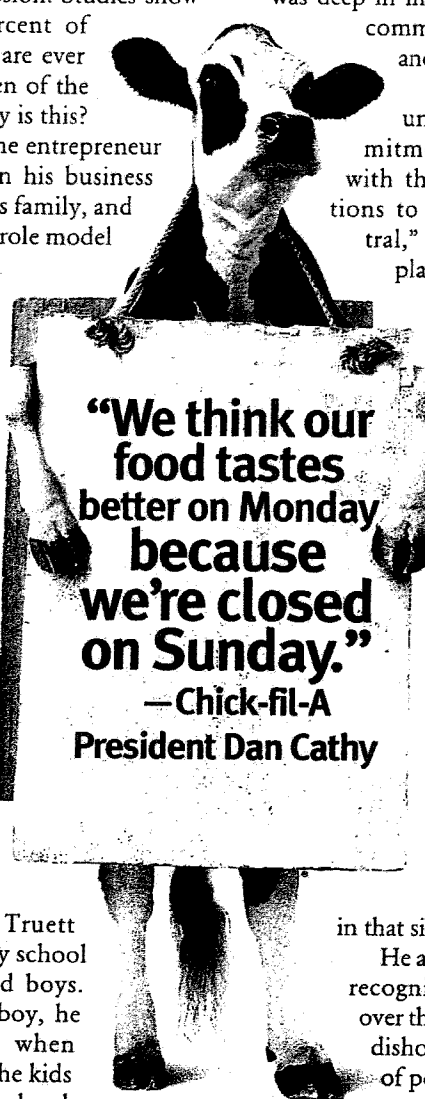
"There was a lot of conviction that was deep in my heart," Dan says. "I committed my life totally and sincerely."

To this day, Dan is unabashed in his commitment to God. Even with the push for corporations to be "spiritually neutral," he isn't tempted to play down this aspect of his life.

"I think if you read the headlines today, to me it's an even stronger case for biblical principles to be applied in our personal lives," he says. "You read what took place with Martha Stewart and Ken Lay [at Enron] ... it wasn't because those folks didn't know how to read *The Wall Street Journal*. It's because they violated biblical principles that they find themselves

in that situation.

He adds, "Even the world recognizes when you step over the line with greed and dishonesty and violations of personal integrity."



"We think our food tastes better on Monday because we're closed on Sunday."
— Chick-fil-A President Dan Cathy

Driven to Succeed

While Chick-fil-A isn't the largest fast-food chain in America, it continues to raise the bar industry-wide when it comes to quality and customer service.

Last year, the company did more than \$1.5 billion in sales, making it No. 17 on the list of Top 50 chains ranked by *QSR* magazine, a publication that charts quick-service restaurant success. That may be chicken change compared to McDonald's sales, which

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holds the No. 1 spot at more than \$22 billion. But read on.

Chick-fil-A is a nine-time recipient of *Restaurants & Institutions* magazine's "Choice in Chains" Customer Satisfaction Award. The chicken chain also deep-fries its competitors when it comes to drive-thru service.

QSR ranks drive-thrus in four categories: speed, order accuracy, menuboard appearance and speaker clarity. Chick-fil-A finished in the top three in each of the four categories, making it the "Best Drive-Thru in America" two years running. By comparison, McDonald's placed 12th in *QSR*'s rankings.

Dan Cathy has high expectations for his restaurants. And customers have taken notice.

When you make a mental list of brands that inspire fierce loyalty—Starbucks, Krispy Kreme—think of Chick-fil-A. At each new restaurant opening, the company gives away a year's worth of free food to the first 100 customers who walk through the door. Chick-fil-A "fan-a-tics" come from throughout the country to win this coveted prize.

A group of college students in the Nashville, Tennessee, area has traveled to several openings. One woman from Portland, Oregon, cashed in her family's Delta SkyMiles to attend an opening in Mishawaka, Indiana.

As Chick-fil-A expands into new territories, it finds new fans ... and old friends.

This year, the company recently opened its first stores in California, and Karin Dewey, who relocated this year from Florida to Los Angeles with her husband, is delighted. For her, Chick-fil-A provides more than just a good meal.

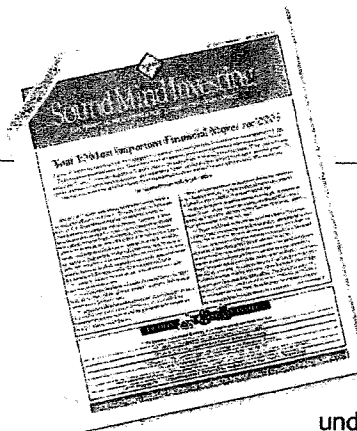
"Everyone [in California] is talking about it ... the fact they are closed on Sunday is causing quite a commotion," explains Dewey, whose favorite item on the menu is Chick-fil-A's original sandwich (hold the pickles). "A friend of mine asked me if a Mormon ran them, and when I said, 'No, a [born-again] Christian,' she was very intrigued and

The Legend of The Original Chicken Sandwich'

In 1961, Jim and Hall Goode, owners of Goode Brothers Poultry, came to restaurateur S. Truett Cathy with a problem. An airline had asked them to provide a boneless, skinless chicken breast that would fit the plastic trays they used to serve meals on planes. The Goodes met the request, but their process left boneless breast pieces that didn't meet the airline's size requirements. They asked Truett, who had toyed with the idea of adding chicken to the menu at his restaurant, if he could do anything with them. Truett discovered the recently introduced Henny Penny cooker, a pressure cooker that used oil and could cook a boneless

chicken breast in four minutes, start to finish. Looking for the best way to serve the chicken, he put it on a buttered bun instead of on a plate all by itself. "But it still wasn't exactly right," he says. He worked for years on seasoning and bread-ing for the chicken. Soon, he was up to more than 20 ingredients—twice as many as Colonel Sanders had in his recipe. Each time Truett changed the formula, he tested it on customers. He surprised them when he added two dill pickles, but they said it added just the right touch. Finally, after four years of experimentation and testing, customers said: "We like it. Don't change it again." The Chick-fil-A sandwich was born.

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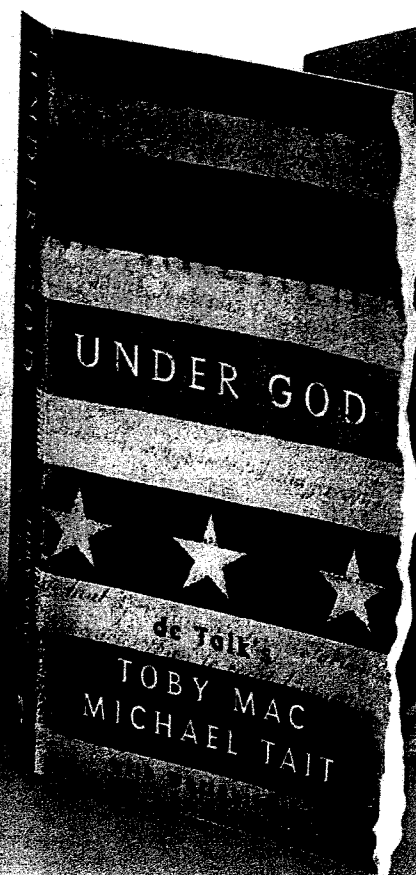
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wanted to know more about the company. It's actually a great witnessing tool to tell non-Christians about why Chick-fil-A chooses to be closed on Sunday."

Ultimately, though, it's the food that brings people through the door. Bob Kyle, who runs a Chick-fil-A restaurant in Winter Springs, Florida, says, "If you've got bad food and you're a great Christian, you're probably not going to get a lot of customers."

"But we have a lot of [customers] whose loyalty is much deeper than it would have been just to a restaurant with good food. It's more like friends coming through the door, and they relate to you on a values level. They feel like spending money there [at Chick-fil-A] is doing good elsewhere as it's passed along through the corporate chain."

Dan Cathy compares winning customers to the voting process. People "vote" with their dollars, he says. He campaigns hard for their business, attending nearly every store opening, often camping out with fans in the parking lot in a sleeping bag.

He also keeps a close eye on the competition. Don't be surprised if you catch Cathy in the drive-thru at Arby's, ordering a Market Fresh sandwich and a Jamocha shake. (Note: He still eats two to three Chick-fil-A sandwiches a week.)

Admittedly, Cathy's after more than dinner during these excursions. "I'm there as a customer, and I like to know how it feels," he explains. "If I get great service, I want to know how it makes me feel as a customer. If I get lousy service, I want to know how that feels as a customer."

Cathy recalls eating at one of his competitors (he wouldn't tell us the name) with Rhonda, his wife of 29 years. The tables were dirty, and the service was slow. The result?

"Rhonda said, 'This is another restaurant that we will not be coming back to.' ... I'm starting to run low on inventory of restaurants that I can take my wife out to because several of them have been taken off the list," he says.

Cathy is an unusual executive-part

DON'T HAVE A COW!

Donald Trump, part P.T. Barnum ... part Billy Graham.

"I'm a marketplace minister," he says without hesitation. "I get over 1,000 pulpits that are over 40-feet long that just happen to have cash registers on them."

Cathy is vocal about his faith, but he

doesn't shove his beliefs down employees' throats. Cathy points out that a wide range of religious beliefs is represented among Chick-fil-A's ranks.

Bob Kyle, who attends a non-denominational church, has witnessed firsthand Cathy's bold witness.

"If someone's uncomfortable with

another individual being ... verbal about his faith, then I think they would be uncomfortable around Dan Cathy. But he doesn't intentionally make them [uncomfortable.]," Kyle says.

Kyle notes that Chick-fil-A's values-based approach helps to attract new restaurant operators: "Most religions have basic tenets of honesty and hard work, and a lot of values that Chick-fil-A holds close. They [operators] may not all believe in Jesus, but they believe in being good people and doing a good job, working hard. And we see that in operators of other faiths."

Dan Cathy likes to joke that it's easier to get a job at the CIA than the "C-F-A." It's not far from the truth.

Chick-fil-A's unique operator agreement allows franchisees to sublease one of their restaurants for a financial commitment of only \$5,000. More than 10,000 apply annually to run a Chick-fil-A restaurant, but less than a 100 are selected. Cathy calls those who make the final cut his "one-percenters."

"While we have to grow, we don't want to grow so fast that we lose the ability to properly clone and replicate the philosophies of the business," Cathy says. "It's like going out into the yard and putting a lot of nitrogen out there. You can grow a lot of grass real quick, but it won't have the roots it needs to get through the dry spell."

So how fast does the company want to grow? "It's very simple," Cathy explains. "It's the number of chairs around my dining room table. I'm not going to open up a restaurant unless I've had an operator over to my house for dinner."

At those dinners, Cathy is a chef and a waiter. He grills ribs; he refills iced tea; he wins the respect of his team members.

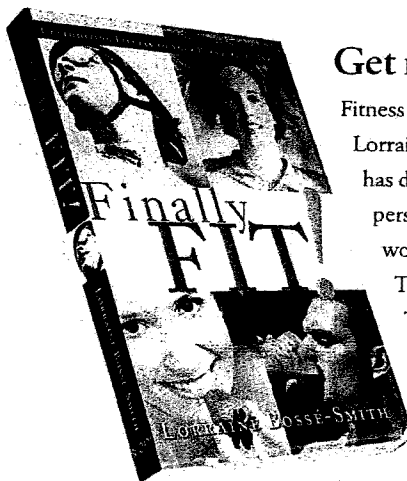
The secret to great customer service, says Cathy, "is the retention of people. It's not technology, it's not having reader boards [in drive-thrus] that talk back to you and all that sort of stuff, it's having a good, consistent team."

Which brings us back to the way



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Chick-fil-A treats its people. "The way you treat people internally is what drives the customers' emotional response back to the business," Cathy says.

Cash Cows

When it comes to marketing its product, Chick-fil-A doesn't clown around. Their spokespersons are bovine ... and a divine hit with the public.

Created by Dallas-based The Richards Group, Chick-fil-A's "cow" campaign was first introduced in 1995 as a 3-D billboard concept depicting a black-and-white cow sitting atop the back of another cow painting the words "Eat Mor Chikin."

These cash cows have beefed up sales for Chick-fil-A. They are now the focal point of the company's in-store point-of-purchase materials, promotions, and radio and TV advertising. Clothing and merchandise sales—including cow toys and annual cow-themed calendars—have exceeded \$32 million since July 1996.

But when it comes to growing the company, Dan Cathy is anything but cow-ardly. The chain is having its most aggressive expansion year ever, opening 90 new restaurants in 2004, including 73 free-standing units, two mall locations and 15 licensed restaurants.

Chick-fil-A is already a staple in the Southeastern United States; now Cathy's setting his sights on the West Coast. The chain anticipates opening up to 75 stores in California within the next five years.

Chick-fil-A operator Bob Kyle says: "Dan operates on a different level than most of us. He's a big-picture thinker. He's definitely very well-read and has a great feel for our industry and where its headed, and how we can enhance our position in the marketplace."

Cathy is unyielding, both in business and in his personal life. Three years ago, his fortitude was literally tested by fire.

On April 29, 2001, Cathy was involved in a brush-fire accident while working on his property, putting him in the hospital for 10 days. Instead of leaving him bitter, the experience

Why Chick-fil-A Succeeds

Following the example set by founder S. Truett Cathy, who opened the doors of his first restaurant more than 58 years ago, Dan Cathy and company have adhered to a few simple rules:

- ▶ **Honor God.** Chick-fil-A's corporate purpose is: "To glorify God by being a faithful steward of all that is entrusted to us. To have a positive influence on all who come in contact with Chick-fil-A."
- ▶ **Listen to the Customer.** Chick-fil-A is a nine-time recipient of *Restaurant & Institutions* magazine's "Choice in Chains" Customer Satisfaction Award.
- ▶ **People Before Profit.** All restaurants are closed on Sundays, giving employees time to worship, to rest and to spend time with their families.
- ▶ **Quality Over Quantity.** Close relationships with its restaurant operators are key to Chick-fil-A's success. New restaurant operators are trained personally by Dan Cathy. He frequently invites operators to his home for dinner.

6 Things You Don't Know About Chick-fil-A

1. It began in 1946 in Hapeville, Georgia, as a small coffeehouse with four refurbished tables and 10 counter stools that served (gasp!) burgers.
2. Sales in 2003 reached \$1.53 billion—a system-wide increase of 11.77 percent over 2002.
3. Resting on 75 acres of wooded land, Chick-fil-A's corporate headquarters boasts glass elevators, a spiral staircase and a museum that features a life-sized model of S. Truett Cathy's first restaurant. A bell tower playing Christian hymns greets employees every morning.
4. Cars from S. Truett Cathy's personal collection can be found throughout headquarters, including one of the Batmobiles (there were seven) from the film *Batman*, starring Michael Keaton.
5. Since 1973, Chick-fil-A has awarded more than \$18.5 million in scholarships to its employees.
6. Chick-fil-A's WinShape Centre Foundation—created in 1984 by company founder S. Truett Cathy—consists of a children's summer-camp program, joint scholarships at Berry College in Rome, Georgia, and 14 foster homes, which provide long-term care in a family environment for 125 children.

prompted personal and spiritual growth for the businessman.

During his recovery, Cathy listened to CDs of the Gospels. "I had so much fun listening to those CDs because I heard stories about Jesus that I had not heard in a long time," he remembers.

"I became deeply convicted that I had become far more infatuated with ... business commentators as leadership models than Jesus Himself. [I'd been] taught all those Sunday school lessons and listened to all those sermons, but I had failed to appreciate Jesus as a leader as He went about leading people. So I have a much more practical, focused view of trying to lead like Jesus as a result of that experience than I would have otherwise."

Cathy says that the experience "inaugurated the second half of my life." He adds that the remaining scars remind him that "God doesn't place nearly as much importance on our physical condition as He does our spiritual condition."

He adds, "God can use those circumstances to teach us great lessons."

Good Steward

Since the accident, Dan Cathy has made a point of reading Scripture every day. He carries a miniature Bible in his pants' front pocket.

Today's key verse? Colossians 13:12: "Therefore, as God's chosen people, holy and dearly loved, clothe yourselves with compassion, kindness, humility, gentleness and patience."

"My wife ... and people that know me, they know I'm still living a long way from what's here [in God's Word], but this helps me square where true North is," Cathy says.

So what does it take to be a successful Christian and a successful businessman? Cathy says that it boils down to this: "Look for opportunities to serve."

"That's what the marketplace rewards," he explains. "Dig deeper the foundation for treating people with respect. ... When we operate in violation of that, we pay the consequences."

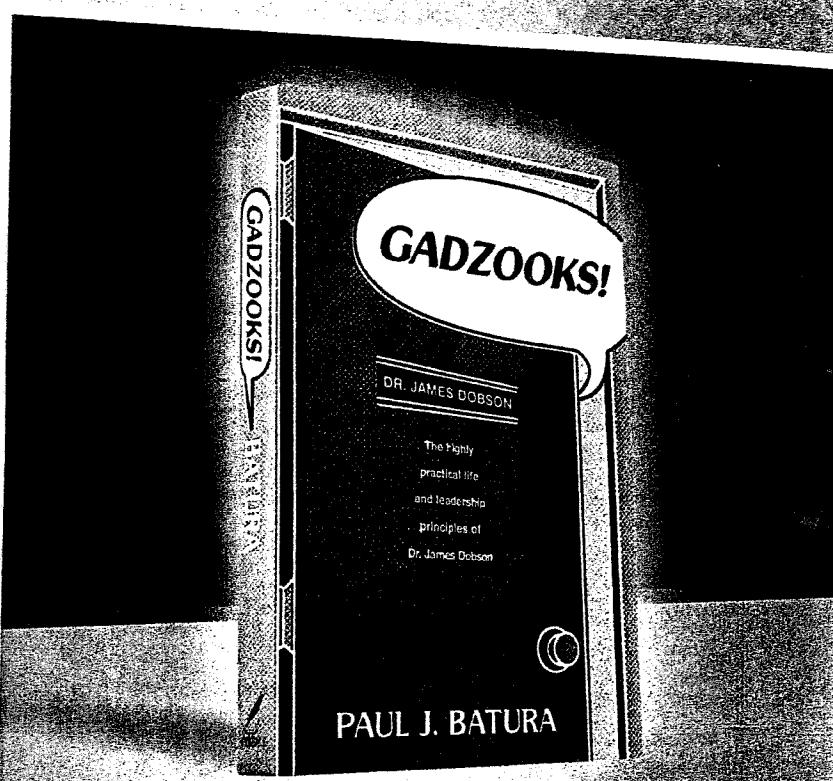
He practices what he preaches ...

Cathy just pulled in to one of his restaurants. As he makes his way across the parking lot, he notices a Styrofoam cup on the ground. He bends over to pick it up as he makes his way inside. He smiles and holds open the door for a customer.

"The Bible says 'to whom much is

given, much is required,'" Cathy says. "I've got to uphold my dad's reputation. I walk in my own shoes—I feel like I'm my own person. But, at the same time, there's a lot we have to try to live up to here." NM

Robert Andrescik is editor of New Man.



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