

S. Truett Cathy & Chick-fil-A



Courtesy Chick-fil-A

It was during the wee hours of the morning in Atlanta, Georgia on Wednesday, February 24, 1960. It was cold outside. Six Degrees. The average person was in bed, warm and sound asleep. But average people don't own two restaurants, with one of them on fire. By sunrise, S. Truett Cathy's empire was cut in half. But Cathy was a man of vision and optimism. From the ashes of one restaurant was the foundation of another. Not only another restaurant but a brand-new concept.

The birth of the quick service industry was convulsing throughout the nation. McDonald's, San Bernardino, California, was founded in 1948; Kentucky Fried Chicken, North Corbin, Kentucky, 1952 and Burger King, Miami, Florida, 1953. They were all going national, expanding their burger, french-fry and fried chicken empires. Atlanta had barely sniffed its potential. Truett Cathy wanted to lead the charge. His rebuilt

restaurant would abandon the proven coffee shop model and dive head-first into quick service. It had the look of a 1960s fast food restaurant: octagonal design, large glass windows from top to bottom, self-service counter inside, a big sign, "The Dwarf House, World's Best U.S. Choice Beef, Dwarf Burger" and plenty of parking. A national trade magazine heaped lavish praise on his vision. It looked like the right decision, until opening day.

Cathy's \$90,000 loan looked like money lost in the grease trap. His old customers hated the concept, "where are the waitresses, the china cups, the coffee refills?" Cathy had nightmares. He could see 15 years of building two restaurants disappear because of one bad decision. He was told, "the concept is sound, stick with it, you will gain what you lost, and more!" Apparently, Cathy wasn't familiar with the story of two restaurateurs in California. In 1948 they closed down a successful restaurant to develop a new concept. After three months of extensive remodeling, staff reductions, menu simplification and streamlining they re-opened. They watched sales drop 20%. But they stuck with it. They knew they had created a revolutionary concept in the quick service business. In six-months they were proven right. Sales exceeded their expectations. Richard and Maurice McDonald fired the opening shot in the quick service revolution.

A friend wanted to open the first Kentucky Fried Chicken franchise in Atlanta. He offered to lease Cathy's building and buy his equipment. Cathy was off the hook, at least financially. Emotionally was a different story. Hard work, struggle, unrelenting perseverance and, most important, his Christian faith were part of his character. Did he quit too soon? Did he fail his calling? Did the trauma of the fire, stress of concept development, challenges of new construction and a disappointing response defeat him? Was he the same man? Would he get another chance to create an entirely new concept?

Samuel Truett Cathy was born on Monday, March 14, 1921 in

Eatonton, Georgia, 77 miles southeast of Atlanta. He was named after George Washington Truett, known and respected pastor of the First Baptist Church of Dallas, Texas and president of the Southern Baptist Convention. Cathy's father farmed and dabbled in real estate, until land prices crashed. The family then moved to Atlanta where his father sold insurance, too many times paid for with farm goods. This was the Depression. They could eat, but barely pay the bills.

Truett Cathy's mother took in boarders to make ends meet. *According to Eat More Chikin, Inspire More People*, by S. Truett Cathy, his mother..."spent much of her time in the kitchen, and I spent many days alongside her shucking corn, shelling peas, setting the table, and washing dirty dishes." His mother never used a recipe. "She salted and peppered her chicken and left it in the ice box all night before she fried it. The next day she fried it in a big iron skillet with a lid. The lid steamed the chicken as it fried, and kept it more moist. Years later I used the same concepts of marinating and cooking when I developed the Chick-fil-A Chicken Sandwich."



S. Truett Cathy, Courtesy Chick-fil-A

In 1929 Cathy entered the business world, selling Coca-Colas door-to-door. After all this was Atlanta. Cathy eventually built a Coca-Cola stand. His first stand-alone store. In the Winter months when Coke sales were slow, Cathy went back to door-to-door selling, this time magazine subscriptions for

Ladies Home Journal and the *Saturday Evening Post*. Eventually he expanded his business empire by delivering copies of *The Atlantic Journal*, selling peanuts on Saturday afternoons at Georgia Tech football games and transporting people from the parking lot to the stadium. After World War II army service, Cathy and his brother Ben decided it was time to get serious about their future. This was the post-war restaurant boom. They wanted in.

The Cathy brothers added up their nickels and dimes until they had a few dollars, got a small loan and bought a small lot in Hapesville, seven miles south of Atlanta. The lot was across from the new Ford Atlanta Assembly Plant and near Hartfield-Jackson Atlanta International Airport, providing foot and vehicle traffic. They provided the grunt work and hired a contractor for the rest. On May 23, 1946 the brothers opened the Dwarf Grill (because of its size). The restaurant was later named the Dwarf House. They didn't have money for advertising. That would come later. They depended on word-of-mouth, quality food and great service. They bought sides of beef, ground their own hamburger and cut their own steaks. It was here they started a tradition they are uniquely known for...closing on Sundays. It was, and still is, unheard of, Sundays being one of the busiest days of the week. Based on their current success, it appears a day of worship, rest and family time was a profitable business decision.



Courtesy Chick-fil-A

Tragically in 1949 Ben Cathy, and another brother Horace, were killed in an airplane crash, traveling to an air show in Chattanooga. Truett Cathy was now the sole owner of the Dwarf House. Business had been good from day one. In 1951 Cathy decided to expand and built a second restaurant in nearby Forest Park, next to the entrance to the Atlanta Ordnance Depot. This is where our story began, the Dwarf House Forest Park fire in 1960, the new concept, the disappointing response.

A year later Cathy was approached by Goode Brothers Poultry who had a flock of boneless, skinless chicken breast pieces. They were developed for Delta Airlines and refused. The Goode Brothers were in a dealing mood and Cathy was listening. He had puzzled for years on how to cook chicken faster and better. These chicken pieces were a good start. The [Henny Penny Corporation](#) had just introduced their pressure cooker which cooked a boneless chicken breast in four minutes. It was quick and the chicken was good. Over the next four years Cathy experimented with his chicken creation until he had the right combination: buttered bun, the special seasoning and breading

and two dill pickles. He tested every iteration on his customers until he reached the, "this is it, don't change a thing" moment. The Chick-fil-A sandwich was born. It soon outsold the ubiquitous hamburger.

Cathy knew he had something special, beyond the Dwarf House. He started by providing free licenses to restaurants for the right to sell Chick-fil-A sandwiches, combined with a Henny Penny cooker and a little training. Cathy was paid a royalty by Goode Brothers Poultry for the chicken pieces, seasoning and breading. In some respects, similar to Colonel Sanders and Kentucky Fried Chicken in the beginning. It was a good system. Not a great system. The problem was quality control. According to S. Truett Cathy in *Eat More Chikin, Inspire More People*, "I needed to control the quality, and the only solution I could think of was to open my own restaurants...a prospect that still didn't appeal to me." Appeal or not, restaurants were coming.

Cathy's sister Gladys had a gift shop in the Greenbriar Shopping Center in Atlanta. Gladys pointed out the need for a Chick-fil-A restaurant. And there just happened to be a small, 384 square foot, vacancy. After concept development, in November, 1967, the first of many successful mall-based Chick-fil-A restaurants opened. One of the reasons for success, like early McDonald's, was *food theater*, a kitchen open for viewing by the customers. Financially conservative, Cathy opened 17 Chick-fil-A restaurants before he took one dollar out of the company.

In the 1980s, with mall development slowing, existing malls losing major tenants and demand from customers wanting easier access to restaurants, Cathy was forced to transition to free-standing units. It was an awkward transition from renting space to purchasing land and constructing buildings. But transition they did, opening their first unit in 1986 in Atlanta. In 1993, restaurant #42 opened in Greenville, South Carolina, their first drive-thru-only unit. Realizing that innovation is the key to success, Cathy created the Business

Development Department. The department created catering and school delivery programs; mobile restaurants for special events; food service programs for college campuses, hospitals, airports, stadiums, hotels, and office buildings and Chicken Nuggets and Waffle Potato Fries, both pioneered by Chick-fil-A.



Courtesy Chick-fil-A

Leaving the malls also meant leaving built-in traffic. Chick-fil-A now needed media expertise. They were the David in a quick service market of Goliaths, who spent millions on advertising, primarily television. In 1995 they hired [The Richards Group](#), Dallas, Texas, today the largest independently owned advertising agency in the country with over \$1 billion in annual billings. They had a reputation for maximizing creative success on limited budgets. Their recommendation of three-dimensional billboards featuring cows with a spelling

issue, fighting for their preservation with the copy line, "Eat Mor Chikin" became a classic. The theme has been carried out in television advertising, plush cow toys, calendars, sports marketing and wherever else cows and copy might fit. The cows did their job. Today Chick-fil-A has 2,200 restaurants and nine billion dollars in annual sales (2017). Average sales per store are the highest in the quick service industry.

A major part of Chick-fil-A's concept is their operator (franchisee) program. You can purchase a franchise for only \$10,000. Although chicken feed in today's franchise world there is a catch. You own nothing. You lease the real estate, building and restaurant for 15% of sales and 50% of the pre-tax net profit. You can only operate one store and *you* must operate that store. You will be closed on Sundays. You cannot have other business interests. These requirements aside, Chick-fil-A receives 40,000 applications per year. One percent are accepted. A typical operator can make \$100,000 plus. A good return on their investment.

Is Chick-fil-A successful because of a limited menu built around a simple, but unique, chicken sandwich, the *Cow Campaign* or an unusual franchisee program? I believe Samuel Truett Cathy would have said yes, partially. He also would have given credit to the Chick-fil-A Corporate Purpose as stated in his book, *How Did You Do It, Truett?*

Chick-fil-A Corporate Purpose: *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.*

Sources:

Eat Mor Chikin, Inspire More People: S. Truett Cathy

How Did You Do It, Truett?: S. Truett Cathy

McDonald's, Behind the Arches: John F. Love

Secret Recipe, Why KFC Is Still Cookin' after 50 Years: Robert Darden

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