



Craig Culver

By Carolyn Walkup

Concentrating on the basics — serving good food and taking care of customers in a pleasant environment — has worked well for Craig Culver, chief executive and co-founder of Culver's Frozen Custard, which he has built from a single restaurant to a nearly 300-unit chain stretched across 16 states.

One of the few frozen-custard concepts to grow beyond a local following, Culver's began as a small-town treats shop in Prairie du Sac, Wis. Culver and his parents, George and Ruth, were partners when it opened in 1984, and Culver cites them as his mentors and teachers.

Culver grew up in the quick-service-restaurant business, helping his parents in their first venture, an A&W Root Beer drive-in they opened in 1961. He majored in biology and botany in college, heading for what he thought would be a different career. But he returned to foodservice, a business he had grown to love.

"I started in this business when I was 10 or 11," says Culver. "When other people were on vacation or on holidays, we were putting smiles on their faces. It was normal for my family, and we loved doing it."

"It was a fun environment, yet they had high expectations for everybody," he says of his parents and their A&W business. "It was a great learning ground." To this day, Culver says, he consults his father, now 83 years old and a director of Culver's, when he has to make tough decisions.

After opening his first Culver's with his parents, Culver had second thoughts. The parking lots of the Hard-ee's and Dairy Queen outlets across the street were full, while his were empty.

"I was pretty depressed," Culver says. "Nobody knew who we were. I have to give credit to my family for helping me get through that year."

At their suggestion, "we took good care of the customers we did have," he says. "Business started to double and triple."

Culver decided to franchise, signing his first licensee in 1988. "In '89 they decided they didn't want to be with us any longer. I was determined never to franchise again," he says.

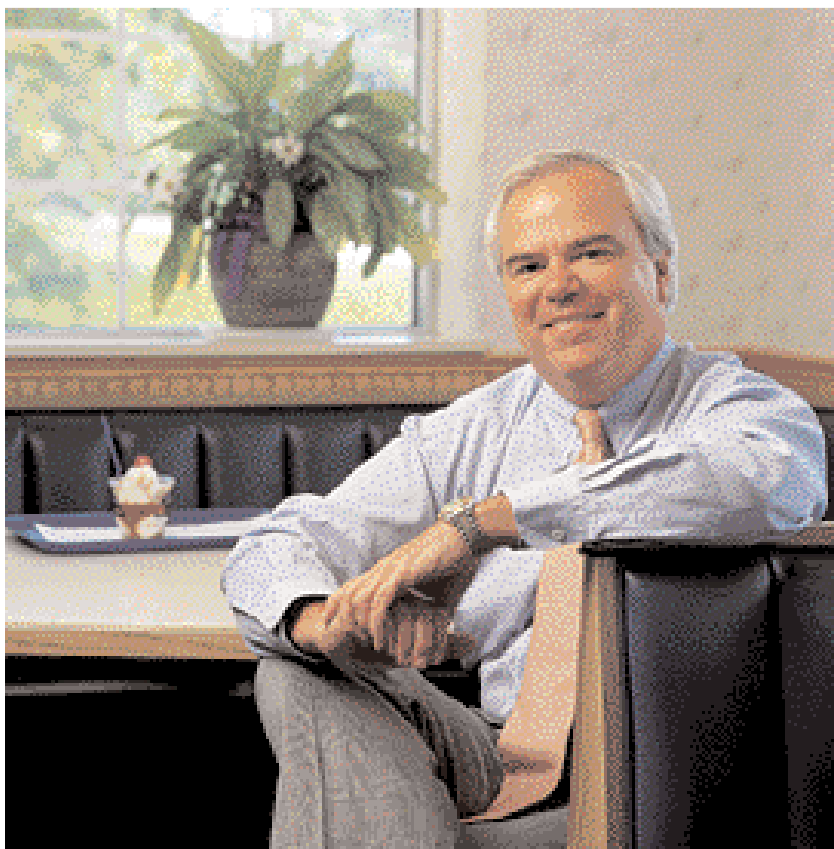
However, he got over his initial disappointment and tried again the next year. This time the experiment worked.

To this day Culver personally approves all franchisees, whom he calls "franchise-partners." A rigorous trial period, requiring the applicant to work a 60-hour week, weeds out anyone who isn't cut out for the business.

"We look at them to see if they fit our culture and our value system," Culver says. "Can they continue to grow our business and our culture? They decide at the end of the week if they want to stay or not."

After that week franchisees go through a 16-week training program before they open their own stores. And Culver's grants each one only a single unit, instead of inking area-development agreements.

"I'm a little old-fashioned about that," Culver says. "I think it's important that they know how to run a restau-



Craig Culver, chief executive and co-founder of Culver's Frozen Custard, credits his parents as his mentors and teachers. He opened the first Culver's with his parents as partners in 1984. That single-unit operation grew into a 300-unit chain.



rant. They can have more later."

Ron Paul, president of Chicago-based Technomic Information Services, largely credits Culver's franchising program for the company's growth and success, which in turn has fostered the franchising effort. "They have a good track record. You don't get good franchisees if you don't do well," he says.

Culver's differentiated menu is another key to its success, Paul says, noting that it includes far more than custard. "They've moved well beyond frozen products," he says. The chain's signature is the ButterBurger, a patty of fresh — not frozen — ground beef, grilled at 475 degrees to sear in the juices. It's served on a buttered bun.

Culver asserts that surrounding himself with great people is the major reason for the company's success. "We devote a great deal of our time to our people," he says.

"The food side is the easy part; creating a great culture is not something you can just decide one day. Continuing to build on that culture is a great opportunity. The businesses with the best people are the businesses that are going to win."

"We get that through great leadership from my franchise-partners," Culver says. "They have a passion for what they do."

One of those franchise-partners, Gary Beres, who has two stores in Waukesha, Wis., has known Culver for 18 years and finds him to be a good mentor and communicator. "Culver's has a great training program and support system," he says. "People are really available when you have questions or concerns. Craig always takes your calls. It's a very good culture, working hard and playing hard."

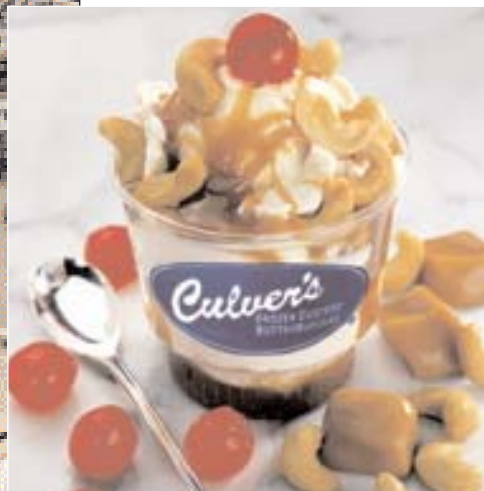
Beres, who worked in the corporate office helping to set up the franchise system before deciding to become a franchisee, says Culver is "a tremendous businessman and very personable guy." "He knows what he wants and is very disciplined," Beres says.

On the food side of the business, Culver enjoys finding new items to serve. "I believe it gives you a competitive edge to come out with new products that are exciting and different from our competitors," he says. "I like to be the first on the block with new things."

From the start Culver's offered more than just frozen custard, with the other products intended to broaden the concept's customer base and eliminate possible seasonality. Customers buy frozen custard year-round, but summer sales do tend to be somewhat stronger, Culver says.

The trademarked ButterBurger was the first sandwich offered. "The ButterBurger is a brand in itself," Culver says. "If I started this business over again, I'm not certain I would call it a ButterBurger, but 20 years

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Above: While Culver's started as small-town treats shop in 1984, custard now accounts for only one-third of sales.

Left: Culver, with his wife, Lea, says a strong employee culture is crucial to a successful business. "The food side is the easy part," he says. "Creating a great culture is not something you can just decide one day."

Craig Culver

Title: chief executive

Company name and location: Culver's Frozen Custard, Prairie du Sac, Wis.

Annual sales: \$423 million in 2004; \$500 million projected for 2005

No. of units: 258

Check average: \$7.80 per transaction

Career highlights: getting through first year of business; opening first successful franchised restaurant in 1990; opening 100th restaurant

Hometown: Prairie du Sac

Education: B.S. in biology with botany emphasis, University of Wisconsin-Oshkosh

Personal: married; three daughters

Hobbies: gardening, especially native perennials; golfing; collecting wine and traveling to wine-producing regions

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ago I thought it was the neatest name. And it's been pretty good to us over the years."

The menu has grown to include 22 sandwiches, seven salads, three dinners and other items. "We are in the dinner, sandwich, salad, soup and custard business," Culver says, noting that custard now accounts for only one-third of sales.

Culver says his attitude toward marketing is also old-fashioned. Believing that word of mouth is the best advertising, he buys little media exposure. "Billboards and TV are the best as far as spending money," he says. "Media can get them in once or twice, but doing a good job of taking care of them is the most important."

"Old-fashioned" is not part of Culver's vocabulary when it comes to food safety and technology, however. He asserts the company is on "the cutting edge" in both of those areas. "I'm really proud of what we've done in the food safety area," he says. "It's something you have to continue to work at with training."

In the technology arena the company currently is testing a system that will tell crew members what table a party has occupied while it awaits delivery of its orders. That system will eliminate the need to search the dining room for a numbered placard on the table, a time waster in the concept's 300-seat dining rooms.

Culver also gets involved in planning the landscaping outside of the restaurants, drawing on his personal interest and college education. "Virtually all our restaurants have patios and some landscaping that beautifies the stores and allows us to have curb appeal," Culver says. "If we have the best-looking thing on the block, chances are someone who doesn't know us may pull in. I love to see the restaurants looking great," he says.

He plans to retain Culver's royal-blue-and-white color scheme, which is used for everything from patio umbrellas to signage and paper cups. "I think the blues and whites say 'ice cream' and 'clean' and are easy to look at, versus red or green," he says. "It's kind of like looking up



at the blue sky with white clouds."

Per-unit sales are running 3 percent above the levels of a year ago, a comparison Culver terms "a little disappointing." "But I know a lot of people who are doing less," he says. Last year same-store sales grew 5 percent. He hopes that a surge during the remainder of 2005 will push the annual per-unit gain above the 3-percent rate.

Nor does Culver express satisfaction with the current \$1.7 million average-unit volume, saying, "We are continuing to look at how we can increase that number."

Culver's competitive streak is evident on the golf course, according to his attorney and friend, Rick Koeck of Prairie

Culver is involved in planning the landscaping of the restaurants. "If we have the best-looking thing on the block, chances are someone who doesn't know us may pull in," he says.

du Sac. "I don't think you would get to where he is by sitting on your hands and letting things happen," says Koeck, who has known Culver for 25 years.

Koeck says success hasn't changed Culver's values or personality. "He still lives in the town he grew up in. You probably would not be able to tell he's that successful if you met him.

"[For Culver] it's not about the money—it's about getting a good product to people at a good price," Koeck says. Culver is generous with his wealth and supports many charities, Koeck says.

"He's become a wine connoisseur of sorts and likes to go to Napa and Sonoma and other places. We went to Tuscany together a few years ago and went to wineries and golfed," he adds.

Wine and travel are two of Culver's passions, and he and his wife, Lea, travel to a different wine region every year. Among the list of places they hope to visit are Chile, Argentina and South Africa.

Culver says he is satisfied with the company's growth rate, with systemwide sales increasing 23 percent last year. He has no desire to accelerate growth through a stock offering. "I don't see the advantages in it," he says. "The public companies are distracted by so many other things instead of concentrating on the restaurant business. I want to stay focused on serving great food and taking care of our customers. ■