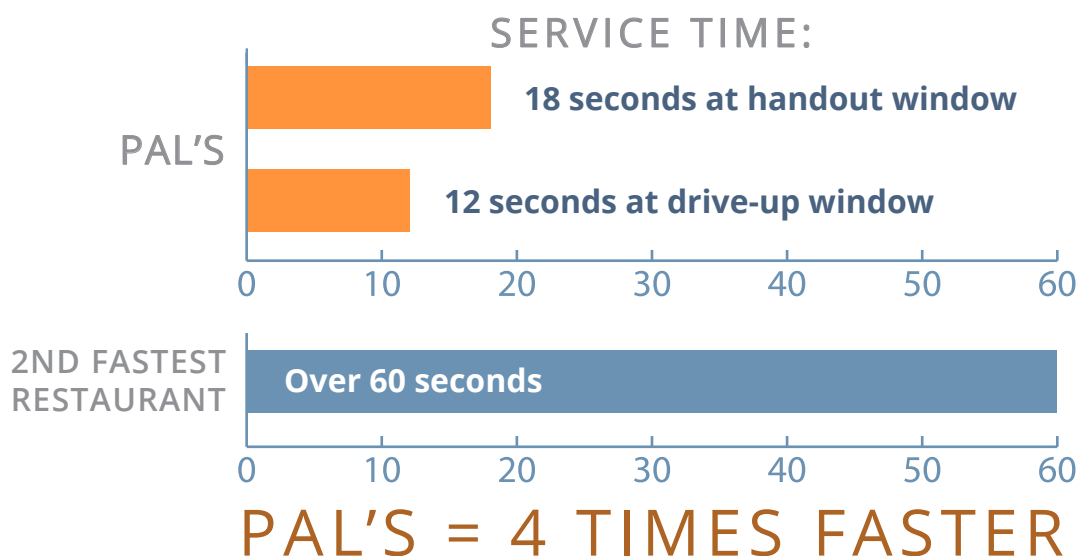


PAL'S SUDDEN SERVICE CASE STUDY

"You don't have to be in a cutting-edge business to develop some edgy ideas on how to compete and win."

Are you hungry for evidence that it is possible to do extraordinary things in some pretty ordinary settings? Then head to Kingsport, Tennessee, pull into Pal's Sudden Service, and order a Sauceburger, large Frenchie Fries, and a sweet tea, the most popular item on the menu. You'll leave with a mouthwatering (if highly caloric) meal, plenty of time to eat it, and lots of food for thought about the big lessons this small company has to offer. Over the years I've come to appreciate that you often discover the most amazing ideas in the most unexpected places.

What makes the company so special? Most obvious is its fanatical devotion to speed and accuracy. Pal's does not offer sit-down service inside its restaurants. Instead, customers pull up to a window, place their orders face-to-face with an employee (no scratchy loudspeakers), pull around to the other side of the facility, take their bag, and drive off. All this happens at a lightning pace – an average of eighteen seconds at the handout window to place an order, an average of twelve seconds at the drive-up window to receive the order. That's four times faster than the second-fastest quick-serve restaurant in the county, which requires more than a minute on average to take an order.



But Pal's is not just absurdly fast – sorry, sudden. It is also staggeringly accurate. You can imagine the opportunities for error as cars filled with bickering families, rowdy teenagers, or frazzled business people zip through the double-drive-through stations in fewer than twenty seconds. Yet Pal's makes a mistake only once in every thirty-six hundred orders. That's ten times better than the average fast-food joint, a level of perfection that is without peer in the business.

“The result of this relentless efficiency and colorful personality – a true lighthouse identity, to use Adam Morgan’s phrase – is a level of customer loyalty that is off the charts for the quick-serve field.”

Indeed, one reason customers pull away from the handout window in twelve seconds or fewer is that almost none of them bother to check their orders before they drive off. It is the universal mantra of the Pal's experience: “We don't look in the bag because we know it's right.” says David Jones, an instructor at the Pal's Business Excellence Institute. “It is not acceptable to us that a customer gets his or her order wrong – ever. There is a huge difference between doing it right most of the time and all of the time. We expect all of the time.”

ACCURACY: Pal's makes mistakes on just

1 IN EVERY 3,600 ORDERS

10 X better than the average fast-food restaurant.

There is a real sense of whimsy about the restaurants. Their vivid blue exteriors and stair-stepped designs feature giant statues of burgers, hot dogs, fries, and a drink cup. A huge sign outside each location displays a new “THOUGHT OF THE DAY” every day, and these gems of insight and inspiration (“Chase Your Dream,” “Wave at a Policeman”) get posted to the company's web site and Facebook page. The menu is limited and pretty fixed, the better

to deliver speed and accuracy. Hard-core customers also know that there are a bunch of “secret” menu items that represent strange and offbeat variations on the formal offerings but never appear in public.

The result of this relentless efficiency and colorful personality – a true lighthouse identity, to use Adam Morgan’s phrase – is a level of customer loyalty that is off the charts for the quick-serve field. One trade magazine claimed that Pal’s is “loved with a cult-like ardor” in the places it operates, and it’s no exaggeration.

“What’s truly intriguing about Pal’s, though, is the level of intelligence and intensity with which it approaches everything it does – how it hires, how it trains, how it shares its ideas with other companies eager to learn from its success.”

CEO Thom Crosby believes this is the big-picture mission that drives this quick-serve outfit and allows it to connect so personally with customers who never sit down inside its locations and have interactions with front-line employees that, by design, last for only a matter of seconds. “Customers don’t come here to spend time with us,” Crosby says. “They want us to make their lives a little easier. They’re in such a hurry, they have so much else to do, we help them get on with their lives. And we treat them like adults – there’s no “suggested selling.”

What’s truly intriguing about Pal’s, though, is the level of intelligence and intensity with which it approaches everything it does – how it hires, how it trains, how it shares its ideas with other companies eager to learn from its success. “If you watch professional athletes, everything they do looks so smooth and fluid,” says Thom Crosby. “But eventually you realize how much work went into that performance, all the training, all the skill building, all the hours. It’s the same for us.”

The company has developed and fine-tuned a screening system to evaluate candidates that does an uncanny job of predicting who is most likely to succeed. Among the agree-disagree statements: “For the most part, I am happy with myself”; “I think it is best to trust people you have just met”; “Raising your voice may be one way to get someone to accept your point of view.”

Once Pal's selects its candidates, it immerses them in massive amounts of training and retraining, certification and recertification. New employees get 120 hours of training before they are allowed to work on their own, and must be certified in each of the jobs they do: grilling burgers, making fries, mixing shakes, taking orders. Then, every day on every shift in every restaurant, a computer randomly generates the names of two to four employees to be recertified in one of their jobs – pop quizzes, if you will. They take a quick test, see whether they pass, and if they fail, they get retrained for that job before they can do it again. (The average employee gets two or three pop quizzes per month.) The goal is for everyone at the company to be so good at what he or she does, to stay at the top of their game throughout their tenure at Pal's, that the company operates at what it calls the Triple 100 – 100 percent execution 100 percent of the time, even when restaurants are operating at 100 percent of capacity.

PAL'S VS. MCDONALD'S:



It's like that maxim from legendary football coach Vince Lombardi: "Perfection is not attainable, but if we chase perfection we can catch excellence." CEO Thom Crosby puts it slightly differently: "We believe in certification over graduation," he explains. "We train you, we graduate you – that's when most companies stop. But people go out of calibration just like machines go out of calibration. So we are always training, always teaching, always coaching." Importantly, Crosby adds, most of that coaching is built around positive reinforcement for superior behavior, "catching people in the act of doing it right." At Pal's, "If people aren't doing something right, that's not a problem with them, it's a problem with the training. We are cheerleaders for success. But if you want people to succeed, you have to be willing to teach them."

To be honest, my going-in assumption was that Pal's rigorous screening of its applicants, the hours and hours of training it requires, and its never-ending commitment to certification and recertification would make for a workforce that is uptight, stressed-out, anxious about screwing up and suffering the consequences. In fact, just the opposite is true. When I spent time behind the counter, in the kitchen, and in the storage rooms, I was struck by how calm, methodical, and even-keeled the atmosphere was. The result of this culture is that employees at Pal's show the same sense of loyalty as its customers.

"If people aren't doing something right, that's not a problem with them, it's a problem with the training. We are cheerleaders for success. But if you want people to succeed, you have to be willing to teach them. So we have formalized a teaching culture. We teach and coach every day."

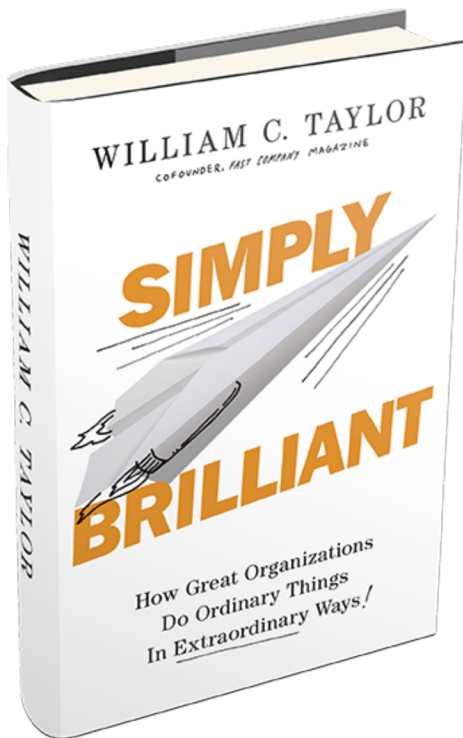
David McClaskey, cofounder and president of the Pal's Business Excellence Institute says, "I have a lot of respect for average. In most industries, it is not easy to be average. But we choose to be extraordinary. And it is a choice. The world will not demand it of you. You have to fight for it. Every day, people have to ask themselves, 'What am I willing to do that the ordinary leader is not willing to do?' The world will not force you to be extraordinary. You must demand it of yourselves."

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—SETH GODIN, author of *Linchpin*



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