



Leadership Secrets from 100 CEOs Who Get It Series

CEOs who get it:

1. Have successfully developed and implemented a vision and strategy that resonates with *All* stakeholders, including frontline employees and customers.
2. Have implemented people systems that effectively engage their workforces.
3. Have a firm handle on the operational effectiveness of their human and capital resources.

Each of the extraordinary leaders profiled in this series check each box above. Their leadership is manifested in outstanding financial results, excellent employee engagement, low turnover and exceptional customer loyalty and retention. These folks are definitely in the top 1% and are willing to share their “secret sauce.”

Chet Cadieux, Chairman & CEO, QuikTrip Corporation, Tulsa Oklahoma

One CEO Who Most Definitely Gets It.

Chet Cadieux greeted me in the lobby of the QuikTrip corporate headquarters in Tulsa at 10 o'clock on a cool windy Thursday afternoon. He came down the staircase, called me by my first name, greeted me warmly and led me back up the stairs. I was carrying a Styrofoam cup of QuikTrip coffee as we climbed the stairs so Chet asked me if I'd like mine warmed up as we passed a break room where he picked up a cup of his own. Now it's not normal for a CEO of a company with over eighteen thousand employees to collect his own quests, escort them to his office and personally offer this kind of hospitality; but then Chet Cadieux is no normal CEO.

Chet runs one of the best led retail chains on the planet. He says that there is no “secret sauce” behind QuickTrip's wildly successful financial performance, enthusiastic employee engagement, bullet proof retention, consistently stellar store conditions, customer service and loyalty. While QuickTrip's “sauce” may not be secret it is most certainly rare. QT was founded in 1958 by Chester Cadieux and Burt Holmes with \$15,000. Today QT is #30 and the Forbes list of privately held companies and was listed #24 is America's Best Places to work.

Like a cult

Be the best. We want to be the best at everything we do. we are dead serious about it. If we can't be the best, we won't play.

Never be satisfied. We have institutional paranoia. If we are aren't scared every day, someone will know our block off. Mostly fear of a competitor we haven't seen yet.

We're only going to hire

What we believe

Convenience store retailing is one of the most difficult formats around. I've heard people say that C stores are simple, not rocket science. So if they're so simple, why do so few companies run them well? My position is that there are not necessarily fewer complexities in C stores, they're just different. The five most important things in convenience retailing, by conventional wisdom is good curb appeal, clean well-stocked stores, friendly helpful employees, clean restrooms and tight expense controls.

Most C store operators struggle mightily with brand differentiation, staffing, turnover, operations, inventory losses and crime. Most also have a customer base that is comprised predominately of 18 – 35 year-old blue collar male shoppers. Not so with QT. Because QT stores are all located on prime corners, are well lit, have great curb appeal, a phenomenal selection of fresh foods, friendly helpful employees and a coffee bar that would make Howard Schultz proud; QT's customer mix includes plenty of women and white collar men. QT competes very effectively, not only with other retailers in its sector, but quick service restaurants, ice cream shops and food stores.

QuickTrip's Purpose, as it is proudly displayed on a thirty-foot tall banner in the company's headquarters lobby: To Provide Opportunity for Employees to Grow and Succeed. Now I know what you're thinking...Yeah, I've heard stuff like that before. No, I mean it. QT's purpose drives EVERYTHING. Store growth is driven by the number of store teams that are ready to advance, which is the total opposite to the way it typically works in this business.

The age old problem with C stores is that most don't do enough volume to justify any more than one or two minimum wage people working on a shift. Because QT's purpose is providing opportunity for employees to succeed, and because they work very hard to provide a great working environment and uber competitive compensation, Chet isn't interested in hearing what's not possible. They've just figured out ways to generate enough gross profit to justify this unprecedented investment in people.

Chet hires great people, period. Their employment brand is so compelling and employee referrals so strong that they hire less than 1% of the people who apply. When it gets to the point where they're hiring 2 or 3%, they hit the proverbial panic button and start making adjustments. 3%? Are you kidding me? When I was in the business, even the very best of us were thrilled if we had three or four choices for every hire. This kind of hiring scenario where you're hiring 1 out of a 100 is nirvana for the vast majority of retailers.

Full time employees start around \$45,000 per year based on a 48 hour week. Full time/Part time mix is about 50/50. Most retailers want a part time to full time ratio of 80/20 or so to minimize average hourly rate and benefits cost. Chet and his team know that stability in the workforce makes for happy employees, lasting relationships and high customer retention. There is always plenty of help in QT stores. At any given time, QT may have as many as 30% more people on hand than they actually need. This allows for a degree of flexibility most retailers can only dream of. If employees have an unexpected illness, a family situation or just want to take a day off because it's sunny, they often can.

Part time employees can work pretty much when they want to. Plenty of flexibility is built in and full-timers have set schedules, which is almost unheard of.

QT reimburses college tuition up to \$4,400 per year. It has a number of employee development programs in place, including a mentoring program for new supervisors, career counseling services and one-on-one meetings between store managers and employees every six weeks. The company makes it a priority to promote from within. To help employees learn the skills they need to succeed, QuikTrip offers free, onsite college courses in collaboration with a local community college. All of these perks are extremely rare in food retailing and near non-existent in C stores.

I'm amazed when I visit a QT store and the clerks on duty actually know what's going on in the company. They know how many stores the company operates, how many they're about to open and which markets are being opened. Chet communicates everywhere he goes; "Here's the play and here's how we're going to win."

Like Southwest Airlines, QuikTrip takes costs out of the business where the customer can't see them. Everything is systematized. All hiring is centralized but training is customized to the individual store. Every store is near identical. Another parallel to the Southwest Airlines practice of flying one aircraft.

Turnover is non-existent at QT and key employees will not leave. People who want to work in the QuikTrip legal department are willing to work and come up through the stores before they go to law school. QuikTrip is open to hiring talented people from the competition but there is no fast track to the higher levels. Everyone starts on the graveyard shift. It's a culture thing.

Chet also leads by example and from the front lines. He has an incredible work ethic and is extremely visible in his stores. Staying connected to the workforce with roughly 700 stores in eleven states is challenging; but finding a QT employee who doesn't know who Chet is and what he's trying to accomplish is even more so.

Chet is clearly a pretty humble guy. He's not in to power clothes or ego offices. Their facilities are very nice but very utilitarian, without a hint of ostentatiousness. This company, this CEO and this brand of leadership is so compelling I almost wish I was 21 again, so I could go to work for QuikTrip. Additionally, I can't wait until Chet decides to start building stores in Houston. QT offers an extraordinary shopping experience. It is a real thrill to see the effects of a CEO who "gets it" up close and personal.