

# Facilitator — February/March 2012



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# **Recipe for Success**

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Sherleen Mahoney

KFC is the world's most popular chicken restaurant chain, serving more than 12 million customers in 109 countries and territories per day. The man behind the brand, the iconic Colonel Sanders, remains an enduring figure for loyal customers, and his vision is still reflected in every aspect of the business.

There are nearly 5,000 KFC restaurants in the United States and nearly 17,000 units around the world, but it all started in a Kentucky gas station during the depression in 1930.

A 40-year-old Harland Sanders opened his first restaurant, the Sanders Court & Café, in the front room of a gas station in Corbin, Kentucky. Sanders served as station operator, chief cook and cashier. In 1936, Kentucky Governor Ruby Laffoon made Sanders an honorary Kentucky Colonel in recognition of his contributions to the state's cuisine. One year later, Sanders Court & Café added a motel and expanded the restaurant to 142 seats.

In 1939, the pressure cooker was introduced and Sanders began using it to fry his chicken, which led to the creation of his secret original recipe of 11 herbs and spices.

Being a savvy businessman, the Colonel began franchising his business in 1952. He traveled to different towns, cooking his chicken for restaurant owners and winning them over. Pete Harman of Salt Lake City was the first KFC franchisee. With a simple handshake, Harman agreed to pay Sanders a nickel for each chicken sold. By 1960, KFC expanded to Canada. The first store opened in England in 1964, and the restaurant's popularity continued to grow over the years.

In 2008, KFC unveiled a new logo. It still depicted Colonel Sanders with his signature string tie but replaced his classic white, double-breasted suit with a red apron, symbolizing KFC's home-style cooking heritage.

Now, a new date can be added to KFC's timeline: In 2012, KFC will roll out a new exterior and interior look that combines retro and modern accents into an appealing and inviting design.

## Setting a Lofty Goal

In 2011, KFC initiated a new in-depth exploratory design process that included a very high level of customer input.

"We challenged ourselves by asking 'How great can we be?" said Anne Fuller, Senior Director of Architecture and Design at KFC. "We know customers want to be in an environment that is up to date with the rest of the market, so we wanted to know how much we could do to give our customers exactly what they want."

By partnering with Lieberman Research Worldwide, KFC set out to understand what was important to KFC customers.

"The research process KFC went through was really leading edge," said Rod Bell, Vice President and Regional Director of Lieberman Research Worldwide. "Quite honestly, we rarely see results like we've seen here with such strong changes in positive response before a redesign and after a redesign, from their intent to visit in the near future, intent to go to this KFC versus a competitor, intent to bring their family here, their opinions of KFC, their opinions of food. Everything was just a slam dunk."

The research consisted of a six-step design, artwork and holistic brand process. Approximately 1,900 customers participated through in-store and online interviews, comparative focus groups and pre/ post research.

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KFC learned that their customers really respect KFC's history and heritage, and it resonates with them today, even with younger customers.

"Our customers feel very strongly about our history and have a long-standing trust in both who we are as a brand and our signature products," Fuller said.

The research also indicated that customers have high expectations for their restaurant experience in keeping with how the marketplace has evolved over time.

"KFC is very interested in revitalizing our restaurants to stay current and keep up with our customers' growing expectations," Fuller added. "We recognize our customers have many choices today, and it's very important to us that we offer them a restaurant environment that is attractive and comfortable."

#### A Shared Vision

After six months of research, the design, construction and facility maintenance teams gathered customers' feedback and created three test store designs, which were built in Columbus, Ohio.

With this new vision, there is a clear understanding that the facility team must maintain the new design for years to come. As a result, from the beginning of the design process, all key disciplines, design, construction, facilities and operations are involved in a collaborative effort to ensure the final product not only meets customers' expectations, but represents cost-efficient and durable materials that are easy to maintain over time.

"We have franchisees who have their own construction managers who oversee multiple projects each year, but there are lots of franchisees who do not," said Brian Riggs, National Director, Development and Maintenance Execution. "As a result, we have to have materials and a process that can be easily accessible and understood by any general contractor, of various experience levels."

In addition to including facilities, KFC built these prototype stores with a new strategy, one that goes against how traditional prototypes are built in the market. Often, prototype stores have big budgets and include over-inflated costs for materials. As such, it takes months to adjust those costs for real-world roll-outs. KFC was focused on making the test stores immediately replicable by franchisees. Costs were tightly controlled from the beginning, which makes the design process more difficult, but actually saves time in the long run because the test stores can be rolled out immediately.

Once the prototypes were built and operational, customers would independently patronize these locations. After completing their experience, they were asked to participate in a survey to evaluate which aspects of the new designs they preferred. In addition, two before-and-after focus groups were also brought in for comparative learning.

# The Legacy Continues

In the end, based on the six stages of focused consumer research, the final design that was chosen for national roll-out incorporates a very modern atmosphere that also showcases Colonel Sanders and the legacy of his brand.

"Our exterior and interior designs have two objectives: to continue to connect customers with the parts of our brand that they know and love, and to create an attractive, contemporary image that draws customers' attention and gives them a great overall restaurant experience," Fuller said.

According to the research, customers associate the color red with KFC. Therefore, on the exterior, the design combines the Colonel's iconography and the signature red color with white, which signifies freshness, and neutral colors that provide a good base against the red and white for a bold and striking appeal.

"It's important for the Colonel imagery to remain...it gives a sense that it's authentic and long-lasting," said one focus group customer.

"The Colonel imagery sends the message that he still cares, his spirit is still living on, and the brand wouldn't be the same without him," another customer said.

Inside, the design uses a balance of wood tones for warmth and the signature red again for energy and punch. Different textures, such as wood laminate and stonework, in addition to standard QSR finishes of paint and tile, give the interior a sense of quality workmanship. Even the artwork is more tied to the Colonel's heritage.

"I really like the new design because it's modern and retro, and I can see myself hanging out there more often," a focus group customer said.

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"With the new design, it's modern; you want to sit around the table with your family and have a conversation," commented another.

"The look and feel of the remodel is really in touch with what customers told us they're looking for," Riggs said.

For a final walkthrough, the development team invited facility maintenance leaders, construction managers, contractors and vendors to tour prototypes and give their feedback.

This design process was all about bringing the right people together: the valued customers, experts in design, facilities and construction, and of course, the Colonel.

### The Colonel Gives Back

Even today, Colonel Harland Sanders' spirit is reflected in every aspect of the KFC brand. Because Sanders had a huge heart and was particularly passionate about family, children and education, KFC strives to carry on that tradition by being a company that positively impacts the community.

Sanders would be proud of the KFC Colonel's Scholars program, which awards \$20,000 college scholarships to at least 75 high school seniors each year. Now in its sixth year, the program has awarded more than \$5 million in scholarships since its inception.

KFC also participates in Yum's World Hunger Relief Efforts. Since the program launched in 2007, more than 1 million employees, franchisees and their families have volunteered more than 21 million hours to aid hunger relief efforts in communities worldwide. The movement has raised nearly \$85 million for the United Nations World Food Programme and other hunger relief organizations to provide more than 350 million meals in more than 30 countries.

As a sustainable-conscious company, KFC introduced the fast-food industry's first consumer-reusable food container in 2010. The container, which is used for side items, is a dishwasher-safe, microwavable clear bowl with a leakresistant red lid embossed with a "reusable" message. Not surprisingly, the container was a winner in the 2010 Greener Package Awards.

"Through research, we found that consumers prefer reusable containers because it gives them control of how the item is reused or disposed of after purchase," said Susan Miles, Engineering Manager at KFC, in a press release. "Our research also showed that 60 percent of consumers keep a reusable container for at least six weeks."

Also, in an initiative to reduce the use of nonrenewable resources, plastic plates are replaced by paper serving boxes. The goal is to eventually eliminate foam packaging from all KFC restaurants.

### The Secret is Safe

The secret to KFC's success, the Colonel's undisclosed recipe of 11 herbs and spices, is guarded in a high-tech, custom-built, digital FireKing safe that weighs more than 770 pounds, located in Louisville, Kent. With a half-inchthick steel door and a dual-opening system that requires both a smart key and a personal identification number, the recipe is more than secure. But just to be absolutely sure, there's also a built-in silent alarm, a time lock feature that only allows access during pre-set periods of time and 24/7 closed circuit monitoring.

Today, only a handful of people know the recipe. Even KFC vendors aren't privy to the whole recipe. One company blends a formulation that represents part of the recipe while another company blends the remainder. A computer processing system is used to standardize the blending of the products to ensure neither company has the complete recipe.

"It boggles the mind just to think of all the procedures and precautions the company takes to protect my recipe, especially when I think how Claudia and I used to operate," the Colonel once said. "She was my packing girl, my warehouse supervisor, my delivery person—you name it. Our garage was the warehouse."

Fittingly, on November 11, 2011, the brand world famous for 11 herbs and spices, announced it had discovered the Colonel's unpublished food autobiography, hidden in the company's Louisville archival storage facility for the past 40 years.

The original autobiography was discovered by Amy Sherwood, a 30-year veteran of the company who immediately realized the value and significance of the find. It provides a unique perspective about a man, and the food he loved to cook. The Colonel wrote about how he learned to cook country-style meals from his mother from a young age. He shares his personal memoirs, perspectives, life lessons and stories about food, family and business. He also reveals some of his favorite personal recipes, including his very first recipe for light bread, which he perfected by age 7.

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An excerpt from the opening chapter reads:

"This is a new kind of book. There's never been another written like it as far as I know. It's the story of a man's life and the story of the food he's cooked and eaten, running right along with it. The food I've liked, the work I've done and the way I think are all the same thing. I'm going to tell how I grew up and at the same time how you can have the kind of food I grew up on. I'm making room in these pages for real old-time American country and farm cooking before it's forgotten. I was a farm boy and lean toward farm cooking. To me, my recipes are priceless."

"We've uncovered a new secret of the Colonel's, and we want to share it with millions of KFC fans around the world," said Roger Eaton, CEO of KFC Corp., in a press release. "Colonel Sanders was a lifelong cook and sage, and his life lessons are just as powerful and relevant today as they were 40 years go. He is known for creating delicious, home-style meals, developing recipes from scratch and sharing his strong beliefs with friends and family along the way. That's why we are so delighted to let KFC fans know we will be releasing the food autobiography [this] year."

There are plans for the book to be released in 2012. Until then, the original food autobiography is safely stored in the KFC vault, next to the secret original recipe, two priceless belongings of an icon.

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