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CEO Lance Trenary
takes a fresh look
at Golden Corral.



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COVER STORY





Golden
Corral

Buffet & Grill

Palate loader

New CEO Lance Trenary wants to pack the nation's dominant buffet chain with diners seeking more than a hunk of beef.

BY MATTHEW BURNS

Golden Corral's evolution

1970s

1971

James Maynard and William F. Carl conceive idea for Golden Corral after unsuccessful attempts to buy a franchise from other companies. It was incorporated a year later.

1973

First Golden Corral restaurant opens in Fayetteville.

1980s

1985

Ted Fowler is named president. He was promoted to CEO in 1989.

1987

The company begins franchising by licensing restaurants to their most successful general managers.

1990s

1991

The first "metro market" concept restaurants open, more than doubling the capacity of older ones.

1992

Fowler predicts Golden Corral will reach \$1.7 billion in sales by 1997. It reaches that level in 2013.

2000s

2001

Annual sales exceed \$1 billion for the first time.

We feed middle America," Lance Trenary says matter-of-factly as the crowd grows at a super-sized Golden Corral restaurant in Raleigh. It's only 3 p.m. on a Monday, but already dozens of men preparing for a long night on the job, retirees grabbing an early-bird dinner special and a few families with restless young children are weaving their way through Lighthouse Bay, The Piazza and other sections of a 30-yard-long buffet, loading brightly colored plates with everything from shrimp to burritos to brownies.

This isn't your grandfather's steakhouse, where a medium-rare ribeye, a baked potato topped with butter and sour cream, a salad and some peach cobbler were standard fare. Golden Corral is an all-you-can-eat bonanza, offering more than 200 items on its self-described "endless buffet." The current version is aimed to give diners anything and everything they want, says Trenary, president and CEO of the Raleigh-based chain since January. "We want to excite people about what a buffet can offer. It's not just a heavy meal. The experience can be high-quality food and a variety of products."

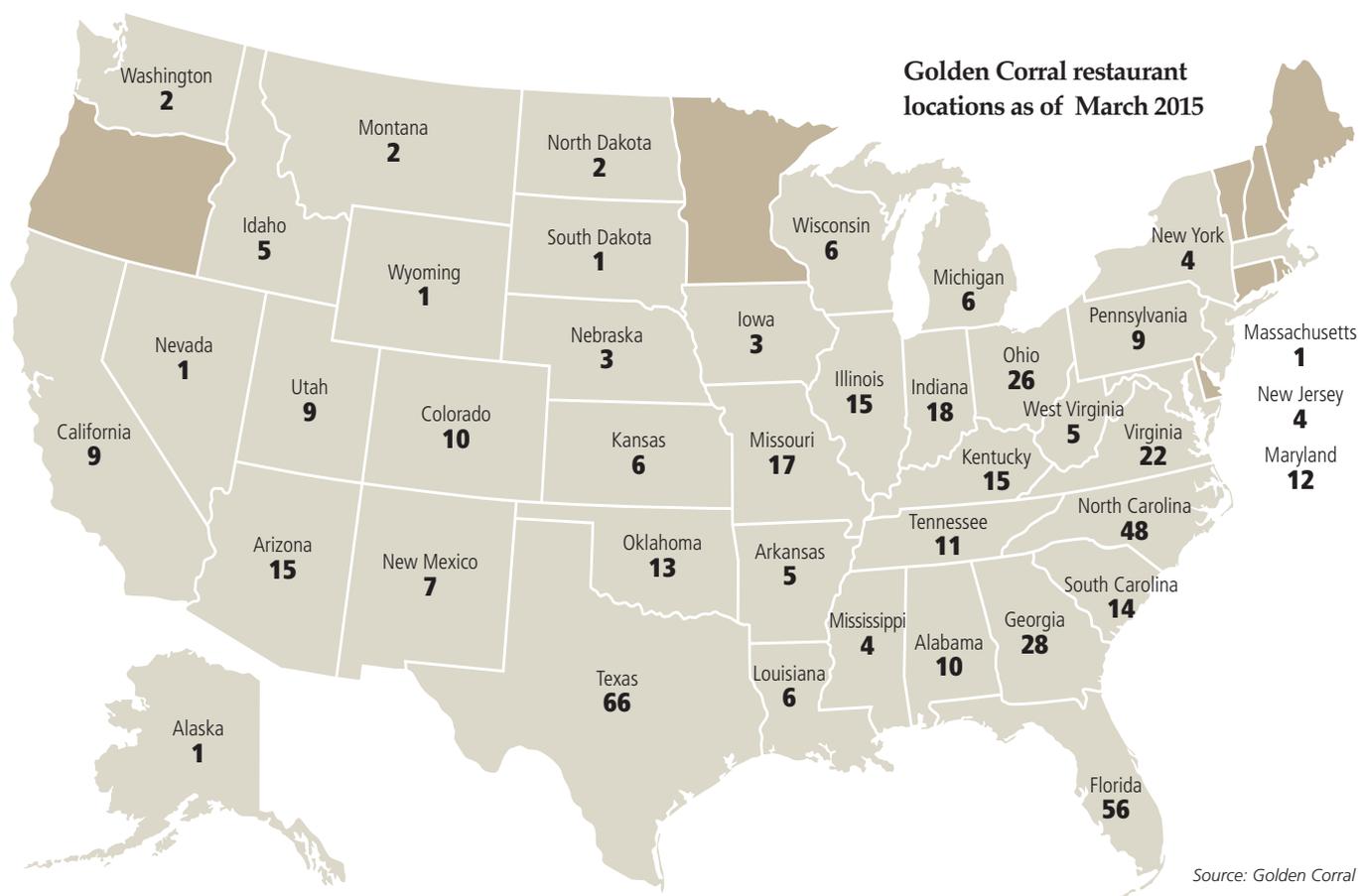
As Golden Corral's first new CEO in 26 years, Trenary is poised to speed growth at a company that dominates its slice of the restaurant-industry pie. During former CEO Ted Fowler's tenure, Golden Corral flipped from owning more than 90% of its restaurants to the current makeup in which 75% of its 498 restaurants are franchised. But today's versions are much bigger and busier as the company has pushed into more populated metro areas and attracted more breakfast business. Sales have increased by 90% to \$1.8 billion since 2000, with the chain's units serving an average of 6,500 to 7,000 diners per week. Its buffets average more than \$3.5 million a year, more than all but a handful of the largest U.S. restaurant chains, while the average \$10 per visit paid by diners brings in several dollars more than many fast-food rivals, says Billy Sewell, CEO of Jacksonville-based Platinum Corral, the chain's second-largest franchisee with 26 restaurants in six states.

The company has repeatedly remade itself during its 42-year history to outpace

rivals and attract more than 3 million customers each week. With \$50,000 raised from investors, James Maynard and a partner opened the first Golden Corral in Fayetteville in 1973, mimicking the affordable steak dinners offered by rivals such as Western Sizzlin' and Ponderosa. Buffets were added in 1988, modeled after Greer, S.C.-based Ryan's Family Steak Houses Inc., which had started the concept a couple of years earlier as diners demanded more choices and more salad offerings. In 1999, three of the nation's 50 biggest restaurant chains were buffets: Golden Corral (32nd), Ponderosa/Bonanza (41st) and Ryan's (44th), while Western Sizzlin' and Quincy's trailed. In *Nation's Restaurant News'* latest rankings of the largest U.S.-based restaurant chains in 2014, Golden Corral still ranked 32nd. No other buffet restaurant is in the top 50, and Golden Corral's sales are almost six times greater than the next largest buffet chain, HomeTown Buffet, which is owned by Ovation Brands Inc. Ovation, now based in Greer, bought Ryan's in 2006 and operates 328 restaurants under six names.

Sewell says Golden Corral's success stems from its variety of fresh foods, efforts to change the ambience of restaurants and decisions to oust ineffective franchisees. Rivals didn't keep up because they served too much frozen food, turning off customers, he says. Much of Golden Corral's food preparation is now visible, so customers see cooks slicing and dicing. The dinner-theater choreography of moving ingredients to different stations and then cutting, mixing, baking and frying while customers serve themselves is a key element of Golden Corral's brand, Trenary says. "We want people to know that they're not eating dishes that have been processed or been frozen and reheated, and we think customers appreciate being able to see that — and taste it." Making effective changes is critical for every restaurant company, says Harry Balzer, a food-industry analyst at NPD Group, a Port Washington, N.Y.-based market-research firm. "If you're still around, you're not doing the things you did 20 years ago," he says, particularly with menus. "We're looking for new versions of things we know, not something we've never heard of before. So you have to find ways to do familiar in a new way."

Across the fruited plain



Golden Corral's buffet includes traditional comfort foods such as meatloaf, mac 'n' cheese, fried chicken and, at many locations, a cascading fountain of chocolate to coat marshmallows and other desserts. But the company has kept up with more adventurous palates by frequently adding and changing buffet selections. In a kitchen at its headquarters, 10 chefs are testing about 30 concepts at any time. "We follow flavor trends — what's new, what's bold — and watch what's popular among ethnic dishes. We also look at what other restaurants are doing to see if there's something we should try," Trenary says. At a few restaurants, Golden Corral is trying wood smokers to give a different flavor to its grilled sirloins. Other dishes are offered only in certain regions, such as green chili in the Southwest. "There's lots of room to experiment with the space we have on the buffet," Trenary says. A stir-fry area called Mongolian Grill opened in a handful of restaurants last fall, allowing customers to choose from various meats, seafood, vegetables, sauces and spices for a cooked-to-order

meal. "People want more control over what they eat, and offering customized meals puts the guest in control," he says.

Millions of people in the U.S., however, exhibit little control when it comes to food. According to the federal Centers for Disease Control and Prevention, 69% of American adults were overweight in 2012, including 35% who were obese — more than double the rate in 1980. Obesity rates are even higher among blacks (48%) and Latinos (43%), demographic groups that Trenary says visit Golden Corral in disproportionately high numbers. "The responsibility for health ultimately falls on the individual," says registered dietitian Joanne Gardner, a nutritionist at Duke University Health System's integrative-medicine unit in Durham. "You can't blame a restaurant for obesity." Still, an "endless buffet" can be a difficult temptation for people trying to eat a healthy meal, or at least avoid gluttony. "Choice is wonderful, but when you're faced with a lot of choices, the tendency is to choose a lot of different foods," she says. "Golden Corral represents an abundant food

2000s

Mid-2000s

The company's "Strata" concept expands nationally, bringing more food preparation into the view of diners.

2004

Golden Corral sponsored the NASCAR Sprint Cup at Atlanta Motor Speedway from 2004 to 2006.

2008

There were 485 restaurants in 41 states.

2010s

2013

Golden Corral spends \$35 million on national TV ads, ranking 26th among advertisers, according to Nielsen Ad Views.

2015

Lance Trenary succeeds Ted Fowler as CEO.

Triangle titan

Golden Corral owner James Maynard controls a variety of other companies through his Investors Management Corp. All are businesses based in the Raleigh-Durham metro area.

- Biologics Inc. helps patients, hospitals and drug companies manage cancer care.
- Cornerstone Building Alliance LLC invests in materials-distribution companies, providing an alternative to private-equity groups.
- Fleet Feet Sports LLC, specializing in athletic shoes and running apparel, has more than 125 stores in 36 states and the District of Columbia.
- KDI Capital Partners LLC is an investment adviser firm that manages more than \$400 million.
- Morehead Capital Management LLC is a private-equity investment firm led by Maynard's son, Quinton.

Investors Management's leadership includes three well-known Raleigh executives

- Jim Hyler, a managing director, is a former vice chairman of First Citizens Bank, the Raleigh-based bank owned by the Holding family.
- Richard Urquhart, chief operating officer, is a former Arthur Andersen & Co. partner who joined IMC in 1985.
- Fenton Hord, a director, is a former CEO of Stock Building Supply LLC, a 93-year-old Raleigh-based company that went public in 2013.



Source: Investors Management Corp.

supply, and with abundance comes risks." The chain's advertising tagline, "Help Yourself to Happiness," is troublesome, she says. "Does that mean the more you help yourself to their buffet, the happier you will be?"

Trenary agrees that many Golden Corral customers "definitely enjoy a meal," but he says the buffet offers plenty of healthy foods, including 20 different vegetables and fish, and can satisfy any dietary restrictions, including low-carb and gluten-free diets. While obesity's impact on health and medical costs has a higher profile than ever — it has been Michelle Obama's signature issue during her husband's presidency — Golden Corral has received little pushback. "Where else are you going to find 20 vegetable dishes in one place?" Trenary says. "Even at a supermarket, you're just buying the raw vegetables and still would have to cook them yourself." New U.S. Food and Drug

Administration regulations requiring restaurant chains to post calorie counts on their menus will reinforce to customers the need to consider lower-calorie, healthy options, he says. Golden Corral plans to put them on buffet labels and its website before the required Dec. 1 date.

While no one encourages customers to overeat, Trenary doesn't want his restaurant staff to cut off someone who's made one too many trips to the buffet. The company doesn't track how many calories diners take in, on average. But it's easy to eat 2,000 to 3,000 calories on a visit, which roughly matches the total daily amount recommended for men and exceeds the 1,600 to 2,400 calories suggested for women. "We put it squarely in your court as to what you eat," he says. Still, Golden Corral is experimenting in Jacksonville, Fla., with small-portion entrees brought to the table for people who

don't want to over-indulge at the buffet. And the "Help Yourself to Happiness" slogan may soon disappear, as the company hired a new advertising firm, The Via Agency of Portland, Maine, to replace New Eyes Inc., an Atlanta agency. Golden Corral wants to shift its message to focus on fresh foods and flavors. Buffets succeed because they provide a good value, and customers know their costs upfront, Balzer says. "Americans, by and large, are cheap and lazy when it comes to food," he says. "If you can do it cheaper or make my life easier, you've won me over."

ONE MIGHT SAY Trenary, 54, was born for the job. His father operated restaurants in his hometown of Tupelo, Miss., and he can recall standing atop milk crates when he was 8 years old to wash pans in a three-compartment sink at the family's Pizza Hut. "I learned from an early age the importance of hard work," he says. Trenary lasted all of one semester as a pre-med student at Mississippi State University before switching his major to business management. He then worked with his father again, this time as franchisees of the Cock of the Walk fried-catfish restaurant chain. He moved on to Golden Corral as a restaurant manager in Brookhaven, Miss., in 1985 and has never left. He worked his way up from area supervisor to district manager to president of a regional division — and across the southern U.S. from Louisiana to Texas to Kentucky — before landing at company headquarters in 1999 as vice president of development. Within a year, he was senior vice president of company operations, and he was named Golden Corral's chief operating officer in 2011. Along with his on-the-job experience, he picked up more formal management training at the University of North Carolina's Kenan-Flagler Business School in Chapel Hill and at Harvard Business School. He'll never be Emeril Lagasse or Wolfgang Puck, but he frequently visits his restaurants' kitchens and cooks holiday meals for his wife, Paulette, and daughters Elizabeth, a third-year student at the University of Miami law school, and Ally-Catherine, a recent High Point University graduate.

He was a natural choice for the top job because he embraces Golden Corral's culture and met a requirement by company owner

Maynard that a CEO has restaurant-operating experience, Sewell says. "He has held virtually every key position and successfully managed the departments that are the core of the business," Maynard says. "Moving into the CEO position is just a natural progression for him and for Golden Corral." Opportunities to join other companies or own his own restaurants haven't swayed Trenary. "My belief in what we do and how we do it is so strong that it has always kept me focused just on Golden Corral," he says. The private company doesn't disclose executive compensation. David Overton, CEO of Calabasas Hill, Calif.-based Cheesecake Factory Inc., which has about the same amount of revenue as Golden Corral, received more than \$5 million in each of the last two years.

Beyond changes on the buffet line, Trenary is putting his operations background to work to keep Golden Corral growing. The company is overhauling training programs,

Creating a theatrical vibe with food preparation visible to diners has become a distinguishing feature of Golden Corral.





Other North Carolina-bred restaurant chains: Burgers, biscuits and buffets

■ Martin County native Wilbur Hardee opened the first **Hardee's** drive-in restaurant in Greenville in 1960, selling 15-cent burgers. A year later, Hardee sold his half of the company to partners Leonard Rawls and Jim Gardner, who moved its headquarters to Rocky Mount. Hardee's went public in 1963 and became known in the 1970s for its breakfast biscuits. CKE Restaurants Inc., owner of the Carl's Jr. chain, bought Hardee's in 1997. Now based in St. Louis, Hardee's has about 1,900 restaurants in 30 states and nine countries.

■ Jack Fulk, a Davidson County native who got his start in fast food as a Hardee's franchisee in 1971, opened the first **Bojangles'** restaurant in Charlotte in 1977 with former Kentucky Fried Chicken President Richard Thomas. Still based in Charlotte and now owned by the Boston-based Advent International private-equity firm, the company famous for its fried chicken and biscuits opened its 600th store in 2014.

■ Grady Allred and a group of investors opened a coffee shop in downtown Winston-Salem in 1935 that would later become the first **K&W** restaurant. Allred became sole owner in 1937 and soon opened a second location in High Point. In 1952, the company switched to a cafeteria concept and K&W Cafeterias Inc. was born. Allred's son Donald is now chairman and CEO and grandson Dax is president. Family-owned and based in Winston-Salem, K&W operates 33 locations in the Carolinas, Virginia and West Virginia.

using online modules to demonstrate how to prepare new recipes and deliver information to employees as quickly as possible. He is on the road about 150 nights a year, meeting with employees and franchisees and visiting competitors' restaurants to seek new ideas. Trenary's experience as a restaurant manager resonates with employees, says Stephen Karos, general manager of the 535-seat Golden Corral in north Raleigh. It is the chain's second largest, topped only by a Branson, Mo., restaurant that is part of a music theater. "He knows what we face every day and has a great vision for the company," Karos says. "Mainly, he wants us to focus on taking excellent care of our guests, from food quality to great service to cleanliness." It's a lesson Trenary learned from his father. "He was great at taking care of his guests, making sure that they weren't just satisfied but truly enjoyed their experience," Trenary says.

Speeding the chain's growth pace and adding new markets are priorities, with Trenary citing a new program that enables

restaurant managers to become franchisees more quickly and with less capital. Franchisees typically need a net worth of \$1.5 million and must pay a \$50,000 fee and share 4% of sales revenue with corporate, says Sewell, whose company is among a half-dozen franchisees that own more than 10 restaurants. They pay 2.4% of marketing expenses and must provide the building, which usually entails an investment of \$2.5 million to \$4.5 million. The company is also considering different footprints for its restaurants, which now are typically 8,000 square feet for 300 seats, 10,000 square feet for 400 or 13,000 square feet for 500. "We want prototypes that fit everything from a small town to a metropolitan area," Trenary says, noting that scaling down the buffet in smaller venues is a challenge because customers expect lots of options. "We don't want to deliver less than the full Golden Corral experience." Two years ago the company paired with Knoxville, Tenn.-based Pilot Flying J Inc. to operate restaurants at two truck stops along Interstate 95 in Virginia and Maryland. "Truckers asked for our buffet, so Pilot approached us," he says. With both restau-

rants exceeding expectations, the venture may expand. Trenary also has international plans, looking at potential franchises in Canada and Latin America over the next three years. "We think the Golden Corral brand of great food and great value will work well anywhere," he says.

Going public is not on the table. Golden Corral ranked No. 16 on the 2014 list of largest private companies published by *BUSINESS NORTH CAROLINA*, and Trenary is an insider who has helped develop a formula that has worked for more than four decades. Still, Maynard says he expects Trenary to take the company in "uncharted directions" as he gets more comfortable in his new role. "Putting a new leader in place is, by definition, accepting change consistent with the strengths and point of view of the individual," he says. Trenary says he's not satisfied to be the No. 1 buffet chain and sees opportunities to siphon business from casual-dining chains, which have mushroomed over the last decade. What's certain, he suggests, is that what's worked in the past won't be good enough. "How can we continue to innovate to attract more guests?"

Trenary got the CEO job because of respect built over nearly 30 years at the chain, franchisee Billy Sewell says.

