



“Aha!” Moments

More than a century ago, the great scientist Louis Pasteur said “chance favors only the prepared mind,” meaning that sudden flashes of insight don’t just happen but are the product of preparation. So, it is more so about the journey or the course that leads one to a pivotal turn—Fred Clark’s decision to go into cash-and-carry, Stephen McGarry’s resolve to focus solely on

multiunits or Larry Backstrom’s preference to leave one career behind and began again in design and build, a segment of the industry he finds totally fulfilling. How did they arrive at their individual defining moments? More importantly, what can you learn from their stories?

That’s the focus.

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Fred Clark

On Cash-and-Carry and Why He Prefers the Term Store Over Showroom

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here are two names that often come to mind when E&S dealers talk about cash-and-carry. One, of course, is Norm Gustafson, the founder of San Antonio-based Ace Mart Restaurant Supply. The other is the guy who crossed paths with Norm almost 20 years ago, soaked up all he could about the cash-is-king way of doing business and then put his own, slightly grittier, Northeastern spin on it. That's how Fred Clark got into the cash-and-carry business and opened The Restaurant Store in the early 90s.

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See page 14 for Stephen McGarry's moment.

Fred Clark

On Branding



We're very big into branding. We don't want to be known as Clark Food Service Equipment in the service business, we want to be known as CSP (Clark Service and Parts). Another point is that we're not perfect. We don't want a customer to associate a mistake made by Clark Food Service with The Restaurant Store or CSP. We want to leverage our brand.

Today, the opening of the one store has multiplied into five Pennsylvania locations, a Delaware location and one very profitable venture.

"Something clicked when I heard Gus' story," says Fred, before leading into those unforgettable words. "I can either carry inventory, or I can carry accounts receivable. I can't do both, so I have chosen inventory." When I heard Gus say that, I thought, 'boy, that makes so much sense.'"

And now, a full-fledged convert, he buys big. The 90,000 square-foot-distribution center that replenishes the company's cash-and-carry locations, along with its online business and traditional distributorship, is filled with imports—three-compartment sinks, boxes of china, stacks of chairs—and lots of high-turnover perishables and paper products. In all, it adds up to roughly an \$8.5-million investment.

"You have to buy right," says Fred, referring to a truckload of wooden high chairs sitting in a corner of the warehouse. "It may take a year-and-a-half to move through them, but the margin we're making on them is still enough that we can sell them incredibly cheap. As long as you're making enough money to pay for that space, and then some, it's still a good investment."

Not just for Clark, for everyone involved. That's the benefit, he says, of cash-and-carry. The customer gets great pricing and he gets some relief from his more capital-intense operation Clark Food Service Equipment. Unlike its traditional counterpart, The Restaurant Store does not extend credit, offer delivery, or eat the restocking fee when a customer is clearly in the wrong. Oh, and it doesn't have a showroom. Showroom is one of a handful of terms that is forbidden within the walls of the store.

"It's not a showroom," says Fred as he strolls past an end cap full of impulse buys. "We're not in the business to show merchandise, we're in the business to sell it."

The logic goes hand in hand with the explanation he routinely rattles off to

nonbelievers about why he doesn't offer delivery. "Because it's cash-and-carry," he says. "Does Sam's offer free delivery? No, then how can I afford to deliver for free. My competition is not XYZ restaurant supply down the street; it's Sam's."

But if a customer is still interested in having someone else transport the product, he or she has two options. Contact a private hauling company; there's one in town The Restaurant Store routinely refers to customers. Or, leave the cash-and-carry store and walk a few paces to Clark Food Service Equipment. That's where you get the bells and whistles. For a \$250 minimum order, it offers three forms of delivery: delivery only, where the product is simply transported to the location; delivery set in place, which involves taking the product inside the location and positioning it; and delivery set in place and mechanically connect.

"Someone taught me a very important lesson long ago," says the nonconformist. (Passionate about change and the need for more of it throughout the industry, he likes the term.) "There are three things to consider when running a business: price, quality and service. You can give your customer any two. If you give them three, you'll go out of business."

"The Restaurant Store's model is about price; customers go there to get better pricing," reiterates Fred, who has been known to advise inside sales reps to direct customers to the cash-and-carry store when they walk into Clark Food Service expecting the benefits of a promotion exclusive to the Restaurant Store. Making sure the lines never blur among any of the company's entities has been crucial to the firm's longevity, says the Company President.

Peeling Back the Layers

Founded in 1971 by brothers Glenn and Lloyd Clark, The Clark Associates

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Companies started out as a small electrical contracting business, heavily patronized by restaurateurs looking to keep their electric cooking equipment in peak condition during Lancaster's busy tourist season. Fred, Lloyd's son, even started his young career as an electrician. But when more and more customers began inquiring about purchas-

On Competitive Pricing...We don't have purchasing agents, we have buyers and their job is to buy better than they did a week ago.

ing new equipment, the Clarks saw an opportunity to grow their business and opened Clark Food Service Equipment. And that's pretty much been the trend for the last 30 years. When an opportunity presents itself, another appendage is added. At last count, there were nine.

There's the fledging firm, Clark Mechanical Services. It provides electrical and HVAC contracting to commercial and industrial clients and is totally independent of the foodservice side of the business. Clark Fire Protection Inc. sells fire extinguishers and hood suppression systems. Glenn Sr.'s son, Glenn, runs the company's service business CSP (Clark Service and Parts), which has about 25 trucks on the road, a staff of fully certified technicians, and an in-house repair shop.

"Service is still a big part of what we do," says Fred, adding that CSP will do about \$6 million in revenue this year.

Also added to the mix is Commercial Stainless, a stainless steel fabrication company acquired in 1989; the Clark Family's leasing company, Calumet Enterprises; Noble Chemical; custom cabinetry manufacturers Hawk Industries, Inc.; and the company's most recent venture, The WEBstaurant store. Started almost three years ago, the online business is already one of the fastest growing in Clark Associates' history—and a new passion of Fred's.

"We don't have a loser on the page," he says, pointing to what he jokingly refers to as the cheat sheet. "All of our companies are profitable."

That's saying a mouthful for the man who quips that high school temporarily interrupted his future livelihood. Nothing is done without the intent of a profitable outcome. Although, there have been a few models that missed the mark. Now both banished to the land of dashed hopes, the alarm business and the residential electric business took too much time to yield a decent return, says Fred. "Sometimes you have to say that's enough."

Good point.

Without the cheat sheet, it's tough to follow the twists and turns of the company's evolution—its nine distinct businesses, 450,000 square feet of facilities and 280 employees. So, Fred often pulls out the cheat sheet to walk the perplexed through the layers.

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"It takes a lot of discipline to make this model work," he says. "It's a top-down management culture. I'm very strict about dividing out these companies. Each division operates on its own P&L and has a manager that is compensated by the profits of their overall departments, which has its own bottom line."

Which is why Clark Food Service competes with The Restaurant Store, why a Margarita Blender may cost less at the WEBstaurant store than in The Restaurant Store, and why the head of Clark Food Service cares when he gets a bill from the head of CSP (Clark Service Parts).

"We have inter-company billing," explains Fred, and one very busy

Business Services department. Located on the lower level of the company's new headquarters, it's the less glamorous, but all important, suture that holds everything together. Here, accountants, three controllers, and a marketing and IT department, work behind the scenes to support all of the Clark Associates companies. The three controllers divvy up the responsibilities for all nine, as does accounts receivable and accounts payable and the marketing and IT departments. Resources are also pooled for insurance and healthcare to contain costs.

"Without Business Services, each one of these companies would have to stand on its own," says Fred. "As a result, a small company like Noble Chemical would not be able to afford a controller. Now, it gets top-notch financial support because it is only paying for a portion of one."

"That's why it's called Business Services. The department actually charges each division for the use of its services. For example, the marketing department's expenses add up to about \$250,000 a year. Depending on its use, each company is responsible for a percentage of that."

Another benefit of business services is that it allows the company's 12 managers to focus on what they do best, taking care of the customer.

"All of my managers have four objectives," elaborates Fred. "They must increase sales, maintain profitability in the black, contain customer complaints and promote good business values. As long as they do those four things, they'll never hear from me."

Then, he's free to focus on what he does best, the things that preoccupy most competent company heads: scouting territories, staff development, finding the company's next standout—and creating. That's the one that truly motivates him.

"I've always been a creator," says the head of Clark Associates as he leans back in his swivel chair and displays a very kid-like grin. It was he who taught his two children, at a very young age, to recite a handful of words that so clearly dictate his business and his life. Change is good and variety is the spice of life. □

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The advertisement features a background of intense orange and red flames. In the foreground, three pieces of stainless steel commercial kitchen equipment are displayed: a stone hearth oven on the left, a rotisserie in the center, and a charbroiler on the right. The text is arranged in a vertical stack, with the brand name at the top, followed by the tagline, and then the product categories. The bottom of the ad includes the website and phone number.