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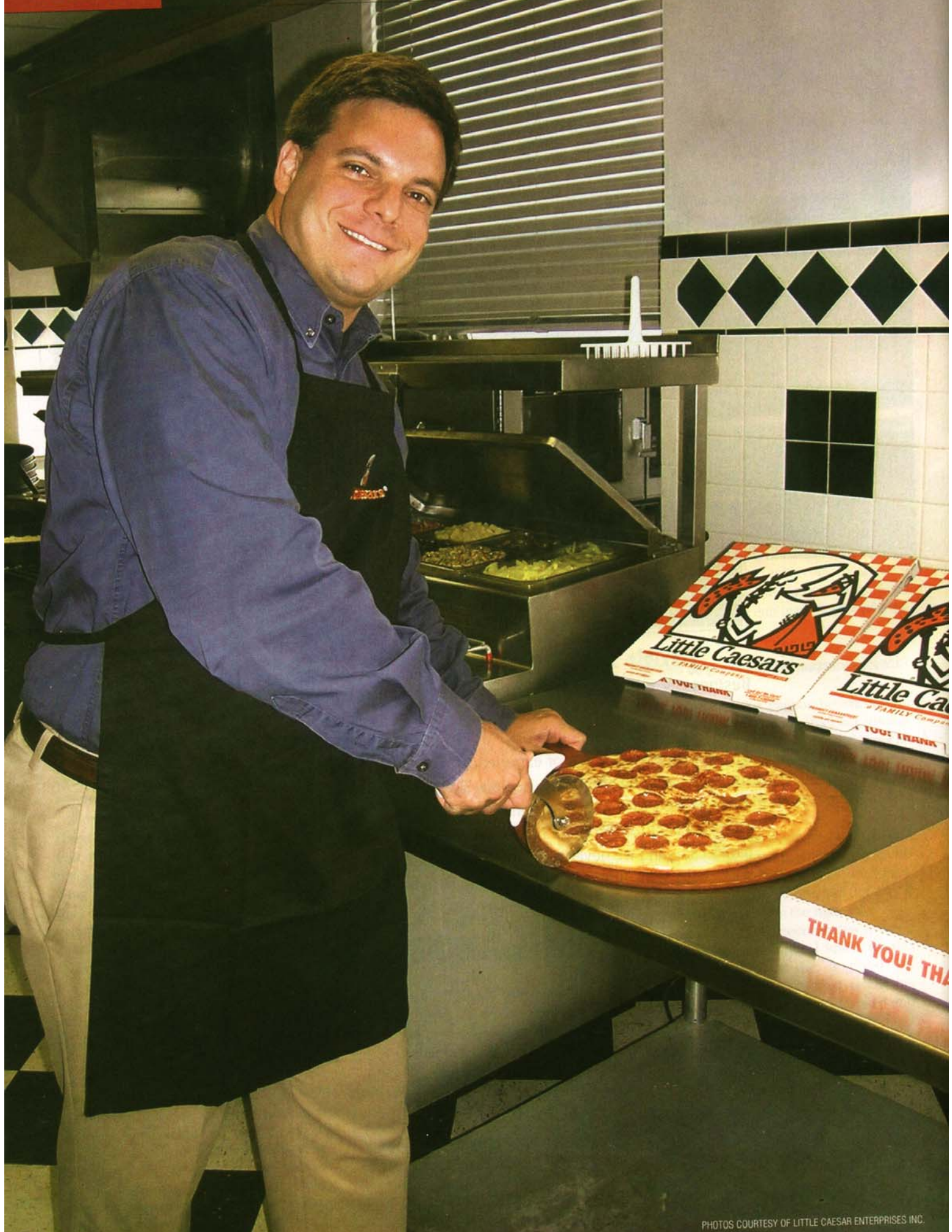
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# Local FLAVOR

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level at Little Caesars

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# Local FLAVOR

**How David Scrivano pushes decision-making down to the customer level at Little Caesars**

**BY ERIK CASSANO**

**T**en years ago, Little Caesars was a marketing force on the national stage. The company flexed its marketing muscle with national TV commercials featuring its cartoon mascot, Little Caesar, and his “Pizza! Pizza!” tagline, one of the most famous in the food service industry.

Historically a takeout chain that focused on maximum value, Little Caesar Enterprises Inc. was even attempting to broach the delivery market, where it would go head-to-head with other pillars of the pizza business.

But then a change occurred, says David Scrivano, a former pizza store manager who has been with Little Caesars since 1999 and president of the Ilitch Holdings-owned company since 2005.

In the late 1990s, the company disappeared from the national spotlight, refocused itself as a value-centered takeout chain and reinvented its marketing strategy.

"In the late '90s, we decided to move ahead with a marketing strategy where we moved off national air," Scrivano says. "We decided to move away into local-based advertising."

While other pizza companies kept pouring their advertising dollars into national campaigns, Detroit-based Little Caesars decided to operate below that radar. It still formulates electronic and print ad campaigns, but those are meant for small, local audiences. Individual franchisees decide which materials they want to use to promote their stores.

It's a marketing strategy that goes against the bigger-is-better grain of the pizza industry but one that has allowed Little Caesars to appeal to customers on more of a grassroots level. To Scrivano, Little Caesars' stores — which number in the thousands nationwide, though the company does not give out specific figures related to its operations or revenue — are the most important part of the company. The store is not only the place where pizza is made and sold, it is the customer interface.

Scrivano says the store managers and franchisees are the people who know their customers the best, so they should be given as much control as possible over how they appeal to customers.

The philosophy of pushing decision-making to the local level has grown beyond just marketing to include the menu, franchise opportunities and even how senior managers are trained.

### Local tastes

At Little Caesars — which had an estimated \$435 million in sales last year, according to Hoovers.com — Scrivano says corporate management's job is to keep all stores, both company-owned and franchised, pointed in the same direction. The management teams oversee keeping the customers central, the ingredients uniform and the logo prominently displayed. Beyond that, much of what happens at the stores is in the hands of the store managers and owners.

In addition to placing marketing in their hands, the Little Caesars menu is also full of optional items. Core items such as pizza and Crazy Bread are mandatory, but a store manager can piece together a large portion

of his or her menu based on what is popular in that particular area.

As with the local ad campaigns, Scrivano says it goes back to appealing to customers on their terms, something that is essential for any business in a crowded mass market.

"We believe it is important to offer our franchisees options so they can pick up from the local market," he says. "Our franchisees know their markets the best."

Market research and surveys determine what items Little Caesars puts on the optional menu. Through sales figures and store feedback, the company's research and development wing discovered that optional items such as salads sell well in the Midwest, while barbecue wings sell well in markets such as Kansas City.

Scrivano says the optional menu evolved as an outgrowth of the local-based advertising strategy. It has worked well for the corporate leaders and has been well-received by store managers because of its adaptability.

"The optional menu and local-based marketing campaign allows us to be more flexible and more quickly respond to market changes," he says. "We can quickly turn around and give our customers what they are asking for."

### Communication matters

Scrivano says giving store managers and owners the latitude to manage their own markets is not an indication that Little Caesars' management members are laissez-faire leaders. While they do give store managers a lot of freedom, they also expect a lot of feedback.

The company's leaders rely heavily on communication from the store level to get a picture of how the Little Caesars brand is faring in a given market.

"Each day, I pick up the phone and call franchisees, or they call me," Scrivano says. "I don't think many days go by where we don't talk to franchisees. We are in constant communication."

Scrivano says he looks at his relationship with store managers and franchisees as collaborative. Input comes into corporate headquarters from the store level, and problems and solutions are identified at the corporate level and communicated back to the franchisees, who might refine those ideas and suggest something else to corporate.



Scrivano says it's that back-and-forth communication that produces ideas and concepts that benefit an entire company.

"I think it's extremely important to maintain communication both ways," he says. "I always want to hear from the people in the field and what their needs are, and that will give me an opportunity to solve any issues that pop up from day to day."

Scrivano says store owners and managers can also benefit from being exposed to each other. Annually, Little Caesars brings together all store managers and franchisees for a national business conference, giving store leaders an opportunity to compare their numbers and performance. They find out which stores are bearing the most fruit and which ones are lagging. Allowing store managers and owners a chance to interact on a large scale allows them to push each other to do better.

It also allows a forum for the company to

receive store feedback on a large scale. Some of the best ideas that get relayed to the company's corporate leaders come from large gatherings of store leaders.

"At a business conference earlier this year, a franchisee told me she was having problems understanding our new customer satisfaction survey," Scrivano says. "She told me she had an idea to train people on the new survey by using the Web. I made a phone call to our corporate headquarters, and now our franchisees can get live training on how to understand the new survey online."

#### Training days

Scrivano says the corporate managers of Little Caesars aren't judged based on whether they can bake a pizza or ring a sale, but that doesn't mean they shouldn't know what goes into running a pizza store.

To drive home the store-centered focus of the company, all new corporate managers

“ I believe everybody

we bring in must

understand our

business philosophy

and understand what

our business is. ”

David Scrivano,  
president,  
Little Caesar Enterprises Inc.

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# The Scrivano file

must go through a one- or two-week training session at a Little Caesars store. During the session, the new managers set aside their dress shirts and ties for aprons and comfortable shoes and participate in every aspect of running the store.

The program was implemented by Scrivano after he became president in January 2005, and he also was part of the inaugural training class. He says he feels it's important to not only teach incoming corporate managers the ins and outs of the business but to also foster camaraderie between those in the corporate office and those in the stores.

"It helps us bridge that gap that sometimes exists between the corporate level and the stores," he says. "Personally, spending eight or 10 or 12 hours in a store revs me up. I love making pizzas and servicing the customers."

New managers are rotated to various parts of the store over the course of their training period. They spend several shifts at the front counter interacting with customers and making sales, several shifts in the back with the pizza makers and several shifts with the manager learning how a store is run.

"They actually make the dough; they learn how the flour and water and oil are put together," he says. "They move on and learn how a manager trains his crew. It's an intense, two-week training session where they learn every aspect of the store."

Scrivano says the hands-on training in the store environment is an interactive way to teach newcomers about the company. Instead of hearing about how the company does business in a classroom or seminar setting, new hires are thrown straight into the work environment that they will, directly or indirectly, be managing.

"I believe everybody we bring in must understand our business philosophy and understand what our business is," Scrivano says. "This program allows our new managers to understand what our operating principles are, what our crew is like, what our customers are like, and to understand the core values of our business."

Scrivano also believes strongly in continuing education. Once managers are educated in how Little Caesars does business, he sends them to seminars and trade shows to help sharpen their awareness of the industry.

"We really try to develop their expertise, then get them to learn and build on that by

**Age:** 39

**Born:** Detroit

**Education:** Bachelor's degree, University of Michigan

**First job:** Assistant manager in a pizza store

## Whom do you admire most in business?

It would have to be Michael and Marian Ilitch (founders and owners of Little Caesars). I am so grateful to be involved with two of the pioneers in the pizza industry.

They started from scratch and built this business with their own hard work. I have had a one-on-one relationship with them for many years, and I've been so pleased to learn from them. They've taught me how to take risks, overcome obstacles and be successful.

## What is the greatest business lesson you've learned?

It's people, not products, that are the key to running a successful business, and you need to learn to trust people through their actions, not their words.

I've also learned that you need to have fun at work. Whether it's in the store or the office, you need to create a positive environment that allows people to flourish.

## How do you define success in business?

Success comes from seeing other people succeed. If you see other people flourish, you are motivated to strive for success.



keeping them up-to-date on current trends within the industry," he says.

## Focus the strategy

Scrivano says that at its core, Little Caesars' store-based philosophy is driven by a desire to carve a unique niche within the pizza business.

While other chains focus on delivery, which is based on the quickness of the store-to-car-to-doorstep process and counts the front door of the customer's house as the primary interface, Little Caesars' leaders wanted to go in a different direction, one that would take the company away from the crowded pizza delivery market and into its own niche.

Scrivano says what Little Caesars excels at is creating value for its customers. He wants Little Caesars to be able to produce a quality product at minimal cost and pass that savings on to the customer.

With that in mind, the company has approached the first decade of the 21st cen-

tury with a renewed emphasis on low costs and takeout service, and the response has been positive. Scrivano says that every year since 2001, the company has experienced significant same-store sales growth.

"It's crucially important for success in any organization," he says. "You must find what works and stick to your guns. It's not wavering and going on to the next big thing that everyone says will change the way you do business."

To Scrivano, business is less about silver bullet ideas and more about performing the basics with consistency, day after day.

"I don't believe in silver bullets," he says "I believe it's about mastering 100 things that are related to the core values of your company and focusing on blocking and tackling those basics every single day.

"It's everything you do up to that which is the everyday managing of your business. Never take your eye off the ball."

**HOW TO REACH:** Little Caesar Enterprises Inc., [www.littlecaesars.com](http://www.littlecaesars.com)