



***It has been my experience that nothing goes according to plan.***

For example, I never planned to attend Baylor University. While it pains me to admit it, I planned to attend Texas A&M. I only ended up at Baylor after visiting a friend who was a student.

I had planned on being a physician and enrolled with Chemistry as my major. After a few classes, however, my plan went awry as it quickly became apparent that the only chemistry I was learning was with my future wife, Dana Tinkle, BA '84. I met her by happenstance during Baylor's Welcome Week.

LEADERSHIP  PERSPECTIVE

# ***When Life Se Lemons, Lemon-Berry***





**erves You  
Make a  
Slush**  
Planning is Overrated

by Scott McLain



I never planned to be a business major. I never planned on getting an MBA. I never planned on working for Price Waterhouse. I never planned on working for a bank that failed. The list could go on and on. The plan that seemed most inconceivable at the time has ironically become my current reality. I am a Texan living in Oklahoma and working in the fast food industry. But, despite the fact that it was never part of any plan, it could not have worked out any better.

My career at Sonic began in 1996 after I turned down their first offer to become treasurer. It just wasn't part of the plan. No self-respecting Texan ever considers moving to Oklahoma. Moreover, I had no desire to tell my friends that I was selling burgers, tater tots and limeades for a living. Most of them were successful investment bankers, lawyers, accountants, and consultants. Thankfully, Sonic was persistent. As my wife and I continued to pray about the opportunity, it became clear that it was the right place for us.

When I joined Sonic, the company operated fewer than 1,500 drive-ins in 27 states producing approximately \$880 million in system-wide sales. Today, we are a truly national brand with system-wide sales approaching \$4 billion and more than 3,500 drive-ins operating in 42 states. My wife and I have found Oklahoma to be a terrific place to live and raise our family. Oklahomans have a can-do spirit and an authenticity that's hard to match. It now comes as no surprise to me that Oklahoma was the birthplace of Sonic Drive-Ins.

Most people think the secret to our success at Sonic is largely about cherry limeades, tater tots, extra-long cheese coney, and skating carhops. There is no doubt that pursuing strategies that focus on differentiating our products and the way they are served has fueled our success. Yet, in my view, the fundamental reason for Sonic's success is a culture that champions opportunity and entrepreneurship.

From the beginning in 1953, we have been dedicated to a simple but powerful philosophy. Sonic will succeed as a company by allowing the management of individual drive-ins the chance to pursue their dreams and the opportunity for unlimited financial rewards. Most Sonic Drive-Ins have some form of "partnership" arrangement whereby the manager has a direct interest in the financial performance of the drive-in with no limit to the amount of income they can earn.

Our founder, Troy Smith, built Sonic on this simple and powerful principle. He believed that an owner would take better care of customers and the facilities than an employee. So, we work hard to create an **"ownership" mentality**. Today, Sonic managers refer to their store as **"my Drive-In."** We want our partners to be involved in the community. We want our customers to think of Sonic as a local business with local "ownership" instead of thinking of us as a national chain.

We want our managers to earn compensation well above the industry average. In fact, one of our most successful franchisees has a goal for his store-level partners to earn \$100,000 per year. That is double the industry average. The good news is he has almost achieved this goal. And the more successful his partners are, the more successful he is as well.

Our largest franchisee doesn't think he is even in the fast food business. Instead, his belief is that his business is to find good, hard-working people and give them the opportunity to succeed. That philosophy helps attract talented people who are motivated to succeed, and in turn, help others succeed. It also provides a deeper sense of purpose that transcends the profit motive and creates deep engagement with the business. Our brand is full of folks that started as carhops or grill people who today find themselves as store managers with an ownership position. They did it through old-fashioned hard work mixed with a healthy dose of common sense. It is the American dream personified and it is a joy to see it play out every day across all our drive-ins.

***Our ownership mentality also feeds another core value at Sonic – an entrepreneurial spirit.***

That notion manifests itself in many places, even with our customers. They can create their own drinks from over 168,000 different possibilities. We want our customers to be in control and to have the ability to have distinctive food and beverages the way they want it. They have a say each time they drive in to their Sonic. And listening to what they have to say is the key to great customer service.



HAPPY  
DRIVE-INS  
EVERYWHERE



# SONIC

ca's Drive-In



Listening is also the key to great leadership. As I was given the opportunity to assume greater responsibilities at Sonic, I felt increasing personal responsibility to find the next engine for growth and then create a master strategic plan that would pave the way to greatness. I thought my two greatest management assets were my brain (to conceive the plan) and my mouth (to articulate the plan).

Over time, I learned through trial and error that my conception of management and leadership was totally wrong-headed. My two greatest assets were not my Baylor-trained brain and my mouth but instead the two things on the side of my head known as ears. Most, if not all, of the great ideas that have propelled the Sonic brand forward have not come from our corporate office. They have come from our drive-in operators. Two great examples were adding ice cream to our menu and our half price drink initiative known as "Happy Hour." What I have learned is that it is the everyday insights of those folks closest to the customer that will tell us much more about what will work than all the expensive consumer research and data analysis that we also do.

Leading in an entrepreneurial culture is much easier and very liberating in my view. Rather than driving a grand plan for success from corporate headquarters, we know that someone at a Sonic Drive-In is already doing something new that is resonating with our customers. Our job as leaders is to make sure we listen to the field, cull the best ideas out there and then marshal our collective resources behind the best ones. Then we help bring them to life so that everyone can benefit. In my view, good leaders quickly realize that they do not have a monopoly on the truth and that those closest to the customer generally have the best ideas.

My journey as a leader and our journey as a company has been full of unexpected twists and turns — many successes but also failures. We do create both short-term and long-term plans for our business but nothing ever goes exactly according to plan. Economic and consumer forces are notoriously difficult to predict. Instead our success, both as a company and as individuals, is largely a result of what we do when the plan doesn't work. How quickly we adapt and take advantage of changing conditions is the real recipe for success.

***In Sonic parlance, we like to think of it as turning lemons into a lemon-berry slush.***

Y HOUR 1/2 PRICE  
NKS & SLUSHES  
RYDAY 2-4 PM

Scott McLain is president of Sonic Corp., parent company of the nation's largest chain of drive-in restaurants. McLain joined Sonic in April 1996 as treasurer and was named chief financial officer in August 1997. He was promoted to executive vice president in January 2004; named president of Sonic Industries, the company's franchising subsidiary, in November 2004; and began his current position in May 2008.

McLain earned a BBA in Accounting and Marketing from Baylor, earned an MBA in Finance from the University of Texas at Austin, and is a certified public accountant.

