
Introduction – 0:57

John Erling: Chester Cadieux was born and raised in Tulsa, Oklahoma. After graduating from Tulsa Central High School Chester earned a degree in Business Administration from The University of Oklahoma and then joined the Air Force. Three years later, Cadieux followed his business dream and co-founded QuikTrip, with fellow Tulsan Burt B. Holmes. And for the next 44 years Chester guided QuikTrip as President and CEO as the company successfully expanded into many states. In this interview recorded in QuikTrip's executive offices in Tulsa, Oklahoma, you will learn what Chester did with \$5,000. How by trial and error he found his way in the convenience store business. And while today QuikTrip is a major convenience store chain, it had its very humble beginnings. Listen now as Chester Cadieux takes you back to the early days on VoicesofOklahoma.com

Chapter 2 – 5:13

Cadieux French Canadian

John Erling: Today is July 31, 2009, and my name is John Erling.

Chester Cadieux: My name is Chester Cadieux. I am 77 years old. I was born in Tulsa, Oklahoma. I have lived here almost all of my life.

JE: And your date of birth?

CC: 2/24/32

JE: Okay and you were born probably at which hospital in Tulsa?

CC: Saint John's

JE: Where are we recording this?

CC: Well, we're recording this in the QuikTrip Corporate Office.

JE: Okay, here in Tulsa, Oklahoma.

CC: Right here in Tulsa, that's right.

JE: Your parents' names and who they-

CC: My Father's name was the same as mine, Chester Edward Cadieux. It's pronounced *Cadieux* if you were French, but we're not. And he was born in Chicago and he worked for Bell Oil and Gas here in Tulsa, Oklahoma, and my mother came from Texas. She was a secretary at one point in time and I was an only child, so she took a special interest in me, a heck of a mother.

JE: So she had a big influence on your life.

CC: Oh yeah. My mother was a huge influence in my life. She took me and sat me down in Church when I was about two, and that's why we give away money, why we do all these things. Why I support the seminary and-

JE: Phillips Seminary you've supported, and that all came from her, she was a Godly woman.

CC: Yeah, yeah.

JE: So you probably went to church three times a week?

CC: No, just once.

JE: Okay. Right.

CC: We didn't belong to one of those denominations where you had to go three times.

JE: Yeah, but it sunk in even just once a week.

CC: Oh yeah, yeah.

JE: Why did your Father come to Tulsa?

CC: He was in the railroad business in Chicago as a kid. He didn't have an education. He started with one of the railroads. I don't remember which one. And got into the traffic business and so we were pushing railcars around and keeping track of them and so forth for a train company. And he got a job opportunity in Arkansas City, Kansas, to run tank cars, because in those days we didn't have product pipelines and so they ran out in unit trains primarily. So he did that. And then that got purchased by Bell Oil and Gas in Tulsa, and he moved to Tulsa. And my Mother was a secretary there, and they got married and...

JE: And here you are.

CC: Yeah, and years later here I am.

JE: You said your name, you pronounced it, *Cadieux*, but you're not French, so where does the name come from? Or what kind of name is it-

CC: They we're French-Canadian, from ten generations of French-Canadian and my grandparents moved to Chicago not knowing each other and they just met in Chicago, which was the place to be in the 1880s. That was a hot spot and there was, you know, there's all sorts of areas that you move to where they spoke French or they spoke, you know, whatever language they spoke. And so they met and had a couple of kids in Chicago and grew up there and then when they retired they went back to Canada. My

grandmother wanted to go to California, but (Laughter.) Granddad wanted to go back in the little town in Canada.

JE: Yeah.

CC: And they ran a grocery store.

JE: You're an only child.

CC: Yes.

JE: Where did you go to elementary school here in Tulsa?

CC: I went to Barnard, Wilson and then Central.

JE: Central High. So you graduated in?

CC: '50.

JE: 1950.

CC: The nifty class of '50.

JE: And then you went on to college?

CC: I went on to OU.

JE: OU?

CC: Yes, I went to ROTC. I was a 2nd Lieutenant and went to flight school and but the Korean War was over and so they had too many pilots and so they were asking people if they would like to get out of flight school and do something else, cause they had too many pilots. And I had already had a child. I was married and had a child, and so I didn't want that for my career so I got out of that and became an intercept controller.

JE: What was that? What did you do?

CC: That was before you know that's when bombers were bombers. There weren't missiles going around, so we were there in the business to keep the Russians off our back. And I was in Bartlesville, Oklahoma which is kind of weird, and that wasn't exactly a real strategic location and so what we did is SAC ran against almost every night with jamming and so forth. And we would sit at the radarscope and try to figure out where they were and scramble fighters. And the fighters, they had radar and so it was-

JE: Explain what SAC was.

CC: Strategic Air Command

JE: Right. So this was a practice, they were constantly-

CC: Constantly practicing-

JE: Right.

CC: Their jamming ability because if you could see them, you could shoot them down.

JE: Right.

CC: But if you couldn't see them you had a hell of a time. And so SAC people would come and sit in the back of the room and see if we could see them and all that sort of thing.

JE: Yeah.

CC: And they ran one time in the daytime and we shot them all down and we had a hell of a time. (Laughter) Those ol' pilots were World War II guys and they just ate it up. The rest of the time they came at night with their jamming.

Chapter 3 – 3:50

Engineer or Business?

John Erling: So you get out of the military of four years?

Chester Cadieux: Three.

JE: Three years in the military.

CC: Yes, I worked for Manica Kanzee Printing Company and they did business forms primarily. They did the whole business-printing thing but it was mostly special deals because they had technology at that time that you'd enter information and it would come down and stamp. It did all your accounting, not just as a computer but it would hit certain things when you put in that information that became the accounting base. That was a hot deal for a while.

JE: What was your role there?

CC: I was a salesman.

JE: You were an outside salesman to promote this throughout this area and probably the area beyond Tulsa. And then you're probably married by that time?

CC: I was married yes, 'cause I had a kid, I had two kids by then.

JE: Now, you graduated from OU with a degree in what?

CC: Business.

JE: Okay.

CC: Marketing.

JE: Did you do that by chance, by design you chose business? Did you have a seed planted?

CC: I was going to be an engineer. I was always going to be an engineer. There was a guy that lived next door to us that as 6 or 7 years older. And he was my hero and he was always real nice to me. And he was a Navy Pilot in World War II. And he came out (of the service) and he was going to go to Oklahoma A&M and be an engineer and be a Sigma Nu. And I was going to go to Oklahoma A&M and be an engineer. And I was good in math. I was in the elite kind of math class at Central High School which was hard as heck. And about the middle of my senior year I figured out that I was the dumbest kid in this class as far as being an engineer was concerned. And I thought well, I should be doing this, so I took a test and it was one of these psychological tests and it said I ought to be on sales. Well, Oklahoma A&M, the only kind of business classes they had were agricultural business, they didn't even have business-business. So I went to OU.

JE: Oklahoma A&M then became OSU.

CC: Sure.

JE: So then that made sense then.

CC: So as a default, I became a businessman.

JE: Was there a seed planted by your Father?

CC: Oh sure. Oh sure. Cause my Dad, he ran tank cars on the side. Bell Oil & Gas let him run tank cars in their service. And during the Depression when tank cars were going for scrap, he bought them and got them rehabbed and so forth and began to run tank cars and he still worked for Bell Oil & Gas. And it was no big deal for them because you had to pay railroad companies for the mileage, so he built that and he built a business in St. Louis with a friend of his, and ran tank cars out of there. When he passed away, and he passed away just before the first QuikTrip opened, and he loaned me about \$5,000 to get in (to the business) which is worth about \$80,000 or \$90,000 now. I mean when you say \$5,000 that seems like nothing, but because he was an entrepreneur.

JE: And he probably told you-

CC: Sure. Growing up, he said, "If you want to make any *real* money, you need to be in business for yourself." And I always, from Junior High School on, I always wanted to be in business for myself. And you're never really in business for yourself. You're in business for a whole lot of people. But that's what I wanted. And being in the Air Force in Bartlesville and having all these two neighbors that always worked for the two oil companies there and always got transferred, and always, you know. And I thought man I thought I'm going to be in business for myself. But I didn't know anything and I didn't have any money, so.

JE: And you didn't know what business it was going to be?

CC: Heck, no.

Chapter 4 – 5:22

\$5,000.00

John Erling: But then one day you had a chance meeting?

Chester Cadieux: Well, Burt Holmes and I, you know Burt Holmes started QuikTrip. I mean he had raised some money. He had asked two or three other people if they would like to be the President of QuikTrip and work the night shift and you know get started and all that sort of thing. All of them had better jobs than I did and they didn't want to do that and I just jumped on it I mean it was like ... because I had these rules. I had the rule that it had to be simple, cause I didn't know anything. It had to be low-cost, cause I didn't have any money. And I didn't like competition, because if you're a printing salesman, everybody in

the world had a printing press in their garage, I mean that's a dog-eat-dog business. And I didn't want to get into something with real tough competition cause you couldn't survive. And here comes Burt. Duh.

JE: He was also in the insurance business wasn't he?

CC: Oh yeah. He worked for his Dad and then later was in the insurance business and as time went on he got into all sorts of businesses. Burt loves to start businesses. He still, at 77 almost 78 he's still starting businesses with people.

JE: It's the Holmes Group Insurance that he has.

CC: Well, he sold out of that a few years ago.

JE: Okay then.

CC: But he has a little insurance company of his own that's an actual insurance company.

JE: In Dallas, he had watched the 7-11 Stores there?

CC: Yes he had. And I knew about 7-11 cause my Mother had family down there. But I kept looking at businesses in Tulsa. Just driving around doing my sales work. I'd see a junkyard, or I'd see a trash truck. I mean I knew it had to be a really down-to-earth cheap business to get into. So when he came with this ready-made deal that was small, but at least it wasn't dirty, (Laughter) I mean you know.

JE: And that's when he said, "You can get in for \$5,000."

CC: Yeah, yeah and I talked to my Dad and-

JE: Did he-

CC: And he thought I was crazy. But he loaned me \$5,000 and then like I said, he died. I mean he passed away before we got the first store open.

JE: Burt had maybe a couple of other guys that put in maybe a few thousand dollars apiece?

CC: Yeah, we had three people that put in \$2,000 apiece, and then Burt put in \$5,000 and I put in \$5,000 and that was \$16,000 and that's what we started with.

JE: Now the name QuikTrip-

CC: He had that.

JE: That was his idea.

CC: He had it and it was with a "K" and not a "Q" and then the sign company guy said we ought to have it so that it balanced, and so you couldn't have a "C" in there and so it was (spelled) Quik, which is okay with me.

JE: English teachers were upset with you probably.

CC: Yeah, everybody for years spelled it right.

JE: Did you try to maintain an investment and try to start this business while you were still working at the print shop?

CC: No, no they fired me because they did business with one of the companies that was doing what I was doing. And they heard about it cause we bought some equipment that

knew about and they told and he asked me, and I said yes, and he said well, you're fired, so. So then Burt decided that they could pay me and so we were getting a store opened and so they paid me and we didn't starve.

JE: So then, to try to get a hang on this, didn't you work for some grocery stores for nothing?

CC: Yeah, for the summer.

JE: And why did you do that?

CC: Well just so I could run a cash register and knew about groceries and knew how to order and how to stock and how to, you know, it was pretty simple. But I worked all summer in various and sundry grocery stores.

JE: For free?

CC: Yeah.

JE: They're asking why would you work for us for free?

CC: No, cause they knew what I was doing because we had figured out who our wholesaler was going to be and the wholesaler just arranged it.

JE: So they understood?

CC: Yeah, I was there to learn the business. I learned how to peel onions and all sorts of important things.

JE: Then was there a point where you discovered that grocery stores and convenience stores really have little in common?

CC: We didn't understand what we were getting into, absolutely. We stocked it like a grocery store. Which was not atypical then because we were filling grocery stores because grocery store hours were short they were 8am - 8pm or they were open 16 hours a day they weren't open early, they weren't open late, and so your fill-in business was kind of what you lived on because we kind of really just had groceries. Git-n-Go started just a few weeks before we got our first store opened. And when I went to it to see what it first looked like, they had brought a guy from Texas. He knew what he was doing. He was the best C-store guy you could imagine. He just talked fast and moved fast and had a feather duster in his back pocket and he'd run around and worked all the time and he knew the business. And when I walked into that store I thought, "Oh ... shoot." (Laughter) We've done everything wrong and we did. We did everything wrong. And that became our company motto was "We always do everything wrong the first time." And we did. We lost money you know and we were on the edge for two or three years.

Chapter 5 – 5:11
First QuikTrip Store

John Erling: Had Git-n-Go been up and running in other parts or in Texas?

Chester Cadieux: No, no, no, this guy was an independent operator in Fort Worth and he got hired because he was kind of famous. And he came up here and he got made at Git-n-Go, or at Hail Wholesale Grocery Company

JE: They're the ones that hired him to start a convenience grocery store in Tulsa and they called it Git-n-Go. So they too started in Tulsa.

CC: Yeah. And this guy was great and he got in an argument with Hail Wholesale because they were so conservative and they had to run everything and he knew what he was doing and they didn't. So he called me and he said, "Chester, I've resigned and I'm going back to Texas. But I've got to eat in the meantime, and I've got to buy some stores down there, and I've got to get all organized again. Can I work for you?" And I said, "Oh, heck yes." So he ran Store No. 3 and I used to spend all the time I could with him because he was magic and we began to build stores just like Git-n-Go.

JE: Let's go back to your first store, where was it?

CC: It was ... it was horrible! (Laughter) We had used fixtures cause that was cheap. We had used frozen food boxes that Bird's Eye must have invented. I mean they were, "Clank! Clank! Clank! Clank!" They were terrible. The whole store was terrible. The cooler was too small, you know. It was a joke.

JE: Where was it located?

CC: It was at 53rd and Peoria. You know, it was a fairly good location over time, because that was sort of the end of Tulsa. There were some stores out beyond there and I had worked that area as a Fuller Brush man while I was going to school in the summertime. So I knew how to knock doors and I knew that neighborhood and whatever and so it seemed like home to me. But it was really slow. And they closed the road in front of the store. That's an old story.

JE: You opened that store in what year?

CC: In '58.

JE: So in '58 you opened your first store.

CC: Yeah, in September. It was going into the winter, which is the wrong time of year.

JE: Yeah it was the wrong time of year and then you had the construction on Peoria.

CC: Right.

JE: And so, what kind of business did you even have?

CC: Almost nothing. I put a sign out front that said HELP (Laughter) you know. But the people behind us that could come in the side could get to us. But nobody else could.

And so, you know we just limped along and lost money. Because we thought we might go bankrupt, and you can only get so bankrupt, I mean out is out. So we opened another store with a pre-fab and got it open pretty quick. And it was down about ... it was on Peoria on 37th Street back behind a Dairy Queen. And it was a better store, as a grocery man that the first one, but it never made it that store. Number 1 finally made it. Number 2 never made it. We moved Number 2 to another street over on 41st Street and it didn't make it. But Number 3 was okay. But Burt built Number 3.

JE: Were there any other I don't think you called them, convenience stores at that time. They were drive-in grocery stores.

CC: Yeah.

JE: Were there any other drive-in grocery stores?

CC: No. It was just Git-n-Go and us.

JE: So this whole concept was new to the entire community.

CC: Oh yeah. Oh yeah. You know there weren't any fast-feeders. It was a whole different world. Mom still worked at home. It was classic 1940s, 1950s and it was a whole different world. We didn't hire women because they had to work nights by themselves, cause these stores didn't run a lot of volume. The business model was cheap and high price. And that's what they all were and there were about 3,000 convenience stores in the United States when we started and they were in Dallas and Atlanta and some in Florida. And now there are 146,000. So, you know we stumbled into a growth business. Just good luck, and so, you know, we said it's better to be lucky than smart cause we kept doing dumb things. But we were lucky because the business grew and there was a need for convenience that nobody even recognized convenience. If you think, there are no fast-feeders. It was just a vacuum that wasn't identified.

JE: And it would tend to take the public a while to understand this concept.

CC: Yeah well it took us a long time to understand-

JE: Right.

CC: What the concept was because over time the concept changed because people would come in and buy a loaf of bread and some lunchmeat and maybe some mustard and make a sandwich. And we didn't understand that we ought to have sandwiches. We were selling ... trying to sell pop and we finally realized we needed to just sell single cans or single bottles of pop. We just didn't know what we were doing. But we kept changing.

Chapter 6 – 4:38**Net Worth Zero**

John Erling: When Store Number 1 didn't take off, you weren't discouraged enough to say we don't know if this concept is going to work or not. You knew that there were problems there that were unique to that store.

Chester Cadieux: They were unique to that store and the next one was better and the third store was right. It had the right sized cooler and it had the right dimensions and we began to learn. And then the 4th store, and we were going bankrupt in there but the 3rd store had broke even and then I got a phone call that Git-n-Go had decided, Herb Forrest that ran one of the dairies here in town, he called me and he said, "I'm building this store for Git-n-Go and they decided they don't want it. Would you like to have it?" And I went and looked at it and he said, "Don't worry about it, Chester, cause it you don't like us okay, I'll run a dairy store there." So we went and it had a lot of houses, a lot of low-income, real packed in ... and we were beginning to learn what made it work. Well I didn't have anything to lose. I was going broke. You can only go so broke. So we took that store and it made money from the first day.

JE: And that location, do you recall?

CC: Yes, on North Harvard, North on Pine, halfway up.

JE: From the day you opened the doors?

CC: And that saved the company and that was an accident. That was luck, dumb luck.

JE: Because you were losing money.

CC: Yeah.

JE: You were short on inventory probably and it had to be scary.

CC: It was scary. The good thing about it was in those days you sold for cash and bought on credit. And it was one-month credit, but if you're sales were increasing, even if you were losing money with depreciation and all of that kind of stuff, you still had some cash because sales were staying ahead of payables. And we lived that way for two and a half years and then we started making money. And I like to say that the happiest day of my business career was the day that our net worth was zero. (Laughter) Cause we started with \$16,000, we had a negative net worth of \$26,000, but credit kept us going. And nobody wanted to put us out of business because what would they do with it?

JE: Right. (Laughter) Was it about 1962 your gross sales went beyond a million dollars?

CC: If that's the record you've got then that's right.

JE: That was gross sales of \$1 million and your net income was \$21,000 in 1962.

CC: Yeah. Yeah, that's right. It took us 11 years for the company to be worth \$1 million. And we

had a lot of stores spread all over everywhere cause we just kept going for it. It was like the military, you were trying to secure areas that were yours.

JE: You probably sold just about everything too. You took on-

CC: Oh yeah, we got goofy.

JE: Like what things would you sell?

CC: Well I mean we sold stink bait. Which was really not very smart cause it stinks.

(Laughter) We sold canoes, not many but Budweiser had these canoes that you could get as a prize for selling Budweiser. So we'd put them up on the ceiling and every once in a while we'd sell one of those. We sold wigs. (Laughter) Cause wigs were a hot deal at one point in time and somebody came and wanted to sell them and so you try it and women would stand there and pick out a wig and (Laughter) and you know I mean we just sold crazy stuff. We sold bomb pipes in Kansas City we had a supplier. When you're losing money or struggling or whatever you try this stuff. And then later you realize that that's not a real moral thing you ought to be doing, and you quit doing it. But we sold ... we just sold all sorts of good stuff.

JE: Back in those days, it probably was kind of like Land Run that you could just set down a store in many, many places. It's not like today where everybody's just fighting for land. Back then it was open spaces.

CC: Yeah, but you had to put them in the right place.

JE: Sure.

CC: And we didn't understand traffic for a long time. We understood density of population of where the houses were. And so you try to get where they are building a new area because construction is worth five times as much as a house that's occupied. Cause those guys eat a lot, drink a lot and so forth. So, you just struggled and everything changed over time. We got in the sandwich business, accidentally, but we got into it.

Chapter 7 – 3:09

7-11

John Erling: But your main competition at that time was it 7-11?

Chester Cadieux: Well, it was 7-11 in Kansas City and we had different competition in Wichita. You know in St. Louis it was 7-11 and when we went to Atlanta it was 7-11. When we went to Dallas it was 7-11. You know, it was, yeah.

JE: So did they start up about the same time you did?

CC: Oh no, no.

JE: They had started up years-

CC: Yeah because they were in the ice business.

JE: Okay.

CC: So then they had these ice docks and then they started selling merchandise off the ice docks in the winter because they'd shut these ice docks down in the winter and so somebody said, "Hey can I keep my ice dock in the winter and try to sell stuff?" So they worked out a deal and they did that and they figured that and that's how the C-store business evolved. When it worked in Dallas they did it in Atlanta with the ice company there, so that's the-

JE: Is that the seed for C-stores as you call them?

CC: Yeah.

JE: You think that with 7-11 and those ice docks that was the beginning?

CC: Oh yeah it began with the ice docks, yeah. And it evolved and now you know it's all immediate consumption. You've got to have sandwiches, you've got to have fountain (drinks), you got to have ... and gasoline didn't come along for 10 years. And then we didn't know how to do that and we didn't have the money and so forth. And then after about 20 years we decided that we really had to be a gasoline marketer, and get I to that.

JE: There was a time here in those early stages that you were and stores like you perhaps were charging more for the product because it was convenient.

CC: That's right.

JE: Wasn't there a mentality that people might have had that convenience stores are "Gotcha Stores"

CC: Oh, sure. Sure and we realized earlier than other people did that convenience didn't have value anymore because there was too much convenience. And we lowered prices and we got very aggressive with pop and cigarettes and key parts of the business with price.

JE: So you were probably undercutting your competition with those prices at that time?

CC: Oh yeah. Yeah and of course it hurt gross margin, but yeah we stayed after it.

JE: At first you probably thought your customer was everybody who was really alive, but then began to really focus on who it was that was really buying your products and who was that?

CC: Right. Well, it was people under 50. It was young people primarily. And as time went on it expanded because people who used to be young got old and they still went to convenience stores, but not as often. I mean I go to QuikTrip and I don't buy any of the things we really sell, but I go there for certain things, cause we think our coffee is better and so. And then is take home coffee to make at home but my wife and I go there for certain things. We don't go there for pop, we don't go there for sandwiches. We don't go there for...

JE: For cigarettes?

CC: Yeah.

JE: And so it would have been the young adults.

CC: It was teenagers.

JE: And they were hungry and out of gas.

CC: Yeah, hungry, thirsty, out of cigarettes and out of gas. I mean that was the business we were in.

JE: And then that helped you focus your advertising and merchandising-

CC: Sure.

JE: As well, so you began to point toward them.

CC: Sure, yeah.

Chapter 8 – 3:48

The Enemy

John Erling: In your early days of advertising, were they radio were they TV?

Chester Cadieux: They were radio, we couldn't afford TV and we really couldn't afford advertising for a long, long time. And especially in the big markets, like going to Atlanta. It was just brutal. So we did sign boards and some of the things that you could focus. You know if you're in a huge town and you've got 11 stores there, you really can't advertise but you can put up some boards in areas where you have stores. And that's really kind of it. But we did radio. We tried to do things but were just back to TV now. We dropped out of TV in our new markets cause we just couldn't afford it.

JE: Your competition was 7-11, were they advertising?

CC: Oh yeah.

JE: On TV or probably a huge budget in radio for sure.

CC: Well yeah because they had a lot of stores, you know when we went to Atlanta they had, I don't know 35 or 40 stores and the local guy had 40 stores or whatever. It takes a long time to get to a critical mass in our business, where you have enough customers because if you have a customer here and they love you and then finally they see a store across town. That mass begins to be your customers who when they see you, shop with you. And that takes in a big town like Atlanta and Dallas you know there's twice as many people in the greater Dallas/Fort Worth area as there are in Oklahoma. Those are big markets and that takes 7, 8, 9, 10 years to make money. Because you keep opening new stores that lose money and so it's like World War II. (Laughter) You've just got to go in and fight it out, dig it out.

JE: If it's like War then who are the adversaries? Who are the enemies?

CC: It's got to be major oil companies rather than C-stores because they'd have 100, 200, 300, you know Dallas there's companies down there that have 300 stores in the market. So, you've got to have a lot of stores to really get on the map.

- JE: Drug stores too I suppose would be-
- CC: They're competition. They're trying to be competition. They've really set up for it, but they've backed off of it because they're not getting the sales per square foot or square inch or whatever they need.
- JE: I've got to go back. Was there sometime when you were just depressed and thought, "I don't think this is going to work?" Or were you always positive?
- CC: I don't think I was depressed. I was scared.
- JE: You were afraid-
- CC: That we were going to go broke. And then you go to a new market and you go through that whole thing again. But after a while we learned that it took a long time and not to worry and it's just going to cost you a lot of cash and you just had to hang in there. Cause we (QT) had a better offer. We had better people. We've always had better people. And we've done it with better people, really.
- JE: Right, so your formula then had to be people, product-
- CC: Well, people and location.
- JE: And place.
- CC: Yeah, place and pricing and inventory and yeah, I mean there's a whole lot of things you have to do right. We had a better offer and still have a better offer than the competition.
- JE: But then you had to advertise and let the cities know that even though you were a convenience store you had low prices but high quality.
- CC: Well, what we really got is we got into the gasoline business and got good at the gasoline business. People would stop in these new markets and buy gas, but they wouldn't go in. Because we were a convenience store, and you knew what convenience stores were like, so you didn't go in. So as you get people who do come in and they get good service and they see it's a nice store and the prices are nice and all that kind of stuff, then they become your customer after a while, but gasoline gets them to stop.

Chapter 9 – 4:01

Self-Serve Drinks

John Erling: The self-serve drink idea how did that come about?

Chester Cadieux: Well, we invented that. Wyatt Phillips took that on you know he was marketing guy for us and he took that on and we began to experiment with it. And it was an immediate success, because other people didn't have it and now everybody has it. But we were the first people to do that.

JE: What was his name?

CC: Wyatt Phillips. He came from Atlanta. We'd fired our advertising agency. A guy who was a friend of mine in high school who lived in Atlanta, I was talking to him on the phone one day just as old friends and he said, "You know, I've got this friend here Wyatt Phillips and he's down on his luck because he's been in the hospital, he's been ill, but he's a young guy." But he'd had, not kidney stones but something else. But (my friend) had an agency there and he said you ought to hire him to figure out who your advertising agency ought to be. So he came and we drove the market together and so forth and he said, "You have lousy signs." (Laughter) So I don't know, we ended up hiring him. He came up with the big QT and quit talking about QuikTrip although QuikTrip is still on the store but you could see that QT a mile away. People would say, "God you're building stores everywhere." I'd say, "No, I'm not, it's the signs."

JE: All of a sudden they were noticing them.

CC: Yeah. He invented Lamar and you know he did a great job for us. He grew up, and got bored and was ready for something else. But we had him for a long time and he was great help and he's still a great friend.

JE: When he said, "Well, we could have self-serve drinks," you thought, "Go, let's do it."

CC: Oh yeah.

JE: The QuikTrip Kitchens idea, how was that born?

CC: That came with Chet.

JE: Your son Chet.

CC: My son Chet because when he became CEO—and we knew we were weak in food and that's the driving force that we're pushing right now. We're still not very good at it. But we have commissaries and we have bakeries in all but one of our markets and we're under construction there and that's Dallas. But we're serving all of our stores except the Dallas stores with bakery (items) and with fresh sandwiches every day. And that's been a \$30 million investment to get that lined up. And then losing money in those things until we get enough volume and enough trained people to really get good at it.

JE: So that's the status of that today in 2009?

CC: Yeah.

JE: Same feelings of the way it was for you when you were starting out?

CC: We'll make it work. We know we have to make it work because it's immediate consumption and you don't sell cans of stuff. People don't cook.

JE: And so the concept of letting somebody else supply that to you wouldn't work? You wanted to control it yourself?

CC: Yes. We learned a long time ago that if somebody else is doing it, we won't get the quality. They're going to cut on cheese, or they're going to cut on whatever the good ingredients are. They're going to not start out that way and you know we've got them

squeezed down and they're trying to make money and so we just have to be the ones that lose money to get up to volume to make it work. And the bakeries make money now. Not a lot, but the bakeries are doing okay. But the sandwich part of it is still losing money. And we work through that, I mean it's just one of those things. We have to be a destination for gasoline, for pop, for cigarettes, for a lot of things. We have to be really good at it, and we have to get better at food.

JE: And you're still working on that?

CC: Oh yeah.

JE: And that's your biggest challenge today?

CC: Yeah, and we're okay in Tulsa because we did it first here. But it's really new in Kansas City and St. Louis and Omaha and a lot of places. And it's really new in Atlanta, and it's really new in other places too, so.

Chapter 10 – 3:42

People

John Erling: Let's talk about the people you refer to them as being important-

Chester Cadieux: Oh, that's the whole thing. That's the whole thing.

JE: In selecting-

CC: We're awfully late getting into people actually, which is my fault.

JE: You mean in our conversation here?

CC: Yes, yes, because that's the whole driving force of the company.

JE: What was the formula for selecting the right people?

CC: Well, the whole thing about people came from being in the Air Force and having responsibilities and working with non-commissioned officers. And the old guys from WWII were not easy for an ROTC Lieutenant to deal with. But the Staff Sergeants, the young guys who wanted to be career guys and were Staff Sergeants and they were my age. And we learned whom we could work with, and how important people were. And so when I started, we paid better. We didn't have competition but we paid what assistant managers made in super markets for store managers and they made a little less and whatever. And they made almost as much as I did. \$10 a week was what I made then because we were trying to get quality people, cause we needed them if we were going to grow. So I would interview 10 people to hire one. And that was my discipline, which used to drive me crazy. And now we hire probably one out of 30. Because we have psychological testing, we have mental testing. If you get to an interview, you've got 1 chance in 3 of getting hired because you've already been screened, so we're really careful with whom we hire.

JE: Back then you were kind of doing it (hiring) by the seat of your pants or by your gut-

CC: Oh yeah.

JE: And you had to determine whether this person was a people-oriented person.

CC: Well. It was an attitude thing. I mean the whole thing is attitude. Yeah and people that had some sparkle and people that you could see taking care of customers. And we always promoted from within. When I showed you the people down there below on those plaques that came and stayed and got to run the company, the people that run the company used to run a store.

JE: They came in as entry-level so-

CC: Everybody comes in at entry-level. Well, I say everybody, but we hire some specialists now, but not a lot. I mean we're looking for people who've drunk the Kool-Aid. They're believers.

JE: And then the training of these people is-

CC: Is very, very important. We were terrible trainers to begin with. I mean we'd have somebody in the back there to bail a guy out if he got in trouble, but we didn't train very well. And over time, see we do all this interviewing with employees every year. We used to spend a third of our time just talking to employees and customers. And the employees were the important part because they knew the customers. And they knew where the problems were. And they had good enough training and they knew that they didn't feel safe on the night shift and we needed better security and all that sort of thing. We talked to everybody. We talked to secretaries, and we talked to people that worked in the warehouses and people that were in the maintenance department. I mean, we talked to everybody. Hiring good people and listening to good people is the success of this company.

JE: Which was the toughest to figure out, the products or finding the right people?

CC: After you've got the right people, it was getting the right product.

We had some bad times you know, Vietnam came along and the kind of people we hired were going into the service. And then later on they were coming out, and they would come back to work for us usually. But now they've been in the military and they were kind of like, grumpy. And the new hires, they treated them badly, 'cause you know and we had to work through that and we had to let some people we really loved go.

Chapter 11 – 4:24

Site Selection

John Erling: Then you began to attend convenience store conventions.

Chester Cadieux: Early on, after we'd been in business just a couple of years, we found out through a vendor that there was a convenience store organization that was very

rudimentary. A lot of people my age or a little older were getting in the business, and none of us knew what we were doing, and so we'd just tell anybody—we didn't realize that 10 years later we'd be competing with our good friends but I mean, that's kind of the way that it worked out. And we ended up with two other companies that we're really close to. One's Wawa back in Philadelphia and the greater northeast area, and then a group in western Pennsylvania that went south with their stores, and so forth, and that's Sheetz and Wawa. And we're still great friends with them and we help each other. But we had this figure exchange we had for years, with several companies. And we figured out what the good ones were, the ones we wanted to stay in contact with. They have new ideas and we have new ideas. We still talk about better ways to skin a cat.

JE: And you met them through the convention?

CC: Oh yeah, all the time, yeah.

JE: Now that you said that, and you said you're still working on the food issue, have any of these other-

CC: Oh yeah, Wawa's a lot better at food than anybody else in the country. They started out with food, because over there (East Coast) the people want deli sandwiches and so they sliced ham and whatever and made sandwiches in the stores and now they got very, very organized and very, very good. And they have pre-sliced and they have all sorts of stuff to make it work better. And then Sheetz was a lot better than we were. We taught them gasoline and they taught us food. We're struggling with that still and Chet was up at Wawa not long ago and he's on the Sheetz Board, and I was on the Sheetz Board and I'm still on the Wawa Board after 24 or 25 years. I'm getting a little old and I might be up there much longer but... (Laughter)

JE: So then as you were on a flight back from one of these conventions, the head of 7-11, Cliff Wheeler was on it.

CC: Yeah, and he came back, he was in first class and I was back there in coach and he came back there and sat with me. He accidentally, you know, on purpose dropped a few hints about site selection. And within a year or two he tried to hire me and you know so.

JE: Oh really?

CC: Yeah, yeah. He's a wonderful man. He's a wonderful guy.

JE: So the best way to control the competition is to hire them?

CC: Yeah, yeah. And he wanted me to go run Kansas City, we weren't in Kansas City then. And he offered me this job and of course I was this entrepreneur, and so I immediately told him no. I was in to win or lose.

JE: But then he helped you with site location information, he gave you a tip.

CC: He gave us a tip that you look for turning—if you flew around (a city) you could see where people turned.

JE: And where the pavement was darker?

CC: Right, cause the rubber was down.

JE: Did that make sense to you?

CC: Yeah, that made sense. Yeah, because you wanted to know where traffic went. And we didn't understand traffic, we understood density, but we didn't understand traffic. And it took us a long time to really be able to understand traffic. Where it's going, where it's coming from, and the number of cars in front of your store on the right side of the street, you know, the correct side of the street and so forth, to be easy to get in and out. Understanding that and then expressways changed everything. That killed volume on some streets and added tremendous volume on other streets. And there's too little volume and there's too much volume, because if there's too much volume, then you can't make a turn or you can't get out and all that. And now we have a guy who used to run the largest site selection business in the world. He wasn't the Founder but he was the President for a while. And we had had him earlier and we got him back and he's here and he's a genius. And that's the kind of genius that you look for, cause they don't have them coming up.

JE: So then, as we talked earlier, they were known as drive-in grocery stores, how did the concept of calling them convenience stores come about?

CC: Well that was the association that decided that they were convenience stores, which was intuitive and the right answer, that we are convenience stores.

Chapter 12 – 5:32

Line of Credit

John Erling: Then it seemed there was a time that you were biting off more than you could chew in the '70s and you had a line of credit with a Tulsa bank.

Chester Cadieux: When we bought the stores, it ended up we had to buy them after a lawsuit and all sorts of stuff we won't get into. And so they pulled our loan and they didn't say you have to pay us know, they just said you can't borrow any more and you're going to have to pay this off. It was pretty ugly. Our P&L and what was going to happen when you bought these stores and then you found out that they were manipulating the books. I got a new suit and a nice tie and I went to every bank and I got this spiel and I would go look for capital for a line of credit. And we tried everybody in Tulsa and everybody in Kansas City and everybody in Wichita and-

JE: And you had all of these people saying no to you?

CC: Oh yeah. And they were senior kind of people, they were old guys and they would sit behind their desk and shake their head.

JE: And you were about 30 some years old.

CC: Yeah 35 or something like that.

JE: Right.

CC: And so one of our shareholders said, "Well, you ought to go see Republic National Bank". Which is no more of course because they got bought out, by bought out, by bought out. We went down and I got in-

JE: In Dallas?

CC: Yes. And I got to meet this young guy who was you know instead of being an old man he was a young guy, a young smart guy. I had my spiel.

JE: Which you'd probably given about 20 times by that time?

CC: Or 30, or 50 I don't know and so I had the spiel down and he said, "Well, we'll take a look at it, and we'll call you back." I was trying to borrow a million dollars to pay off the Bank of Oklahoma. And he said, "Well, Chester, we looked at you deal and we don't think that a million dollars is enough."

JE: And your heart's sinking.

CC: Yeah. He said, "We think you need at least \$1.2 million, is that okay? (Laughter) And I said, "Yeah, that's wonderful." And we used them until they went through bankruptcy in the '80s like BOK went through it, and like everybody else went through it in the oil world.

JE: But I want to bring you back to those days when you went to those banks. How did you maintain your attitude and your mood? It had to be a real sinking feeling. Am I going to lose it all?

CC: No, we didn't think we'd lose it all, we thought we couldn't expand. We thought you know, since we don't have credit and we have to pay off the credit we have, that we'll earn our way out of it, we just had to shut down growth. We just couldn't do what we wanted to do, but we knew we weren't going to go down by then.

JE: It was working. It was-

CC: Yeah we were making money, yeah. If we didn't spend money, we would build capital. But it was unpleasant.

JE: Yes.

CC: And then the bank in Dallas was so good to us. I had boys, because we had trainees that would come through and would call on little companies like us. And one of them was Terry Carter, and Terry Carter became our Chief Financial Officer for many, many years. And he was just a kid, but he was a smart kid. And I liked him and he liked us and so we hired him away from Republic National Bank but they weren't too worried because they had lots of boys.

JE: But then that bank in Tulsa that sent you away, The Bank of Oklahoma you are-

CC: We're back with them.

- JE: You're back with them?
- CC: Yes. I was on their Board for a number of years and Chet's on their Board. And we have a good relationship with them and it's different management and different, you know.
- JE: And a different era too, different times, right?
- CC: Oh yeah.
- JE: I think you had a creed: Don't fall in love with real estate.
- CC: Yeah.
- JE: You needed to become ready to relocate if the time came.
- CC: Yeah, I mean people fall in love with real estate when they own it. And we don't own a lot of real estate because if you think about not having capital, and it takes capital to buy dirt and it costs capital to build buildings. And we're back in that mode right now because we're expanding rapidly because we're in a recession and a recession is a great time to expand because you don't have as much competition for land. You don't have as much competition for a lot of things if you have capital. And we don't have enough capital to do it so we go back to outside people buying the land and building the buildings for us with a long lease. But that's the way we had to do it for years. I mean we couldn't even buy a vacant lot. We were using all the money we had to operate stores.
- JE: So these stores that we see and in other markets you don't own the building or the land?
- CC: Some of them we may.
- JE: Okay.
- CC: We got to the point where we own about half of them but we've never owned all of them in an expansion period and now we're back because we want to move fast and we have been moving fast. And we don't have the capital to move fast and build the buildings. Because the building is \$3.5 million for the land and the building and the pavement and all of that kind of stuff. And that's a lot of money in big towns and that's where we want to be so then we're back to that and we'll work out of that. And we'll get back to owning some of the stores especially some of the ones that are critical. The Travel Centers and some of the ones that are diamonds in the rough that we want to really control forever. But everything changes.

Chapter 13 – 5:37

Small Towns

John Erling: So the model then of a store that you get a long-term lease or one that you own, do they both show profit over years and years?

Chester Cadieux: Yeah, over time. Sure, sure. The oil companies always owned all of their

property and now they've sold it all because they don't want to be in the gasoline business. They don't really want to refine it. They want to find it.

JE: Wasn't there a time for the convenience stores there was like a strip-center mentality?

CC: Oh yeah. It was cheap. It was that deal of having to keep the cost of the business low and the prices high because that's how you made it.

JE: So you would go into a strip center?

CC: Yeah and we would create those. We would find an area that was big enough for other stuff. But it didn't give you enough parking, it didn't give you enough visibility, but it was that, you had to stay cheap.

JE: So that's another lesson you had to learn?

CC: Yeah.

JE: And then you couldn't probably park real close to the store, people don't want to walk.

CC: Well, you could park close to the store, but there was only 6 parking places up front and then about 4 or 5 out. So maybe you had 10 parking places and now we need 30.

JE: Okay, you're in Tulsa. Your first store out of Tulsa was where?

CC: Miami, Oklahoma and it was just an ad in the trade publication that Phillips 66 wanted to sell this site. They didn't want that store. So we went up and looked at it and we thought it was a pretty good store. But it was a great store, because down the street was a tire plant. They operated 24 hours a day. And it didn't even occur to us that that's why that store ran all that volume. So I thought small towns had to be good, so we started to build in small towns. And some of them were good, and some of them were terrible. It was just a misconception of how important work was (to the business) as opposed to homes. That wasn't part of our understanding of what site selection was. And we only had 10 or 12 stores. That one in Miami was Number 12. So we didn't have many stores, and that was the first time we really understood that business. Especially things like steel plants and refineries and things where it was hard, heavy outdoor work and they wanted to go somewhere for lunch or to get a drink or whatever, and of course get cigarettes. And, of course construction, construction was worth five times what a house was worth that had family in it. So focusing on people that work in the area is something we didn't understand. So we were just stupid.

JE: In a small town then you began to realize that's not enough to sustain your business.

CC: It wasn't enough, as we got in the gasoline business and there were a lot of gasoline stations there, and they had owned that land since Granddad bought it, you know back in 1932. When we really got in the gasoline business, we learned that you really didn't want to be in small towns because you just didn't sell a lot of gasoline. There was a lot of competition and there was a lot of family and there was a lot of, "We're loyal to Bob because I went to high-school with him" sort of thing and so we began to get out of small towns.

JE: So then your first major market then would have been Kansas City?

CC: Right. The first major market was Kansas City and then we went to Wichita because the guy in Wichita wanted to merge with us and we didn't know why he wanted to merge with us. (Laughter) Because, it ended up, he was losing his fanny. So that put us in Wichita and Wichita is okay. But it still didn't sell a lot of gasoline. But we weren't in the gasoline business. We weren't in the gasoline business until the '70s.

JE: So the sites in Kansas City, the real estate people weren't always that helpful to you?

CC: No because when we'd pick a site and then try to get somebody to buy the land and build the building, they would just call 7-11. It wasn't the real estate people it was just the guy who owned the land. They were mostly real estate people, you know. But it wasn't the people working for us that, you know. But it was just that they'd call 7-11 and say, "Do you want this store because QuikTrip wants us to buy and build." And so we'd get the ones that 7-11 didn't want. Which is not a good way to build a business but we did sort of run them out of town so.

JE: You ran 7-11 out of town?

CC: Well, I think they're still there. But they have maybe

JE: Minimum.

CC: 30 stores and we have 75.

JE: In Kansas City?

CC: Yeah.

JE: Why do you think you ran them out of town?

CC: Well, because we had a better operation and we had better people, with just better people. We didn't have better locations because they knew more about locations than we did. But we had good people.

JE: Because I suppose the same products could be bought in both stores and both companies?

CC: Sure. Yeah.

JE: And so it was how the customer was being treated.

CC: Yeah it was the attention that the customer got and the cleanliness of the store. We spoke to everybody that came through the door. And we got to know people's names and they got to know our names. So it's people, pure and simple. In my days back when I would hold employee meetings, I used to have everybody stand up in order of how long they've been with the company. And then all of the new people would stand up and I'd say, "You're the company in Saint Louis. QuikTrip is you. Because that's what people know. They see the stores, but they know you. You're the company." And they are. And they grow up and they become managers and they become store supervisors and they become division-training managers and they come up through the stairs. And they're the company. But you don't see them. You see the people in the stores.

Chapter 14 – 5:28**Lamar**

John Erling: Then it was in the '70s I think you purchased a sandwich production company.

Chester Cadieux: We did that because we were doing these little triangle sandwiches like you've got in a bar. We weren't really doing good stuff, but that's kind of what they did. And so we started doing business with them and then we just got disgruntled because in order to make it because we were hard on what the pricing was, they would cheat on what the cheese was or how many ounces of whatever there was. And so we just bought the one in Wichita that they had and they kept the one in Tulsa, and then ultimately we bought the one in Tulsa.

JE: Then along about that time you had this TV and radio campaign that starred Lamar.

CC: Yeah.

JE: It was a shaggy-haired dog-

CC: Yeah.

JE: And a Cowboy.

CC: And a Cowboy.

JE: That just took off big time for you.

CC: It did. It was fun. It was fun.

JE: Tell us a little bit about that campaign and what it meant to people and how much they related to it.

CC: Well it was fun and the Cowboy always had Lamar with him in his pickup truck. And you know Lamar couldn't go with him in the store. But he'd get Lamar a sandwich and he'd always talk about QuikTrip to Lamar, and then he'd say, "Ain't that right Lamar?" And then Lamar would go, "Woof!" And this was this shaggy dog that wasn't a breed, he was just a shaggy dog. People loved Lamar and they loved the Cowboy.

JE: I'm sure that people came in and they wanted to see Lamar?

CC: Well, Lamar used to do bars at night and so forth. We'd put him on an airplane and take him to Kansas City or somewhere and he'd hang out in bars and bark and of course he'd be on TV, he wouldn't just be in bars. He'd be on TV and in appearances one place or another, or at a school or whatever. He was a great dog, and smart. He was smart. And he had a trainer in New York. He did a lot of commercials. He did dog food, he did soap. He did all sorts of stuff. But he kept getting older, and his beard got to look like yours. (Laughter) And mine. And they would dye him and put color on him so that he would still look young and whatever. But we knew that we needed to have another Lamar. So we bred Lamar with dogs that looked like Lamar. And we finally got one that looked like Lamar but was bigger, and dumber. This was the dumbest dog that you've ever met. And

we did one commercial with him because Lamar couldn't hear anymore. So if Lamar couldn't hear his trainer, you know, we couldn't use Lamar. And so we had this dog and we were getting into gasoline advertising. Dogs and gasoline really just don't go together very well. But we wired this dog to this spout where you put the gasoline in, but he couldn't handle that, and that was the only one we did, but we spent years trying to get a dog that looked like Lamar. But we didn't think about dumb. (Laughter) So we got off that and we got into gasoline and you know the guy that ran the automobile repair shop and all that sort of thing. And he was really strong and that was a great campaign.

JE: So about gasoline, there came a time when you'd decide on competing maybe against Amoco or McDonald's, was it going to be gas or was it going to be food?

CC: The point at that point in time way back was, were we going to get into the food business, or were we going to get into the gasoline business? We didn't think we could do both at the same time and learn it. Gasoline seemed a lot easier than food. We didn't have room for making food in the stores, we didn't think about commissaries. Ultimately we did. Ultimately we made sandwiches for a long, long time. And we shipped them frozen and we sold them cheap. We sold a pretty darn good sandwich for \$1 for years and years and years, until the sandwiches cost more than what we sold them for. So we had to raise the price and as we raised the price sales slowed down. But we still have that line of frozen sandwiches that thawed and then sold, along with the fresh sandwiches and so forth. But they're cheaper.

JE: I think you said that it's important to distinguish between the store sites that people go through and the sites that people go to, a point of destination for them.

CC: Yeah, we worked on destination. We worked on being better than we said we have to be at destination. We said we have to be a destination for something and it was part of this drawing out of high prices. So we were a destination for cigarettes, because we had everything and we had them cheap. We became a destination for pop and Coke. We stacked it high and sold it cheap. We became a destination for several things and we wanted to be a destination for gasoline. And we had to reinvent ourselves because if it didn't have a national name on it, it had to be junk. Well we all bought from the same sources. I mean nobody has a plant where they make bad gasoline. You know it's just that ... and mostly it's just all major oil companies, and so you work your way in to being able to buy gasoline in markets where you want to buy it.

Chapter 15 – 5:04**QuikTrip Gas**

John Erling: You developed a relationship with Sun Oil?

Chester Cadieux: Yes, here in Tulsa and that saved our bacon. You know, it was a guy I went to Sunday school with who was in charge of unbranded gasoline sales. I mean, duh. It's better to be lucky than smart.

JE: So the guy sitting in Sunday school is the guy who helps you.

CC: Well, helped us buy gasoline. Because they sold us gasoline before anybody else did. And we were in Tulsa and we were in Wichita and we were in Kansas City. And so they were able to serve us in those markets and then when we got Lloyd.

JE: Lloyd Poston?

CC: Lloyd was magic because everybody knew Lloyd, everybody respected Lloyd. So he just got us in to places we couldn't have gotten in because people knew him and trusted him and liked him.

JE: In the '90s I think you learned to compete with the oil companies, that you had to do it better than the oil companies at selling gas, is that true?

CC: Yeah what happened was we got three outside consultants to come to a meeting and we spent two or three days with them and we hired two of those guys, in a way. They were hired but they became directors at QuikTrip. And one of them had been VP of Gasoline Marketing for Exxon USA, recently retired, low '80s but he was with us for 19 years. And so you get this thought process that they have. It had to do with signage, it had to do with convincing people that we had quality product. We went to Guaranteed Gasoline, so if you had a problem with gasoline and your mechanic said that gasoline was the problem we would pay for the repair, and pay for another tank of gasoline. But that's so rare that you have that problem. And it's not the gasoline, you've got sludge in the tank that you didn't clean right or, it has to do with operations. And we did a better operations job than most independent gasoline stations had. Because we had a process that we checked for all of that sort of thing and we were very proud of it. So there's a lot of maintenance and things you have to stay up with. It's not the gasoline. It's poor management of the gasoline, or the gasoline carrier. So we got on to that program and we just learned a huge amount. I mean those guys gave us ties to opportunity to buy product as well as the learning that we got over time, so.

JE: I suppose there was appoint you also had to decide are we going to be QuikTrip selling Sun Oil or another brand or are we going to brand it ourselves?

CC: Yeah and that was the big thing. Because that's really what the meeting was about. Thank you. That was are we going to be-

JE: QuikTrip gas or Mobil gas?

CC: Yeah and we had a name. We had a name that we came up with and we were using. And were we going to use that or what were we going to do? And they jumped on us. They said, "You're QuikTrip, it's QuikTrip Gasoline." We had (come up with) Red Line Gasoline-

JE: Okay.

CC: And that sounded hot, but you have to be QuikTrip.

JE: But gas is gas is gas and so was it the additive packages that would make the difference for you do you believe?

CC: You bet. Yeah. When some of these things came out about the quality of gasoline, gasoline is gasoline. But the additive packages that you add do make a difference, especially when we have injection, because it would get clogged up and so forth. And so you had to have these and they cost money. And we got probably the second-best package that was out there, because we got it from Chevron, and Chevron offers a great package. Ours was just a little bit not as good as theirs, but better than most oil companies. And we put more of it in there than anybody else did, except Chevron. And then you had to pay for getting the injection deal that you needed in all of these terminals. So it was a major, major job that we did. And then when some of these new programs would come out, we would always be at the top, or next to the top or whatever. And so we were ahead on that game and that was very costly and very time consuming. And that was when the thought processes came that you know we just really said we have to think like a gasoline dealer. We have to think like a major oil company. We have to think like a gasoline marketer.

JE: That additive package, that wasn't easy. I mean you went to the community to sell that concept. Didn't you go to mechanics and maybe shop classes and-

CC: Yes. That's right. We took people out of the stores and trained them and sent them out to call on all of these garages and all of these car dealers. If they wanted our floor mats, we gave them floor mats.

JE: Free floor mats with QuikTrip on them?

CC: Yeah.

JE: That was actually kind of a useful tool wasn't it?

CC: Yeah.

JE: And an easy form of advertising?

CC: Yeah.

Chapter 16 – 4:06**Pay at the Pump**

John Erling: The guaranteed gasoline, did you have problems with people coming in trying to take advantage of “guaranteed”?

Chester Cadieux: Yeah. I mean if your brother-in-law ran a shop, you know and he’s say well it was bad gasoline so we’d just pay for it. We’d just pay for it.

JE: You’d pay for the tank of gas?

CC: No, we’d pay for fixing their car, cleaning out the tanks and whatever. We’d pay for it.

JE: Even though you may have thought, I don’t think it’s our fault, the customer is always right.

CC: You’re right. You’re right and we spent money on that and we still spend money on it. We got a guy one time that was going to sue us because his airplane didn’t fly well on our gasoline, and of course we don’t sell aviation gasoline. It’s a whole different kind of fuel. (Laughter) It has to be able to adjust with the altitude and all that sort of thing. I mean it’s just, yeah we lived through it and it’s not much of a problem now. We’ve pretty well regarded and people know that, dealers know that we’ve got good packages. There is no bad gasoline. There’s only bad gasoline if it’s not handled right. But it doesn’t come out of the refinery as bad gasoline, anybody’s refinery. And it’s all the same. It’s different but it all does the same thing, so it’s the way you handle it and it’s the additive package.

JE: To be able to become current with technology and let people buy it at the pump. You came up with a card reader and dispenser concept.

CC: Yeah.

JE: And that’s where we can pay for it at the pump with our debit card or our credit card. So then you probably were concerned that people won’t come in to your store? How did you deal with that?

CC: Well, you just bite it and you do it. (Laughter) People would pull up and fill their tank and drive off. And that got to be very expensive. Especially when the price of gasoline went up which made it more exciting or you know to steal some real high-priced gas. Then you had to go back to pre-pay gasoline and you didn’t want to have to go back to pre-pay because that slows everything down. And so our guys developed this thing and came up with the idea and that was something that was new and we developed it.

JE: Pay at the pump with a credit card?

CC: No, without a credit card. If you came in and we could take the image of your driver’s license, then we knew your name and all that sort of thing. And so when you use that card to turn on the pump we knew who it was. So then if they drove off, the police would visit them. So that kind of sunk through, and it hurt volume, because couldn’t steal it anymore. It was a really, really, really good deal. We stopped losing huge amounts of

money. And it was a huge amount of money that we were losing in drive offs in the real high gasoline prices. And we've given that to some of our friends and that's worked very well for us. So you can drive up and if you've gone through the deal in the store (registered for your card) you can start the gasoline and then-

JE: Then you can come into the store and pay for it.

CC: Yes.

JE: That's for the guy who wants to pay for it in the store and come inside.

CC: Yeah or who can't get a credit card.

JE: That took care of that whole segment of society?

CC: Yeah, for us.

JE: Because most of them are paying at the pump with a credit card.

CC: Yes.

JE: Or a debit card?

CC: Sure. It was a big problem for a while.

JE: But then wasn't it important as you say too to turn the lot?

CC: Yeah.

JE: That you didn't have people standing in line for gasoline that even if they didn't come in to the store, they were buying gas and moving out and so it was more appealing to people to say, oh I can swing in and get my gas right now. So it probably increased your volume of gasoline sales?

CC: Ultimately, ultimate we did.

JE: In time?

CC: Yes, in time.

JE: Even though they didn't come into the store? You were selling more gasoline that way?

CC: Well, yeah credit cards ... that pay at the pump thing, was a whole expensive thing to go through because that took technology. That took stuff we had to buy and get to work and so forth, so the whole thing has been a battle. You know there's always a battle.

Chapter 17 – 4:41

Tulsa Run/O.T. Listens

John Erling: Do you ever think about how simple it was way back in the day and now it's so complicated now?

Chester Cadieux: Yes it's very complicated and when you think about the commissaries we operate. To get set-up with the commissaries and the bakeries we hired 1,500 additional people, and had to learn two new businesses.

- JE: Your marketing campaigns have always been good. One of them that I enjoyed, it's a real simple deal. I'm a runner.
- CC: You're still running?
- JE: I do. And you ran for-
- CC: 29 years, my right knee and my left hip got so sore I just-and then my big toe on my left foot, (Laughter) it started spasming and I thought, oh well. I was 73 at the time and I thought it was probably time to quit.
- JE: Well that was admirable that you were able to run and then you ran in the first Tulsa Run?
- CC: Yes. I ran in 20 of them.
- JE: Twenty consecutive in a row?
- CC: Yeah. And I was 65 when I ran the last one and I was sure glad when it was over. A friend of mine and I, we ran together and we made this pact that we were going to make it until we ran 20 and so.
- JE: I think I talked to him last night at Utica Square, Mr. Hentschel?
- CC: You bet. Dave Hentschel.
- JE: Dave Hentschel and you ran together for many, many years.
- CC: Yeah.
- JE: And then I don't know when you, as QuikTrip gave free refreshments and candy bars-
- CC: We did that from the beginning.
- JE: From the very beginning?
- CC: Yeah.
- JE: And you know, I to this day I look forward to that and I'm running in the Tulsa Run this year, and I can hardly wait to get through for something that is so small, and I can easily buy. But you've earned this reward.
- CC: Yeah.
- JE: It's a Snicker bar or whatever and if you want to eat two Snickers bars cause you feel you can-
- CC: Yeah!
- JE: And you can drink a couple of sodas or whatever cause you can-
- CC: Yeah!
- JE: Because you earned it, you gave us that and it's just a great little tool.
- CC: Yeah that's fun and my last one I ran I ate two Snicker bars.
- JE: Yeah, cause you deserved it!
- CC: I sure did.
- JE: Otherwise you would have felt guilty eating those two Snicker bars. I don't know how many times I've received that from QuikTrip and I get into my car and I'm driving home and you just feel great.
- CC: Yeah.

- JE: And QuikTrip gave it to me. Simple concept. Now then you interfaced a lot with employees and talked about people. This is interesting because back in the '60s I understand you would get people together in a room with some beer?
- CC: Yeah.
- JE: And what would happen?
- CC: Well sometimes they would get mad and throw beer cans at me (Laughter) It's true!
- JE: And they would yell at you?
- CC: Yeah, oh yeah.
- JE: And they would throw beer cans at you?
- CC: Yeah.
- JE: How did you tolerate that? What was going through your mind?
- CC: Well, I had to quit giving them beer, (Laughter) Duh. But those meetings were so important because if you had bad management, if you had supervisors, if you had bad stuff going on, they would tell you about it. You know if you got angry you knew you really had a problem. And we would take care of it. We would fix it. That whole thing was so valuable. And not just about the way they were treated, but the lack of training or the kind of training they got. And we were there, and we listened to it, and now we've gotten a lot more sophisticated. We still have the meetings, but they get this questionnaire now on their in-store computer, the one that is for inventory and all that sort of thing and they answer these questions. We learn a lot from that. That's why we are one of the best hundred companies. We're in that every year now because the employees trust us, the rank-and-file trust us. Last year we got the highest rating for management trust—do you trust management? We got the highest rating on it above anybody else, and it's because we listen.
- JE: And you know that this seems to be such an easy concept. And why doesn't that work? Is it egos or something?
- CC: It's hard work.
- JE: To listen to these?
- CC: It's hard work if you have 10,000 employees. I have 11,000 employees and we have group here now who really go and they meet not just with employees, but they meet with people on the night shift. They meet with part-timers. They meet with store managers because all those people have their own problems and their own things and we listen to those and we try to fix them.
- JE: The fact too, that these employees know that the company cares about what I have to say. The company's coming out, they want to hear me. So not only did you get from them, but you instilled in them this pride and this fact the company cares about me.
- CC: Yeah.

Chapter 18 – 4:29**Wall Street**

John Erling: QuikTrip is a privately held company but there was a time you were considering going public and you actually went to Wall Street, what made you decide not to go public?

Chester Cadieux: They're crooks. (Laughter)

JE: How do you mean that?

CC: Well ... they wanted to know about our P&L and our information and they were interested. And we were going into two new markets and we felt like it would be great to have some more capital in the company. They said, "So you're going to these new markets and that's going to increase sales and that's going to create profits and so forth." And I said, "No, when we go to new markets, we lose money for 5, 6, 7 years." They said, "You can't say that."

JE: You decided sitting in New York, this is not for us.

CC: Right. Right. This project that I worked on, after I wasn't CEO, all had to do with making sure that we didn't have to be public even for reporting purposes. We knew we weren't going to go to Wall Street, but there's all these rules now that the government thought up. If you have 500 shareholders then you have to be public for reporting purposes, which is a pain. And our employees own a lot of stock. They've always pretty much always owned shares. At first they could buy them and now we have the employee stock ownership plan and we give them shares. But they don't vote, they count as one vote, all the employees in the ESOP (employee stock ownership plan) so it keeps us from being public for reporting purposes. We think long term. We've always have thought long term. So if you're 77, it's fairly depressing. We've always thought long term because short-term decisions have long tales. You just want to think long term.

JE: You came up with your own brand for some things like when Red Bull came out, the high-energy drink, did you sell Red Bull for a while?

CC: Oh yeah.

JE: And you still do?

CC: I think so.

JE: Then you came up with your own high-energy drink and brands?

CC: Right. Yeah. We've had our own names for things over time.

JE: That competes against Red Bull.

CC: Yeah, but I mean super markets they're full of house labels, whether it's green beans or whatever it is, or milk or whatever. So things that are important to us, we have our own cigarette brand we have all sorts of things with our own brand on it, because you can sell it cheaper, you can buy it cheaper.

JE: So energy drinks, who made up the names? Rooster Booster?

CC: Yeah.

JE: Donkey Kick. Ram Jam and Dr. Dog?

CC: Yeah. Well that's all from our marketing group. A big part of what we do is that we have a group that really makes corporate buys. There are buyers in the division who deal with Coca-Cola or whoever the local vendor is. But then we have a group of people who buy stuff for the whole company, like cigarettes and some things that are tricky. They are the ones that create new products, new sandwiches, new whatever and give things funny names.

JE: It just occurs to me why you branded your own gasoline and high-energy drink and sandwiches and so forth, did you ever think about making a QuikTrip pop or a QuikTrip soda?

CC: Yeah.

JE: But you didn't do that did you?

CC: Yeah. I mean some of those products, they have names, but it's not QuikTrip. I don't know why but.

JE: Okay so you do have your own soda?

CC: Well some of them. I mean you've got to offer Coke and Pepsi and all the big names.

JE: Right.

CC: You know a lot of our sales are fountain drinks, and some of them have names and mostly they're big names.

JE: And that's when you came up with containers then for drinks like the Squarts, and the Koolees?

CC: Yeah, sure.

JE: And these are ... everybody knows containers with a straw and a Koolee is with a straw in it and people get really protective of that. And they keep them in their offices and in their cars with your label on it.

CC: Yeah. (Inaudible)

JE: That's a great way to have your brand name out in the community.

CC: Yeah I have a coffee cup that's probably 15 years old and probably contaminated but I use it at home because we buy coffee and brew it at home and I've got this old cup and my wife has this old cup. And we're not sure it's sanitary but we keep using them.

JE: They've been there for years and years and years.

CC: Yep.

Chapter 19 – 5:03
QuikTrip Contributes

John Erling: In the end it was the employees that have made you what you are today.

Chester Cadieux: Absolutely, and I learned that in the United States Air Force. People are everything.

JE: Charles Darwin, you subscribe to something he said: *Leaders never accomplish great things alone. It's not the strongest of the species that survive, not the most intelligent, but the one most responsive to change.*

CC: Yeah, I love that. I love that and it's true.

JE: And you had to do that all along from Day 1.

CC: Yeah.

JE: Change, change, change, and here we are in 2009, we're sitting in this beautiful complex, but it doesn't mean that we're going to continue to do business forever like we're doing now?

CC: Oh no, no. Back when I used to talk to college students and I used to start off and say, "You see your world now and love it or whatever, because it's going to change. Everything is going to change in your working lifetime. Don't think that you know what it's going to be like, because you can't."

JE: And that's whom you are talking to, because that's what this program Voices of Oklahoma is all about. So you're talking to college students now who aren't even born who will subscribe to that advice. And now in town, you've done a lot of nice things. Your QuikTrip Park I will call it at 41st and Riverside, suck a nice spread there and highly used, you've seen it. I've seen it myself.

CC: I've just been blown away by the way it's been used.

JE: I've taken my granddaughter there several times. It's probably being used more maybe than was anticipated. It seemed to me. The parking lot is always full.

CC: It is. But we knew fountains worked, we knew that kids running through fountains and so forth was fun. And I used to have to run through a sprinkler, you know so think how much- (Laughter)

JE: And our Fairgrounds and the Expo Center, you had the naming rights to that building, The QuikTrip Center.

CC: Yeah, and we do that in other cities. I mean that's one of the strategies. My son Chris is involved with that as part of that whole marketing program. Especially in some of these big new markets where you can get your name on something but you can't afford TV or whatever, it's a way to kind of get your name out.

JE: By the way, Burt Holmes, did he back out of the business completely?

CC: Burt, because Burt's an entrepreneur, and he's still an entrepreneur, Burt he's still a

shareholder and so forth, but not nearly what you could've been because he chose to take money to sell QuikTrip shares to some of his friends over time and then he'd put that (money) in another business.

JE: Okay.

CC: And so he's been in all sorts of businesses, is in all sorts of businesses. Burt's a great friend and a good businessman, and he just loves to start companies.

JE: Yeah.

CC: And I like to run them. (Laughter)

JE: And you've done a very good job of running them, and here you are 77 (years old). The company is now 50 years old.

CC: Fifty one years old.

JE: Fifty one years old. What a ride it's been for you.

CC: Yeah. It's better to be lucky than smart.

JE: And now you're son Chet is heading it up and takes it on to many, many generations.

CC: And a lot of other people. Chet could take over as President at a young age because he had all of our guys who had been there for the long road. And they've got people behind him. Our bench strength is so strong, you know, the bench is deep.

JE: And here we are on a Friday and I don't know if it's all the time but the casualness of people, and then their dress. You have this beautiful facility and I don't know what a dress code is if you have one.

CC: We don't have one.

JE: Their walking around in shorts here today.

CC: Yeah.

JE: Is that any day they can come to work in shorts?

CC: Any day. Any day. Now they can't be too short, and they can't be, you know. I mean there's kind of a limit. And we do have if you'll give some money to something that we're trying to raise money for, then, you can just get ridiculous. Yeah, I mean Chet wears shorts. He has a closet that he keeps big boy clothes in. So that if he's meeting somebody from the outside that's not a regular from the outside then he might put on a suit or something, or put on a suit and go downtown, so yeah.

JE: So the atmosphere here is very loose.

CC: Very loose, we work hard. We try to have fun. We have a lot of family. You know I have two sons and a stepson working here. The Number 2 guy has two sons that are moving up. If somebody's grandmother dies, you'll find that there's three people working here that are related to that grandmother, and we love that. If people want their kids to work here, I take that as, that's not a problem, that's a good thing.

JE: So you can sell Coke, you can sell drinks, you can sell gasoline. You can sell all of these

things, hard products, but it all comes down again to the people, and that's what's made it for you.

CC: Yep, that's right.

JE: Well thank you Chester for this.

CC: Thank you.

JE: This is valuable and it will be available now for many, many years.

CC: Thank you.

Conclusion – 0:24

John Erling: You have just heard the story of QuikTrip, and you will now be interested in the book *From Lucky to Smart: Leadership Lessons from QuikTrip* with Chester Cadieux. It will offer you a glimpse of an American company that rose to success thanks to teamwork. Click on Our Bookstore for information about this book and thanks for listening to another Oklahoma story on VoicesofOklahoma.com