

A Baldrige Success Story:

Service Shines at K&N Management

*By Pamela Wong*

As co-owner and co-founder of K&N Management, Ken Schiller has a right to be proud of many characteristics of the small business’s successful fast-casual restaurants--four Rudy’s “Country Store” & Bar-B-Qs and three Mighty Fine Burgers, Fries and Shakes. Located in Austin and Round Rock, Texas, the company’s revenue is approximately $50 million.

The restaurants significantly outperform local competitors and national chains. In the years leading up to K&N’s receipt of the Malcolm Baldrige National Quality Award, the Rudy’s restaurants increased average unit food sales from about $3 million to about $7.5 million.  Gross profit has exceeded the industry standard almost as long.

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--Ken Schiller, co-owner and co-founder, K&N Management, 2010 Baldrige Award Recipient

Since their inception, the Mighty Fine restaurants have increased annual unit sales from about $2 million to more than $3.5 million. They have exceeded the industry standard since their second year.

Ken could brag that K&N has achieved zero legal and ethical breaches for the last 15 years and 100 percent fiscal compliance on audits with zero violations. Or he could point out that K&N recently contributed over $365,000 to charitable organizations and team members volunteered more than 1,600 hours.

But what does Ken say makes him most proud of the business he and his partner Brian Nolen have built? “I would stack our people … against any company in the country. That’s what I’m most proud of,” he says. “I consider my most important job as an owner is to create an environment that attracts A-players and then to recruit them, select them, and make sure that they stay.”

K&N makes hiring decisions based more on traits than experience. Then, it begins training with a ten-hour foundations class to help new employees feel proud that they’ve been selected. In each restaurant, each new employee works beside a certified trainer for 40 to 50 hours. He or she views flashcards, takes written tests, and meets daily with the restaurant’s general manager to review progress.

Results show that worker turnover for the 450 employees is lower than industry averages for production workers, for example, contrasted to the industry average of 85 percent.

The rates for guest satisfaction speak highly:  customers (which K&N calls “guests”) rate food quality, hospitality, cleanliness, speed of service, and value at least 4.7 on a 5-point scale, outperforming the best competitor. “We want our team members to treat them just like they would a guest that were to come into their home,” Ken says. “That’s really the mindset we bring to each person who walks through our doors.”

To ensure that its standards are met, K&N conducts weekly internal inspections, continues to coach team members, and listens to its customers through regular surveys, social media, and review sites. A worker collects feedback with an iPad that administers short surveys around the main meal periods and uploads the information to a third-party host for aggregation. Takeout guests are directed to a Web-based survey.

All leaders carry personal digital assistants that alert them of guest comments, complaints, and daily performance results, and they act on what they learn. Examples include Rudy’s breakfast tacos, “group meal” service pick-up pavilions, and “Jacuzzi” hand-washing machines.

K&N has achieved the Baldrige Award, but that doesn’t mean its journey to excellence has ended.

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