

Co-Founder of Sandy's

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Ever since the days of Sinclair Lewis, whose novel *Main Street* depicted the middle western small town as an emotionally and culturally sterile place, and *Babbitt*, which portrayed the middle western businessman as a crude, shallow hustler, an unfortunate stereotype of business life in the heartland has haunted America's imagination. Sad to say, no novelist with Lewis' ability ever used as a model of any of the men who combined the best of the region's progressive business spirit with the sound human values based upon a deep religious commitment. One such man was Gust E –or "Brick" as almost everyone called him – Lundberg. Brick Lundberg is remembered by his friends and fellow Kewaneeans as many things – as a kind and generous man who cared about every employee, customer and fellow citizen; as a positive thinker who rarely had anything negative to say about anyone; as a motivator who could persuade people to accomplish things they never dreamed of; as a business genius who could have been a millionaire many times over (and who probably would have given it all away every time!). Brick Lundberg's career provides an inspirational model for those who look for outstanding management methods, for those who wish to understand the energy of small town America, and for those concerned about the moral bases of life in the twentieth century.

Brick Lundberg was born in 1920 in Kewanee, Illinois, where his father, Gust E. Lundberg, Sr., was a local auto dealer. The senior Lundberg had given much thought to the relationship between business and life. In high school, he and two friends had pooled their resources to buy an encyclopedia in the belief that the self-improvement they would accomplish through knowledge would allow them to accomplish great things. The two other boys, through exclusive dedication to business, eventually became founders of major American corporations. But the senior Lundberg believed that business was an important part, but only one part of life, and raised his sons in the same belief.

After graduation from high school, Brick Lundberg enrolled at the University of Illinois, where he earned part of his expenses by working for the Elmo Roper survey organization. He found this work to be so interesting that he decided to work full time for Roper in New York as soon as he graduated.

World War II and military service, however, interrupted these plans. Upon graduation Brick received a commission in the Air Force and married Eleanor Miller of Cairo, Illinois a few days later. During the war Brick was an adjutant with the 387th bomb group. He was partially responsible for the organization's outstanding sense of cohesion and spirit – a spirit so strong that for thirty years after the war the group held annual reunions organized by Brick and the group's flight surgeon.

The duration of the war gave Lundberg some perspective on the career plans he had formulated in college, and the glamour of working for Roper in New York began to fade. Perhaps because of his father's influence, Lundberg began to think more positively about business in a small town and when the group's flight surgeon, Dr. Harry Schwartz, came through with an offer of financial backing, the two decided to become partners.

In 1946, Lundberg and his partner began acquiring a series of Culligan Soft Water franchises in Kewanee and Macomb, Illinois and Kenosha, Wisconsin. In 1948, however, the death of Brick's older brother forced him to return to Kewanee to help his 73-year old father liquidate an automobile dealership, necessitating the sale of Lundberg's shares in the Culligan dealerships in Macomb and Kenosha. Remaining in Kewanee, he put up a large Culligan building with a shop in back where his father could indulge his love for mechanical

tinkering. The shop, in turn, gave Brick the idea of forming a company to market some of his father's inventions. The business, named Kewanee Rite, sold a number of products successfully and gave young Lundberg his first real experience in merchandising.

During the same period, Lundberg became an active civic leader. His devotion to Kewanee's industrial development efforts and other projects led the Kewanee Junior Chamber of Commerce to name him Outstanding Young Man of the Year in 1951 and again in 1955. In the latter year, he received the same award for the State of Illinois. Lundberg's achievements were many during this period –which also included an unsuccessful campaign for mayor – but none so dramatically illustrates his ability to motivate people and his dedication to the community as his work for the local National Guard unit and its armory.

In the late 1940's the National Guard unit at Kewanee was so seriously undermanned, that it faced the loss of this Federal charter. Local officials petitioned the State of Illinois for a new armory in hopes that the new facility would encourage recruitment. But the state's response reversed the order of things. If, and only if, the community could bring its unit up to strength would the new armory be built with state funds. Meeting the challenge was discouraging. A series of company leaders turned to Lundberg. The story of how Lundberg, at a sacrifice in reserve rank, revitalized the unit and brought Kewanee its armory is vividly recalled by Ted Vlahos (One of the recruits):

"They had one company commander after another and they couldn't get anybody to do any recruiting. So that got good ol' Brick Lundberg ..He had to resign his commission as a lieutenant colonel and go as a captain... and I think in about three or four months he filled up the one company with a hundred and sixty-five men, and then he started another company, a medical company, which was like a hundred men ...which led to the State of Illinois building not a single unit armory but a double unit armory.

Vlahos' recruitment into the Guard was the beginning of a friendship and business relationship that was to last a lifetime. It demonstrates dramatically Brick's care and concern for everyone he come into contact with, whether they were Sandy's employees or National Guard recruits. In this particular case, Lundberg sensed the coming of the Korean war and sought out Vlahos:

"He said, 'We're gonna' have another war' ... and I was a sergeant at the time ... and he said, ' I would like to see you try and get a commission. You're gonna' have to face it sooner or later, and you might as well go as an officer than as an enlisted man.' So again, I became an officer because of Brick Lundberg."

Vlahos was not so lucky in Korea, however. He was seriously injured; his back barely permitted him to walk, and he returned to Kewanee to find his business in ruins. Ted Vlahos was depressed and bitter when, once again, he ran into Brick Lundberg:

" I was hurt in the service and I went from 205 pounds to 128. And I didn't have any clothes that fit. So I borrowed a neighbor's car and went downtown to buy some clothes ... and a car pulled up and there was Brick Lundberg."

The two were celebrating their reunion with a drink when Brick hit his friend with a new responsibility: to command and reorganize the local guard unit. It was the last thing from Vlahos' mind:

"I said, ' Brick, I've lost my business, I've got a bad back, I've got some other problems,' and he said, ' what have you done for your country?' I said, ' Brick, I was in the Army yesterday,' and he said, ' What have you done for your country today?'"

Lundberg stayed with his friend and drove him to Rock Island for dinner to try to cheer him up. But he realized that sympathy would not work in this case; it could not motivate a man to pull his life back together.

As they drove home that evening, Vlahos recalls:

"He said, 'I thought you were a bigger man than what you are: you have a back back; ... you've lost your business ... But if you'd stop feeling sorry for yourself and get off your duff and get to work ...' By the time we got back to Kewanee he had me so mad that if I could have I would've hit him. He just had me in a rage! (We got home and) I'm sitting in the car and he says, 'I'm not gonna' help yo! You're waiting for me to get out and help you to the door –to Hell with you! You're feeling sorry for yourself! You're a crybaby! I'll see you again,'" and just sat there, and I crawled up the steps ... and I started the way back."

Clearly, Brick Lundberg knew just the sort of "medicine" his friend needed.

" It took me 45 minutes to walk a block ...(but) today I can walk. Brick ... gave me love and help and then said, 'Hey, you're feeling sorry for youerself,' and kicked me in the tail ... I went to work that next morning; I dragged myself up and down to whiskey row, trying to get guys to join the Guard, which I did. I got enough guys to join the Guard to get our charter reinstated."

The National Guard experience – including Brick's role in the rehabilitation of a good friend – represents a major achievement in Lundberg's life, but in another sense is only typical. In all his activities, Brick Lundberg demonstrated a remarkable ability to motivate people which sprang from a genuine compassion for others.

The establishment and development of the Sandy's fast food chain (ancestor in the Midwest to Hardee's) represents Lundberg's most dramatic accomplishment as a businessman. More important, however, is the fact that this business achievement demonstrates once more the success of Brick Lundberg's personal outlook and philosophy – that a genuine concern for the well-being of every employee and customer can be the key to a successful and profitable enterprise.

The Sandy's story really began in California in the early 1950's where a milkshake mixer salesman by the name of Ray Kroc bought the franchising rights to a fast food restaurant operation from two brothers by the name of McDonald. Paul White, a friend of Lundberg's and a fellow Kewaneean, learned of Kroc's plans while vacationing on the West Coast. White brought the news back to Kewanee where he and Lundberg, together with Robert Wegener and W.K. Davidson, decided to buy the right to open McDonald's restaurants in the central Illinois territory. In June, 1956 they opened their first unit in Urbana, Illinois, the third McDonald's restaurant to open outside of California.

The choice of Urbana proved a good one. Brick knew the city well from his college days, and in 1956 the city held the largest university population in Illinois. The university's graduate and professional schools, together with an influx of Korean War veterans and their families, meant a large population of busy young families on limited budgets – the ideal market for the convenience and thrift offered by McDonald's. The Urbana store proved so successful that the Kewaneeans decided to open additional stores in Decatur and Peoria, Illinois.

At this point, however, troubles with Ray Kroc began. First, Kroc informed the partners that Peoria was not included in what he considered to be the central Illinois territory. Unfortunately, Brick and his friends had already made a substantial investment in the Peoria site. The land had been acquired and construction of the building had begun. A second problem involved a change in the relationship between Kroc's corporation and its franchisees. Kroc decided that all leases would be held by the corporation, which in turn would sublease to the franchisee, a percentage of the profit being added to the terms of the sublease. This action made Brick and his partners angry; it was a violation of the original agreement and an unwelcome additional cost.

As a result of these differences the Kewaneeans decided to establish their own fast food chain. A number of

Scottish names which suggested a thrift theme were considered –Scottie’s, Highlanders, and Bonnies’ were among them – but “Sandy’s” was the final choice. The first Sandy’s unit opened in Peoria on August 8, 1958.

The menu (including a 15 cent hamburger, a 20 cent milkshake and a 10 cent bag of fries) was similar to chains like McDonald’s. What made Sandy’s different, however, was its organization. While the four founders regarded the new enterprise as an investment, none wished to apply the decades of total dedication it would take to turn the chain into a huge corporate empire. Brick, however, saw the operation as an opportunity to put together a unique organization of people who shared his values and beliefs – what he later called a “people-oriented organization whose members worked hard but also had some fun while earning a legitimate profit.” --and agreed to devote most of his time to getting the chain started.

The resulting organization differed from other fast food chains in several ways. First, the operators of most restaurants owned their stores and did not lease them from the corporation. Second, operators could purchase their own supplies – meat, for example – as long as the supplies measured up to standards. Other chains purchased the supplies themselves and re-sold them to operators for a profit. Third, Brick Lundberg, as president of Sandy’s, made every effort to visit every store periodically and become personally acquainted with every employee. Between 1959 and 1966 he drove thousands of miles, seeking new franchisees (Brick avoided investors who would not put their labor behind their money and thereby become an active part of the organization) and visiting with employees in established stores. One employee recalls Brick’s visits as follows:

“He would come into a Sandy’s and shake everybody’s hand. And he was happy to meet ‘em because they were all part of Sandy’s. They’d see other people come in big Cadillacs and Lincolns, and not talk to ‘em, then there would come Brick Lundberg, Chairman of the Board and President of Sandy’s in his little Rambler. He’d pull in the lot, get out, pick up a cup, pick up a wrapper, come in the store, dispose of the paper products he found in the lot that shouldn’t have been there (and he’d get a message across without saying a word: your lot’s dirty!), and he’d walk in and shake everybody’s hand; he was really happy to see ‘em all!”

Not only did Brick care for his employees during those years; his impact on them is something they still remember. Chuck Clark, a Hardee’s Vice President, recalls meeting Brick when Clark first came to McDonald’s in Urbana as a young married student looking for a part-time job: “ Brick met me and showed me around and gave me such a tour, I got so excited about the work that I came back and told my wife that in a few years I thought I’d be running the place. He got me so enthused about the whole thing from the very beginning, just by paying attention to me and treating me right.” Ann Bower remembers: “In working with the board, I used to have to do cash flow, project sales, percents of increases...and I really didn’t think I could do it...(but) Brick came down and talked to me one day, and I thought (afterwards) I could do six times more than what he wanted me to do ...He gave me the determination and made me feel that I was a chosen one; I really, really (felt) chosen.” And a janitor remembers that Brick extended the same courtesies to him as to others, making him feel an important part of the organization. Clearly, Brick’s personal touch had much to do with the success of the organization: every employee was made to feel capable; every employee could believe he or she was making an important contribution.

Despite a continuing lawsuit with Ray Kroc (which ended only with an out of court settlement in 1965), Sandy’s continued to expand rapidly. From just 7 stores in 1959, the chain grew to 18 in 1960, 36 in 1961, 53 in 1962, 70 in 1963, 82 in 1964, 101 in 1965 and 121 in 1966. Although Lundberg had conceived of a gradual expansion from central Illinois, stores soon appeared in Indiana, Kansas, South Dakota, Pennsylvania and Arizona (Where two Peorians wanted a business excuse to travel!). The home office staff grew from Brick alone, operating out of his Culligan building in Kewanee, to two in 1960 (when Eileen Fristad joined the organization as a part-time secretary and bookkeeper) to several in 1961 (including Jack Laughery, who was so impressed with Lundberg’s operation that he left a successful insurance practice to join Sandy’s).

By 1966, Brick and his wife decided it was time for a change. The past seven years had been ones of

incredibly hard work, with Brick often driving 3,000 miles or more a month and having little time for his family, his community or himself. Seven years of his life and energy had gone exclusively to the Sandy's operation, and it was time to redress the balance. In 1966, therefore, Brick stepped down as president of Sandy's – retaining the title of Chairman of the Board – in order to devote his time and energy to other ends.

The middle sixties in Illinois were a time of the expansion of the community college system. In Kewanee, community leaders tried for some time to bring a community college into the area, only to have referendum after referendum voted down. Because of his profound belief in equal opportunity in education, Brick decided to turn the situation around. As soon as he began his "retirement", Brick began a year of intensive effort to make the community college a reality. To provide land, he led a drive that raised more than \$200,000; for other support, several other communities joined in a consortium. The consortium soon evaporated, however, as some of the communities broke away and joined other community college districts. Lundberg was not deterred by this setback, however, and soon came up with an alternative plan. It was suggested to Blackhawk College President Alban Reid that Blackhawk (located in Moline, Illinois), open a branch in Kewanee. Within six months, Blackhawk agreed and classes were scheduled to be held in the armory. Once again, Brick's leadership ability and persuasive power had succeeded where others had failed. When a permanent Blackhawk campus was established in Kewanee, Brick's achievement was recognized when the library was named after him.

During the latter half of the sixties, Lundberg continued devoting his time to family, church and community. Although he was involved in many community organizations, Brick was always concerned about individuals as well. Ted Vlahos remembers this "helping" spirit well:

" I know there are many people in town he gave money to, who were down on their luck...Brick gave `em money or found them a job ... A fellow would come in and say, 'Brick I don't have a job and I don't have any qualifications,' and Brick would find him a job. I know several times he would pay their way to another town."

During this period there was time for family vacations in Michigan and Wisconsin – even these, of course, were regarded as self-improvement activities. One of the Lundberg sons recalls that Mrs. Lundberg would read out aloud about the various places visited so that the trip became a lesson in history and geography.

While Lundberg continued his retirement from the business, the fast food industry began to change in ways that would eventually threaten Sandy's profitability. Competition, for one thing, became stiffer as both independents and huge corporations like Pillsbury (Burger King) and General Mills (Burger Chef) were building new stores everywhere. A combination of inflation and competition drove up costs of land, materials and labor, cutting into profits. McDonald's, meanwhile, launched a national television advertising campaign aimed at early evening family audiences; the red-haired clown, Ronald McDonald, became as familiar to children as Santa Claus. And while advertising, competition and inflation were driving up the costs for the fast food operators, the industry itself was changing from a drive-in concept to dual store sites. Business magazines began to predict that many of these companies would fail, and the predictions came true quickly. The Minnie Pearl fried chicken franchise, for example, was launched in 1967 with a huge public stock offering and sold 1,840 franchises the first year. But within a few years the entire operation was shut down.

At Sandy's where Brick and his partners owned 70 percent of the stock, people began to worry and it became apparent that Brick himself would have to take an active hand. In the resulting reorganization, Brick returned to work full time while Jack Laughery became president.

Brick went to work immediately to solve problems that emerged in the organization. One was communication, which lent itself, obviously, to Brick's personal expertise. Another was the number of marginal stores which were unable to turn a profit. This, too, was dealt with quickly. Between 1970 and 1972, 20 marginal stores were closed.

But a third problem was more serious. Sandy's lacked capital – money, that is, that would allow the chain into the expensive new network television advertising race. The ratio between assets and liabilities had

already become dangerously low in order to finance expansion; ready cash was simply not available. An obvious solution would be another sale of stock, but a sluggish stock market meant that a stock offering would have to wait.

But another strategy suggested itself – a merger. Jack Laughery had an acquaintance, Leonard Rawls, who had founded an East Coast hamburger chain named Hardee's. Rawls' chain and Sandy's operated in different territories and were not competitive, and Hardee's had plenty of ready capital. Rawls was both eager to expand and impressed with Sandy's "Lundberg approach" to management. After a series of meetings, the logic of a merger became apparent to everyone and on November 30, 1971, a Hardee's purchase of all of Sandy's stock was announced. Lundberg then retired temporarily from the hamburger business once more. In 1972, he returned once more to help persuade the Sandy's franchisees to change their stores to the Hardee's name and then retired for good.

Although Lundberg had retired for good, he left behind an organization which bore his unique personal stamp. Leonard Rawls had build the Hardee's organization with great financial and marketing skills, but he had never been able to create the kind of spirit de corps and effective communication that distinguished Sandy's. Although it grew spectacularly, Hardee's had always been plagued with management turnover. But after the merger, the Sandy's "people touch" became the Hardee's philosophy. And so it was that Brick Lundberg could live out the last few years of his life with the satisfaction of knowing that the organization he created would live on and that his own ideas and philosophies would live on with it. Brick Lundberg died in 1977.