

MAVERIK'S Magic Number

The Western U.S. convenience store retailer
is closing in on 300 locations **By Don Longo**

Two-hundred and eighty-two down; 18 to go. That's the countdown for Maverik Inc., the Salt Lake City-based chain of adventure-themed convenience stores, to open its 300th store by the end of this year.

Nearly four years since FJ Management Inc. announced it was acquiring a majority interest in the retailer, Maverik is now in the midst of its most aggressive store opening program, having opened 13 new stores so far this year with the goal of reaching 300 by year's end.

Earlier this year, Maverik also debuted a new headquarters in the heart of downtown Salt Lake City (see page 26) and in June, opened its first non-gas store on the ground floor of the new headquarters building. The 13-floor building, which the company calls "Base Camp," also houses the offices of FJ Management, a private holding company that manages a diverse portfolio of oil and travel-related assets

including a refinery, an independent hotel chain, and a minority stake in the Pilot Flying J chain of travel centers (see page 28).

Convenience Store News visited fast-growing Maverik to view the new offices, its first non-fuel store, and two newly rebuilt stores in southern Utah.

"A FOOD STORE"

Maverik's first experiment with a non-gas store features all the latest programs and products — and some new ones exclusive to this urban site — of this innovative retailer that operates convenience stores throughout 10 western states.

The store features Maverik's now-familiar outdoor graphics, customized for each store but always including scenes of mountains, rivers and lakes, along with life-size hanging mannequins of kayakers and snowboarders.

As soon as shoppers walk into the 5,886-square-foot downtown Salt Lake City store, they are greeted



Maverik recently opened its first non-gas store in downtown Salt Lake City. Fresh food and beverages, prepared on-site, are the focal point of this 5,886-square-foot location.



Base Camp Supports Maverik's Climb to New Heights

After several years of being housed in low-slung, warehouse-looking buildings in North Salt Lake City, Maverik Inc. has moved its headquarters — which it calls “Base Camp” — to a 13-story building smack in the middle of downtown Salt Lake City.



It's an exciting time for the convenience store

retailer whose new home, with its bold-red painted top floor and “Maverik Base Camp” logo, can be seen from blocks around.

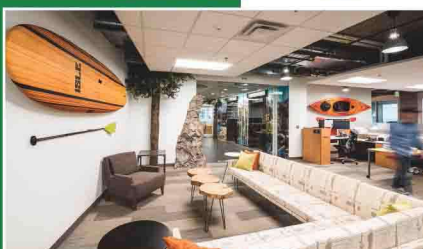
“Adventure's First Stop” is the tagline the company currently uses

to communicate its goal of being a destination for its active, adventure-oriented core customers. And the adventure theme is consistent throughout the four floors housing Maverik's headquarters personnel.

Some of Base Camp's adventurous elements include:

- Elevator doors that look like entrances to mine shafts;
- Wall-map murals with employees' names playfully hidden among real geographic features;
- A rock-climbing wall;
- A state-of-the-art test kitchen to create new products for the stores;
- Liberal use of natural-looking materials that mimic natural stone and wood formations; and
- Sweeping, panoramic views of Salt Lake City against a breathtaking mountain backdrop, visible from almost anywhere on the four floors occupied by Maverik.

Base Camp also features lots of inspirational messages, such as Maverik's “Live Legendary, Never Ordinary” mantra, which is meant to impress upon all employees that they are empowered to use their discretion to make customers happy.



with the sweet smell of fresh-baked Cinnabon treats. Maverik currently has franchised Cinnabon kiosks in 20 of its stores — a figure that is expected to double by the end of this year, according to Maverik President Tom Welch.

The Cinnabon kiosk is manned behind a central fresh-food section that also includes the company's first and only barista-serviced dispensed hot and cold beverages counter and Maverik's proprietary Bonfire

Grill, an open kitchen where customers can view workers preparing the retailer's wide selection of grab-and-go prepared foods — from humongous burritos to tasty-looking salads.

All new stores feature Bonfire Grill, where the retailer also bakes its new personal pizzas, which are being rolled out chainwide. “We're a food store,” Welch said during the store tour he gave *CSNews*. “There are no gas pumps here. Nothing to confuse the customer about our purpose. Everything here reinforces the quality of our food.” The store has indoor seating, too.

During the tour, Welch also pointed out the store's low-profile tobacco backbar, located behind the checkout counter. The lower racks allow exterior sunlight into the store, while also providing customers with an unimpeded view of the interior.

“Our cigarette sales are about 40 percent of what most retailers do back East,” explained Welch. “It's still an important category, but it's another reason why we have to be innovative with our offerings. We can't be dependent on cigarette and [other] tobacco sales.”

Innovative thinking requires a higher caliber of employee, and Welch is happy to report that in the non-gas store and chainwide, Maverik is attracting these kinds of people.

“For example, the store director here had been a department manager at Nordstrom [the department store chain noted for its superior customer service],” he said. “We also have a

The Story Behind Maverik's Owners

"Our goal with all the companies we invest in is to build value to last," said Crystal Call Maggelet, chairman and CEO of FJ Management Inc., a diversified family business whose wholly owned subsidiaries include Maverik and Big West Oil petroleum refinery. FJ Management also has a minority stake in Pilot Flying J, the largest travel center operator in the United States.



Chuck Maggelet and wife, Crystal Call Maggelet, are active participants in the management of Maverik.

Maggelet, who gave *Convenience Store News* a tour of FJ's museum on the top floor of the Maverik Base Camp building, is the daughter of Maverik founder Jay Call.

The museum includes artifacts from the company's past — including flight suits and model airplanes (Jay Call was an avid pilot), framed newspaper articles, and an interactive map of Pilot, Flying J and Maverik stores.

The museum also provides highlights of the company's history, such as:

- Jay Call grew up in the gas station business, working for both his father and his uncle. In 1965, he built his first gas station and small store in Ontario, Ore., followed by another in Lewiston, Idaho. In the spring of 1968, he incorporated Flying J for the purpose of building and operating live-in, self-service gasoline stations.
- Between 1968 and 1973, Call built 23 stations in California, Washington, Oregon and Nevada. In addition, from 1975 to 1977, he invested in other ventures to support the business: land development, restaurants and hotels in Utah, Washington and Oregon.
- In 1979, Call opened the first interstate Flying J Travel Plaza along with its Tamarack Restaurant. He also acquired Husky Oil and Thunderbird, two risky ventures that turned into valuable assets. By the late 1980s, he was less involved in the daily operations but maintained a strong advisory role at Flying J. He also supported new business ideas, including a waterpark, hotels and, later, the Crystal Inn hotel chain that he ran with his daughter, Crystal.
- In 2003, Call's life was tragically cut short in a plane accident. Following his untimely death and an unfortunate set of business circumstances, FJ Management sought Chapter 11 bankruptcy protection in 2008. This led to the reorganization of the company, with Crystal taking the position of president and CEO.
- In 2010, the company sold assets, merged with Pilot Travel Centers, and was able to make 100-percent repayment to all creditors. The company has flourished ever since, with the establishment of an investment portfolio and the acquisition of Maverik, which at the time was being run by other members of the Call family, headed by Mike Call.

"When Mike called me and said he was considering selling, I told him we [FJ Management] were definitely interested," Crystal explained to *CSNews*.

She and her husband, Chuck, who serves as president and chief operating officer, are active participants in the management of Maverik and their other companies. They seek to foster a culture aligned with their principles of "integrity, excellence and respect," she said.



Maverik is successfully recruiting a higher caliber of employee.

continuing education program for employees. We have district supervisors and regionals who are studying for their MBAs. I think that as this industry evolves into new categories and businesses, you have to have better-prepared people. The c-store business today is so much more complicated than it was when I joined the Maverik board of directors 27 years ago."

Welch was one of the early top executives at innovative food retailer, Smith's Food & Drug, one of the first grocery retailers to combine food with general merchandise. He helped grow the chain from five stores to 300 stores, doing \$3 billion in sales and listed on the New York Stock Exchange, leaving in 1989 when he was asked by Salt Lake City officials to help the city attract the 2002 Winter Olympics.

He was also asked to join the Maverik board in 1989 and served on the board for 24 years until FJ Management — a management firm with longtime family ties to both Maverik and Flying J Travel Centers — purchased the retailer from the Call family in December 2012.

"A couple of months later, I'm out to dinner with my wife and I get a phone call from Crystal [Call Maggelet, FJ Management's Chairman and CEO, and daughter of Flying J founder Jay Call]. She told me that the Calls were leaving Maverik and asked me to be president and help

her put a strong management team in place at the c-store retailer,” recounted Welch.

Testament to that strong team: Maverik Foodservice Director Rich Green was honored in September as the 2016 Convenience Foodservice Executive of the Year (for retailers with less than 500 stores) at *CSNews*’ inaugural Convenience Foodservice Exchange event in Chicago. In addition, this month, Maverik’s Vice President of Operations for Retail Adventures Danielle Mattiussi will be recognized as one of five Women of the Year during *CSNews*’ 2016 Top Women in Convenience awards reception at the NACS Show in Atlanta.

Welch wants his legacy to be the people he’s brought to Maverik. “I’m so proud of my team,” he said.

By the stroke of midnight on Jan. 1, Maverik expects to have opened 26 new stores in 2016, along with 25 remodels of smaller stores. “Maverik’s growth will be determined by opportunities the marketplace provides,” said Welch. “We currently have an aggressive organic growth program, averaging 26 new stores with an additional eight to 10 rebuilds and 25 flash remodels. In addition, we are open to acquisition opportunities, either in our current footprint or elsewhere.”



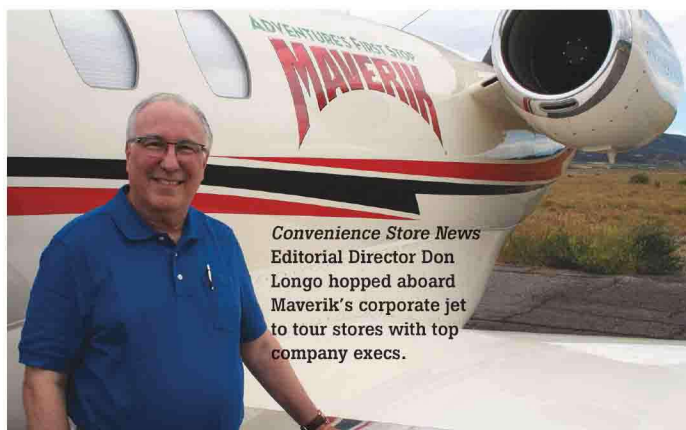
Grand opening rope-cuttings, instead of ribbon-cuttings, reflect Maverik’s adventure brand.

FLYING HIGH

After touring the non-gas store and the Base Camp offices, *CSNews* accompanied Welch, Mattiussi, Maggelet and her husband and business partner Chuck on Maverik’s six-passenger corporate jet to visit two newly rebuilt stores in southern Utah.

In rural Fillmore, a town of about 2,500 people, workers were getting the new 5,046-square-foot store ready for the next day’s grand opening. Despite the town’s low population density, this replacement store is expected to do a tremendous amount of business due to its freeway location approximately halfway between Las Vegas and Salt Lake City on Interstate 15.

The newer, larger store, like all new Maverik units, features the Bonfire Grill open-kitchen concept, as well as some additional twists: ethanol-free gasoline for the large number of recreational vehicles that utilize the facility; super-deluxe modern restrooms; an outdoor



Convenience Store News Editorial Director Don Longo hopped aboard Maverik’s corporate jet to tour stores with top company execs.

seating area with break-resistant, rubberized light bulbs for evening; a children's playground; and a fence-enclosed dog-relief area for traveling pet owners.

Mattiussi is also excited to be testing out uniforms for the chain's first restroom attendants. The busy freeway location guarantees the restrooms here will receive



Private label products, like Bonfire Chips, help position Maverik as a destination among consumers.

heavy use, especially on weekends, so the retailer wants to make a statement about the importance of clean and sanitary facilities.

From Fillmore, another short flight took the group slightly north and east to another raze-and-rebuild site in the small town of Ephraim. A different type of location with a large college student population due to nearby Snow College, the Ephraim store held its grand opening on June 29 with live music, raffles, a rock-climbing wall and a rope-cutting ceremony. (After all, a ribbon-cutting seems too tame for Maverik's adventure theme.)

Speaking to the store team just prior to the rope-cutting, Welch commented on the exciting times ahead for the c-store operator. "The growth opportunities for someone who comes to Maverik today are greater than they ever were," he said. **CSN**