

ENTREPRENEURS OF THE WEST

James A. Collins

Interviewed by Andrea Neidorf-Weinstein

Completed under the auspices
of the
Oral History Program
University of California
Los Angeles

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This interview was made possible by support from the Harold Price Center for Entrepreneurial Studies, John E. Anderson Graduate School of Management, UCLA.

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BIOGRAPHICAL SUMMARY

PERSONAL HISTORY:

Born: December 20, 1926, Huntington Park, California.

Education: B.S. Civil Engineering, UCLA, 1950.

Spouse: Carol Leonard Collins, four children.

CAREER HISTORY:

Owner, Hamburger Handout, 1952-60.

Franchisee, chief executive officer, Kentucky Fried Chicken, 1960-63; Southern California representative, 1963-present.

Chief executive officer, Sizzler Family Steak House, 1968-99; Sizzler International, 1991-present; chairman emeritus, 1991-99.

SELECTED AFFILIATIONS:

California Chamber of Commerce Board of Directors.

California Restaurant Association Board of Directors.

John E. Anderson Graduate School of Management Board of Visitors.

Rotary Club of Westwood.

AWARDS AND HONORS:

International Foodservice Manufacturers Association Operator of the Year, 1977.

Young Men's Christian Association Golden Book of Distinguished Service Award, 1977.

UCLA Alumnus of the Year, 1982.

Multi-Unit Foodservice Operator of the Year Award, 1986.

Horatio Alger Award, 1987.

INTERVIEW HISTORY

INTERVIEWER:

Andrea Neidorf-Weinstein. B.A., Political Science, Tufts University; M.A., International Affairs, Communications, and Asian Studies, Columbia University; M.B.A., John E. Anderson Graduate School of Management, UCLA.

TIME AND SETTING OF INTERVIEW:

Place: Collins's office, Los Angeles.

Dates, length of sessions: November 13, 1998 (74 minutes); December 17, 1998 (60); March 8, 1999 (50); March 30, 1999 (59); May 13, 1999 (48).

Total number of recorded hours: 4.85

Persons present during interview: Collins and Neidorf-Weinstein.

CONDUCT OF INTERVIEW:

This interview is one in a series of oral histories with entrepreneurs undertaken to create a permanent record of the initiative taken and the risks involved in helping to build the economy of California and the West. The series is supported in part by the Price Institute for Entrepreneurial Studies. Dr. Alfred E. Osborne Jr., director of the Harold Price Center for Entrepreneurial Studies at UCLA's John E. Anderson Graduate School of Management, selected the interviewer, who was at that time a graduate student of the M.B.A. program, and made the initial interview overture to the interviewee.

In preparing for the interview, Neidorf-Weinstein reviewed materials provided by Collins, including a resume and information available at the Eugene and Maxine Rosenfeld Library at UCLA. Series interviewers' topics and questions were drawn from a uniform outline developed by the Price Center and Dr. Osborne.

The interview is organized chronologically, beginning with Collins's childhood and early education and continuing through the opening of his first hamburger stand, his years

as a franchisee for Kentucky Fried Chicken, and the founding of Sizzler International. Major topics discussed include Collin's entry into food service, his management style, the expansion of Kentucky Fried Chicken and Sizzler restaurants and his involvement with the Collins School of Hospitality Management at California State Polytechnic University, Pomona.

EDITING:

David Wood, editorial assistant, edited the interview. He checked the verbatim transcript of the interview against the original tape recordings, edited for punctuation, paragraphing, and spelling, and verified proper names. Words and phrases inserted by the editor have been bracketed.

Collins reviewed the transcript. He verified proper names and made minor corrections and additions.

Jane Collings, senior editor, prepared the table of contents, biographical summary and interview history. Daniel Ryan, editorial assistant, compiled the index.

SUPPORTING DOCUMENTS:

The original tape recordings of the interview are in the university archives and are available under the regulations governing the use of permanent noncurrent records of the university. Records relating to the interview are located in the office of the UCLA Oral History Program.

TAPE NUMBER: I, SIDE ONE

NOVEMBER 13, 1998

NEIDORF-WEINSTEIN: The first thing I'd like to know is a little bit about your family, when and where you were born, your parents, your siblings, a little bit about their background, how they got to where they were, where you were born. That would be great.

COLLINS: All right. Well, I was born in Huntington Park [California], which is not very far away from here, in 1926. My father was born in Los Angeles in 1896, so I'm a son of a native son. And my mother was born in Paducah, Kentucky in 1900.

NEIDORF-WEINSTEIN: And your parents' names?

COLLINS: Albert Preston Collins and Lucille [Riglesberger] Collins. My mother moved to California when she was about eight years old, and went to high school in Long Beach. My father graduated from Poly[technic] High [School] in Los Angeles and was in the First World War for a while. So, anyhow, we go back a long way, in terms of having been in town forever.

NEIDORF-WEINSTEIN: I don't know many native Angelenos. You really are--

COLLINS: Yeah. I really am. Interesting: My wife [Carol Leonard Collins] was born in Santa Monica Hospital, as a native also. We go back a long way. Yeah. Really have fun. We

have two children-- I should say my mother and dad have two children. My sister Marie, who is sixteen months older than I am, and she was born in Huntington Park also-- So anyhow, another native.

NEIDORF-WEINSTEIN: Why don't we talk a little bit about your elementary and your secondary education, who may have been very influential during those years. And that can also include family and friends, acquaintances. Who really had an influence on you?

COLLINS: I started in school in Huntington Park and then moved to Arcadia with my family when I was in the fifth grade.

And I finished grammar school in Arcadia, and then I went to junior high in Arcadia. The high school I went to was called Monrovia-Arcadia-Duarte High School--M.A.D.

NEIDORF-WEINSTEIN: Mad.

COLLINS: Yeah, right, and backwards it spells "dam," but, anyhow, we had a lot of fun with that. I was trying to think who would have-- In my school years, I think probably Mrs. Butts, the English teacher in the eighth grade, had as much influence--in terms of not ending sentences with prepositions and what the prepositions were. We had to memorize all of them, and I still remember them.

NEIDORF-WEINSTEIN: Really? She was very strict?

COLLINS: "Around, about, up, over, except, through, above,

by, since, yonder," all of the rest of them. But, anyhow, there was a long list. And I think probably-- The other one that I talk about the most--I guess since I've gotten out of school--is my Spanish teacher, because I took Spanish in high school and I never did my homework, and I got four semesters of D. And my grades in high school were all A's and B's except for that. If I'd known then what I know now, I would have studied the Spanish a lot harder because you need it in California.

NEIDORF-WEINSTEIN: Considering what Los Angeles is like, yeah. Absolutely.

COLLINS: And it's just starting. In the next twenty-five years you're going to see Spanish become really something else, because people are coming here and that group is really growing. It's going to be very substantial in the next twenty years here. It is already. It's going to be more so.

NEIDORF-WEINSTEIN: So what about after high school? Where did you start--?

COLLINS: I was really lucky. My story is always being in the right place at the right time. My class was going to graduate from high school in January 1945, and because my birthday is in December and I was going to be eighteen in December of 1944-- During the war, if you were eighteen years old you got drafted in the army. And there were five of us

that didn't want to go in the army, so all five of us went to Pasadena City College--actually, it was called Pasadena Junior College in 1944--and took four courses. We went down and joined the navy in July of 1944, and in August of 1944, before we finished our last two courses at Pasadena Junior College, the navy called us up. And so I ended up leaving Los Angeles on a troop sleeper for boot camp in August in 1944. I had my high school diploma because I went to summer school and got out a half a year ahead of my class, and we went to-- I had never been out of the state of California.

I had never been to Mexico or Oregon or Washington or Arizona or Nevada or anyplace. Just California. Went all the way across in a troop sleeper, four days and four nights, and ended up going to boot camp in Jacksonville, Florida at the naval air station, in the navy. And it was really interesting because--and you wouldn't know this--I had never experienced any humidity before. And Jacksonville, Florida in August--it's a whole different world, and an L.A. boy wouldn't have a clue what that's like.

NEIDORF-WEINSTEIN: Oh, my grandma used to live there. It is awful.

COLLINS: Oh, in August! It is-- I went to boot camp for six weeks in the navy there, and then I got assigned to aviation ordnance school in Norman, Oklahoma. And I can tell you for

a fact that you never want to spend the winter in Norman, Oklahoma. Oh, the wind blows cold. It's just really something. But when you're seventeen you don't really care. It was fun. I had a good time. Originally, I started with the air crew, but I had wanted to be in pilot training, and so while I was in Norman, Oklahoma, they opened up pilot training again and I took the test and passed it. And I was back in aerial gunnery school in Yellow Water, Florida, which is next to Jacksonville, and I got the call to get in the V-5 program, which is pilot training. I don't know if you know, but in the navy you have to have sixty units and two years of college before you can learn to fly. Not in the army or air force, but in the navy. So I ended up in summer school in 1945 in Missouri Valley College in Marshall, Missouri.

NEIDORF-WEINSTEIN: Wow, you were really traveling around a lot.

COLLINS: And then in the fall, which was really great, again, we ended up at Miami University, in Oxford, Ohio. This is forty miles from Cincinnati. And it was really fun for me because I had never experienced any snow on the ground before.

And we had snow there, in Miami University. And I really was fairly not sophisticated, because I didn't even know what fraternities were, or sororities for that matter, and all of a sudden-- One day I was in the navy and we were wearing

our uniform to class every day-- By the way, this campus, when I was there, had two hundred navy people on it--I was one of those two hundred--and a thousand ladies, and that's all. There were no civilian guys yet; the war wasn't over.

So, anyhow, I got invited to be a pledge at the Beta Theta Pi house, and I didn't know about that. So I went to the library and looked it up, and sure enough, the Betas and the Sigma Chi's and the Phi Delta Theta were all founded in Miami University in Oxford, Ohio. And the Betas were in 1839, which was a long time ago. So, anyhow, I joined my fraternity back at Miami University.

Then after two semesters in Miami--and now it's July 1, 1946; the war is over--the commander there at Miami called all of the navy guys in and said, "Okay, guys. You can sign up today for three years with the navy. We'll send you to flight school in Pensacola [Florida]. You can get your wings and fly for the navy or you can get out tomorrow." And so 80 percent of us got out the next day.

NEIDORF-WEINSTEIN: That's probably a smart move.

COLLINS: I didn't want to make a living as a pilot. I had never seen UCLA before even though I was born in this town--I was on the other side--and I certainly hadn't been to [University of California] Berkeley, but I put in an application to UCLA and Berkeley and I got accepted to both of them.

NEIDORF-WEINSTEIN: Yeah, I noticed you went to UCLA.

COLLINS: Right. But I tell people the reason I went to UCLA was so my mother could do my laundry on the weekends.

NEIDORF-WEINSTEIN: My mother does my laundry, too. It's a good thing.

COLLINS: Does your mother live out West?

NEIDORF-WEINSTEIN: She lives, actually, in Los Angeles.

COLLINS: Oh, really?

NEIDORF-WEINSTEIN: I moved back East for a while, and for the [John E.] Anderson [Graduate School of Management], I moved back to Los Angeles.

COLLINS: Oh, okay. When you went to Tufts [University] you were not from the East Coast, then.

NEIDORF-WEINSTEIN: Originally. But we've been out here a while now.

COLLINS: So you're an Angeleno.

NEIDORF-WEINSTEIN: Gone back and forth. I don't know where I'm from.

COLLINS: Okay. So anyhow, I was raised-- As I told you, I lived in Arcadia, and we had the Red Car, the Pacific Electric, and I would get on near our house there in Arcadia and ride down to town to Sixth [Avenue] and Main [Street] and then catch the Wilshire [Boulevard] bus.

NEIDORF-WEINSTEIN: To UCLA?

COLLINS: All the way to UCLA. And I told the bus driver-- I kept telling him about every minute-- I said, "Be sure and tell me when to get off at UCLA." He said, "I'll tell you. Sit down."

NEIDORF-WEINSTEIN: Because you hadn't been there before.

COLLINS: No, I didn't have a clue where it was. So we finally got there, but it was a long ride. And I got in line at the women's gym and signed up for my first semester in the fall of '46 at UCLA, which I think cost at that time \$37.50 for a whole semester. It's more now.

NEIDORF-WEINSTEIN: It definitely is.

COLLINS: I was lucky. I was already an active Beta from Miami University, and so I got to move into my fraternity house and have a place to live. And it was interesting only because--I just tell the story--we had eighty-five members in the fraternity. The oldest one was my roommate. He was thirty-one, getting his Ph.D., and I was a veteran, and I was nineteen years old, and I was the youngest guy in the house, at nineteen, and I'd been in the service twenty-three months. So really fun. But gee, we had a good time.

NEIDORF-WEINSTEIN: So you had never seen UCLA before. That must have been so exciting.

COLLINS: But there were only six buildings there anyhow. Think about it. The men's and women's gym, the four buildings

on the quad, and the administration building, and that's all there was of UCLA.

NEIDORF-WEINSTEIN: Where were those buildings in relation to where things are now? Where were those buildings centralized?

COLLINS: Well, you know where Royce Hall is, and the library.

NEIDORF-WEINSTEIN: Oh, so that was the quad.

COLLINS: And the other one is the chemistry and physics building--they have a name now. And the men's and women's gym down on Westwood Boulevard there. Plus Kerckhoff Hall was there.

NEIDORF-WEINSTEIN: So that was the whole campus, really.

COLLINS: Plus the administration, that was the whole campus then. Everything else was little wooden buildings all over the hillside up where Anderson is, all the way-- Those were wooden buildings that were built during the war for the students who were in the ROTC [Reserve Officers Training Corps] and in the navy programs to go to school there.

NEIDORF-WEINSTEIN: So for you to come back and see Anderson-- I mean, it's a tremendous change. And then the rest of the campus--

COLLINS: But I'm on campus a lot because I've been very active at UCLA for a long, long time, so I've seen it kind of grow.

NEIDORF-WEINSTEIN: That's such an exciting story.

COLLINS: A lot of fun.

NEIDORF-WEINSTEIN: What a long commute for you to come from home. You're lucky you didn't have to do that every day.

COLLINS: And I didn't have a car. I look today and say I was unfortunate, but I went to school without a car. Got my first car after I graduated from UCLA. But when I had to go out on a date, I had to take the Wilshire bus downtown, get the Red Car, go home and get my dad's car, come back, and then go home Saturday night and then get back on the Red Car and the bus again to come back to UCLA on Sunday. But it worked out. I had the GI Bill, which gave me seventy-five dollars a month, and I washed dishes in my fraternity house for three years and I got by beautifully. So it wasn't too bad.

NEIDORF-WEINSTEIN: It definitely sounds like a combination of luck and skill and perseverance.

COLLINS: Yeah, maybe. My uncle and my father and my brother-in-law are all civil engineers, and I think in hindsight, if I could do it all over again, I would have gotten some kind of counseling, because I don't think I should have become an engineer particularly. Although I did just because it sort of ran in the family. You did it because you thought it was the right thing to do, but that's not the way you do it anymore. So, anyhow, I took a lot of chemistry and physics

and engineering courses. And the one thing at UCLA, it turned out--again, being lucky--UCLA only gave a degree in general engineering. They just started giving engineering degrees in about 1944-45.

NEIDORF-WEINSTEIN: They didn't have the division, chemical, mechanical, electrical--

COLLINS: Right. They didn't have that. So when I got up to the summer of 1949, I probably, because of my units in the navy, had enough units to graduate, but I wanted a degree in civil engineering. So they said, "Well, if you want a degree in civil engineering, you've got to go to Berkeley and take this course, this course, this course, and this course."

NEIDORF-WEINSTEIN: Because they didn't offer it at UCLA.

COLLINS: That's right. So I went up there and took structural design, hydraulic lab, concrete lab-- Anyhow, I took all these courses for civil engineering. And the thing that's even luckier--and I'll explain later-- When you go to a campus within the university, you can only get a degree from that campus if you take thirty-two units. I went to Berkeley and took nineteen units, and so I got a degree from UCLA in civil engineering, and they don't even give it, but I got it because I took those units up there and transferred-- They have to transfer them down. The other four guys who went with me--they stayed the whole year instead of half a year--all ended up

being Berkeley graduates.

NEIDORF-WEINSTEIN: Oh, that's so interesting. But they had done most of their work at UCLA?

COLLINS: Oh, yeah. They're all Bruins, but the thing-- Let me just give you one thing that would give you an interesting-- In order to be president of the Alumni Association at UCLA, what do you think?

NEIDORF-WEINSTEIN: You have to have graduated from UCLA.

COLLINS: Right. So those four guys--

NEIDORF-WEINSTEIN: They have no chance.

COLLINS: They eliminated themselves by staying there for a year. Not that they knew it at the time; I sure didn't.

But if I had stayed there the year with the rest of them, which I thought about and didn't do, I would have been a Berkeley graduate, maybe.

NEIDORF-WEINSTEIN: Why did you decide not to stay longer?

COLLINS: I didn't need to. I wanted to get out and get to work. I was engaged to my wife at the time. We got engaged during Thanksgiving in the fall of '49 up at Berkeley.

NEIDORF-WEINSTEIN: So she was one of your dates of taking the bus back and forth?

COLLINS: She's a Kappa from UCLA, and in order for her to--we laugh about it now--keep track of me, when I housed at Berkeley, I worked at the Kappa house. So those girls up there kept

track of me for her, yeah. I stayed just one semester and it worked out. It couldn't have been better.

NEIDORF-WEINSTEIN: So you met while you were at UCLA, your wife?

NEIDORF-WEINSTEIN: Yes. At a fraternity-sorority exchange, yeah. In 1948.

NEIDORF-WEINSTEIN: Wow, that's great. That's a really long time to make a commitment.

COLLINS: A lot of hard-core Bruins. But, anyhow, I had a lot of fun, and I got a job in 19-- You haven't asked your questions yet, so maybe--

NEIDORF-WEINSTEIN: Oh, no. Actually, that was going to be the next move. What was your first job and how did you become interested in entrepreneur[ship] from that?

COLLINS: I got a job as an engineer for a very small construction company in Pasadena. This was in January of 1950.

NEIDORF-WEINSTEIN: Let me ask you just a quick question. I know it was sort of different in terms of looking for jobs, but at this point, you said you maybe shouldn't have been an engineer. Were you feeling that when you graduated and you were ready to take your first job, or were you sort of committed, saying, "I am going to be an engineer; this is it"?

COLLINS: Well, I had a construction option in civil engineering,

and I really did like construction. I had been using the tools at home with my dad since I was eleven years old, so I think in terms of building a building, that would have been fine. When it comes to working off a drafting board and designing things and doing structural design, I don't think that would have been-- I'm more of a people person than that, and engineers tend to be--not always, but a lot are--more introverted, not so much people people, but--

NEIDORF-WEINSTEIN: So you took your first job--

COLLINS: Yeah, in Pasadena, with this little tiny company.

But interestingly enough, my boss was Catholic, a Mr. Theisen.

He was an architect, and his son-in-law-- they ran this little company together, construction company--was a mechanical engineering graduate from Caltech [California Institute of Technology]. So I had two mentors, if you will, that were really good to me. And there was only one lady in the office.

She took all the phone calls. She did all the payroll. She did all the bookkeeping in the office, and these two guys-- And they took me under their wing. Ninety percent of what we did was build Catholic churches. That's all I did. From Santa Barbara to San Diego, I just built Catholic churches.

NEIDORF-WEINSTEIN: Because that was their level of interest?

COLLINS: The archdiocese invited us to bid, and they had so much work going on-- There were seven companies and we

competed against each other. And so for twenty-four months, I was doing-- We did a couple of schools, but mostly Catholic churches. We did one convent and then we did a few places like that, but basically it was work for the archdiocese for the Catholic Church. But, boy, it was fun.

NEIDORF-WEINSTEIN: Was it?

COLLINS: Yeah, because I worked in the office half-time, and then on the job I ordered all the cranes and poured all the concrete-- Almost everything we did was pour concrete.

We built some big structures, and I had a lot of fun on the job, working hard--and put in a lot of time.

NEIDORF-WEINSTEIN: So you basically did the planning and the implementation, whereas a lot of engineers don't do that anymore.

COLLINS: And whenever we bid a job, we would sit and figure out when we're going to bid one, and I'd get invited to sit with these two older gentlemen and see how it was done, so I got to-- And even with the bookkeeping-- When she went on vacation, I did the payroll.

NEIDORF-WEINSTEIN: So you really had a well-rounded business experience.

COLLINS: That's because it was so small; you got to do everything. So it was really fun. But in the meantime, my father-in-law [Robert Leonard Sr.] owned this corner right

here that you're sitting on, ten-acre corner. It had a trailer park in the back with 110 trailer spaces. It had a gas station with eighteen pumps out on Sepulveda Boulevard. The San Diego freeway was not here. So, anyhow, he had a building sitting underneath where this office building is and the back of the building was along Centinela, right outside here. And the front of the building faced inward toward the gas stations, and he wanted to convert this building to a coffee shop. This is where the story gets good, okay? He wanted me to do that for him, and construction was my bag so I decided I would do that for him.

NEIDORF-WEINSTEIN: Did he want you to do it in an individual capacity or with the actual firm? He wanted you to work on it?

COLLINS: Oh, no. Individual capacity. Right. So I'm remodeling this kind of old building-- I was going to show you a picture of it, but it's probably behind here, but that's all right. There it is up there.

NEIDORF-WEINSTEIN: That's the corner?

COLLINS: Yeah. Absolutely.

NEIDORF-WEINSTEIN: It's a great picture.

COLLINS: I was remodeling this building, and about halfway through--I've told this story too many times, but I'll tell it one more--the Edison man came along, from the Edison company,

and wanted to know what kind of connected load I was going to need for this restaurant building, the coffee shop, and in talking to me, he said to me, "Have you got time to take a ride with me tomorrow?" And I was all of twenty-five years old and I said, "Sure." And he picked me up and we drove to San Bernardino. And this was in about February of 1952, and there on E Street in San Bernardino is the only McDonald's hamburger stand in the whole world, and it was run by two brothers, Dick [Richard] and Maurice McDonald. They weren't franchising; they were just running a hamburger stand. They had fifteen-cent hamburgers and twenty-cent milk shakes, ten-cent french fries and ten-cent drinks.

NEIDORF-WEINSTEIN: So he took you over there because he was doing something with regard to his job, or he just thought you would be interested in seeing it?

COLLINS: He just thought that because we were converting this building to a coffee shop-- He wanted me to see what else was new out there, and nobody had ever heard of McDonald's before. And these two brothers out there, Dick and Maurice McDonald, were just absolutely fascinating. Their business was-- At noontime-- You wouldn't believe it. People were just lined up. There were no seats inside. You just walked up to a window. It was fabulous. I got back that night and I said to my father-in-law, "Have you got time to take a ride

with me tomorrow?" and he said, "Sure," and I drove all the way back. By the way, it takes about three hours to get there because there's no freeways. You just have to go on Foothill Boulevard all the way out. Long drive. Long drive. Eighty miles.

NEIDORF-WEINSTEIN: Three hours. That's farther south than San Diego now.

COLLINS: It was about eighty-four miles or something, but because of signals and stuff-- You couldn't get on a freeway and keep going. You had to start and stop. Anyhow, it was the same the next day. Business was brisk and this place was just absolutely phenomenal. And we just looked at each other and I said, "Wow. This is something we've got to do."

So right in the middle, we threw our plans in the wastebasket and went to another hotel and restaurant supply company-- By the way, who were working on plans for another hamburger stand in Long Beach, and the guy that was doing it in Long Beach had met the McDonald brothers a couple of months ahead of me, and he was doing one too. We switched over, and in September of 1952 I opened up a hamburger stand underneath--right here--for nineteen-cent hamburgers. In September 1952, opened up a hamburger stand called Hamburger Handout.

NEIDORF-WEINSTEIN: Modeled sort of after the McDonalds'--

COLLINS: No question. Absolutely modeled after them, yeah. We had mustard and ketchup and automatic patty machines. Everything they were doing, we were doing. The only difference between ours and theirs exactly was the fact that we sold hamburgers for nineteen instead of fifteen cents.

NEIDORF-WEINSTEIN: If you went to the McDonald's and you were sort of observing the traffic and everything that was going on there, what about the technology? They wouldn't have let you behind to see what was going on. How did you figure that out?

COLLINS: Well, first of all, they were very helpful in talking to us.

NEIDORF-WEINSTEIN: The McDonald brothers?

COLLINS: Right. And the Carnation company got involved when they found out I was doing this, and they said, "Hey, let us take you down and meet Ken [Kenneth] McConnell," the guy in Long Beach. And he opened up in June of 1952, and I said to him, "Can I come down and work free for you, so I can learn a little bit?" And for one month--

NEIDORF-WEINSTEIN: This is the restaurant supplier you were talking about, in Long Beach?

COLLINS: No, no. This is the guy that opened up a hamburger stand in June--eighteen cents, by the way-- called Ken's.

NEIDORF-WEINSTEIN: This is after McDonald's-- After you saw

the McDonald's.

COLLINS: Oh, yeah. Well, I was doing the remodeling. I was almost ready to open. We opened up in September. We were right in the middle of remodeling. So every day during the month of July, I went to Long Beach, and I learned how to do french fries; I learned how to cook hamburgers on the grill; I learned how to work the cash register--the whole thing. And every day, Ken would take me in to get a cup of coffee in his restaurant--he had a restaurant next door--and talked to me about it, all about it, and we just went through it.

So in thirty days-- It isn't complicated when you only have hamburgers, cheeseburgers, milkshakes, cold drinks, and fries.

It's not very complicated.

NEIDORF-WEINSTEIN: So you learned all about it in a month.

COLLINS: I learned it really well. So when I opened it up on about the twenty-second of September, 1952-- I had a big crew and we opened up, and it was-- But the thing that's sort of interesting when you look at it-- Think about the fact that there was only one McDonald's hamburger stand in the whole world. Ken had this down there and I had that. People were driving to my hamburger stand, in 1952, from the San Fernando Valley, all the way down to Long Beach, all the way into the middle of Los Angeles, because they wanted self-service food, real quick and real low-priced, and there was no place

to get it. Zero.

NEIDORF-WEINSTEIN: So the word just spread. I mean, I guess people just began to hear about what was available out there?

COLLINS: Okay, well, let me tell you. I'll finish the story very quickly. In 1953, the two brothers franchise five stores, four in Los Angeles and one in Phoenix, Arizona, and we used in those stands a multimixer. That's five spindles where you make milk shakes on them.

NEIDORF-WEINSTEIN: Right.

COLLINS: Yeah, and the guy that's selling multimixers is named Ray [Raymond] Kroc. And he's in Chicago and sees all these multimixers being sold here, and he says, "Wonder what's going on?" So he comes out in about February or March of 1954 and meets these two brothers and buys them out. And then he took that concept and went back to Chicago, and today there's about nineteen or twenty thousand McDonald's hamburger stands because Ray Kroc built the company, McDonald's. The two brothers developed the concept.

NEIDORF-WEINSTEIN: That's where McDonald's is headquartered, isn't it? In Chicago?

COLLINS: Oh, sure.

NEIDORF-WEINSTEIN: Yeah. So interesting.

COLLINS: Yeah. And I became good friends with Ray Kroc too, so--

NEIDORF-WEINSTEIN: So then the word spread about your business as well?

COLLINS: Yeah, so it was interesting that he realized that there was something really great that those brothers were doing, and it needed to be managed and grown, and he was able to do that and so it worked out really well.

NEIDORF-WEINSTEIN: So you started the first one on this corner and then what happened?

COLLINS: Well, I love to tell the story of my father-in-law. [He] had been through the Depression, and he thought nobody should ever have more than one hamburger stand, and what was happening is between 1952, when I opened, and 1957, hamburger stands were starting to come everywhere. Not McDonald's, but McFarland Candies did five, and another fellow down in Torrance did five, and I had some friends that trained with me, people from Austin, Texas; Northern California; Portland, Oregon; Seattle-- The Carnation company said--like I did with Ken McConnell-- "Come on down, spend a week with Jim Collins and he'll show you how to do it." And I did that for them, and so-- My father-in-law went on vacation to Europe in 1957; I think [it was] his first trip to Europe. And a hamburger stand around the corner over here, near Airport [Boulevard] and Manchester [Avenue] near the airport-- It was called Panda Bear, and the owner passed away, and it was

up for sale. And Carnation called, said, "Jim, you ought to take a look at that." So I went over and took a look at it, and I bought it when my father-in-law was out of town.

When he got back, he's mad as hell, but I changed the name to Hamburger Handout Jr. So in '57, after five years of running one stand every day--five years--I got my second one. And then in 1958 I got my third one, and in 1959 I built a brand-new one out in Orange County.

NEIDORF-WEINSTEIN: The first one was your own; you built it. And then the two other, following, were acquisitions, and then the fourth was--?

COLLINS: I built from scratch. Exactly. So anyhow, business was good. This hamburger stand here, I suspect that probably in the 1952, '53, '54, '55 time, very many-- I was probably the highest volume one in Southern California in terms of volume. It was really big.

NEIDORF-WEINSTEIN: What do you think, out of curiosity-- with the McDonald's, obviously you said they were limited-- was different about your concept that was allowing it to do so well? Was it just the presence of your--?

COLLINS: It was, no, strictly supply and demand. Strictly supply and demand.

NEIDORF-WEINSTEIN: Because you said there were other hamburger stands popping up around.

COLLINS: Oh, yeah. Well, let me give you a little more of the story and you can get a feeling. In 1960 I was in Northern California visiting Mrs. [Adel] Burke, and she had four Burke's Drive Ins. And she and her daughters had trained with me in 1955, so this was 1960, and it was February. I wasn't paying that much attention, except we were all communicating with each other, and the man in Seattle, Gill [A.] Centioli; the man in Portland, Colonel [Ervin] Hanks; the lady, Mrs. Burke, in San Francisco; and the man in Austin, Texas, Pat Moreland, in 1959 they all put Kentucky Fried Chicken [KFC] on their menu in their hamburger stands. And this was a thing that was happening across the nation.

So when I'm visiting Mrs. Burke this day, she said to me-- Oh, first of all, she made me eat the Kentucky Fried Chicken, because she's got it, and she's got it in her four Burke's Drive Ins. She says, "You know, this is something you really ought to do."

And I said, "Well, I don't know." I really wasn't interested in doing it, frankly.

But anyhow, she said, "What are you doing tomorrow?"

And I said, "Just frying hamburgers."

And she said, "No, you're not."

And so she picked up the phone in front of me, called the travel agent, bought us two tickets on American Airlines

to Louisville, Kentucky, and--

NEIDORF-WEINSTEIN: Where it was based, where it had started out--

COLLINS: Louisville-- Shelbyville, Kentucky. And it's so funny. The reason the story is funny is because-- I don't know how old I was in 1960, but I guess I was about thirty-three years old-- Mrs. Burke was at least sixty-five--and so I called my wife-- And this was February 1960, and I didn't have an overcoat or a toothbrush or anything, zero. And we got on the plane and we got to Louisville, and they'd had a snowstorm. And the Colonel [Harland Sanders] picked us up in his Thunderbird, with chains on his tires, and drove us twenty miles out to Shelbyville, and we stayed at his colonial place that he had there, with the columns in the front, for three days. And Mrs. Burke leaned on me, and by the time I left to go home with her I had taken the franchise for my hamburger stands, to put chicken in my hamburger stands. So that's kind of how I got in the business of the chicken.

Now, what happened after that was-- In 1960 and '61 the Colonel's chicken was really beginning to really move. He was not doing well when I met him. He was, in 1960, in February, seventy years old. He had his chicken in 475 places, but there were no take-homes in the United States yet. It was either a menu item in a restaurant or it was in a hamburger

stand, and in 1960, late, the first take-home Kentucky Fried Chicken store opened in, I think, Jacksonville, Florida.

NEIDORF-WEINSTEIN: So in other words, he didn't believe in the concept of starting his own retail store. He figured that placement in established--

COLLINS: He didn't have any money; he was broke.

NEIDORF-WEINSTEIN: He just had the concept and the ticket--

COLLINS: He was just getting royalties. He had the recipe, with eleven herbs and spices.

NEIDORF-WEINSTEIN: And spices, exactly.

COLLINS: Yeah, yeah. So, anyhow, I put that in the hamburger stand, and by the way, it wasn't very successful.

NEIDORF-WEINSTEIN: The chicken was not successful--

COLLINS: We didn't sell much.

NEIDORF-WEINSTEIN: --at the restaurant.

COLLINS: If I had a restaurant doing \$25,000 a month in hamburgers, it was only doing \$3,000 a month in chicken.

NEIDORF-WEINSTEIN: Okay, so that wasn't a large portion.

COLLINS: Wasn't a large portion. No. But anyhow, in 1961, two associates of mine and I opened up three take-home chicken stores--one in Anaheim, one in Tustin, one in Costa Mesa--and they didn't really do that well. The little ones did \$4,000 a month, and the big one did \$6,000 a month, but they weren't making any money.

NEIDORF-WEINSTEIN: So if you had felt that the chicken wasn't doing real well, what was it that--? Did you still have the thought in the back of your mind that maybe this could be a better concept?

COLLINS: No. Good product. Excellent product.

NEIDORF-WEINSTEIN: It was a good product--that maybe it just wasn't--

COLLINS: Chicken was cooked under pressure. Nobody was cooking chicken under pressure at the time.

NEIDORF-WEINSTEIN: New type of product.

COLLINS: And the Colonel had good seasoning. I don't know if you have ever tasted--

NEIDORF-WEINSTEIN: Oh, I have. When I was younger I ate a lot--

COLLINS: Yeah. But, anyhow, good product would be the only reason to hang in there, really good product. So we hung in there, then. In 1962, the Colonel would--because he only had four employees and we were good friends--call me the night before a store was going to open somewhere here in Southern California, and he'd say, "Jim, would you mind going over there tomorrow and show them how to do the gravy? How to do the chicken? How to do the coleslaw? How to do everything, the mashed potatoes and so forth?" And I would go over there and spend maybe a day or a day and a half helping these people

get started. And so in December of 1962 I was traveling with the Colonel in Portland, Oregon and I kind of set him up and I said to him, "Colonel, you're calling me, and I'm spending a lot of time doing this. Why don't you let me be your agent in Southern California, and pay me, and then I won't feel like you're taking advantage of me?"

NEIDORF-WEINSTEIN: Right.

COLLINS: And we were good friends, and so I knew he was going to accept, because he'd already done this for the boys in Chicago, the Walker brothers, and-- So he didn't believe in attorneys, interesting enough--

NEIDORF-WEINSTEIN: Very.

COLLINS: --but he did do everything with a handshake, which was fun.

NEIDORF-WEINSTEIN: It doesn't happen anymore.

COLLINS: No, but we worked out a two-page agreement where I became his agent from San Luis Obispo to San Diego.

NEIDORF-WEINSTEIN: So was this one of his primary target markets, Southern California, when he first started?

COLLINS: No, not at all.

NEIDORF-WEINSTEIN: It wasn't.

COLLINS: No. He was doing everything pretty much in the South and east of the Mississippi, nothing out West to speak of. Except his first franchisee, from 1954, Pete Harman, owned

the state of Utah. He bought it from the Colonel so the Colonel could have some money. So other than that there wasn't anything going on out here at all, and so, in 1962, actually, little bit in '63, I started running a little training school. A little real estate department, a small warehouse--

NEIDORF-WEINSTEIN: For Kentucky Fried Chicken?

COLLINS: And between '62 and '68, I put in 240 stores for the Colonel here between San Luis Obispo and San Diego, of which our little company owned 33, and ran them.

NEIDORF-WEINSTEIN: So you owned some and also were responsible for opening them.

COLLINS: Yeah, about 210 or so belonged to the franchisees.

So it worked out really well because we got him a lot of stores in here, but in the meantime--I was going to go back full circle with you--while I was working really hard on the chicken in those years, Ray Kroc was building new McDonald's hamburger stands, starting in 1960, in Southern California.

By the time 1968 came around he was really taking our customers away, because he was doing a really good job of what he was doing and I was concentrating on chicken.

NEIDORF-WEINSTEIN: I was going to say. So what was happening to the hamburger business in the meantime?

COLLINS: It was going like that. Nineteen sixty-eight, we shut them all down. Got out of it. Said, "That's not what

we want to do." The other thing I was going to tell you, and it's obviously being in the right place at the right time, but see the hotel sitting next door here?

NEIDORF-WEINSTEIN: Yeah, the Radisson?

COLLINS: That's where the gas station was sitting--on this ten-acre corner. And next to the gas station on the north side was where they sold trailers, because of the trailer park in back.

NEIDORF-WEINSTEIN: Right.

COLLINS: And it was a trailer sales office about the size of this office here, not much bigger, really small, and it was sitting there empty, and the time is, now, about the fall of 1957. And one of the ice cream salesmen from Minnick Dairies, Del Johnson, who had a restaurant over here on Venice Boulevard, got a divorce, and he gave the restaurant to his wife, and he came by one day to see me, and he said, "You know, I've always wanted to have a sizzling steak house." And I didn't know what he was talking about, but, basically, the article in the *Wall Street Journal* on the left-hand column, front page, was-- and this was 1957--"Tad's \$1.09 steaks, New York, San Francisco, Chicago." They had three places--outlets. By the way, the Tad's in New York is still there. I saw it.

NEIDORF-WEINSTEIN: I've been to Tad's Steak House, because I used to live in New York. I've been there.

COLLINS: You walk down the street and you could look in; they're cooking the steaks. Go down the line, get your salad, and pay at the other end.

NEIDORF-WEINSTEIN: Yes.

COLLINS: So Del was broke, and I loaned him a refrigerator, a grill, a Hotpoint fryer, and a bunch of other stuff. And my father-in-law went to the bank with him, got him \$10,000, and in--

NEIDORF-WEINSTEIN: Of your family money?

COLLINS: No, no. He borrowed it.

NEIDORF-WEINSTEIN: He helped him independently get the loan?

COLLINS: Yeah, at the bank.

NEIDORF-WEINSTEIN: Okay.

COLLINS: And in January of 1958, right there, the first Sizzler [Family] Steak House opened and it had sawdust on the floor because there was nothing but a concrete floor in there, and he had put some tables outside, patio tables with umbrellas, and I think his total seats were about thirty seats inside and about thirty seats outside. I probably got a picture of that up on the wall there, too.

NEIDORF-WEINSTEIN: I'd like to see that, too.

COLLINS: I don't see it right now, but, anyhow, you'd love to see that. It's probably around here. But, anyhow, Del Johnson, right on this corner, after I opened up in '52 and

he opened up in '58, and he did that Sizzler thing, anyhow, pretty small potatoes operation, but in 1967, nine and a half years after he opened here, he came in the office one day, and we remained good friends, and he said, "Jim, I want to retire." He was a golf nut. "I want to retire and play golf every day in Palm Springs, so I want you to buy Sizzler from me." And at that time he had four company stores and 160 franchise stores, and so we hired a guy named Dick [Richard P.] Bermingham, from Arthur Andersen [Consulting], who did a purchase investigation for us, and looked this thing over, and it was very, very weak.

NEIDORF-WEINSTEIN: The business was?

COLLINS: Thirty-five franchisees hadn't paid any royalties for more than two years. They were using, just to make it the way it would sell, they were using cow meat. You should be using steer beef and not cow meat.

NEIDORF-WEINSTEIN: So it was because the product wasn't as good?

COLLINS: The product was really poor. So to make a long story short, two fraternity brothers and I, a third apiece, in 1967, we bought Sizzler for about \$985,000, a third apiece, nothing down, on a ten-year, 6 percent note with Del Johnson. Talk about a friend-- He got nothing but his 6 percent every month, and we paid him off over ten years.

NEIDORF-WEINSTEIN: But he also wanted to get out and do what he wanted to do. So it was good for him.

COLLINS: Yeah, right. So we toured the whole country. The stores ran all the way from Hawaii to New York at that time, those 164 stores, and we toured the country, and by the time we got back we would go into franchisees that hadn't paid a royalty for a few years and say, "Do us a favor, why don't you take the sign down and call it whatever you want. You don't owe us anything and we don't owe you anything and we'll sign off," and so we canceled off about 30 of them on that trip. So when we got home we had about 4 company stores and about 130 franchises.

NEIDORF-WEINSTEIN: So you wanted to consolidate and make the business better?

COLLINS: Yeah. And we went out and we didn't franchise any stores from '67 to 1968, for a year, and we put together the equipment people, the sign people, the architect, the contractor, and even the landscaper, and we put them in a room over a period of a year, and developed a new imaged Sizzler, with a yellow tile roof. And we opened up the first one on Hollywood Boulevard in about October 1968, and the second one opened up at Airport and Manchester, where my Hamburger Handout Jr. was. They tore that stand down and put one up there, opened up in 1969. So we grew really slowly.

NEIDORF-WEINSTEIN: Did Mr. Johnson have the original concept?

Did he have steer or was he also using cow--?

COLLINS: Oh, I think he started out-- His sign, and I'll show it to you in the picture, but he started with top sirloin steaks at ninety-nine cents a dinner.

NEIDORF-WEINSTEIN: Unbelievable.

COLLINS: And a New York steak at \$1.09.

NEIDORF-WEINSTEIN: But the franchisees didn't follow the same--?

COLLINS: He was using a pretty poor quality of beef almost from the beginning.

NEIDORF-WEINSTEIN: Okay, so that was part of it.

COLLINS: Yeah, part of the--

NEIDORF-WEINSTEIN: What set the trend.

COLLINS: --problem. We switched over right away to a better grade of beef, dropped off a lot of franchisees and continued to build that thing over a period of time.

Talk about timeliness, in the summer of 1968, we decided that we needed some money to build Sizzlers. Now that we had it and we had it fixed up, we wanted to grow it. And so we put together the three guys that owned the Sizzler, and I had, in the chicken side, thirty-three chicken stores. And we had all brother and sister corporations; they were all separate.

And just so that you get a feeling, in those days you could

have brother-sister corporations with the same ownership in them and you paid a lower tax rate on the first \$25,000 in profits. You can't do that anymore.

NEIDORF-WEINSTEIN: I see.

COLLINS: So people don't have brother and sister corporations. They just have one corporation.

NEIDORF-WEINSTEIN: It's not a tax advantage.

COLLINS: No tax advantage. So, anyhow, we put this all together, and we had a company that in April 30, 1968, had sales of \$5.5 million, had profits after taxes of about \$500,000.

And it was funny-- We went downtown with a three-year business plan in about, probably, the summer of 1968. We went to Whiteweld, and we showed-- And remember now, \$5.5 million in sales, and \$500,000. And the guy, Whiteweld--Whiteweld was a very big brokerage firm back in 1968--anyhow, he kind of laughed at us and turned us out the door.

NEIDORF-WEINSTEIN: Really.

COLLINS: We walked across the street to a little local firm called Bateman, Eichler, Hill, Richards, and we showed it to them. They says, "Hell, we'll take you public and sell."

Anyhow, so we said we wanted to go public, so we put together our prospectus, and the fellow that did the purchase investigation on Sizzler, in December '67, he came aboard to be our CFO [chief financial officer]. His name is Dick

Birmingham. And Dick came aboard in December '67 and he did the prospectus for us and everything, and on November 15, 1968--

NEIDORF-WEINSTEIN: Close to what day we are now.

COLLINS: Two days from now, thirty years as a public company, we sold three hundred thousand shares of stock to the public for \$18 a share. We raised about \$5.4 million. In which our expenses were about \$400,000, so we netted on the offering about \$5 million.

NEIDORF-WEINSTEIN: Wow!

COLLINS: Wow is right.

NEIDORF-WEINSTEIN: That's exciting.

COLLINS: Those were really good days; it really was exciting.

I can't get over the fact that it's been, you know, thirty years ago, but anyhow, small potatoes, but really had a good time, had the money we needed to do what we wanted to do.

NEIDORF-WEINSTEIN: So basically up to the time of the public offering, in terms of all your financing, you and your father-in-law did what you did-- Had you taken out a fair amount of loans in order--?

COLLINS: Let me tell you one fun story, and then you'll get a feel-- Two fun stories, just anecdotes on the hamburger stand we built here. I think we put in about \$60,000 worth of equipment, and this is in 1952. Dohrman Hotel Restaurant

Supply did it, and they were getting geared up to do more hamburger stands for other people. We opened up with a very, very good business here at the Hamburger Handout, okay, in September '52. By the time they got around--I got to tell you it was probably six months before they sent us the final billing for the equipment they put in--we paid it out of our cash flow from the restaurant that we'd already--

NEIDORF-WEINSTEIN: That's unbelievable. That's all the money that you had already from the business--

COLLINS: That's right. The business-- It was free and clear after six months.

NEIDORF-WEINSTEIN: That's great to be able to pay those kinds of bills.

COLLINS: Yeah, I know. And in the second one, when my father-in-law was in Europe in 1957, this man over here who passed away, his wife was going to sell me the Hamburger Handout Jr.-- They wanted \$30,000. Well, I didn't have \$30,000. The Carnation guys said to me, and his name was Dale [B.] Trinkle, really fun story, he said, "Look, Jim, you're the biggest single stop that Carnation has in Los Angeles, and you use every month \$10,000 worth of product." He says, "Just don't pay us for three months, and you got all the money you need, and then you can pay us back over time, and at no interest, whatever you get, whenever you want, to make up a little bit."

So I was able to buy that hamburger stand by using Carnation's money.

NEIDORF-WEINSTEIN: That's great. And then this was about the same time, when the Sizzler started.

COLLINS: Sizzler, actually, he got the idea looking at that article on Tad's in the *Wall Street Journal*; he got that idea in '57. He opened up in January '58, and I didn't have much money, but he didn't-- Except for his new wife, and making the curtains and doing all the work there, and he, of course, working there too. He was a good restaurant man, by the way, and I loaned him enough equipment and he got this \$10,000, so he opened up this little tiny Sizzler.

NEIDORF-WEINSTEIN: I thought when you bought it out, it was almost a million--? You and your two other fraternity brothers--?

COLLINS: Oh yeah, but that was nine and a half years later.

NEIDORF-WEINSTEIN: So that didn't really-- Your sort of initial investment in that--

COLLINS: No, I didn't have any investment in there at all.

NEIDORF-WEINSTEIN: Yeah, okay. Just for helping him.

COLLINS: Help him that's all. That's what things-- That's when I always say though, one of the things that's most fun in life is doing things for people and their returning favors that aren't expected.

NEIDORF-WEINSTEIN: I agree.

COLLINS: Yeah, yeah.

NEIDORF-WEINSTEIN: It's a lot of fun.

COLLINS: It's really fun.

NEIDORF-WEINSTEIN: It's very rewarding.

COLLINS: Yeah, and as long as you do something, and you don't have any expectation of getting a return, why, nice things happen sometimes.

NEIDORF-WEINSTEIN: I think that's true.

COLLINS: Yeah, yeah.

NEIDORF-WEINSTEIN: I believe that.

COLLINS: I've got a funny anecdote, and I'll just tell you quickly, at the time in 1960--

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COLLINS: The biggest family restaurant chain in Los Angeles was called Hody's Family Restaurants.

NEIDORF-WEINSTEIN: I don't think I have ever heard of that.

COLLINS: And Sidney Hodamaker, who had been twice the President of the National Restaurant Association, he was Mr. Big. He had the seventh family-- And these restaurants were three, four hundred seats; they were big.

NEIDORF-WEINSTEIN: Wow--family style--

COLLINS: Yeah, oh yeah, right, and so the Colonel comes to town. I got the franchise, remember, in February 1960, back in Shelbyville. Colonel comes to town in about the middle of May, and he comes in this white suit and cane, and we're not close friends yet, and this is-- I don't think he's been to L.A. for maybe twenty years-- So, anyhow, he gets off the plane at the airport, in his white suit and cane, and at that time people thought "Where did he get loose from?" that he'd been in--

NEIDORF-WEINSTEIN: Right, they thought it was sort of strange.

COLLINS: Thought he came out of an institution. They thought he got loose.

NEIDORF-WEINSTEIN: Yeah. His attire--

COLLINS: Yeah, because they didn't know who he was, and Kentucky

Fried Chicken was nothing, so, anyhow--

NEIDORF-WEINSTEIN: Right.

COLLINS: So I says, "What do you want to do, Colonel?" He says, "I got to go see Sidney Hodamaker. I got an appointment with him at about eleven o'clock today," and at the Hollywood Roosevelt Hotel. I says, "I'll drive you over there." So I took the Colonel over there, and later on that afternoon the Colonel came back, and he was kind of unhappy or mad or whatever.

Then I says, "What happened?"

He says, "Jim, I went in there, and I told Sidney about our product. I told him about the people that had it. He was very excited about it. He says 'put it on the menu in my seven Hody's Family Restaurants.'" And he says, "I was getting up to go the door, and I says, 'Oh, by the way, there's a young guy named Jim Collins, and he's got the Kentucky Fried Chicken in his Hamburger Handouts.' And Sidney said, 'Goddamn.' He says, 'I'm not going to sell your chicken in my family restaurants.' He says, 'You got them in some nineteen cent hamburger stand.'" And the Colonel says, "Well, I got a deal with Jim, and if you don't like it, you go to hell," and walked out the door, and the Colonel passed up a real opportunity.

NEIDORF-WEINSTEIN: Because you think he could have done well

having the chicken in those restaurants?

COLLINS: You bet. Absolutely, and, of course, there's no Sidney Hodamaker, there's no Hody's Family Restaurants in town, either.

NEIDORF-WEINSTEIN: I was going to say-- Because I've never heard of them.

COLLINS: And in Southern California alone, there's at least, I don't want to exaggerate, but I think must be almost three hundred between here and San Diego. There must be three hundred Kentucky Fried Chicken stores, so there's still a lot of them around.

NEIDORF-WEINSTEIN: Yeah, because it's sort of interesting that, actually, when he was starting out, of course, you said that he wanted the product, and he put it in your stores and others, but once [he] had the retail stores, that he would sort of still want to spread the word through having his product in just family-style restaurants. You would think he would want to concentrate on--

COLLINS: Well, this was-- Yeah, but remember in 1960, when he was here in May, there were no take-homes yet.

NEIDORF-WEINSTEIN: That's right.

COLLINS: Yeah, no take-homes yet.

NEIDORF-WEINSTEIN: That's right. I forgot.

COLLINS: He had no take-homes yet. They didn't come till

the fall of 1960. It was all restaurants or hamburger stands.

NEIDORF-WEINSTEIN: So he was still disbursing through the restaurants.

COLLINS: And when Sidney found out it was in a hamburger stand here, he just went berserk and then-- But the Colonel-- I got to tell you--

NEIDORF-WEINSTEIN: That's interesting loyalty.

COLLINS: Oh, well, he did business with most people on a handshake, and for people who didn't take advantage of-- I said to him later in life--I met him when he was seventy; he died when he was ninety, and we became very close friends--"You know, Colonel, I don't understand yet--" He paid me a real compliment. I said to him at that time, he's about eighty, I said to him one time at a convention, "I don't understand how you did for me what you did for me." I says, "You let me be your agent on the West Coast," and he says, "Do you know why?" He says, "Because I thought you were honest."

NEIDORF-WEINSTEIN: That's right. That obviously is how he felt when he had this-- Probably didn't have a great opinion of this man when he spoke about you like that.

COLLINS: Right. Nice things can happen when you-- And he was just really good to me.

NEIDORF-WEINSTEIN: And you obviously did a lot for his business.

COLLINS: Yeah, well, sure. But it worked well. We helped each other.

NEIDORF-WEINSTEIN: It was a good--

COLLINS: Yeah, it was good.

NEIDORF-WEINSTEIN: --honest partnership.

COLLINS: Good situation. Really fun.

NEIDORF-WEINSTEIN: So taking you back to the public financing scene, you made the money on the Sizzler, and then what happened?

COLLINS: What I was going to tell you, the fun part of it is, the day we went public on November 15, 1968, we had thirty-five insiders, okay. They all owned stock in this company called Collins Foods International. These were people that had ownership in these brother and sister corporations, plus my three Sizzler guys, and so the stock, we sold it at eighteen dollars that morning, and it closed that night at thirty-one dollars.

NEIDORF-WEINSTEIN: Unbelievable.

COLLINS: And by January it was up to forty-six dollars, so everybody around me--

NEIDORF-WEINSTEIN: So exciting.

COLLINS: The bookkeeper was worth a half a million, the district manager was worth a half a million; we had people that had basically no net worth that were now worth half a million dollars to a million dollars. And you talk about fun.

NEIDORF-WEINSTEIN: That is so exciting, to see people that had worked with you and supported and--

COLLINS: Well, it happens.

NEIDORF-WEINSTEIN: --have back-- I was just going to say that in fact a friend of mine graduated from Anderson about five years ago, and he's currently working with a company called At Home, it's an Internet sort of company. The same thing happened. He started a small company. They went public.

He made a lot of money. He's a young guy, thirty-one. But that's exciting. That's the exciting part about starting up businesses.

COLLINS: Do you read the paper, the *Wall Street Journal*?

NEIDORF-WEINSTEIN: Yes.

COLLINS: The one, last couple of days, where the twenty-seven-year-old guy was worth \$30 million and the thirty-one-year-old guy-- What they did is one that went up like 300 percent the first day or two?

NEIDORF-WEINSTEIN: Yes, it's just unbelievable.

COLLINS: Yeah, unbelievable.

NEIDORF-WEINSTEIN: I mean, the opportunities that are-- If you have the right idea.

COLLINS: Well, we experienced it in a small way, but it was sure fun. Boy, was it fun. I got to tell you.

NEIDORF-WEINSTEIN: It wasn't really-- It didn't seem that

small then. I mean, thirty years ago, that's a lot of money for a public offering.

COLLINS: Yeah, so we continued after that too, because we had paper.

NEIDORF-WEINSTEIN: Yeah.

COLLINS: We made acquisitions in Portland, in Seattle, in Florida--

NEIDORF-WEINSTEIN: Of properties for Sizzler?

COLLINS: Of chicken stores.

NEIDORF-WEINSTEIN: Oh, of chicken stores.

COLLINS: Chicken stores with stock. With stock that was selling at good-- And so all of a sudden we became the largest franchisee for Kentucky Fried Chicken. We got up to-- At least here, domestically, in the United States, by 1991 we had 210 Kentucky Fried Chicken stores, which is a lot.

NEIDORF-WEINSTEIN: So you own a majority of the franchises of Kentucky Fried Chicken at this point?

COLLINS: Whoa, no. I think by the time we got up to 1991, there were probably in the United States over 4000, and we owned about 210 of them, but in the meantime, we were growing some down in Australia. So if you combine both our international and our domestic ones, we would be number two. Scott's Hospitality in Toronto would be number one. If you just looked at us domestically, we'd be tied with Pete Harman out of Salt

Lake [City], who had all the state of Utah, plus he had branched out into Northern California. Also he had gone into probably Boise and maybe Seattle a little bit, but, anyhow, he'd gotten a pretty good size, but that's a whole other story in terms of strategy for the company.

NEIDORF-WEINSTEIN: That's very exciting.

COLLINS: See, we were really building Sizzlers, but we were growing chicken by making acquisitions and we bought several franchisees here in town. I think we bought almost every chicken store from 1968, when we went public, until 1991, when we sold them all, the domestic ones. We bought them all with stock. We used stock.

NEIDORF-WEINSTEIN: You didn't need to use cash.

COLLINS: We didn't use any cash. We used our cash to, really, buy land and to build new Sizzlers. And we went from about four company stores in 1968, probably when we went public, to where up until a couple of years ago, I guess, we were up to about 220 company stores from about 4, 5. So we moved up a little. Franchisees went from about 130--I told you we were down to 130--

NEIDORF-WEINSTEIN: Right.

COLLINS: They were up to about 420, something like that, not counting international. We have a lot of international stores now.

NEIDORF-WEINSTEIN: After you went public, you were acquiring a lot of the chicken stores, and you also were focusing on the Sizzler business in terms of new locations.

COLLINS: We had a three-division company. We had a wholesale company-- We ended up with about forty trucks, long, refrigerated in one end, and we had frozen goods in the front and then we had case goods probably in the middle, had produce in the back, kind of vice versa, like that. And we had six warehouses: in Phoenix, in San Diego, in Orange County, one in Portland, and I guess, oh, maybe North County--anyhow, we had about six warehouses. And our sales, I don't know what year, but I'd say 1984 or '5, our sales and our warehouse business was about \$300 million a year.

So it was a pretty good-size business, with forty trucks, but it was big business, and then we had the Sizzler division, and the Kentucky Fried Chicken division. So we had that, and in the meantime we tried a lot of things. I almost don't want to take you through it.

NEIDORF-WEINSTEIN: I'd be curious to know.

COLLINS: Well, have you been to Ed Debevic's?

NEIDORF-WEINSTEIN: Sure.

COLLINS: We owned 60 percent of that--our partner is Rich [Richard] Melman.

NEIDORF-WEINSTEIN: That started in Chicago, right?

COLLINS: Yes.

NEIDORF-WEINSTEIN: And I know there's one on La Cienega, but there's another location?

COLLINS: Well, we had another one in Phoenix, the three, and then we developed a fourth one down on Hawthorne Boulevard in Torrance [California], which didn't do well, and then the next one after that, when we sold it, went into New York, and then--

NEIDORF-WEINSTEIN: Yeah, that's right, because I knew there was one. When I was living in New York, I went. It's close. It's in the Village or right near--

COLLINS: Yeah, right.

NEIDORF-WEINSTEIN: --on NYU [New York University]--

COLLINS: Yeah.

NEIDORF-WEINSTEIN: Yeah. That was doing well.

COLLINS: But that was very successful. And then, back in the-- I'll have to look it up for you, and I can do it if you want. But a fellow that I knew fairly well, Harold Butler, who started Denny's, he was about 35 percent owner of a little Mexican [food] chain called Naugles.

NEIDORF-WEINSTEIN: Oh yeah, Naugles. That's right. I just read about that.

COLLINS: It's just like Del Taco, and then-- So anyhow, the stock was down to about two or three dollars a share, and

he needed money badly, so I went to him. We finally convinced him to buy his stock, and we bought it for about four dollars a share, and then we tendered for the rest of it and brought it in under our umbrella and bought everybody out at about four and a half dollars a share. And we turned it around just by running it right--when I'm saying that [I mean] locking the back door after dark, making sure the cash register sales get rung up, make sure they're clean, and upgraded the food a little bit in quality--but in one year's time we went from a negative \$1 million loss to a positive \$2 million profit in Naugles very easily.

NEIDORF-WEINSTEIN: So you think a lot of it was really your transferring of knowledge from the way you ran the Kentucky Fried Chicken businesses to this, because they were both fast food.

COLLINS: The guy that was running the chicken division, Sam Sibert, who had worked for us for a long time, with an M.B.A. from UCLA, too, by the way-- But anyway, we transferred him over to run the Naugles thing.

NEIDORF-WEINSTEIN: I see.

COLLINS: Because he knew what he was doing.

NEIDORF-WEINSTEIN: And then Naugles and Del Taco-- Did they merge actually or--?

COLLINS: The party that bought them both at the same time

merged them.

NEIDORF-WEINSTEIN: Because I don't know Naugles anymore, but of course Del Taco.

COLLINS: We tried to buy them and they tried to buy us, and we never got together, and a third party came in and bought them both, and then they liked the name Del Taco, which I do too, better. So they converted most of the Naugles into Del Tacos and a few of them got closed, but they're very successful today.

NEIDORF-WEINSTEIN: Naugles sounds familiar, I think I may have seen that when I was younger. But I don't see them anymore.

COLLINS: I think we sold the Naugles back in about '89. You would have seen a few of them.

NEIDORF-WEINSTEIN: Just going back to the Ed Debevic-- So how did that happen? How did you come to be interested in the Ed Debevic's business?

COLLINS: Let me see if I can tell you. There's a fellow in Chicago named Rich Melman and he owns a lot of restaurants there--considered to be one of the really great creators of new concepts in Chicago. And, gosh, I was trying to think of some of the places, like Bones, and some of the restaurants he runs in Chicago, but, anyhow-- I'm trying to think which one came first, but I think what came first was the fact that we had some Sizzlers in Chicago. And we got, somehow, somebody

trying to help us to buy Gino's East, on Superior Street. This is a big deep-dish-pizza place.

NEIDORF-WEINSTEIN: Gino's pizza, yeah, I'm familiar with it.

COLLINS: So we bought it from these three taxi drivers that owned it. And we paid them \$2.5 million and we hired Rich Melman to run it for us, and he ran it for us for about five years and in the meantime, because of that affiliation, when he started the Ed Debevic's-- The first one, by the way, was in Phoenix. The second one was in Chicago.

NEIDORF-WEINSTEIN: Oh, I thought the first one was in Chicago.

COLLINS: No, he had another partner. Cohen was his name, can't think of his first name, but anyhow, he lived in Phoenix, a good friend of Rich Melman's, who-- Rich would go spend his winters in Phoenix, and so they knew each other and so they-- Somehow, we just stepped in one day, and said, "Hey, how about getting us involved in that thing?" So we got involved and put up some money. And I don't think Rich had a lot of money, but we had more money in terms of size of the company, and so forth, so we got involved. And actually Melman owned 30 percent and we owned 60 and the guy in Phoenix owned 10 percent, and we started to build the Ed Debevic's, but it began to fall apart.

NEIDORF-WEINSTEIN: But Ed Debevic's still exists, I mean--

COLLINS: Oh yeah.

NEIDORF-WEINSTEIN: --there are still locations?

COLLINS: Oh, yeah, the one in Chicago still does, I think, quite well. I don't know what-- The La Cienega [restaurant is] still there, but I don't know how well it does.

NEIDORF-WEINSTEIN: Yeah, it is there, but it's been there for a while.

COLLINS: Oh, yeah. Well, we owned it, so we ran it for about three years before we sold it all. So one day we got an offer on the Ed Debevic's, and I don't remember what year, and I'd have to look it up for you, but, anyhow, we got an offer and we sold it for about \$19 million, and got our money back and then plus, you know, kind of thing. And the people that bought it opened one in New York, and then I think they tried to open one in Tokyo, but, anyway, to make a long story short, I don't think they're doing that well today. Although the one in Chicago, the original one or the one there probably does quite well, yeah, big volume.

NEIDORF-WEINSTEIN: Of course you can't tell from just a couple of days, but I remember there seemed to be a lot of volume, a lot of traffic, going through the New York store.

COLLINS: Okay. I've seen that one.

NEIDORF-WEINSTEIN: Yeah. So it's a fun-- It's well set up. So that's interesting. Did you have someone specifically

within sort of the central operation, that was looking out actively for other restaurant opportunities?

COLLINS: No. I think as a team there were about five or six of us, and it just seemed to me that we were the kind of people that when we heard of something that was exciting we'd kind of get on a plane and go see it.

NEIDORF-WEINSTEIN: Right. Go seize the opportunity.

COLLINS: Yeah, just take a look at the opportunity.

NEIDORF-WEINSTEIN: And obviously you were a very connected-- You knew a lot of people--

COLLINS: We opened a chain here on the Westside or around here called Josephina's. It was pizza.

NEIDORF-WEINSTEIN: Of course! I know that, yeah.

COLLINS: Yeah. We bought that from the boys that developed that. Had about seven of them, added about seven more, and so actually-- One of the things I forgot, way back when, but in January of 1969, right after we went public, four months later-- A friend of ours, he and his partner owned seven London Bridge Fish and Chips. And they were storefronts.

NEIDORF-WEINSTEIN: Okay.

COLLINS: And we went to them and--Bill Fremont's his name--we bought those seven out, and took over London Bridge Fish and Chips. Going to expand it. And we were pretty smart, right. We had all this money and all that. And we weren't very smart.

We made a real critical error there. But in April that year, John Y. Brown [Jr.], who was the president, then, of Kentucky Fried Chicken--the governor of Kentucky later--called [and] said, "Jim, we just bought H. Salt Esquire [Fish and Chips] in San Francisco. Would you like to be the franchisee in Southern California?" And I said, "John, can't do it. I already own one." And so he was really disappointed, and I was, in hindsight, maybe-- But what we did-- We went out--instead of doing storefronts for London Bridge--[and] did about seven free standers, just like the chicken stores.

NEIDORF-WEINSTEIN: Oh, I see.

COLLINS: Some free standers, and we went along and limped along with about fourteen locations for a period of a year or two.

NEIDORF-WEINSTEIN: All in Southern California.

COLLINS: Yeah, but not making any money, and just kind of breaking even, and then one day, the headlines in the newspapers across the nation were that they found mercury in swordfish on the East Coast, nothing to do with here. Our sales dropped in two weeks about 30 percent.

NEIDORF-WEINSTEIN: Unbelievable.

COLLINS: And we just locked the key on the door and closed all fourteen of them.

NEIDORF-WEINSTEIN: You decided to end it there.

COLLINS: Went out of the business. But the big mistake we made, in hindsight, is that when you eat Kentucky Fried Chicken, you can eat it hot. Okay.

NEIDORF-WEINSTEIN: Right.

COLLINS: You can eat it warm, and if you've left it in the refrigerator over night and eat it the next day cold, it's pretty damn good.

NEIDORF-WEINSTEIN: It is.

COLLINS: But fish, you only eat it one way--

NEIDORF-WEINSTEIN: Yeah.

COLLINS: --and french fries, you only eat them one way.

NEIDORF-WEINSTEIN: Yeah, you don't eat cold french fries, usually.

COLLINS: What happens is we just made the assumption without really validating that fish and chips carry-out was just as good as chicken carry-out. Well, it isn't. It isn't at all.

And it turns out that the only successful fish places in the United States today, like the ones out of Seattle, I think called Skippers and Stuff, they do 60 percent of their business in the seats, inside the store, and only about 40 percent carry-out. And at the time, we were--with our chicken business--we were doing 100 percent carry-out and doing quite well because chicken is something you can take home, and what you don't finish you put in the refrigerator and eat it the

next day and it's really good.

NEIDORF-WEINSTEIN: Exactly, yeah.

COLLINS: And fish doesn't work that well.

NEIDORF-WEINSTEIN: No.

COLLINS: As a matter of fact, if I gave you fish wrapped up in a newspaper and some french fries, and you had to carry it ten or fifteen minutes, by the time you got it home to eat it--

NEIDORF-WEINSTEIN: It wouldn't even be as good.

COLLINS: --the fish wouldn't be hot, and the french fries would be, you know, bad.

NEIDORF-WEINSTEIN: Soggy.

COLLINS: Yeah, right. And we learned a really good lesson, in hindsight, in terms of what did we do wrong. And we assumed that everything about the fish and chips carry-out was going to be just like it was in chicken, and it isn't at all. So, anyhow, really great lesson to learn. You think you know it all, and you're really smart, and you get your tail feathers burned. It didn't kill us, but it certainly used up some capital.

NEIDORF-WEINSTEIN: So you took a hit on that--

COLLINS: Yeah, oh yeah.

NEIDORF-WEINSTEIN: --but not in the sense of--didn't destroy you.

COLLINS: No, not at all. So we had a lot of things going.

One of the things, talk about luck, I had a contract with the Colonel, which I described to you, from 1962, when the Colonel said, "Look, Jim, I'll give you half the royalty of stores you put in for me, but only if you don't have any ownership.

If you got any ownership, you got to pay me the royalty."

I said, "Fine." We drew it up on a piece of paper without a lawyer, and put it in the file, and it went on in perpetuity.

So Mr. Massey bought the Colonel out in 1964, for \$2 million, and John Y. Brown--

NEIDORF-WEINSTEIN: It doesn't seem that much?

COLLINS: Well, you know-- I don't know. But he bought him out, half a million down on a three-year, \$1.5 million note, which I have a copy in the drawer if you'd like to see it.

You know [A & E's] *Biography* [television program]?

NEIDORF-WEINSTEIN: Yeah, I love that program.

COLLINS: They're doing the Colonel, and they called the other day--

NEIDORF-WEINSTEIN: When are they doing it?

COLLINS: Well, I don't know. It's not out yet. They called from New York the other day and said, "We understand you have a copy of the contract between Mr. Massey and Colonel Sanders."

I says, "Yes, as a matter of fact, I do." "Then would you fax us a copy of it?" And so I did.

NEIDORF-WEINSTEIN: That's great. I'd be interested to see that biography. I think *Biography* is a very good program.

COLLINS: I'd like to see when the Colonel comes on, too.

NEIDORF-WEINSTEIN: You'll see how accurately they reflect his life. You would probably know.

COLLINS: I'll know better than most.

NEIDORF-WEINSTEIN: That's right.

COLLINS: I said to them, "You got his two daughters." His two daughters are still alive--the Colonel's daughters. And they said, "Yes, we're talking to them," so I said, "And they know more than almost anybody." And then Pete Harman, the original franchisee, in Salt Lake, they'd been talking to him, so they had the right people.

NEIDORF-WEINSTEIN: Was he actually a colonel?

COLLINS: No, no. A Kentucky colonel.

NEIDORF-WEINSTEIN: A Kentucky colonel?

COLLINS: That's an honorary thing that the governor of Kentucky--

NEIDORF-WEINSTEIN: I see.

COLLINS: --gives you for ten dollars.

NEIDORF-WEINSTEIN: Okay, I was going to say, "I wonder where that name came from."

COLLINS: I'm a Kentucky colonel.

NEIDORF-WEINSTEIN: Okay. But no one calls you "colonel."

COLLINS: No, that's right. But the Colonel was using it for marketing purposes.

NEIDORF-WEINSTEIN: And it worked quite well.

COLLINS: It worked quite well, yeah. So what was I telling you about?

NEIDORF-WEINSTEIN: Let's see. The contract.

COLLINS: In 1967, John Y. Brown and Mr. Massey, who owned the company, bought it from the Colonel, came out and wanted to buy my contract, because I was getting these royalties, half these royalties.

NEIDORF-WEINSTEIN: Oh, I see.

COLLINS: And they offered me \$3 million for it, and I said, "Look, I got it for nothing, I worked really hard, it's not for sale." So he forgot about it. In 1968, with thirty-three chicken stores, I needed to transfer those thirty-three chicken stores, those franchises, to my new public shell called Collins Foods International. And John Y. Brown says, "Jim, we've got a public franchisee in Canada called Scott's Hospitality, we've got one in Atlanta called Davis Foods, and we've got one in King of Prussia [Pennsylvania] called Gino's," and all of those people were public, and they had Kentucky Fried Chicken franchises. He says, "We don't want any more of our franchisees to be public companies." That's not a good thing, by the way--

NEIDORF-WEINSTEIN: I see.

COLLINS: --because it gives them too much power, I guess.

Well, and so he turned me down on about three occasions to transfer those. Finally a fellow who was a good friend of the vice president of the parent company in Louisville [Kentucky] called me one day, and said, "Jim, I know how you can get John to transfer those franchises." "How's that?" He says, "Call him up, and tell him you'll give him that contract he tried to buy from you." So I thought about that overnight, and I called John, I said, "John, tell you what I'll do. You transfer my franchises and I'll give you that contract you tried to buy last year." And just so you get a feel, a magnitude, he came out. He says, "I'll do it." He got on the plane, his plane, company plane, and flew out here, and that contract in 1968 was paying me \$40,000 a month, which is a lot of money.

NEIDORF-WEINSTEIN: That is.

COLLINS: In 1968.

NEIDORF-WEINSTEIN: It sure is.

COLLINS: Lot of money.

NEIDORF-WEINSTEIN: I think it's a lot of money today, \$40,000 a month.

COLLINS: So anyhow, so I gave it to him, and he transferred those thirty-three stores over to the new public company,

transferred the franchises over there, and then I said to him, "One other thing you need to do for me--"I'd been, by accident, again, being in the right place at the right time, friends-- There's a fellow named Bob Lapointe and he's in Australia, and he's got four Kentucky Fried Chicken stores open for the company in Sydney, and when Bob went down in '67, and I put him on the Pan Am[erican Airlines] flight, I said, "If you need anything, I've got the warehouse here, call me." He called me in May or June of 1968, and he says, "Jim, put ten cases of seasoning on the Pan Am flight at eight thirty tonight," and I said, "Sure." And he says, "Those dirty guys in Louisville, they don't answer my phone calls, they don't read my mail."

NEIDORF-WEINSTEIN: Really.

COLLINS: They were letting him hang out. Cause Sydney's a long ways away.

NEIDORF-WEINSTEIN: Yeah, it is.

COLLINS: And I said, "By the way, what are you doing down there?" He says, "Jim, I got four stores open down here." And he says, "They're lined up with customers; we can't cook the chicken fast enough." I said, "Wait a minute, Bob, you're talking to your friend, Jim Collins." He says, "No, I'm telling you the truth." So the next week, I got on a plane, it's the old McDonald's story again. I got on the plane; I went

to Australia.

NEIDORF-WEINSTEIN: He was right?

COLLINS: Oh, these stores were lined up. People around the corner!

NEIDORF-WEINSTEIN: Unbelievable.

COLLINS: They were lined up to buy chicken. No seats inside. These are just take-out stores. They were doing terrific. So when I got back home, I said to John Y. Brown, at the time he came out to transfer my things over, I said, "John, I'd like to have half of Sydney." By the way, when I got to Australia, Sydney, I got on a plane with Bob Lapointe; we went to Melbourne, then went across the bottom to Adelaide, which is in south Australia, then we went out west to Perth and then we came back to Brisbane, which is Queensland.

NEIDORF-WEINSTEIN: So you were sort of seeing what the market was like in those other places.

COLLINS: Yeah, and then back to Sydney and then I came home, and so I said to John, I said, "John, I want half of Sydney or half of Melbourne to put in Kentucky Fried Chicken stores."

He says, "We've got some commitments; we need some space for company stores. Here's what I'll do for you. You can have all of south Australia with Adelaide, you can have all of western Australia with Perth, or you can have all of Queensland and Brisbane; but can't give you anything in Melbourne or

New South Wales and Victoria. Can't help you." So I thought about it, and I said, "Well, I want to be close to Bob Lapointe."

And so the closest one would be Brisbane, which is only an hour away on the jet, and so I called him back the next day and said, "We'll take Queensland then," and he said, "But you got to make a commitment to open twenty stores in five years. That's four a year." So I said, "Okay, we'll do that."

And by the way, the ego trip there, which is terrible, is that we wanted to call our new company in November of 1968 Collins Foods International. Without anything international we couldn't do it--

NEIDORF-WEINSTEIN: This is a good way to do it internationally.

COLLINS: Yeah, right. And just to show you the flip side of this, at the same time, we took the franchise for Kentucky Fried Chicken for Hamburg, Germany, a city of 2.5 million people, bigger than any city in Australia at the time almost.

Maybe Sydney would have been the same, but Melbourne and all the rest of those cities--Adelaide and Perth and Queens and Brisbane--are all under about 850,000, when I was there in '68. Anyhow, we signed up for that at the same time that I gave him the contract, and he transferred my thirty-three stores. We signed a contract for Hamburg, Germany and Queensland, Australia, and went from there. And the thing that's funny is on July 15, 1969, I opened up the first Kentucky

Fried Chicken for us in Brisbane, Australia, and--

NEIDORF-WEINSTEIN: That's a while ago.

COLLINS: Twenty-nine years.

NEIDORF-WEINSTEIN: I mean in terms of fast food.

COLLINS: Yeah, yeah.

NEIDORF-WEINSTEIN: It wasn't as popular then?

COLLINS: We have a great crew down there, our sales-- By the way, we do more business in Australia than we do in the United States today.

NEIDORF-WEINSTEIN: No kidding?

COLLINS: Yeah, yeah.

NEIDORF-WEINSTEIN: Well, Australia's quite a big country.

A lot of it is unpopulated--

COLLINS: Oh yeah, there's less people in Australia than there is from Santa Barbara to San Diego, though, when you think about it, the countries are the same size.

NEIDORF-WEINSTEIN: That's unbelievable.

COLLINS: It really is.

NEIDORF-WEINSTEIN: That business is bigger than in the entire United States! It's larger in Australia--

COLLINS: Land mass is the same. Without Alaska, the land mass is the same.

NEIDORF-WEINSTEIN: But the population density--

COLLINS: Two hundred sixty-five million.

NEIDORF-WEINSTEIN: --is higher.

COLLINS: Oh, well, there's no density at all there. Except for those--

NEIDORF-WEINSTEIN: That's amazing that the business is bigger there.

COLLINS: Oh! Well, you mean, well, that's because we've shown a lot of stuff down here. Used to be bigger here. That's why, you know.

NEIDORF-WEINSTEIN: Yeah, but Kentucky Fried Chicken is so very popular.

COLLINS: But anyhow, we have it-- The chicken stores in Australia-- Well, I was going to finish this story very quickly.

NEIDORF-WEINSTEIN: Yeah, sure.

COLLINS: I've been in Australia twice this year, but I went down the other day, four weeks ago now, and did a three day turnaround. The reason I went was I've been telling our gang down there-- Everybody down there has worked for us for twenty years or more, just about. Anyhow, I said, "I want to cut the ribbon on the one hundredth store," because I'd cut the ribbon on the first store.

NEIDORF-WEINSTEIN: That's exciting.

COLLINS: So I went down and we had a big party, and the dignitaries all came out, and we had a big article in the paper and everything. It was really great. And we opened

up our one hundredth chicken store in Queensland, Australia.

The thing that's ironic about it is that at the time we assumed that south Australia, with Adelaide, and western Australia, with Perth, and Queensland, with Brisbane, that's the capital cities, would all hold the same number of stores, probably 40. Today in Australia there's a lot of chicken stores--550.

But, anyhow, there's only 38 in Adelaide, and about 39 in Perth--in other words, in south Australia and west Australia--and it was 100 in Queensland. Queensland turned out to be a real different animal because the coastline there is twelve hundred miles long--and we start up at Cairns and Townsville and Rockhampton and come all the way down to the Gold Coast.

NEIDORF-WEINSTEIN: Yeah. It's beautiful.

COLLINS: Lots of stores, and the volume in our stores and the customer counts in our stores down there are 40 percent higher than the ones here in the United States.

NEIDORF-WEINSTEIN: That's amazing. So there are five hundred-some-odd in Australia. Now, how many currently exist in the United States?

COLLINS: A little over 5,000.

NEIDORF-WEINSTEIN: That is unbelievable.

COLLINS: There's 500 in the state of California.

NEIDORF-WEINSTEIN: And the volume is higher in Australia?

COLLINS: Oh, yeah, and when you think about it, if there's 500 in California, and you have 33 million people, and down there, there's 550 with only 17.5 or 18 million people--

NEIDORF-WEINSTEIN: Yeah, I mean, they're consuming a lot of chicken.

COLLINS: Oh, yeah, absolutely. And much more in terms of population per store. We got a lot less to work with--

NEIDORF-WEINSTEIN: I have one quick question for you. You keep mentioning luck, luck, luck. And obviously it helps to be in the right place at the right time, but, obviously, you have a fair amount of skill and such. Is there one thing you think you could point to that has allowed you to sort of--? I mean, do you feel like it's your ability to work with people? Is it the ability to recognize opportunity? Is there one thing, or we can talk about this more in detail later, but something you feel that honestly has to do with your own personal skills in terms of recognizing the opportunities?

COLLINS: I'm not sure it's a skill, but most people would tell you if there was one thing that Jim Collins reminds you of, what would it be, and they'd all give you the same answer, and that's probably being enthusiastic. I'm a pretty enthusiastic person.

NEIDORF-WEINSTEIN: Being enthusiastic about the businesses that you're pursuing?

NEIDORF-WEINSTEIN: Yeah, oh, yeah.

NEIDORF-WEINSTEIN: Do you think just your general enthusiasm for whatever you're doing? You just put enthusiasm into it.

COLLINS: Whatever I'm doing, probably.

NEIDORF-WEINSTEIN: That's good.

COLLINS: Yeah, yeah. And I'm around people a lot in the food business, and I think if you went around looking, and if I-- Even when things aren't so good, if you can be enthusiastic, it sure helps the morale.

NEIDORF-WEINSTEIN: I think that's very true.

COLLINS: Yeah.

NEIDORF-WEINSTEIN: Yeah. That was great. Well, thank you so much.

COLLINS: All right.

TAPE NUMBER: II, SIDE ONE

DECEMBER 17, 1998

NEIDORF-WEINSTEIN: I'm going to ask you some questions about organization and leadership and specifically about entrepreneurial behavior today.

COLLINS: Okay.

NEIDORF-WEINSTEIN: So one of the first questions I wanted to ask you is: How did you first organize your business in terms of centralized or decentralized setup--whichever business you want to start with--? What was the general organizational structure; how many people did you supervise, etc?

COLLINS: Well, going all the way back to 1952, when I opened up a hamburger stand, I was going to say I led by example, I guess, because we went through this before, but working on the floor every day, you know, whether I was frying hamburgers-- And I could do all the jobs. In fact, I did a lot of training for the other people. And so it was a very simple operation and it wasn't a case of where you had a strategic plan and you-- Really, I think, in terms of leadership, the leadership would have been mostly the fact that I was there on the scene doing the work, but in terms of the textbook thing, it would be more a management job because you're watching the ordering and you're looking at the numbers and making

the bank deposits and, again, it was very, very simple. I think that--and we can get into it maybe later-- But I started years later, after I had hamburger stand number two five years later in '57 and then number three in '58 and then number four in '59, and then met the Colonel [Harland Sanders] in 1960 and started in the Kentucky Fried Chicken business, and then we became divisionalized-- We had a group of people that really-- Ed Harding ran those four hamburger stands for me and I started working on the chicken side, and then what really changed my life was when we decided to become a public company, and then we had to have a chief financial officer. We brought in Arthur [M.] Andersen [Corporation] for the audits, one of the big eight, and so then I began to make speeches about going from an entrepreneurial to a professional manager kind of thing. And it really turned out that way, because what happens when you are a worker with everybody else in the hamburger stand, originally you're kind of doing and as you grow to a certain size--and we were pretty small in 1968 when we went public--you begin to realize that you have to get work done through other people, and so you not only delegate, but you try to inspire those people to do a really good job. You know the old trite statement, which is really true, I guess: you have to have a vision of where you're going and get everybody to follow you along like that, and when you're small it's

really a lot of fun. When we went public November 15, 1968, so we're talking just thirty years ago last month-- And we only had five of us, just five of us.

NEIDORF-WEINSTEIN: When you went public?

COLLINS: When we went public, yeah. When I say five officers of the company, everybody else was what you would classify at a much lower level. We were one guy. I was the chairman and then the president and the CEO [chief executive officer], and we had four vice presidents, but one fellow ran as a vice president-- He was head of the Sizzler division; he ran that division. And another guy was head of the chicken division, and then the other people were really functional people in the sense that one of them was the chief financial officer--

NEIDORF-WEINSTEIN: Of Sizzler International or Collins--?

COLLINS: No, no, Collins Foods International, yeah. We didn't have a Sizzler International per se until we spun off Sizzler to a public company in 1982, but anyhow-- And then I guess the guy that did the marketing was really a vice president, maybe, on the marketing side, and, by the way, that's more operational. And I think because we had an advertising agency with a lot of leadership for us in the chicken side, and that agency brought the franchisees together and our company together all the time--well, we're all franchisees--brought us all together for all of our meetings-- We had a marketing and

an advertising committee that did everything, with really the leadership coming from the agency that was providing it, and a particular fellow by the name of Harvey Kauffman. And I talked to Harvey last week--he lives down in San Juan Capistrano [California] now and he called me. But we've been friends forever, and he was such an inspiration for all of us that he would bring us together. We'd meet monthly and do that; that was kind of the marketing side of the chicken. I think on the Sizzler side we had to have-- We were the parent company there. We're not a franchisee, we're the franchisor, and we had to provide the leadership in that thing. But that was the beginning of a divisionalized company, and along with that, which I didn't bring up right now, we had a wholesale company, grocery warehouses.

NEIDORF-WEINSTEIN: You had mentioned that last time.

COLLINS: Yeah, yeah, had grocery-- And began to build that from a single warehouse in 1968 when we went public and maybe two trucks to where, over the years, we got that up to about six warehouses on the West Coast and Phoenix and a lot of employees and about \$300 million in business, so it got to be a big business.

NEIDORF-WEINSTEIN: When you talk about the grocery company, was that specifically for your other businesses, to provide the ingredients for your other businesses, or it was almost

a separate endeavor?

COLLINS: Well, it started out originally just to buy in quantity for our hamburger stands and our chicken stores, nothing else, and then some of the other Kentucky Fried Chicken franchisees said, "Hey, can you sell us some shortening? Can you sell us some of the paper goods and some of the things?" And the thing was with all of these, the bigger the quantity you buy, the better the price, and so we began very-- Initially, very little of the merchandise was going to Sizzler, but the chicken people began to use it after 1962, and then when-- We didn't buy Sizzler until 1967, and I don't think in the beginning there we really were doing much, because the stores were spread out, but as time went along we continued to do more and then we decided to run it as a business one day. I'm trying to think now, but it would have been, oh, mid-1970s.

So we put a person in charge of that as another Collins food service, another division of the company, and the offices were at the-- We had a warehouse on the other side of town that was really big, like ninety thousand square feet, and it had dock-high bays for seven trucks. It was big, big, big, and the guy that became the head of that ran that as a division of our company, so we had basically a three division company now, and it was really chicken and Sizzler and Collins [Foods]. And we'd begun very slowly to build another

division--today it's our largest division--and that's international-- Kevin Perkins, who was on the phone for four hours yesterday, in our board meeting-- He's in Brisbane, Australia, and we have our sales down there. This year will be \$140 million in U.S. dollars, and so he's got a pretty big operation, but it started with one chicken store on-- Let's see, what did I tell you it was? I opened it up on July 15, 1969. We didn't have any international up until '69, and then we have gradually grown that to where there's Sizzlers down there, about thirty of them.

NEIDORF-WEINSTEIN: So it's the Sizzlers and the chicken under the international umbrella?

COLLINS: Yes, and then along with that he has under his umbrella fifty-four franchisees for Sizzler. They start in Korea and Japan and work all the way down to Bangkok and Singapore and Jakarta and actually one in Guam and nine or ten in Taipei, in Taiwan. That's fifty-four units there, and they pay a royalty, and he's running that out of Australia, too.

NEIDORF-WEINSTEIN: That's a big business. That's a very large-size business.

COLLINS: Yeah, big business, so, probably starting in '67, going public in '68, we became very divisionalized as a company, to the tune-- The fact that Sizzler was doing so well in the late seventies and early eighties-- We thought that as a

conglomerate we weren't getting the price of Collins Foods stock that we thought we deserved, and we thought the purebreds, the people that had just one brand, were getting much better, higher PE [price earnings] multiples in the stock market. And I was trying to think of someone that would have-- Maybe Chili's [Bar and Grill] would have been an example, maybe Burger King would have been an example. Certainly McDonald's was a good example. So we made a very conscious decision in 1982 to sell one-third of our Sizzler stock that we owned in a subcorporation to the public, and we created this over-the-counter company, and Collins Foods owned two-thirds of the stock and the public owned a third. Now, we had two boards of directors, and different people on the board, as a matter of fact. Just as an aside, I said to the board when we went public in '82 with Sizzler, "Would you like to have our very best customer on the board?" And this customer was eating at Sizzler, because of circumstances, about five days a week, and I'm going to tell you it was John E. Wooden.

NEIDORF-WEINSTEIN: I don't know who that is.

COLLINS: He lives out in the [San Fernando] Valley; he was a half a block from Sizzler. He went down there for lunch or dinner almost every day.

NEIDORF-WEINSTEIN: Just a regular customer?

COLLINS: He just walked over there, yeah. But we're good

friends--I knew him really well. So, anyhow, I called him on the phone. I says, "John, I got an idea for you. You're our best customer--" I said that to him, in that sense, and I says, "We're going public and we want you to--" So he went on the board before we went public, about a week or two, and he stayed on the board for nine and a half years.

NEIDORF-WEINSTEIN: Really?

COLLINS: Yeah. I owe him a call as a matter of fact. I see him all the time; he's at all the basketball games at Pauley Pavilion. But, anyhow, great guy, and he came on the board.

So we had two boards of directors running two public companies out of the office all the time, and so even more divisionalized in a way, because you have separate stockholders out there, public, looking at their stock, looking at their dividends, what they want to do and all that kind of thing. So it was really fun. So we really spread our wings and had a lot of fun. The thing that changed it all, and I went through it the other day, and I'm getting away from your subject--

NEIDORF-WEINSTEIN: No, you're staying on the subject. That's fine.

COLLINS: --was that we began to contract in 1991-- Well, maybe before that we sold the whole-- We made a conscious decision that SYSCO [food service] and Sodexho Marriott

[Services] and Kraft [Foods] food service were really getting big, sales in the billions-- In the middle 1980s SYSCO was already up to \$7 billion in sales. I don't know what they would be today, but it would be gigantic. And we were at \$300 million and we said-- And the margin in that business is very small. If you could net 1.5 percent after tax it would be big.

NEIDORF-WEINSTEIN: Wow, that is small.

COLLINS: Yeah, very small, and we made a conscious decision that we-- We're in the restaurant business; we don't want to be wholesalers. And so we sold that business for about \$40 million to an English company in probably 1988, something like that.

NEIDORF-WEINSTEIN: That would have been Collins Food Service?

COLLINS: Collins Food Service. All the trucks, forty-four trucks and six warehouses, sold that. And then about that time--and I'd have to get the dates, and it's not important--but we had, as I mentioned last time, purchased Naugles, again, and ran it very successfully, but the people-- And it was the thing to do, and we were talking about it at our board meeting just yesterday, how the people that bought Del Taco and Naugles, same operation, started by the same man-- And when those were put together they bought ours for about \$55 million, and I think they paid about \$45 million to buy Del

Taco. And then they changed to one brand over time; the buildings were the same. So now you see today the quality supplier in California, probably, not counting Taco Bell-- Meaning, I think, Taco Bell's more the low price supplier.

But, anyhow, Del Taco has a good reputation for good quality merchandise, and it's been very successful. I think that we felt that if Del Taco and Naugles kept going down the road, along with the competition from Taco Bell, and the fact that there were people coming along like La Salsa and others, that we would get ourselves into a box that we couldn't get out of, and so we decided to take the money and run in that case, like that.

NEIDORF-WEINSTEIN: You felt the competition was going to be too stiff?

COLLINS: Yeah, and not only that, but we were having a lot, at that time, of fun with the chicken and Sizzler, really doing well. You know, we're up to over 200 chicken stores domestically, not counting Australia, and Sizzler was growing by leaps and bounds. And we were in about, I don't know, forty states with Sizzler, and they had a lot of stores.

NEIDORF-WEINSTEIN: So you wanted to focus on that.

COLLINS: Concentrate a little bit, yeah. So we began to throw off some pieces and--

NEIDORF-WEINSTEIN: So grow and then shrink a little bit down

again.

COLLINS: Yeah, right, and we had a joint venture with Rich [Richard] Melman of Lettuce Entertain You [Enterprises] in Chicago, with Ed Debevic's--

NEIDORF-WEINSTEIN: Ed Debevic's, right, you had talked about that.

COLLINS: Yeah, and we moved that out too, on purpose. But the big move that really reduced us, kind of going out big and then pulling back in again, was in the '91 deal where we traded our 209 chicken stores to Pepsi [Cola] for Pepsi stock on a tax-free exchange. And now, because we're back to a single brand in the United States-- Everything else we had, the food service, the Naugles, the Ed Debevic's, the Josephina's, which we had a lot of, all of those were gone.

So we went ahead and changed the name of the company from Collins Foods to Sizzler, because we only had Sizzler in the United States, even though we had a lot of chicken in Australia, and I think that's probably worked out well. But, now, it's interesting, and obviously it's private information, but I think we are spending a lot of time now talking about what do we want. What's our vision for the future?

NEIDORF-WEINSTEIN: The next step, right?

COLLINS: And the real sense of it is that most of the successful companies today, starting with Chili's, which has about five

other brands--

NEIDORF-WEINSTEIN: Oh, they do? They own more than Chili's?

COLLINS: Oh, they have, gosh, I wish I could think of all the brands right now that you would know--Italian Dinnerhouse and--

NEIDORF-WEINSTEIN: I'm not familiar with that, but so they have other restaurant brands?

COLLINS: Oh, yeah. They do a lot of other stuff. And even Darden [Restaurants], which has started with Red Lobster and then they moved into Olive Garden and now they've got something called China Bowl or something like that. Anyhow, you're seeing some of the really major players-- I think even McDonald's bought a-- Just in the last few months bought it. And then you see a fellow like Bill Foley doing what Carl's Jr.-- And then the Hardees and the Rally's Hamburgers and Checkers Hamburgers and all the things there, so you're seeing some of the major players now being multidivision and back again.

And we've kind of been there and almost went back the other way, and I guess that's, you know, maybe a sign of the times.

But the thing you do from a management point of view is that--Well, first of all you've got to have a vision for the overall company from a leadership point of view. But in running these you can't run them-- It almost pays you not to run them out of the same office. If we were to buy another division today,

I suspect that we'd probably try to house it someplace else.

NEIDORF-WEINSTEIN: Because you lose, sort of, sight of the separation of the businesses and brands?

COLLINS: Well, yeah, and you run, except for a few people in functional areas like your legal council, and maybe human resources-- But everything else, the marketing, the training, the operations, all have to stay with the division, and it's better to have them in a separate building.

NEIDORF-WEINSTEIN: That makes sense.

COLLINS: Yeah, it really does. It really works that way we found out. We used to think that we could have a marketing guy for Sizzler for one hour and do the marketing chicken, but it won't work.

NEIDORF-WEINSTEIN: For all of them, yeah, very hard-- very tough.

COLLINS: Yeah, it really is. But the legal guy, he can probably handle lawsuits and do things like that--

NEIDORF-WEINSTEIN: For all of them?

COLLINS: Well, yeah, depending on the scope of it. We had a pretty good-size legal department. Now, the fellow that's left here, because we're much smaller, his specialty is one thing. He basically has been a franchising lawyer all his life, and we think because we have a lot of franchisees out there-- And so when we need somebody for something special,

a SEC [Securities and Exchange Commission] lawyer for a lawsuit, we just get them and use them as we need them and pay them.

Yeah, but we don't carry them.

NEIDORF-WEINSTEIN: But he's not employed by the company formally?

COLLINS: No, no, and we've had, gosh, I guess our legal department at one time when we were six or seven hundred million was probably five people, you know, in a lot of disciplines within the legal profession. Over the years you learn, but I'm a real proponent for separating out those divisions and not letting them comeingle too much.

NEIDORF-WEINSTEIN: That seems to make a lot of sense. Speaking of that, and you just mentioned Pepsi, what is the actual involvement of Collins Foods with it? Is it Tricon [Global Restaurants] with the Pepsi? Kentucky Fried Chicken?

COLLINS: Tricon Global.

NEIDORF-WEINSTEIN: Yeah. What is your actual relationship with the Kentucky Fried Chicken involvement there?

COLLINS: Well, there's a large office in Sydney, Australia.

This office really runs-- Well, I was going to say, maybe out of Australia they might even run Southeast Asia, Hong Kong and so forth, and Malaysia and Indonesia. But we're a very large franchisee. Australia only has two franchisees.

One of them is in western Australia, Perth, with about

thirty-seven stores, one more in Queensland with one hundred, and the rest of the stores are basically owned by the parent company. They bought them all back over time. Now they've changed their strategy a little. Tricon Global has said, "We like the royalty. That's where McDonald's makes a lot of money." And so they've been a seller of Taco Bells and Pizza Huts around the world.

NEIDORF-WEINSTEIN: Right. They're selling the franchises you're saying?

COLLINS: Well, they're selling existing stores that they own, yeah, and they've done that--

NEIDORF-WEINSTEIN: So they're getting rid of some of them?

COLLINS: Down in Sydney and Melbourne they're starting to franchise out some of their stores, particularly the ones that are in the outlying areas, where they can have a husband and wife or somebody own a Kentucky Fried Chicken or a Pizza Hut, either one, and do that, and put them on a royalty stream, and not run that store. And also they've been able to get a lot of dollars to pay off some of the heavy debt they took.

I think, when they separated from Pepsi, they had a \$4 billion debt on their balance sheet. And it's working the stock. I don't know if you watch, but Tricon Global, this company has gone up. Their stock's up this year 70 percent.

NEIDORF-WEINSTEIN: Actually, I'm going to be interviewing

with Taco Bell for marketing so I have been following it a little bit, yeah.

COLLINS: Oh, okay, yeah.

NEIDORF-WEINSTEIN: So in other words I guess the way to describe it is that this is the parent company--the Kentucky Fried Chicken parent company. They own a number of franchises, and you own franchises, too.

COLLINS: They're the parent company like we are with Sizzler.

We have company stores; they have company stores--a lot of them. In the United States, out of fifty-five hundred stores, they probably have fifteen hundred of them. The rest of them are franchise--in chicken I'm talking about. Actually, in Pizza Hut and Taco Bell, I think they're closer to 50 percent of all the stores. If I told you there were--I don't want to exaggerate too much--six thousand Pizza Huts in the United States, they may own close to three thousand. And Taco Bells, I don't know what the number would be in the United States, but four to five thousand, and they may own half of those.

So they're on the lower end with chicken, in terms of one-third, yeah.

NEIDORF-WEINSTEIN: But higher with the others.

COLLINS: But they're starting to, on all three, move those out-- And also internationally they're starting, in Australia particularly-- I think in the last year they may have franchised

out fifteen or twenty stores. And they had them all before, so they're starting to do that. But the parent company, by the way, internationally, the international division for Kentucky Fried Chicken, and, probably, well, maybe, Pizza Hut and Taco Bell, they are all housed in Dallas [Texas], and the international guy that runs international for the world, everything outside of domestic, he's working and he runs it out of Dallas, yeah. The parent company, and the president of now Tricon Global, it turns out, he's in Louisville, Kentucky, where Kentucky Fried Chicken is, but the home office for Pizza Hut is probably still Wichita [Kansas], I think, and then the home office for Taco Bell is right here in Irvine [California].

NEIDORF-WEINSTEIN: Right, exactly.

COLLINS: Yeah, and they've got a big twelve-story building over there.

NEIDORF-WEINSTEIN: Yeah, that's a nice building, actually.

Okay, well, going back to sort of organization and leadership, what criteria would you say you use for selecting managers?

What was most important to you during that transition period and even now?

COLLINS: Boy, tough question.

NEIDORF-WEINSTEIN: Well, when you were talking about sort of having to let go of some of those responsibilities that

you had, you were doing a lot of things for the businesses.

Can you subdivide it to what kind of people you choose to sort of work with you? Was there something particular that was important to you, that you felt this is a quality someone must possess that's going to work in this business with me?

COLLINS: Well, I think in some cases I have a philosophy that you always want to hire people that have strengths that you don't have, okay? You don't want to hire somebody that's a clone of yours. So if you were looking for a marketing person--and I admitted right up front that I'm more of an operations guy--than a marketing guy, then you want somebody that, number one, has marketing skills, and maybe has a history on his resume of having successful numbers in marketing, and the same thing for, I guess, the human resource or the legal or any of the disciplines that you don't think you're too good at.

NEIDORF-WEINSTEIN: Right.

COLLINS: Yeah, and I think in terms of operations people, the real skill in our business is really how you manage people, and there's two steps: 1) There's a restaurant manager who has a team and they become a team, almost a competitive team, against the other restaurants to see how well they do, and he has to be able to motivate his people and his vision for what they're going to do in their restaurant. And then, it's

interesting: we used to take the best restaurant manager and promote him to district manager, and he would have in some cases five Sizzlers or ten chicken stores and those managers would be his, okay. And we found out, as you might imagine, that the best district manager was not necessarily the best restaurant manager at all, yeah.

NEIDORF-WEINSTEIN: When you say you chose the best, you chose a person to be a district manager, is it based on the sales of the particular store? Why did you choose a particular person to be district--?

COLLINS: Oh, I think it would be the results that he was getting in his restaurant and basically how he's handling his people. It could be his turnover. It could be how clean he runs his restaurant, and the bottom line, profitwise, obviously sales and sales growth, all part of the above. The thing that is interesting is that the district manager is managing managers, and the restaurant manager is what we would call managing hourly people.

NEIDORF-WEINSTEIN: Yeah, managing your staff. It's different.

COLLINS: It's not the same; it's different, yeah. We didn't find that out for a long time, but it really is important, so we began, I think, over time to zero in on what kind of a person is the best to have for managing managers rather

than-- Because your manager obviously probably has a better education--as a manager--rather than an hourly employee.

NEIDORF-WEINSTEIN: More a professional, yeah.

COLLINS: More professional, and so you needed a different kind of a district manager maybe than you thought you did, and we picked a good restaurant manager that didn't always make a good district manager.

NEIDORF-WEINSTEIN: Yeah, that actually makes a lot of sense.

When you said that, you know, you tried to choose people who had different skills than you did, was it important in the early days? Did you just choose people who were in the restaurant business, or was it just sort of their raw skills in HR [human resources] or finance or did they have to have an expertise in that?

COLLINS: When we bought Sizzler in 1967 we bought it a third, a third, a third, and I was already fooling around with the hamburgers and chicken, and one of the fellows, a fraternity brother from UCLA, he wasn't doing anything at the time-- He'd never seen a restaurant before, okay. So we made him the president of Sizzler. He didn't have any food experience at all, none, zero.

NEIDORF-WEINSTEIN: He didn't have any experience, but you just, I mean, on a personal level you trusted his skills and his--

COLLINS: Yeah, and he was a big owner, he owned a third of it, and so you tend to do that, too. When you own it, you're going to have to do it.

NEIDORF-WEINSTEIN: That's right.

COLLINS: But he had a business degree from UCLA, so he wasn't totally void of the things you need to do to run a business, but he certainly didn't have the skills-- But he felt that there were people, when we bought Sizzler, in that organization that would help him to do that. The other fellow that came along and became the operations person in Sizzler was a Stanford [University] graduate, Jack Newquist, and Jack's background probably was more marketing than anything, but I don't think-- Yeah, and he had worked for FMC [Corporation] and so we brought him in and again, not a restaurant man at all-- And interesting-- My fraternity brother, my little brother in the fraternity [Walter McBee], who was an industrial engineer and absolutely really good, was really solid with people-- And we were starting to grow in chicken, and I guess we had about twelve stores--great story--and I was franchising for the Colonel [Harland Sanders] and trying to open up all these stores in Southern California.

So I went to him one day, and we were really good friends, and he was running a little manufacturing business for furniture, and not doing too well. But, anyhow, I said to him, "Look, you need to come and go to work with me and we can have some

fun." And so he had zero experience, okay, in what we were doing, Kentucky Fried Chicken. So the first thing he says we got to do is we got to have an operations manual for these managers, for these chicken servers. We got to grow; we got to do that. And he had a real sense of where he was, and I watched him sit down in a room like the one next door here, and he brought in all twelve managers--we only had twelve stores. He says, "Look, I don't know how to run a chicken store." But he says, "I know how to take good notes and you guys know how to run chicken stores, so we're going to write a manual and you're going to give me the information I need to write that and I'll write that" and he sat down and these guys just poured out the-- They couldn't believe that they were going to be the ones that would be able to tell him--

NEIDORF-WEINSTEIN: The content and--

COLLINS: The content, yeah. And it just turned them on; they just came right up out of their seats. It was a fun thing to watch them go through, and he put together a super operations manual because he had that skill to do that as an executive--

NEIDORF-WEINSTEIN: Yeah, he helped empower them.

COLLINS: Oh, yeah, right, actually-- And as a civil engineer I guess I didn't have that skill or I didn't think about it that way, but once he said to them, "Look, you guys have the information; I really don't know how to do this. In order

for me to get my job done, you've got to help me or I'm not going to be successful." Well, they rose to the occasion.

NEIDORF-WEINSTEIN: Right, just being very frank and--

COLLINS: Yeah, and it was a wonderful thing to see that, because most people-- And he had a master's degree for crying out loud; he was really a bright guy.

NEIDORF-WEINSTEIN: Most people wouldn't say, "I can't do this."

COLLINS: Well, he might have walked into those guys and looked down on them. Instead, he put them way up here and said, "Without your help, I'm not even going to be able to be successful."

NEIDORF-WEINSTEIN: Yeah, that's great.

COLLINS: And you know, what an example he set, and I learned a lot from watching him just turn that around and make it such a positive experience for these people. And these chicken store managers: there wasn't a one of them that had been above high school; there wasn't any-- These were-- Running a chicken store and, yeah, they were fairly-- I don't know what they were making then, but when he came in in 1962 or '3, you know, they were probably making--this was a long time ago--but probably making \$16,000 a year, maybe, plus a bonus, so it wasn't that kind of a thing. But, again, hardworking people, running their stores, cooking chicken every day, right

in there in the thick of it. But it was really fun to see that great ability to turn people on.

NEIDORF-WEINSTEIN: So it sounds like you chose people that you knew who had basic skill levels but you were really focused on-- Can they work with other people?

COLLINS: I think I told you last time the one thing I always am really a stickler for, and it's terrible, is-- And that is people say, "What's the one thing you've got to have when you hire somebody?" And I say, "They've got to be honest.

That's the one thing I can't teach them. Everything else--" If you came in here tomorrow, and I don't care what job it is, we would be able to train you probably to do that over time, but if you're a dishonest person, I can't do anything with that, you know, and you can't train that. That's something that's kind of built in from the beginning.

NEIDORF-WEINSTEIN: Yeah, I think that's true. That's something you either have or you don't, kind of inherently.

That was kind of the interesting thing about our ethics class, is Professor [William M.] Cockrum said at the beginning, "I'm not trying to teach you certain ethics that you should have.

You're all adults and you probably have that developed sense of sort of what your morals and your ethics are, but really what I'm trying to do is show you all sorts of situations in which this comes up every day in business and how you,

you know, think about how you might actually deal with these situations." It was a pretty interesting course I have to say.

COLLINS: Yeah, I know that. I have a favorite little book.

It's about this thick and I don't know whether it was-- What's my friend, Ken [Kenneth H.] Blanchard-- Do you know Ken?

NEIDORF-WEINSTEIN: No.

COLLINS: I don't know if it's-- [*The Power of Ethical Management*, 1996] Well, there's a little story about a guy who worked for a company and when he left he took, on a hard disk or something, okay, the list of all of their customers and how they paid and all that, all this vital information, and he went out looking-- And this is the story. He went out looking for this job and he went to a fellow that he knew. He went to this other company, a competitor, and said, "Hey, if you hire me I can give you this." And then the question says, "What would you do? Would you hire him or not?"

NEIDORF-WEINSTEIN: Exactly. It's the very same type of questions that came up in that class and it's very valuable to start thinking about those things.

COLLINS: Yeah, sure, because when you think about it the guy who took the information that he shouldn't have taken, he's really dishonest right off the bat. And then he's coming along and trying to get a job by using that. And the predicament

that the guy had, by the way, he didn't really want to hire this man, but his boss wanted him to, so--

NEIDORF-WEINSTEIN: That's another difficult thing.

COLLINS: Yeah, and so as I recall, the way the story ends it just-- Like I say, it's only a few pages, but it seems to me that the guy over this incident lost his job and he went out--the man who had the ethics--[the one who] didn't want to hire the guy-- He lost his job and he went out and started his business in terms of, Bill Cockrum, advocating ethics in business, and built himself up a whole new world around his honesty.

NEIDORF-WEINSTEIN: Isn't that interesting how certain experiences really change your life and you start a business on it. It's very interesting.

COLLINS: Yeah, it really is.

NEIDORF-WEINSTEIN: Yeah, but that's a very important issue. I think business ethics should be a required course, but that was pretty interesting.

COLLINS: Yeah, I agree.

NEIDORF-WEINSTEIN: You were describing the period during which things shifted for you in terms of you being able to have your hands in all these different pots and then sort of having to professionalize the organization. It's often said that entrepreneurs like being involved in so many different

aspects of the business. How was that transition for you in terms of having to let go of certain responsibilities and take on other, maybe, more--? The vision and all sorts of other things--

COLLINS: I think that people who have been good entrepreneurs, and I've said this a few times, have a hard time letting go, and they keep messing in after they have delegated. They didn't really, you know-- They're still second guessing that guy. And my answer is for me-- And it's only me. I'm not so sure that I would classify myself as maybe a typical entrepreneur, because a lot of entrepreneurs who are really bent that way and have the ego to go with it, they really get so uncomfortable when they delegate the rest of it that they sell out and go back and start over again because they like that position of being an entrepreneur.

NEIDORF-WEINSTEIN: You're saying they start another business?

COLLINS: Sure, oh, yeah. My real pleasure in my business is watching and helping other people be successful, and so I've had no problem giving up and letting other people do it, and then stand back and only say to them, "Well, how are you doing based on your plan?" you know. So I've really enjoyed the delegation of it and not missed it at all.

NEIDORF-WEINSTEIN: Yeah, I remember you said in the last interview that's one of the things that you like about being

in this business, that you're just giving back to people that you know. After all your experience, you can now give back to people with regard to that. It's not hard for you.

COLLINS: It has not been hard for me at all, yeah, but I have a couple of friends that it's very hard for them, you know, so it's difficult.

NEIDORF-WEINSTEIN: Yeah, I think that's kind of more the typical--as you described. Another question I have for you is sort of about your decision-making style, whether it be major or minor decisions. Have you often relied on the advice of others, using the sounding boards, or do you usually just make those decisions sort of on your own?

COLLINS: Typically, because I--I was preaching again yesterday--don't like surprises, don't ever surprise me--I don't want a surprise. I would have to say, ninety-nine percent of the time I really like to pride myself a little bit, I guess, on being a good listener, because I think that's really important, and so I want as much input as I can. It's probably a weakness, but I'm probably more of a consensus manager kind of a guy.

NEIDORF-WEINSTEIN: You are?

COLLINS: Yeah, I really-- When we were running a board meeting yesterday, and we've got nine people in there all day, and I don't run roughshod over anybody, you know-- And I really

have fun with my board because-- And I told them, I reminded them again yesterday, I said, "The most important job you'll all have is to make sure this company has got the right CEO."

I usually tell them-- I didn't yesterday, because I don't want the job now, but I used to tell them all the time that "If I'm not the right one then you ought to get somebody else."

And being a big owner I always felt that was easy to do, because, remember, if I'm not the right guy and they do get the right person, which is their job, who's going to benefit the most? Me, because I own all the stock, or I own most of it. So I look at it as being a real positive way-- And also it gives them, if you can say that to them and really mean it, it gives them some confidence in the fact that you're not trying to run roughshod over them. I have some friends of mine who-- And we know some stories about the fellow that, oh, ran the oil company [Occidental Petroleum Corporation] up in Westwood there--the elderly guy--where the art museum is.

NEIDORF-WEINSTEIN: Oh, Armand Hammer--

COLLINS: Armand Hammer, yeah. Evidently when you signed onto his board you signed your resignation, undated, and if you didn't vote the way he wanted you to vote, he just filled it in, put the date in, and you're gone. And I don't think everybody runs their boards that way, but a lot of big ego

guys that run companies, you wouldn't want to cross them, and particularly if they're putting their buddies on there, and a lot of them did that. And I used to say that all the people on the board, I never knew them before the day they came on the board of directors, other than having lunch to see if I want to put them on the board. I had a public relations guy who was wonderful, and he had done work with a lot of firms, and so one day when we were getting ready to go public, we hired the Foristall Company. Floyd Oliver was a great young guy and I said, "I got to get some directors." He says, "I got some guys for you" and he took me out and introduced me to CEOs of companies: Santa Barbara Savings and Loan, Avco Financial Services--people I'd never met before--and we built the board out of people I'd never seen or heard of before. He'd take me to lunch with them and I'd talk to them and I'd say, "Hey, this looks good. Would you come on our board?" This was back in 1968 now and we were pretty small, and we've got one director left there. I think he's of age now, so he was here yesterday, but he's going to probably go off the board now--

NEIDORF-WEINSTEIN: And how did that work in the end, not having known these people very well?

COLLINS: Oh, I think it shows that you didn't put a lot of your cronies on, number one, so it looks good from the

shareholders' point of view, and I think the fact that these people--each one of them had been the CEO of their company-- You were getting, hopefully, top talent there. So for us, then, they came from all different-- Wayne Kees was the president of Sambo's [restaurant]. Are you old enough to remember Sambo's?

NEIDORF-WEINSTEIN: Oh, yeah, of course.

COLLINS: Yeah, well, I had never met him before. Sam Battistone I had met, the senior who started the company, but I hadn't met Wayne. But Wayne came on the board and anyhow-- We had all these different people, and yeah--

NEIDORF-WEINSTEIN: It worked, it was okay.

COLLINS: It worked out really well. The only time I guess I violated that, and I've already told you the story, is because I knew John Wooden pretty well, put him on the Sizzler board. But that was the second time around, so I did pick somebody we knew that time.

NEIDORF-WEINSTEIN: You mean the Wooden-- The Wooden Center? That John Wooden over at UCLA?

COLLINS: Oh, yeah. Didn't I tell you our best customer went on the board?

NEIDORF-WEINSTEIN: Oh, that's the John Wooden?

COLLINS: Oh, sure.

NEIDORF-WEINSTEIN: Oh, I didn't know that's the John Wooden

you were talking about. [laughs]

COLLINS: Oh, yeah. I guess I'd met him way back, years ago, at UCLA when he first--

NEIDORF-WEINSTEIN: The coach you're saying?

COLLINS: Oh, yeah, sure.

NEIDORF-WEINSTEIN: Oh, I didn't know that was the same one you were talking about.

COLLINS: But he and his wife, they lived in an apartment.

Our Encino Sizzler-- And he just lived a block away, still does as a matter of fact, same apartment, and he was going over there all the time. So, anyhow, I knew this, because he used to tell me about it, so in '82 I asked him to join the board. But I'm talking about the coach.

NEIDORF-WEINSTEIN: That is very funny. I didn't make the connection.

COLLINS: Oh, okay. I thought there was only one John Wooden.

NEIDORF-WEINSTEIN: You've known UCLA longer than I have. No, that's really interesting.

COLLINS: Yeah, long time.

NEIDORF-WEINSTEIN: What do you think--it doesn't sound like this has necessarily been the case for you--[are] factors [that] might lead an entrepreneur to becoming bored with an organization over an extended period of time? How do you think you keep--especially because you've been involved with

a number of businesses, but over a long period of time--that interest--? And what prevents you from saying, "I'm going to go out. I'm going to do something totally new"? As you've mentioned some other entrepreneurs, do you think it's simply that lack--? You don't need to feel in control all the time and so that's made you more satisfied with it?

COLLINS: But I think most entrepreneurs by definition are the ones that like to have their hands on the thing, all of it, kind of, and when they lose that touch and have to get things done through other people, because of size, which just makes sense, they're not having as much fun. And if they can sell out and make some money, and go back and start small again, they're going to be a happier group, you know, yeah.

NEIDORF-WEINSTEIN: But that hasn't really happened to you?

COLLINS: I don't think that's me. I've had a pretty good time growing the company, and of course we've been through some trying times with the bankruptcy, you know, which is really something you never want to do, but, anyhow, we got that behind us now. We're doing pretty well, but still--

NEIDORF-WEINSTEIN: That just hasn't happened to you because you always find something that's new or interesting or some way to challenge yourself in this business?

COLLINS: Well, I think when you look at the Ed Debevic's or the Gino's East, in Chicago, the pizza, or any of the other

things that we've done along the way, we've had some variety coming through here from time to time. Even the bankruptcy is a little bit of a variety, right? Yeah, what an education.

NEIDORF-WEINSTEIN: Yeah, pokes you a little bit. You probably don't want that kind of variety very often but--

COLLINS: No, not at all, not at all, yeah.

NEIDORF-WEINSTEIN: Okay. That's interesting. What do you think--you've talked about continuing to motivate people and such--has given you that ability to keep people within your organization motivated to reach the same sort of goals that you have? Do you think it's purely been their financial rewards or has it been something else sort of special that you feel you have? I know you said you really enjoy working with people and you think that's one of your skills, but what is it--? How do you actually build the consensus you were discussing amongst people that may have somewhat different interests than you do in the company?

COLLINS: Well, one of the things that I think I'm really good at is I treat everybody the same. It doesn't matter whether it's the lady at the switchboard, and I'm asking her about her son, who's in high school, and how he's doing on the football team, stuff like that, but I think that-- And I've seen it both ways, where people don't treat the janitor the same as they treat the vice president, and that's not

me. I have a tendency to go the other way. I really enjoy kind of rapping with the little folk and asking them how are you doing. There's one lady over here, she's got her son in the Boys and Girls Club over in Venice, and I'm involved in the Boys and Girls [Club], and somehow she found that out and I ask her about her son. How old is he and how long has he been affiliated with it? And I take some interest in them, and I think I do that pretty well, and do it sincerely, not just as a front kind of thing. I think with any of our people around here, and they all know me pretty well, and that is that I have over time-- I talk a lot, but I have become a pretty good listener and that's important not to talk all the time, and I know it's hard. We've been interviewing some candidates lately and I always try to say before I walk through the door, "Eighty percent of the conversation has got to be with the other person and only twenty percent from me" to try not to talk too much. Because you get me started you can't turn me off, but I'm not always that way, okay?

NEIDORF-WEINSTEIN: Okay, so you think that's been some of your--

COLLINS: Yeah, and you know I find in walking around the halls here and being able to say "Hi" to everybody and be pretty friendly-- We're a little smaller now, or even when I go to the restaurants--

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COLLINS: The bankruptcy kind of thing--that I haven't done as well as I should, you know.

NEIDORF-WEINSTEIN: Right. That makes sense, though. You can only do so much.

COLLINS: Yeah, but I like to do it. It's fun.

NEIDORF-WEINSTEIN: Yeah. That's nice.

COLLINS: What I do is I fly to San Francisco, and George Beam, our district manager up there, who's very good, will pick me up at the airport, and we'll go out and visit every-- We only got about twelve or thirteen stores, and we kind of make a game and try to get to every store that day and visit them all--see all the managers and say "Hi"--and just maybe only spend fifteen or twenty minutes, and maybe have lunch in one store, but you can get around in a day and see a dozen stores.

NEIDORF-WEINSTEIN: In just the San Francisco area or in some of the surrounding counties?

COLLINS: Well, no, just in the [San Francisco] Bay Area-- Well, it would start down at maybe Palo Alto and run all the way up through Walnut Creek or so, but it--

NEIDORF-WEINSTEIN: Oh, I see, okay. Relatively small area.

COLLINS: Yeah, and the restaurants are open until nine

o'clock at night so if you want to put in a good full day--

NEIDORF-WEINSTEIN: You have time.

COLLINS: --you can get around to all of them. He's glad to get me back out of town because I kill him off and he kills me off, but I like to do that. And then you are away from the phone and you can give your whole attention to what you're doing with him and he appreciates your coming out of here and getting up there and seeing what he's doing.

NEIDORF-WEINSTEIN: Yeah. That's great that you still do that.

Let's see, just going back to creating vision, what has been your--you know at the various points in which you've sort of really had to create vision--methodology? How have you gone about trying to create a vision for your company, and do you think, particularly for Collins Foods International, that's been a main driving force in getting everyone that works for you really--? Do you think the vision is very important in your particular company?

COLLINS: You know, I've got to be really candid with you. The story that I have expounded on for decades, I guess, is really that my story of success has been being in the right place at the right time--

NEIDORF-WEINSTEIN: Yeah, you've mentioned that.

COLLINS: --and it just-- With the McDonald boys and with Colonel Sanders and other things, and even, well, with my

buddy who owned Sizzler, and I helped him, and then he sold it to me, and we put it all together and went public like that-- I think that, maybe in hindsight, the one place where vision came into play a little bit was taking us from a private to a public company, and that was certainly a vision, and one of the things that's always been fun for me is to create wealth for other people, and yourself too, but for other people.

As a private company it really can't be done. You can give people a paycheck, and you can give them a bonus, but in terms of equity, equity in a private company, on a minority basis, is really not a very rewarding thing and it causes more problems than it helps. When you get in a public company-- And I told you this story last time. All these people are becoming wealthy, have a security in their pocket that they can sell and put their kid through college or do whatever they want with it, and, boy, that's really rewarding. And you see it now with all the people in the computer-related things in Northern California. They're creating real fortunes up there in a very short period of time, working hard, and I think that the vision that we came up with in late 1967, [when] we bought Sizzler-- There was a group of us, the three of us particularly, and we-- The first thing we started talking about was "Hey, let's see if we can create a public company" and the reason that we needed it was because we wanted to

raise money, and the cost of borrowing was really high and the price of equity was free--give up some ownership, but it was free, and it really-- It just worked for us so well.

I just can't tell you how well that worked for us. And we sold some stock again and raised some more money in 1983 for Collins [Foods International], I guess, and then in 1982 we raised a lot of money by selling a third of Sizzler to the public, too. And then, not Michael [R.] Milken although he bid on it, but Bear Stearns did a \$30 million bond issue for us--they're called junk bonds, but I call them high-yield bonds--but, anyhow, it just worked out beautifully. Thirty million just like [that]; 12 percent. I put my mother into them; I put my aunt into them and everybody and they all got 12 percent and-- We had a clause in those bonds, and I don't want to bore you, but you're in business school.

NEIDORF-WEINSTEIN: Yeah, no, it's not boring me.

COLLINS: Mike Tennenbaum's structure of the bond was that if your stock went up a certain percentage, like triple over a thirty-six month period, you'd have the right to call those bonds, interesting enough. Yeah, so we got going long and about the-- And our stock went up, from 1980 to 1990, 850 percent. Anyhow, to make a long story short, we way went over the top on this thirty-six months call provision of what we had in our bond. So at the end of thirty-six months we

were paying 12 percent of money, and the price of money had come down and we called these bonds, all \$30 million of them, back in, brought them all back in, and it just turned out to be-- Everything was coming up roses, you know, because-- And it happens all the time now. People put bonds out at a high yield, at 14 [percent], but a lot of them were-- At the time we did ours 12, 13, 14 was the rule and then when rates come back down in the 6,7,8,9 percent range you wish you didn't have them, yeah, so anyhow-- We were able to bring those back in, and we've had some really fun times in terms of, you know-- I guess I got away from the question on the vision thing here, but generally my experience of seeing an opportunity-- The McDonald's hamburger stand was the biggest one I guess, and meeting the Colonel and doing that kind of thing, and so being in the right place at the right time and getting-- And people doing favors for me that were just incredible, in terms of-- I think I told you the story how I got my second hamburger stand? Where the Carnation man said, "Just don't pay your bill for three months," and--

NEIDORF-WEINSTEIN: Exactly, and have him finance it.

COLLINS: You know, how does that happen, you know?

NEIDORF-WEINSTEIN: Yeah, well, it happens if people have faith in you.

COLLINS: Yeah, you know, and just like I say again, I don't

know how often that happens or if they do it for anybody else, but he did it for me, and I always feel good about the fact that I've had, until he passed away, Dale [B.] Trinkle, you know-- We just had a great rapport, you know, really--

NEIDORF-WEINSTEIN: That's creative financing.

COLLINS: Yeah, yeah right. That's creative financing. I'm not sure they do it that way anymore.

NEIDORF-WEINSTEIN: Yeah, I don't know, but whatever it takes to get it done that's--

COLLINS: Yeah, yeah, but it sure worked for me. And I tell people in my talks how I've been very lucky, you know, been very lucky.

NEIDORF-WEINSTEIN: I know you mentioned that before--you maybe understating your skill--but the luck I think is important for everyone. In going along with, you know, from Hamburger Handout to Kentucky Fried Chicken and such and all those various opportunities after that, were you thinking about risk versus reward and how much--? I'm sure that you were, but how much did the fact that there's maybe an uncertain reward and there's a risk--? What was most important in your mind? Did you like the risk aspect? Did you feel that this has got to be a sure thing? How was your thinking in terms of that and your making decisions to take advantage of the next opportunity?

COLLINS: You know, I guess I'm a risk taker, real big, and

I laugh about it now because I tell people that it's not good for you to sign a lease, a ten or fifteen or twenty year lease personally, okay? From the late fifties, both with hamburger stands and with chicken stores, not only did my wife and I sign these leases all the time, all the time-- I have maybe three franchisees here in town that are still in the business, Kentucky Fried Chicken, and they couldn't get these locations, because their statement wasn't strong enough, and so I signed their leases for them. Didn't cost me anything. I just signed-- My wife and I signed it. I got one guy here in town and he couldn't get this location and so I just-- Next to the Hollywood Ranch Market. And then another one in the [Pacific] Palisades-- signed the lease for them and they-- By the way, the twenty years or fifteen or whatever it was it has run out now, but I don't know if I'd do that again today, but at that time I-- Risks never entered my mind, never entered my mind.

NEIDORF-WEINSTEIN: But you're saying you feel more strongly that it's something you consider now? Your risk is more-- You're not as much of a risk taker anymore?

COLLINS: Well, I think when you go through bankruptcy, you look and you see that we closed up, you know, 160 restaurants that were on some leases there that are major, and it's a real concern-- Spent a lot of time with those landlords and

things like that. And the thing that makes it easy in hindsight is the fact that Kentucky Fried Chicken was always going like this, and so signing on a lease never became a problem, never had one problem in the whole world, never had to get out of a lease or shorten one up or do anything with it. We haven't had that same experience with Sizzler.

NEIDORF-WEINSTEIN: That's very fortunate.

COLLINS: Yeah, very fortunate. But the fact that, when I think back on it now, there was one other one, too, on Sunset Boulevard, and the landlord wouldn't take--Francis McReynolds, I guess--wouldn't take his financial statement, and I said, "Ah, well, I'll sign it, put me on there."

NEIDORF-WEINSTEIN: This is for Kentucky Fried Chicken or Sizzler?

COLLINS: No. This is Kentucky Fried Chicken, yeah. These are all Kentucky Fried people from way back when, and it worked out fine. He got the location and he did well, and like I say, I didn't ask any money for it. It was just something that I just did and so I put my signature-- And a lot of times I suppose if I looked at my contingent liability I might not have stayed awake-- I might have stayed awake at night thinking about it, but it never entered my mind. I was just, I guess, young enough at the time to where somehow risk wasn't something that I really took into consideration then, whereas today

I would look at it much differently.

NEIDORF-WEINSTEIN: Very differently, yeah. So you really just think the opportunities were just ripe and what about--? How did you think about the rewards? Did you usually think, "I have a gut feeling this is going to be a sure thing and so I'm going to do it" or was it, maybe being the first, or being someone that could really take advantage of a growing marketplace that other people didn't recognize that opportunity or--?

COLLINS: Well, in terms of chicken, there was no Pollo Loco and no Church's Chicken and no other chicken around at all at the time that we were doing the chicken, so we had the market to ourselves. And when we started in 1962 it wasn't very successful.

NEIDORF-WEINSTEIN: Yeah, you were telling me about that.

COLLINS: Yeah, we didn't get our first really good store that you'd even want to own I don't think until the one on Wilshire [Boulevard] and Westgate [Avenue] up there [Los Angeles] in, I believe, I don't know, August '67. But it was that late, so we'd been in the business about-- No, that's not right, that's not right-- It would have been about 1964 or '65, but, anyhow, we got a good one. But I guess I believed in the Colonel, since he had a good product--it was going to go. It wasn't a big risk, never thought it was a big risk

to help people get a location you know. But landlords, a lot of them are sophisticated, and they'd look at a balance sheet or a personal statement from one of our franchisees who didn't have much net worth and it wouldn't fly, you know.

So, anyhow, I was able to help him a little bit get in business.

And of course, the Colonel, I don't know, but I think I told you the Colonel was splitting the royalty with me half and half, so if this person was successful, and when I could get more locations out there, it meant I'd have more money coming in every month. So that worked out, it worked out really well. I don't know, today, having been through bankruptcy and having more sophistication with regard to contingent liabilities and leases and so forth, I don't know whether I'd do it again that way or not, you know. I had somebody here the other day, and they were getting ready to do something, lease something, and I said to them, my advice to them was, "If you can have your corporation sign the lease, try not to get on it personally" because that's just good advice, I think, you know.

NEIDORF-WEINSTEIN: What do you think--? We can get into this subject later, the bankruptcy, but I'm curious, now that we're talking about it-- What do you think it was? I mean, was it purely financial or was it something else, really, that turned things around, sort of made them go south, versus what

was happening before? Is there anything you feel you can point to that was strategic or--?

COLLINS: We talk about it and we always say the same thing and that is that basically times were changing and maybe we just weren't keeping up.

NEIDORF-WEINSTEIN: You mean the product? People weren't as interested in the product anymore?

COLLINS: Well, that, but I think more than that, I personally think that Sizzler was so successful in the eighties and everybody that took our business in the nineties did not exist in 1985. And with that I'm talking about the Cheesecake [Factory]; I'm talking about California Pizza Kitchen, Souplantation, Soup Exchange, Fresh Choice, and even Chili's wasn't on the West-- There was no Chili's on the West Coast.

And all of these places that I'm naming, like I say, not one of them had a door open, and I'm talking about a lot of-- And I call it casual dining, and these are casual dining. Sizzler was not what I call casual dining. It was kind of a family place to eat, but not casual dining. And when you take the low side underneath us, and all of those--and those would be everything from Burger King to Carl Karcher [Enterprises] to In-N-Out Burger--those are the people underneath you. And then you take the people that are right

at you, and those would be the Soup Exchange, Souplantation, all the salad bar places, everything. And then you take the people like Chili's and California Pizza Kitchen and Cheesecake Factory and the ones right above you. And over a period from 1987-88, until we finally gave up the ghost here, those people were gradually taking some of our customers away. And some of it was casual dining and some of it was because of price on the value, price value, and maybe the fast food. I would call it the fast food side, and so our niche of our business from 1967 until 1987, let's say, was this wide, and it began, from both sides, began to come down and our niche got a lot smaller, a lot smaller. And maybe we were-- In looking at it in hindsight, we said, "Hey, our niche is getting smaller. What are we going to do about it?" and make some changes, and we waited too late to do the changes.

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MARCH 8, 1999

NEIDORF-WEINSTEIN: One of the questions--I'm getting back to the subject of entrepreneurial activity and organizational structure--I wanted to ask you was, what has your attitude been, as an entrepreneur, towards organization, staffing, motivation--? You spoke in the last session about how you think it's very important to delegate. But how involved have you been in staffing decisions, really, as your organization became more complex? How involved did you get in the day-to-day activities of the organization or were you more, sort of, top-line focused, or a little of both? If you could speak to that--?

COLLINS: Well, it's a very gradual transition to go from \$5.5 million in sales to \$750 million, and what happened is the first person that I hired who had a master's degree was my little brother in the fraternity [Walter McBee], and this was 1963, I guess, and he's very talented. And so he didn't have anybody else to hire him but me, and so I hire him in there, and he's the first heavyweight that I had on the team.

Everybody else was people that were keeping books and people who were running chicken stores, if you will. And I didn't have Sizzler yet, in '63, just chicken and four hamburger stands, and as he began to write employee manuals, and how

to--

NEIDORF-WEINSTEIN: You were talking about him the last--

COLLINS: Yeah, and how good he was as an industrial engineer, and he was just super. Because of things I like to do, we kind of went different ways, but he had a great way of handling the people. And then the next person that came along turned out to be when we bought the Sizzler chain, and again, this was a business major. The two of us were engineers, and this would have been a business major at UCLA, and we bought a third apiece--this Sizzler chain in 1967--and we made Rush [Rushton O. Backer] the president of that, and he ran Sizzler. And we formed a little board of directors, probably just the three of us, or maybe might be four or five, and then, the next thing we did was the young man, Dick Bermingham, who had been our CEO [chief executive officer] for about ten years--he was the Arthur [M.] Andersen [Corporation] guy with a good CPA-- What happens is when you get a certain size, the three of us kind of looked at each other-- And he did the purchase investigation in the summer of '67, and now there's three of us, and we're saying, "Wow. We need a CFO [chief financial officer] if we're going to do this, this, and this." And we did think we wanted to hire him. He's twenty-six years old, and he's been with Arthur Andersen about five years, and looks like a real talent. So we'd get

him in, and the way you'd do it, of course, is to promise him--if you're going to go public--you promise him some ownership, some stock options, something that will help create some wealth for him. And then the last gentleman we got, I forgot who knew him, but one of the four of us--wasn't me--Jack Newquist. But he was a Stanford [University] graduate and he came in and began to do the, I think, purchasing, and some of the things that the rest of us weren't doing. And so we went public; we really had just five of us.

NEIDORF-WEINSTEIN: You had a good team, though.

COLLINS: What happens is you go on beyond that-- Then, when each one of these people begin to hire people under their umbrella they would tell me, "This is what we need; here's my job specifications, and I'm going to be interviewing a couple of candidates," and then they would come in and say, "I'd like you to meet this guy. I'd like to hire him tomorrow."

NEIDORF-WEINSTEIN: Okay.

COLLINS: But I'm probably not as much involved there, so whenever you're hiring near the top, as you grow bigger, you get involved more. As you delegate to your people, you let them try to be in charge of picking their team, if you will, the people that are going to report to them.

NEIDORF-WEINSTEIN: So you were okay with that and you trusted them, of course.

COLLINS: Sure. And I think if you get micromanaged you can really stifle the growth of an organization. The way to really grow and be successful is to incentivize everybody and then everybody agree on this is what we want to do and then turn them loose and let them do it, and then that's a lot more fun. It's personally, from my vantage point-- You kind of sit back and be the cheerleader and pat them on the back and tell them they're doing a great job every day, and that's really a fun way to run a company. [laughs]

NEIDORF-WEINSTEIN: Right. That's true. I remember we were talking in an earlier session-- You said that it's more typical for entrepreneurs really-- Some of them are really micromanagers and then when they get to the point where they can't micromanage anymore they like to start a new venture.

COLLINS: They get out.

NEIDORF-WEINSTEIN: You said you were more atypical in that sense, that you were good with delegating.

COLLINS: I think that, first of all, I don't consider myself as much an entrepreneur as you might put that label on me, okay? And I think by my stories--always being in the right place at the right time--

NEIDORF-WEINSTEIN: You keep saying that.

COLLINS: --and I really mean that, so for me to go over and let somebody else do it I didn't find very hard. True

entrepreneurs, when they get big enough to where they can't almost make the decision for the whole company, they either get thrown out or they quit because they don't like the size, and they go back and get small again, where they can make all the decisions. And those people are usually very creative and they're probably not engineering graduates. [laughs] More likely [to] be marketing people or something like that, but, anyhow-- And I think that's really true. So, for me, going from a-- I told you I made that speech all the time for years: "Going from an entrepreneur to a professional manager" and I didn't have a problem with it, really, no problem.

COLLINS: That's good.

COLLINS: Yeah. And the other thing, too, is I never was uncomfortable with hiring people who were smarter than I was, and I know that may sound trite, but I have a couple of people that, Walt McBee, for one, who is a very bright guy, very-- He's a lot smarter than I am. He got A's and B's and I didn't.

I got B's and C's, but I didn't care. Hey, as long as we were growing and everybody was, you know, taking home money, well, why do you care? And I think some people-- Their ego doesn't make them-- They're not comfortable surrounding themselves with people who are, say, brighter than they are.

And you don't look at it that way, you see. You need people who are really experts in areas that you don't have--

NEIDORF-WEINSTEIN: Different areas.

COLLINS: --that expertise. Yeah.

NEIDORF-WEINSTEIN: That's probably where the clash might come, if you have very similar interests.

COLLINS: I'm the very top in enthusiasm. [laughs]

NEIDORF-WEINSTEIN: I know you had said that. That's so important though, in terms of driving an organization.

COLLINS: Yeah, sure. Absolutely. But you don't think so at the time, but I think in hindsight that it's an ingredient that makes it more fun.

NEIDORF-WEINSTEIN: Yeah, I agree. So the next question I had was what interests you more: organizational structure or daily organizational activities? And you sort of answered that. Has that changed over time? Were you perhaps more interested in the organization per se when it was smaller, and as it became larger you didn't have a problem with the delegation? Were you at any time more concerned with the delegation of authority or "Am I choosing the right people?" than perhaps you were as the organization grew larger, or were you sort of always "I trust these people; I'll let them--"?

COLLINS: I think because we had such a long run of really doing well that I never really, I don't think, ever had a really cross word with any of the people I work with. And if you get everybody to tell you--that you don't want any

surprises, you know--to be honest, really honest, with you all the time, you really don't get any surprises, and so, I guess, small or large, I really-- You mentioned the day-to-day thing. I think, generally speaking, if we get into too much detail, I'm not that comfortable with getting down in minutia.

That will tend to put me to sleep rather than keep me awake.

NEIDORF-WEINSTEIN: I can understand that.

COLLINS: And so I love people who will take on the detail.

We're doing an agreement right now, and it's about fifty pages, and they just put a copy on my desk this morning, which I probably should read, but I know that we've got three attorneys reading it, and some other people in the building reading it. So I will read it--and I should read it; don't misunderstand me--but it's the kind of thing with such detail in it that it's more the thing for attorneys than it is for me.

NEIDORF-WEINSTEIN: Right.

COLLINS: Yeah, I look at the deal points.

NEIDORF-WEINSTEIN: Yes.

COLLINS: Always look at the deal points, but beyond that, it's kind of boilerplate. Pretty typical.

NEIDORF-WEINSTEIN: Yeah. Would this be a leap to say that you enjoy more the sort of strategizing about where the business is going? "What should be the next business that we take?"

Is that kind of how you would describe yourself?

COLLINS: Yeah, and I think because-- At least I perceive myself as being more the people person than a lot of my engineering friends, and so I've always had a lot of fun, first with the franchisees that I put in business for Kentucky Fried Chicken, between '62 and 1967, about 140 or 150 stores that we put in Southern California at that time, yeah. And those people became my friends; we used to talk on the phone, and have to get-- And we had a co-op which I started, an advertising co-op, and a franchisee group here, and this was back in the franchisee co-op, to spend money. I think they now spend locally on television about \$10 million a year. But we started-- It was very, very small, and it was 1967, and I don't know-- Because of the way I am, getting Kentucky Fried Chicken franchisees together to pool their money to advertise first on newspapers, because we didn't have much money, then on radio, then television, and then getting it to grow bigger and bigger was really fun. And then, later on, when we bought Sizzler in '67, I went to the franchisees and I said, "Look, we've been a franchisee for seven years; you are now a franchisee and we're the franchisor, but we know how to treat you because we've been the other half for seven years, and so we know how we like to be treated by the parent company in Louisville [Kentucky], Kentucky Fried Chicken Corporation, and therefore, we think we know how you need to be treated as our franchisee

in Sizzler. And, gee, that worked really well for us right down the line, and I get into a meeting in later years, and I hear some of our guys, gals, talking about how they're going to beat up on a Sizzler franchisee if they're not doing something right or doing it wrong.

NEIDORF-WEINSTEIN: It's not your style.

COLLINS: No, and then I'd say to them, "Okay. If we were doing something wrong with our chicken stores today, and we had Kentucky Fried Chicken calling us and saying, 'Hey, if you guys don't shape up, we're going to take your franchise away from you,' how would you feel about that?" "Well, we'd sue their a[ss]," you know, "and really get unhappy." And I say, "Remember to treat the Sizzler franchisees just the way you'd like to be treated from Louisville."

NEIDORF-WEINSTEIN: Exactly.

COLLINS: And it worked every time. They got reasonable; they got in the middle, and they began to think win-win solutions.

And you know that isn't always the case, and I've been through a little bit of that too, but the win-win solutions really make it fun. My outreach over the years, with the Sizzler franchisees, and with the Kentucky Fried Chicken franchisees, of which most of them are my friends, because I put them in business over a period of time, and then, oh, later on, with the industry, both as a board of director and the past president

of the California Restaurant Association and then as a nine-year member of the National Restaurant Association board of directors-- And when you become a public company, and we did on November 15, 1968, you have an obligation, like I say, to go to Boston, to New York, to Atlanta, to Chicago, maybe San Francisco and L.A., and talk to the analyst who follow[s] your company. And we had many, and I kind of enjoyed that, so I'd guess I'm more of an extrovert than introvert. And so, if a company needs an extrovert, well, then I'm the guy that might do that pretty well.

NEIDORF-WEINSTEIN: I know you've mentioned that before.

COLLINS: And by the way, there are a lot of bright people around, and some we've had working for us who are not extroverts, but they do their job unusually well.

NEIDORF-WEINSTEIN: Different skills.

COLLINS: And that's what makes it so much-- If you molded everybody in your own image you wouldn't have a good organization.

NEIDORF-WEINSTEIN: I think that's very smart to be able to recognize that. Over the years, as that business has grown, have you thought a lot about the issue of successors, of putting managers, more senior managers, in place that mirrored some of the qualities that you mentioned that you have, or has that really not been a big issue? How has that kind of played

out in your mind over the years, if at all? I mean, to continue what you just started.

COLLINS: Yeah, I think in almost every case that I can think of people that came up through the ranks to run our chicken division, our Naugles division, our Sizzler division, almost all of them were promoted from within. The first time that we've ever hired anybody really big from the outside is just the one that got hired on the eighth of February, really, believe it or not [Charles L. Boppell]. Kevin Perkins, who was our CEO for three years as a young fellow, that's been with us about seventeen years--I think he said the other day--and he's now forty-seven. And before that Dick Bermingham came out as a CFO at twenty-six, out of Arthur Andersen; [he] was our CEO for ten years. And Tom Gregory worked in our Sizzler division under Rush Backer for a number of years, and then when Rush retired, he came up and from 1983 until 1991-92, I guess, he ran the Sizzler thing.

NEIDORF-WEINSTEIN: People have been here for-- They stayed for a long time.

COLLINS: Yeah, they really do. Just amazing. So we have had a good group of people coming up. Of course, that's a healthy thing in a company. I'm kind of a believer in the 80/20 rule, I think. That's 80 percent inside, and 20 percent from the outside, to give you some new perspective on what's

going on, and we took a big step this time in hiring a search firm to bring in--

NEIDORF-WEINSTEIN: An outside--

COLLINS: --an outside CEO, first time.

NEIDORF-WEINSTEIN: And what was the CEO's background?

COLLINS: Well, the last five years he's been the CEO of a little thing called La Salsa [fast food chain].

NEIDORF-WEINSTEIN: Good restaurant. Good chain.

COLLINS: Forty units to 105 units. Prior to that, believe it or not, he was retired in Santa Barbara for about five years, yeah. And then prior to that, and he made a lot of money doing it, there was a transition in a company called Godfather Pizza--

NEIDORF-WEINSTEIN: Oh, yeah. We did a case on them, actually.

COLLINS: --and I think he was paid about \$5 million when that transition was made just because of the commitment they had made to him when he came aboard, and I guess Pillsbury [Company], or whomever owned it, sold it to Herman Cain, and, anyhow, that transition caused him to become fairly wealthy in a hurry. Before that he spent about ten years with Pepsi; five years he was the CEO and president of Taco Bell [Corporation] in Newport Beach [California] and about four, five years the executive vice president of Pizza Hut in Wichita, Kansas.

NEIDORF-WEINSTEIN: So he's really got a lot of experience.

COLLINS: And then after he graduated from school, he worked for twelve years with Saga Foods [Corporation] up in Northern California.

NEIDORF-WEINSTEIN: I'm not familiar--

COLLINS: All the Velvet Turtles and Stuart Anderson's [Black Angus and Cattle Company Restaurants].

NEIDORF-WEINSTEIN: Oh, yeah. Okay.

COLLINS: And all the little restaurant chains, yeah. And plus a lot of school feeding. So he did a lot of school feeding and hospital feeding, I think, in his early years, when he first got out of college.

NEIDORF-WEINSTEIN: He's got a lot of restaurant experience.

COLLINS: Yeah, oh, yeah. Food, ever since he graduated from school, he's been doing it. Food service, both in the retail side and also in the institutional side.

NEIDORF-WEINSTEIN: Right.

COLLINS: But he's about fifty-five years old and he just lives up in Bel Air [California], so, anyhow, very nice man.

NEIDORF-WEINSTEIN: Wow, sounds like an excellent record for--

COLLINS: Yeah, should be fine. It's funny how-- I got the first-- I told the boy the first hint of it today--

I was in about five of eight; the phone rang about eight [o'clock] and I says, "Jim Collins--"

"I'm looking for-- Would you transfer me to Chuck Boppell's

office."

I said, "This is it, but he won't be here until next Monday." [laughs]

NEIDORF-WEINSTEIN: "I'm not out yet."

COLLINS: My days are numbered.

NEIDORF-WEINSTEIN: Oh, no. Don't say that.

COLLINS: Oh, yeah. I'm not worried. Looking forward to it.

NEIDORF-WEINSTEIN: The next question I have is sort of about your decision-making style. If you could talk a little bit about how you make decisions-- You had mentioned during one of our meetings that you think--I hope I'm quoting you properly--that you are more of a consensus manager.

COLLINS: I think so.

NEIDORF-WEINSTEIN: I think you had said that.

COLLINS: Yeah. Yep.

NEIDORF-WEINSTEIN: And I was wondering if you think entrepreneurs use other people often as sounding boards or really kind of make a lot of the decisions on their own? What is your feeling on that?

COLLINS: I probably don't make the decisions on my own, although ideally you'd like to say you listen, you get all the input, then you sit down and think about it and make the decision, and I don't think that's basically my style. Typically, if I was sitting with three to five people in this room and we

were talking about, "Well, let's start opening some Sizzlers in New York or Chicago," we would look at the pluses and the minuses and weigh those out, and look at the amount of money that it would take to do it in terms of some market penetration, because you need advertising on TV and you need to have a certain-- So what kind of dollar commitment-- And when we get all through we'd see what floated up and what fell out and went onto the floor, and when-- And you get a sense around the room, "Hey, this is something that we ought to do" and we would do it. And it wouldn't be me sitting here after getting a lot of input from them. I think we'd probably be sitting around together making that decision in a group and making it there. That way.

NEIDORF-WEINSTEIN: So, really, you do listen a lot to sort of, what the opinions are.

COLLINS: I'm not sure that's the best way, but that's one way.

NEIDORF-WEINSTEIN: So I thought you had mentioned that earlier.

Question about information gathering, and also related to decision making: How do you go about or how have you in the past gone about acquiring knowledge related to your business that you think has been crucial either to perhaps a restaurant acquisition or something else? Has this sort of knowledge acquisition process been centralized somewhere, has it been

decentralized? Do you rely on others to bring you a lot of information or do you focus on looking for the information yourself? Could you talk a little bit about that?

COLLINS: Yeah, it's easy. In 1967 I joined an organization called Young Presidents' Organization [YPO].

NEIDORF-WEINSTEIN: Oh, yeah. I'm familiar with it.

COLLINS: And we would have chapter meetings once a month, and sometimes have resources, but it's a good chance to talk to other CEOs around, in terms of what you're doing, and then we would have area conferences once a year, bring in resources and go spend three or four days, take the wife, and then twice a year have a university [conference] where you'd come from all over the world and get together, and you'd have resources that would run from four to five days, and you'd go to class, and usually you go to class-- Like I'm going to Rome next month, and I'll go to class in my CEO, that's chief executive organization, and that's the over-fifty group. We'll go to class-- I'd show you the agenda-- But we'd go to class every morning from about eight to noon, and then the afternoon we'll go look at churches and gardens and the popes, and the--

NEIDORF-WEINSTEIN: Sounds nice.

COLLINS: All those things and do that for about a week, but much more important, I think, is that a fellow named Fred Chaney, back in about 1969, started a TEC [The Executive

Committee] group here in town called TEC 7. Are you familiar with--?

NEIDORF-WEINSTEIN: Are you talking about TEC on campus, that they have at UCLA?

COLLINS: Yeah, but the TEC on campus came from the TEC groups that were in business. So Fred started with TEC 7 in '69; I joined in '71, and stayed till about '91--for about twenty years.

NEIDORF-WEINSTEIN: Maybe you could talk a little bit about that?

COLLINS: Well, the TEC group basically-- We get together all day, one day a month, and we start in the morning around nine thirty, and we have a resource. It could be Peter Drucker; it could be anybody that you could think of--Sandy[SandfordC.] Sigoloff, okay, on turnaround--anything you could think of-- With estate planning-- We have had the best estate planning attorneys in the United States; we've had the best-- Could be the-- Well, we had Eli Callaway as a resource. All kinds of resources, okay? And they would meet with us in the morning and tell us about their career and all of the things that-- And we'd have the best merger and acquisition guy in the United States--really fun--William Oncken on time management, and he's the guru in that subject. So we would do this all morning and then we'd have lunch usually with the

resource, and then in the afternoon the resource goes away and we sit around, twelve of us, and we have an informal board of directors-- And you could talk about your kids getting into jail; you could talk about your business; you can talk about an acquisition you want to make; you can talk about going private, going public, or anything else. It's all confidential; it never leaves the room. So for twenty years I've got a board of directors of guys that are all CEOs of their company, and, by the way, half the companies were private, half the companies were public, half the guys belong to YPO, the other half of the companies didn't

belong to YPO, and we had one guy who was a CEO of an airline and we had another guy who-- And so we had all-- One guy made heart valves, and so we had a lot of variety in terms of-- But when you sit around--

And in between that my TEC chairman would come and talk to me for two hours once a month, and then he would say to me, about four times a year, "What kinds of things are you doing here? What kinds of things could we help you with when we get together next week or in two weeks from now?" And you'd talk about it and you'd finally come up with a problem or an opportunity or something and he'd say, "Let's talk about your presentation and how you would ask the questions that are going to be meaningful." So what happens is with that

machine right there, and I've got it down here, I would ask the question, "Look, I'm thinking about buying this company, and this is what it's going to be and this is what it will cost and this is what the solution is" and I describe the problem. "Give me some feedback on this" and then for the next twenty-five minutes, they would ask me questions, give me answers, give me their--

NEIDORF-WEINSTEIN: Perspective--

COLLINS: Perspective-- And so then I'd take all this information, and then when I'm through-- because it's privileged information-- so on a tape, right on there, you pull a tape out, write Jim Collins on it, and throw the tape to me, and then I throw it back in my car and I play the tape going home, because when you're asking questions you don't hear some of the answers. So I get to hear all the answers over again before I even get back to my office, believe it or not.

Interesting. You do that for twenty years-- So anyhow, to make a long story short, there was only one guy in there that's been there longer than me-- The Antique Guild, you don't--

NEIDORF-WEINSTEIN: I've heard of the Antique Guild.

COLLINS: Anyhow, Don Guild is his name, and he's a super guy. I'll close this story for you. I had been out-- Fred Chaney, by the way, went on to develop that business and he had TEC groups in England, TEC groups all over the United

States, TEC groups in Japan--

NEIDORF-WEINSTEIN: It's a great idea.

COLLINS: --in Australia, and everything, and he sold the business about six months ago to Michael Milken for about \$80 million--

NEIDORF-WEINSTEIN: Wow.

COLLINS: --and it's called VEDAX Corporation, and Michael Milken bought it for his education [Milken Family Foundation]--

NEIDORF-WEINSTEIN: Foundation, yeah--

COLLINS: --he's putting together, so in order to celebrate that they had a party and they invited the TEC alumni group, TEC 7 did, because Fred sold out, and Fred's been running this thing. He's the one that brought it out from back East and started it here, and they had a party to celebrate his selling out, and I got invited to it, and out of the twelve people in there, there was only one new guy in there since I left. The rest of them are the same. They've all been there ten, fifteen, twenty years.

NEIDORF-WEINSTEIN: It's amazing.

COLLINS: Don Guild was still going. Don Guild and Pete Siracusa that live in Hawaii; Jamie [B.] Coulter, who came in and took my place, lives in Wichita, Kansas; Fred Chaney lives in Aspen, Colorado, and they still come in for their damn meetings once a month.

NEIDORF-WEINSTEIN: That's amazing for once a month.

COLLINS: So anyhow Fred Chaney come over the day after that and said, "Jim, everybody talked after you left the other day, and they want you to come back." So next week I'm going back to my TEC 7 group and I haven't been in it for nine years.

NEIDORF-WEINSTEIN: You haven't? You left nine years ago?

COLLINS: I left in '91; this is '99.

NEIDORF-WEINSTEIN: So you're going to go back?

COLLINS: And I'm going to become a member again.

NEIDORF-WEINSTEIN: That's great. I don't know how you're going to have time. You do so much.

COLLINS: Two things have changed. All these guys are basically retired, and some of them are-- A couple of them are older than me; some of them are a little bit younger than me, but not that much, but they're pretty well retired. They've all become pretty wealthy, interestingly enough. They don't meet once a month anymore--they meet every other month--and they changed their meeting places from ski resorts to Hawaii to anything else--

NEIDORF-WEINSTEIN: That sounds great.

COLLINS: Yeah. So I'm looking forward to having a lot of fun.

NEIDORF-WEINSTEIN: Oh, yeah.

COLLINS: And Fred's coming in to see me next week for two

hours, and we're going to talk about it, and then I'm going back in, yeah, after all this time.

NEIDORF-WEINSTEIN: So are you saying the reason that you brought this up--? Are you saying that really that was a very large part of your decision-making process?

COLLINS: Oh, absolutely. Absolutely. I made decisions to fire somebody once. I even went so far as-- I had somebody that I needed to get rid of, and he was very talented, but it was a cultural thing that came up, with another lady other than his wife kind of thing, and all of a sudden, one day, the Security Pacific [National] Bank called me and said, "Hey, we need a guy to run this thing; this corporation needs a turnaround." I says, "I got the guy for you." They called him up and hired him away from me, and I preplanned it. I've never told him that. Interesting, you know, kind of thing.

But some very creative approaches from my group as an informal board of directors, yeah.

NEIDORF-WEINSTEIN: That's neat that you've gotten so many resources from them.

COLLINS: So I think between YPO and then CEO and then with my TEC group for twenty years, I think that I got educated one month at a time, but not from reading a book so much as from having an inner dialogue and having this chance to exchange ideas with other people and even help other people, you know.

Yeah, so it's really fun. And we do this a little bit with the students in our TEC groups at UCLA. I can't think of his name--

NEIDORF-WEINSTEIN: Rock [N.] Hankin.

COLLINS: Yeah, Rock is a resource. He does a lot of TEC groups, but one of the professional TEC chairmen, who was doing two TEC groups to make money, to make a living, had a group at UCLA for four years. And then one day, he said to me, "Jim, I got to start traveling. I'm going to be going to Europe a lot; I can't handle the TEC group at the [John E.] Anderson [Graduate] School [of Management] anymore. What do you think about you being a TEC chairman?" I said, "I have never been a TEC chairman." He said, "Yeah, but you've been in TEC for twenty years." I was already out. This was about five years ago.

NEIDORF-WEINSTEIN: Okay, so you were out nine years ago.

COLLINS: Yeah, yeah, and so I said, "I'll give it a try."

So I went up there and for four years I had a TEC group and, I guess, was it fifteen students? I always had probably ten second-year students and five first-year students and then added another, and so every year, for four years, I graduated ten-- I graduated forty students, and what happened was when I got through with my second year up there, Richard Orkand came to me. This is a guy who'd been in YPO, and he says--

Oh, he'd been our resource; we'd gone to his company. He was packaging powder for Metrex and a bunch of different things, and making all kinds of powder mix. He had a big plant here, not a big plant, but a plant, and he said, "I'd sure like to be a TEC chairman." I says, "Come on," because we only took in fifteen students out of six hundred. That's not very many.

NEIDORF-WEINSTEIN: Yeah, no.

COLLINS: So Richard came up and he started doing it, and then a year later, Al Portnoy, who had taken us public in 1968, came up to me and said, "Gee, this TEC thing looks really interesting. I'd like to do it too." So I got Al up there.

NEIDORF-WEINSTEIN: That's great.

COLLINS: So all of a sudden, my last year there, we had three TEC groups, and when Al was in last week, and talked to me, somebody's come in and taken another place, so they got three TEC groups going at UCLA. That's forty-five students out of that.

NEIDORF-WEINSTEIN: That's great.

COLLINS: And they're carrying it on. And after four years, I kind of dropped off because, I don't know, I just thought it was time to take a little bit of rest. But, anyhow, the things that we do with some of the students, in terms of helping them decide not to go to work for a company, versus going

inside-- So this board-- They don't have as many business problems as we do, but in terms of choosing their summer employment, in terms of choosing which employer to work with, whether to be an entrepreneur and make no money and develop a product versus taking a job with a large consulting firm, which you make a lot of money but maybe--

NEIDORF-WEINSTEIN: You don't like the work.

COLLINS: Yeah, don't like the work, or you're not-- If you have an entrepreneurial bent you don't get to demonstrate it over here on this side kind of thing. But anyhow, so my four years with the TEC, being a TEC chairman, was really fun. Yeah. The difference was where we have a resource every month, with my twenty years in TEC, and like I say, we had Peter Drucker, we had everybody.

NEIDORF-WEINSTEIN: That's exciting.

COLLINS: I turned them back in last year, but I had twelve tapes a year for twenty years of every one of those resources, because in the morning, the resource tape, he tapes it in the machine, the resource has got this on, and he's being taped for two hours, and so all of those tapes--

NEIDORF-WEINSTEIN: Everyone gets a copy?

COLLINS: Everyone gets a copy. Absolutely. Send it to us in the mail within a week. We all twelve of us get a copy of the resource tape so you can play that again, too. So instead

of me having resources come to UCLA for TEC, I started nine months of the year taking the students to somebody's business.

NEIDORF-WEINSTEIN: I was going to say-- Because I thought that's what they do now with TEC.

COLLINS: That's what they do now, exactly. But it's more fun for a student to go to a manufacturing plant or--

NEIDORF-WEINSTEIN: Definitely.

COLLINS: Have you been to Body Glove? Do you know what that is?

NEIDORF-WEINSTEIN: Yes.

COLLINS: Wetsuits. Took them down to Body Glove three years ago, and took them to-- Oh, the lady that's-- A business school, USC [University of Southern California]-- She and her husband own a restaurant up here and she's written a book. The restaurant's up in the Malibu Hills [California]. Saddle Peak Lodge, very famous restaurant, and she and her husband own that. Anyhow, lots of different people in different kinds of business. And one of my TEC buddies, who I'll see starting again here, he owns a manufacturing plant where they're cutting metal and putting it-- And they make nothing but fireplaces, metal fireplaces, but a regular assembly line, stuff rolling along. They got to do it, you know, just like a car factory, and we go there every year and do that. So, anyhow, I'd go to nine places a year, for four years, and take the students

to the plant.

NEIDORF-WEINSTEIN: That's great.

COLLINS: Once in a while, when we didn't do that, we had Rock Hankin or somebody like that, like Fred Chaney, my buddy that started this thing, I use those resources then. I can have them come to my office or have them come to UCLA, but most of the time, I would say out of nine meetings a year, we probably had eight of them where we were in somebody's business. Yeah. Really fun.

NEIDORF-WEINSTEIN: Yeah, I've heard the students who are in this program say they love going to the locations.

COLLINS: Really have a good time. Oh, yeah. So that's the basic difference. These resources, we rarely ever went to their-- As a matter of fact, most of the time, for my twenty years of TEC, we rotated the twelve of us, and when my month came up I hosted the TEC meeting at my place, and then the next month we'd go to the other guy's place. So we moved from place to place, from the different guys' companies.

NEIDORF-WEINSTEIN: Sounds like it's been very influential on your business. It's really interesting.

COLLINS: Oh, gosh. When I think of the advice--

NEIDORF-WEINSTEIN: You must really respect your colleagues that are in this group.

COLLINS: Oh, yeah. Really fun. We made one guy, in two months'

time, \$10 million. He was just getting ready to sell his company to his mortgage company--to Loeb Rhodes, okay? And Loeb Rhodes was ready to pay him \$10 million. And we said, "Don't take the \$10 million. Get a convertible note." So he took a convertible note, and sixty days went by and Loeb Rhodes sold out to Sandy [Sandford I.] Weill at--

NEIDORF-WEINSTEIN: Oh, American Express.

COLLINS: Yeah. And so the \$10 million went to \$20 million in about sixty days. He took down \$20 million.

NEIDORF-WEINSTEIN: He's thanking all of you.

COLLINS: Yeah, he always does. But anyway, it's fun to--

NEIDORF-WEINSTEIN: But that's exciting.

COLLINS: I didn't come up with the idea, by the way, but somebody else in there who understood structure said, "No, that's not what you want to do. Here's what you want to do."

NEIDORF-WEINSTEIN: But the fact such an important decision can come out of a group like that-- So with the students they discuss things like that as well. If you can bring any issue to the table, they'll discuss their job opportunities?

COLLINS: Oh, yeah. And in some cases, they're-- One girl, Ann Gusiff, who's doing Clothes the Deal now--

NEIDORF-WEINSTEIN: I've heard of this company.

COLLINS: She's here all the time.

NEIDORF-WEINSTEIN: It's a great concept.

COLLINS: And she was making jewelry, and this jewelry was-- You bake this stuff, and you made this little jewelry, and we said to her over about a period of about six months, "Ann, that's not-- If you really want to do something--" And she was also collecting clothes in her garage at home and doing this, and we finally convinced her that if she wanted to have some fun, that she ought-- And she's really bent that way--and her husband could make a living; she didn't need to make a living--and she went out and did it. Boy, she's gotten really big now.

NEIDORF-WEINSTEIN: It's a great idea. Really, really good idea. That's neat.

COLLINS: So I think we've helped a lot of students, yeah, really have. In fact, one-- was kind of insecure and I think we gave her some feedback one day, in a very tear-jerking kind of meeting, that made her not feel so insecure, that she was really important, and she called me last week from San Francisco and said, "I'm coming to L.A., and two of the other girls down here they want to get together and take you to lunch." [laughs]

NEIDORF-WEINSTEIN: That's so sweet.

COLLINS: And she graduated about two years ago.

NEIDORF-WEINSTEIN: That's really rewarding, I'm sure.

COLLINS: Yeah. Well, you know, talk about, you know,

satisfaction, good time.

NEIDORF-WEINSTEIN: You can tell you really enjoy working with the students.

COLLINS: Yeah, so anyhow, I'm looking forward to going back with my group.

NEIDORF-WEINSTEIN: That's great.

COLLINS: Well, we'll have a lot of fun kicking around now, but we'll spend more time talking about our grandchildren and things like that. [laughs]

NEIDORF-WEINSTEIN: That's nice, too.

COLLINS: Oh yeah, I'll say.

NEIDORF-WEINSTEIN: I have another question for you. This question relates to how you've actually dealt with disagreements within your organization. Have there been many disagreements over the years amongst executives? Have you gotten involved as an entrepreneur? Have you felt that's your place, to get involved with these or not really?

COLLINS: I think that, and I'm being very candid with you, I think for whatever reason, I'm not one that really enjoys disagreements, okay? And because--

NEIDORF-WEINSTEIN: Me neither.

COLLINS: --I don't enjoy them, I don't get involved in them too much, and so I typically haven't thrown my weight around at all for whatever position I held here, CEO or otherwise,

and most of the times you would try to reason with people, but I don't even recall the last time-- Oh, I tell you-- I had a situation where I got a surprise about a year ago when we did the remodel here to move in. Our budget was \$125,000 and I walked up to the lady that was doing the remodeling, and I said, "How we coming?" She says, "We're over budget."

I says, "How much?" She says, "\$250,000." I says, "You mean double?"

NEIDORF-WEINSTEIN: Double budget what it's supposed to be.

COLLINS: Yeah, and I said-- And I didn't know anything. I had no idea. And she said, "It was this--" She gave me a lot of excuses why it went over budget, but, anyhow, it was a surprise, and I got mad at her. And so she never thought I liked her after that, but I can't remember another incident, in the last ten years anyhow, where I did that. And what happened is if you put out a couple of admonitions early on like "Don't surprise me"--

NEIDORF-WEINSTEIN: Right. I know you've mentioned that's really important to you. You don't like surprises.

COLLINS: Well, yeah, so nobody ever surprised me.

NEIDORF-WEINSTEIN: Yeah, so people know that that's your style.

COLLINS: Yeah, sure. And so, anyhow, but I really haven't had very many harsh words. I had one guy that I was unhappy

with because-- He ran the marketing department and he was very good.

NEIDORF-WEINSTEIN: I think you mentioned him in a previous interview.

COLLINS: He had a lot of ladies that worked for him. And he would swear at them, nose to nose in front of him. When he had his staff meetings-- And I don't go to his staff meetings.

I exit-interviewed about three ladies that worked for him over a period of about ten years and every one of them said that he'd go nose to nose and swear at them in front of the rest of the group and just call them names and everything like that, and so--

NEIDORF-WEINSTEIN: Only the women or--

COLLINS: No, only the women--

NEIDORF-WEINSTEIN: Only the women.

COLLINS: Yeah, yeah. And really just call them all kinds of names, and right close to them, bring his face close to them and really yell at them.

NEIDORF-WEINSTEIN: Very in-your-face.

COLLINS: Oh, yeah. And boy, on the outside, in terms of his rapport with his peer group and with his superiors, never seen even a hint of that. And his wife, really, really nice.

NEIDORF-WEINSTEIN: Sometimes you don't know.

COLLINS: This guy was some kind of Jekyll and Hyde [personality],

you know.

NEIDORF-WEINSTEIN: You don't know sometimes with people.

COLLINS: That's right, but when people would leave, I'd say, "Look, you've been here a long time," or whatever, "and we need to run this company better than it's being run now, and if you get my job tomorrow, tell me some of the changes you'd make--"

NEIDORF-WEINSTEIN: That's great.

COLLINS: And then they'd do that, and then I'd say, "You know, are there some things that you could tell now that you're leaving here that might help me do a better job at going on tomorrow?"

NEIDORF-WEINSTEIN: That's great.

COLLINS: And they loved to talk to you, and what really happened in a meeting in there-- And I heard some stories, and almost didn't believe them, but when you get a pattern of that coming along, you really believe that. You know, and that's unfortunate that people have that Jekyll and Hyde kind of thing, where on one hand they're dealing with their peer group and they just look like, you know, and then in a situation like that, when they're dealing with subordinates, they're really nasty sometimes.

NEIDORF-WEINSTEIN: I had a former boss like that, and I couldn't--

COLLINS: Really? Because I couldn't believe what I'm telling you.

NEIDORF-WEINSTEIN: Yeah, and that was the only situation, and I wouldn't have believed it when I first met him.

COLLINS: Oh, yeah.

NEIDORF-WEINSTEIN: But sometimes when people get into the real nitty-gritty of their work, they really-- Personalities can be a little scary, and I couldn't-- No one else was there.

We were working very closely together, and no one was there who really saw it in the same way.

COLLINS: Was this a one-on-one kind of thing, though?

NEIDORF-WEINSTEIN: I was his assistant, and I was working for the Democratic National Committee actually, and he was a pretty good political guy in terms of dealing with all the big fund-raisers and the Democratic National Committee, but when it came to dealing with people who were sort of working for him or under him, he was a completely different type of person.

COLLINS: Oh, yeah. Isn't that interesting?

NEIDORF-WEINSTEIN: Not nice. Sometimes it happens, but you learn. You know, you learn from every experience. So you did get involved with an HR [human resources] function with an exit interview?

COLLINS: Oh, yeah.

NEIDORF-WEINSTEIN: Did you do that for almost every employee that left Sizzler or Collins Foods?

COLLINS: Sure. Absolutely. Particularly if they'd been here for a little while, like a year or longer, and all of a sudden they're leaving for some reason or another-- Now if I had somebody who wasn't performing in their job and their boss came and said, "You know, Mary or somebody or Sam's not really cutting it here. We'd better help them redirect their career," and they would give me the wherefore and all that, "and maybe you'd give them outplacement, okay?" That's not what I'm talking about. I'm talking about when, all of a sudden, somebody like this one particular lady who'd been in marketing for maybe three, four years, and she's leaving. And I'm saying, "I'm wondering what's going on?" So I would ask her, on the sly, "Before you leave, come on in and see me. I'd sure love to talk to you and sit down and try to get some insight--"

NEIDORF-WEINSTEIN: That's great.

COLLINS: Because that's where you're going to get your best insight. It's fun. I really enjoy that. And they're so candid. They're not going to lie to you when they're leaving.

NEIDORF-WEINSTEIN: No, that's the nice thing.

COLLINS: They just don't.

NEIDORF-WEINSTEIN: I've had a--not with every company I've worked with--couple of exit interviews, and I find there's

nothing really to lose at that point, and it's your one opportunity, really, to be honest about what you think is good and what you think is not.

COLLINS: When I go to the restaurants, and we've got a lot of them, and every time I walk into a Sizzler and I get a chance to sit down with the manager with a cup of coffee-- I don't care if I'm in New York or Atlanta or Florida or wherever I am--the first thing I do is say, "Look, just for fun, play a game with me. Let's pretend that I get run over by a truck tomorrow, and you got to run the company. What are the first two or three things you'd like to see changed from your vantage point to make this a better company?" Boy, they'll tell you in spades in a hurry.

NEIDORF-WEINSTEIN: Do they really?

COLLINS: Oh, sure. Yeah, absolutely. Yeah.

NEIDORF-WEINSTEIN: Is it helpful, sometimes, what they say?

COLLINS: Oh, sure, yeah. Well, if their boss, the district manager, is not treating them well, if somehow their bonus calculations aren't coming out the way they like and nobody's taking care of it, they complain, but nobody's hearing their complaints. You can hear all kinds of things, but you need to-- And what it is is information. You don't act on it right away.

NEIDORF-WEINSTEIN: Not always.

COLLINS: You put it in the back of your mind; you carry it back to the office and you start asking questions in that vein, so that no one is ever embarrassed, but at least you get to bring it up, you know.

NEIDORF-WEINSTEIN: They must have been impressed that someone in your position in the company would have an interest even in doing that. That must have made them feel good as they were leaving.

COLLINS: Well, I think it gets back to, in my mind, ego. If you don't have too big of an ego, you don't mind putting yourself in that kind of position. If you have a big ego, it's probably hard for somebody to say to somebody, "Hey, if I get run over by a truck tomorrow and you get a chance to run the company, tell me what you'd like to see changed."

And it's very enlightening. WEINSTEIN: Yeah, I bet.

COLLINS: And it's always fun to do that. And not only that, how do you think the manager feels when I go away after spending an hour with him, and maybe had lunch and a cup of coffee?

What does he think about the company if the CEO comes along and starts asking, "Hey, how do you feel about working here?"

NEIDORF-WEINSTEIN: Exactly. It probably feels like they had, you know, some stake in it.

COLLINS: Or they're willing to listen.

NEIDORF-WEINSTEIN: Yeah.

COLLINS: And I like to be a good listener. You know, that's really fun to keep your mouth shut for a while and listen. Not in this case.

NEIDORF-WEINSTEIN: I'm not too good at keeping my mouth shut. I should learn to be better but--

COLLINS: I'm not good at it, although I tell people that over time I've learned to become a better listener, but I don't know if that's true or not.

NEIDORF-WEINSTEIN: Yeah, it's such an important skill, and I think most of us don't have it.

COLLINS: That's right.

NEIDORF-WEINSTEIN: There are very few people that have it. There's one more topic I'd like to cover. I want to ask you a little bit about innovation, and this is sort of the question.

One is: Would an entrepreneur emphasize innovation when it has a possibility to initially affect the organization somewhat adversely, but maybe for the long term--? Is that the kind of risk that you're willing to take? The other part of that is: What kind of innovations would you say have been most prominent in your company over the years? Is it more focused on process innovation, more focused on product innovation, or a little bit of both?

COLLINS: I don't think in terms of process innovation, other than what's happened in the last twenty-five years in terms

of management information systems, point of sale, how you handle your money, those kinds of things. I don't really know if that's innovation or just keeping up with the times.

NEIDORF-WEINSTEIN: I think it is if you have to recognize that it's going to be important to your business. And how quick were you to, sort of, start riding on that trend to take advantage of improved systems and such?

COLLINS: Oh, I think we're probably always watching it to try to-- One of the things in our business, where you take in cash every day-- And you need to have feedback almost on a daily basis. Right now, when I looked at this sheet just before you walked in, it shows me all the sales last week, by store, from Australia, the one hundred chicken stores, thirty Sizzlers; it shows me how much the volume was up or down from the year before for every one of those stores. And then I also have it from every store here in the United States, sixty-six Sizzlers, and--

NEIDORF-WEINSTEIN: A lot of numbers.

COLLINS: --then I have it from the largest franchisee here in town, the franchisee in Orlando, and one franchisee in Phoenix. So I have all their sales and all their ups and downs from last year, and I look at it every Monday morning just to see, "Hey, what's the trend? Where are we moving to?" kind of thing. And so that's always fun. But in order

to have that information-- I had it this morning, so I get it by noon, at least every Monday morning, for almost the whole system, and that's-- And we have one store that's way off in New York, like maybe in half-- And I walk in the first time I see it, and I says, "What happened?" And they said, "Jim, two new restaurants opened up within a quarter mile of us, and took, you know, half our business away in one week's time." Yeah, so I don't know if there's no innovation or process or anything like that, but having information available if you want it on a daily basis-- We normally like to think that we can poll our cash registers at night, between midnight and six in the morning, and have the information from that restaurant the next morning, and sitting here in the office-- NEIDORF-WEINSTEIN: Because it's electronically--

COLLINS: All done at night for the computer. Computer calls up the store, gets all the information out of the point-of-sale, and brings it back in here, so we have our information. And I think every business probably does it that way today. You know, it's pretty much standard fare, yeah, so there's nothing innovative about that. I think the only innovation that we have had here in our company is when-- It's been more a case of where we took a look at a company like Naugles with 235 stores whose stock is down to \$3 a share, and we're saying-- And Harold Butler owns 34 percent of the shares and he's got

financial troubles, and so we go--

TAPE NUMBER: III, SIDE TWO

MARCH 8, 1999

COLLINS: And I think the other thing that we've had high marks for as a public company for a long time--I don't know about this last time, but generally--and that is, if you've got something that isn't working, don't fall in love with it. Cut your losses early. And we've had some situations where we've cut our losses early, and the financial men just love you for that. If you wait too long and let it sink the ship, why they really get after you.

NEIDORF-WEINSTEIN: Right, so you've been good about that.

COLLINS: And so we've been pretty good about that.

NEIDORF-WEINSTEIN: Do you think that--? I mean, of course, you're in the restaurant business, and so tastes change and such. Do you think that you've been pretty good in terms of recognizing when those kinds of innovations need to take place, or do you think the formula has been pretty set throughout?

COLLINS: Well, I think we haven't been good enough for the last recent--

NEIDORF-WEINSTEIN: Really?

COLLINS: Yeah. We made a very conscious decision in about 1988 or '89, where we had a salad bar and a steak house and we changed the name of our company from--I've been through this with you, I think--steaks, seafood, and salad. We went

to Buffet Court and Grill, and we began to add hot items out in front, about ten or twelve of them, and when you put hot items out there, you keep them hot. As you keep them hot, the quality deteriorates, when they're sitting out in front on the salad bar. And so pretty soon, because there was so much food out front, we attracted what we call "trough eaters"--people who just went back up seven times, and picked up all the dessert-- And the people that we had in 1985-- The ladies said, "I don't want to eat too much; I don't want to spend too much money; I don't want to take too much time."

We lost all those people because the salad bar went away to a great big expensive buffet, so nobody ordered from the kitchen. We were down to where 75 percent of our sales were out in the front and the kitchen was sitting there to cook steaks and nobody was buying them, and we made a decision and went the wrong way. And now we've got two stores in San Diego that have only salad bar and took all the hot food out, and we're working real hard on that and merchandising that.

It's working out pretty well so far. But we're going to go back to probably a salad bar and steaks, and we're working first on having really much better steaks,

USDA choice and all that. You'll see our ads, and we're doing that, and we're gradually trying to wean away some of the hot food out there, because our salad bar we always had pretty good grades for. In other words, one of the better salad bars--I'm talking about the eighties now-- So we're trying to resurrect ourselves and go back a step, but whenever you take something away from a customer, unless you give them something in place of that--

NEIDORF-WEINSTEIN: In return.

COLLINS: --you're really in trouble. So, anyhow, we're working hard at that, but that, I think, in making that decision-- What happened, by the way, when we went to Buffet Court and Grill, originally it tested out very, very well--

NEIDORF-WEINSTEIN: You did test marketing of it?

COLLINS: --but, yeah, when the people came along, like the Golden Corral and Souplantation and Soup Exchange, they had so much more, and actually better than we did out front, and more seats, that they really hurt our business a lot. And you don't see Golden Corral much out here, but back East, they're--

NEIDORF-WEINSTEIN: Yeah, and Souplantation. You had talked about them last time a little bit in terms of the competition coming in.

COLLINS: And they have, all those places I've talked about, they usually have about--Golden Corral and the other one out of Atlanta I can't think of right now, Ryan's [Steak House]--400 seats in them, 450 seats, where we have 200.

NEIDORF-WEINSTEIN: Wow. That's a big difference.

COLLINS: So, anyhow, we, like I say, made a mistake, and paid the price for that. But I think up until then, from '68 through probably '91, we were really swinging high, wide, and handsome. So we learned some good lessons, but, you know, my philosophy is always [that] you learn more from your mistakes, and we learned a lot this time.

NEIDORF-WEINSTEIN: That's true. Is there something you can think of that you would say may have been your biggest risk in terms of innovation? Now, I am not saying it was a risk that failed--either one that failed or one that succeeded, that you at the time considered a big risk. Can you point to maybe one or two--?

COLLINS: We did some things. I told you about London Bridge Fish and Chips and how we--

NEIDORF-WEINSTEIN: You had talked about that.

COLLINS: All right, okay. But you want a big risk.

NEIDORF-WEINSTEIN: I mean, what you considered at the time you were making the decision to be some sort of a

risk.

COLLINS: Let me think about that. Okay.

NEIDORF-WEINSTEIN: Thanks, Mr. Collins.

TAPE NUMBER: IV, SIDE ONE

MARCH 30, 1999

NEIDORF-WEINSTEIN: We're going to start in on the subject of the effects of the environment on entrepreneurship. That is going to be largely our topic today. So one of the first questions I wanted to ask you is what elements of the environment do you think help to promote entrepreneurship in general, taking the people themselves aside. What do you think in the environment really promotes it?

COLLINS: Boy, that's a tough question, only in the sense that I think when you have a country like ours that's been over the last twenty or thirty years putting the environment on a much higher pedestal in terms of where we're headed, then it creates opportunities for entrepreneurs to do some new things that we probably wouldn't have done, whether it's additives for your gasoline, or some substitutes for chemicals that we used to spray our fruit trees with, that we don't do anymore because it's not a good thing to do, and all of those represent opportunities.

And I think the other thing, of course, is that an entrepreneur who has a particular business, if you get into an environmental arena that's very strict or new, you could stifle entrepreneurship for somebody who's created something that isn't going to do well. I guess you would say, for instance,

that Heal the Bay here in Santa Monica [California] is a really great environmental thing, but it's probably been mostly a volunteer idea, and I don't know that there's been a lot of money made on that. But probably there's companies around, whether they're oil companies or other kinds of--boat companies--that have had to change the way they do business in order to satisfy those kinds of things, so you have a scale that balances, and you need to do the environmental things which we have really, as a world-- We haven't taken good care of our world--not at all.

NEIDORF-WEINSTEIN: No, we haven't.

COLLINS: But we're doing better all the time. Probably more here in the United States than the-- Third World countries don't even think about it yet, because it's something so expensive that they can't really afford to do it. But here, and I was just trying to think if there were some things that have created maybe new opportunities for entrepreneurs with regard to the environmental-- I guess that's what we're supposed to be talking about, right?

NEIDORF-WEINSTEIN: I think I didn't make this clear. Maybe environment is not the best word. What I mean is what elements of one's surroundings, not necessarily environment, but what cultures, what atmospheres, what--For instance, the surrounding economy. What factors outside of the specific

entrepreneur, outside of this specific business, in the business environment make it so that entrepreneurship would be favorable.

COLLINS: Well, I think one of the things that-- There are a couple of things that have made it favorable in the last few years-- The fact that some of the major corporations have downsized, the old adage of--which I was raised with-- where you went to work for a company, maybe you stayed your whole life--

NEIDORF-WEINSTEIN: Not anymore.

COLLINS: --and now people are finding out that they like being their own boss and going into business for themselves.

The cost of money has been not so very expensive in the last few years, and also it's been very available, and you're finding-- And I'm involved with one of the venture capital firms that loans money out to small business people all the time and takes a big piece of the equity in that for that kind of money. But it allows a gentleman with a good idea and no money to get out and do his own thing if he's got a good idea, if he can put together a business plan and convince somebody, and it's happening all the time. In fact, I think it's happening at such a much greater degree today that you're finding out, particularly in Southern California, probably more companies, both individual and corporations and partnerships, started here than any place in the United States

on a daily, weekly, monthly basis.

NEIDORF-WEINSTEIN: I didn't know that was true.

COLLINS: Oh, yeah. By far, just tremendous. Thousands and thousands of new businesses every day and every week.

NEIDORF-WEINSTEIN: So it sounds like you think that the climate has grown more favorable. What do you think in particular about California has caused that to be true? That there are so many new entrepreneurs springing up and new ideas being pursued here in California?

COLLINS: Well, number one, we-- You've got a lot of industry spectrum here, from the movie industry over here, to agriculture over here, and everything in between. In my own case, we've seen a great plethora of franchising companies that help people get into business and doing business for themselves, even though they're a part of a larger umbrella. And certainly whether it's PIP Printing, Kentucky Fried Chicken, or anything you and I can think of, you know, there's just lots of opportunities there. But I think in general, with, like I say, the large companies downsizing, and a lot of white-collar, middle management being let out in the last ten years, have pushed a lot of people in that direction. And if they can find something that is satisfying, and will give them a lifestyle and a living that they can go along with, it-- Being in business for yourself is a really satisfying thing I think.

NEIDORF-WEINSTEIN: Yeah, but again, it takes a certain type of personality to do it because not everyone would feel comfortable--

COLLINS: That's right. And I think, too, that most of the people that I know of that are in business for themselves work hard and long hours. They work five, six, seven days a week, and maybe a ten- or twelve-hour day. You know, you don't have to do that, but in order to be successful, usually when you start, you have to do that.

NEIDORF-WEINSTEIN: I'm just sort of capitalizing on what you just mentioned. You said that there's not the same kind of security that there has been in the past in companies. Do you think that is actually causing people to take more risks and say "I'll be an entrepreneur" even if maybe under other circumstances they might not, in other words, necessarily have the same kind of guts that the typical entrepreneur might have? Yet because they feel they are not at all protected by their company nowadays, do you think people are, just in general, willing to take more risks, because there's such insecurity within corporate America?

COLLINS: I don't know whether it's as much taking the risk as looking at it as a-- When they're out of work they look at that as one of the alternatives. And because money is available, it's a direction that they might gravitate to,

when in reality they've been a big company person. You see so many people that have been big company people moving that way. And I think if I could put it in kind of funny-- It's probably a sign of the times. We're just going through that and it's moving in that direction.

NEIDORF-WEINSTEIN: So you think people are doing it more after they leave corporations, not necessarily in anticipation of leaving them? In other words, if they are physically downsized, they will then consider it, not necessarily before.

COLLINS: Yeah, probably. I think most people that have worked here-- And we have a lot of people upstairs that have been here more than twenty years, and I don't think they're around looking to go into business. On the other hand, if for some reason, we downsize and they're out of work, they have to look at all their alternatives. And one of their alternatives is doing something on your own.

NEIDORF-WEINSTEIN: Yeah. So you think it's driven by that?

COLLINS: Yeah, yeah.

NEIDORF-WEINSTEIN: Do you think, if any, there are certain types of governmental regulations that are either favorable for entrepreneurial activity, or actually adverse--? Basically, do you think there's anything out there that has either recently or over the years, as things have changed, from a legal standpoint, made it easier or more difficult to become an entrepreneur?

COLLINS: I haven't thought about how that would be. I think it's probably been some of both. I think you would find that the Southern California Chamber of Commerce probably, just for instance, puts on seminars all the time about how to start a business, how to get into business, what kinds of things are available, and they probably put out-- And I see a list of the new members all the time on the back page of their periodical, and it always shows a bunch of really small businesses that kind of started up and joined the L.A. Chamber, if you will. On the other hand, you get the state of California and the legislature and also maybe the board of supervisors of the city council putting into effect laws that probably make it tougher to do certain kinds of things. And, you know, I don't know if you have any experience getting building permits today, and the things that you have to comply with in terms of the environment can get discouraging for people.

NEIDORF-WEINSTEIN: So that's much stricter than, for instance, when you started out in business.

COLLINS: Oh, there's no comparison. Just no comparison. And also you have the state of California-- And I'll give you one instance. This is where there's a federal minimum wage--state of California, minimum wage is much higher than that--and now that [Governor Gray] Davis is elected they want to go a dollar more. And I don't know whether that's good

or bad in my mind. It doesn't really affect us with adults, but with young people between the age of sixteen and eighteen, who are in high school, you have to start them out, let's say, at \$6.50 or \$7.00 an hour and then train them, too. And it's interesting, just to give you an idea, almost every state in the United States, forty-seven of them, have what they call a tip credit. So if you have a waitress working on the floor in Chicago and we do in our Lawry's Prime Rib, she probably only gets from the company \$5.25 an hour, less a meal allowance. That brings her down to about \$2.50 an hour, but she gets about \$100 a day in tips, so it doesn't really matter. She's probably making \$50,000 a year in tips, and it doesn't matter. And in the state of California there is no tip credit, and there's two other states that don't have tip credits, but forty-seven states do, and I happen to know one gentleman in the United States who has about 375 steak houses in the United States, and he basically doesn't want to come to California--

NEIDORF-WEINSTEIN: Because there's no tip credit?

COLLINS: Well, that and other-- The tip credit, the minimum wage, other-- Probably environmental requirements for restaurants, and he's just saying, "When I come to California I'll make \$75,000 a year less per restaurant than I make in other states, so why would I want to bother to come here?"

And that's his take on it. And that's not totally-- The flip side to that is that there's a lot of people in the state of California, and they want to go out and eat too, just like everybody else, and so you have to learn to adjust to these tougher standards. But the standards here are basically-- I would think California would probably be right at the top of the list when it comes to meeting criteria.

NEIDORF-WEINSTEIN: Stringent.

COLLINS: Absolutely. No question about it. And taxes are high. The state taxes here, I think right now-- The state tax is 9 percent. Top bracket, see. And that's down from 11, but still, 9 percent.

NEIDORF-WEINSTEIN: It's high.

COLLINS: So when you add that to your federal [tax] you still pay a lot of taxes to live and be in California.

NEIDORF-WEINSTEIN: Yeah, those are some really good examples.

COLLINS: But I don't know if you heard the news today? It's all over-- All the way driving to work this morning--The new forecast is that things are going to be really good the next three years in California, so there's a lot of action here.

NEIDORF-WEINSTEIN: That's good.

COLLINS: That's very good.

NEIDORF-WEINSTEIN: If people are willing to take the risk to come.

COLLINS: Sure, sure.

NEIDORF-WEINSTEIN: Yeah. Those are really good examples.

Just building on that a little further-- Is there anything that you can recall over the years that's been particularly favorable or unfavorable that has maybe gotten in the way of you pursuing an idea? Anything you can think of, regarding all your businesses?

COLLINS: No, I don't think so.

NEIDORF-WEINSTEIN: Just those things that you mentioned.

COLLINS: Yeah, yeah. I think that the thing that is a little discouraging in the state of California, for the kind of business we're in, is that the costs of real estate and construction are a lot higher here than they are in Arizona, in Nevada, in Utah, and many other states. [In] Texas, the cost of land and building and construction are less, so that when you open up a new restaurant here, and if you buy the ground, or even if somebody else buys and leases it to you and builds you a building, which can be both ways, they still have to mark the rent up commensurate with their investment to get a return.

And that's easily understandable, but it means that we have to have higher volume restaurants here to afford the land and buildings compared to other states. Some of us are break even-- Break-even volume is higher here, just is, and then when you add on top of that the things that you'd have to

do with your cooking equipment with regard to the environment, and we move over one step more to the minimum wage, and the no tip credit, all of those things add up to making it tougher in this state to make a profit.

NEIDORF-WEINSTEIN: Sounds like it.

COLLINS: Yeah, in terms of that. But everybody's doing it, so it's, like, not discouraging too many people, but it is a tougher hill to get over.

NEIDORF-WEINSTEIN: Some people feel they could do better in a less competitive environment.

COLLINS: Yeah, absolutely.

NEIDORF-WEINSTEIN: Okay, well, the next question I have concerns the environment within and without an organization.

Would you say that autonomy and freedom motivate entrepreneurial activities more or would you say that more structured environments, even though obviously less autonomous, are more efficient and encourage entrepreneurial activity? Which do you think is the more--whether it would be inside a company and the forces outside, more loosely defined, or do you think more structure is more favorable for entrepreneurial activity?

COLLINS: Well, let me tell you what I think, okay? I think when it comes to people who are entrepreneurs, I think the freedom and the no structure is kind of their thing, and they

really like to do it that way. And, yet, we had just the flip side of that, and it's so easy, because I've been at it for so long-- When you look at a franchise, you don't have autonomy.

NEIDORF-WEINSTEIN: Right.

COLLINS: When you have a parent company that-- You have a contract that's this long, and it tells you that this is what you're going to do and this is what you put on the menu, and you can't add what you want. And this is true whether it's PIP [Printing] franchising or any other franchise, you have rules and that's why when you get-- And so what happens is a lot of people out there who are not entrepreneurial at all get within that framework, and they're able to perform and go into their store every day with a fairly confined situation in terms of what they can do advertising-wise, how much royalty they pay, what time they can open the store and close it, and literally--

NEIDORF-WEINSTEIN: That's structure.

COLLINS: --you open at nine in the morning; you got to close at five or whatever. Franchises are, most of them, the good ones, are very--McDonald's--well structured, and if you were sitting here talking to the head of McDonald's, he'd say, "We don't want any entrepreneurs."

NEIDORF-WEINSTEIN: Right.

COLLINS: He really wants somebody that will follow the manual.

NEIDORF-WEINSTEIN: Exactly.

COLLINS: And that's not an entrepreneur. The guy who is really an entrepreneur is one who doesn't want to follow a manual.

If he does, he wants to write his own.

NEIDORF-WEINSTEIN: Right.

COLLINS: But both of those are independent business people, but one a totally different kind of a person, I think.

NEIDORF-WEINSTEIN: So you might not even call them an entrepreneur in a sense.

COLLINS: Not the McDonald's franchisee. Not really.

NEIDORF-WEINSTEIN: Yeah.

COLLINS: He really is a guy who wants to be in business for himself.

NEIDORF-WEINSTEIN: Right.

COLLINS: But he's not an entrepreneur.

NEIDORF-WEINSTEIN: There's the difference. That's a very interesting distinction. And that makes a lot of sense. So you think, basically, in the true sense of what an entrepreneur is, that really the freedom and the more unstructured environment is what helps foster entrepreneur activity?

COLLINS: Sure, yeah.

NEIDORF-WEINSTEIN: But I guess, then, after a certain point you need some-- You need the structure, but yet, the structure

can be stifling in terms of developing ideas.

COLLINS: What happens is--and we talked about this before, and I was reading again this morning--that they were just mentioning that this particular company-- The man is up to now, let's say, 100 restaurants, or 150 Pizza Inns, let's say, okay, and he probably started with one. He may not be as a-- Oh wait, I know where that-- The article said something-- He was the largest franchisee in the system, okay? Got a lot of them.

NEIDORF-WEINSTEIN: I see.

COLLINS: [He] may not be an entrepreneur because he didn't think up the system.

NEIDORF-WEINSTEIN: Right.

COLLINS: He just got it and started with one and got-- And I started with one chicken store and got to 209 of them here domestically, and, I think, by the way, it was very successful for me. What happens with entrepreneurs when they get so big that they have to delegate to other people to get it done-- They begin to, real entrepreneurs, I think, get uncomfortable--

NEIDORF-WEINSTEIN: Yeah, you've mentioned that.

COLLINS: --and they tend to sell out and move back to do something else. Start over again. They'd rather start over again small because they really are entrepreneurs and that's a different breed of cat. It really is.

NEIDORF-WEINSTEIN: Definitely. That's a good way to distinguish it, I think. What would you say promotes an entrepreneur's adventuresome outlook? What kind of things in the environment or in the surroundings help to do that?

Not only an adventuresome [outlook], but an aggressive attitude, the ability to, or the urge to, demonstrate success and not to be discouraged by failures. What do you think, if anything, there is, that--? Obviously we've talked about the fact that it's something from within the individual that feels this drive to do this, but is there anything, you think, externally that promotes this as well?

COLLINS: Externally. We're talking about externally that promotes entrepreneurship?

NEIDORF-WEINSTEIN: Yeah, well, promotes the, sort of, adventure spirit and the desire to be aggressive and to go out there and demonstrate success and such. Is there anything that you can think of?

COLLINS: You know I suspect that--and I've watched a little bit over the last four years with the students at UCLA--they probably, some of them anyhow, hear about our entrepreneurial program at UCLA. In other words, [there is] some [specialization] there, and the [Harold] Price Center [for Entrepreneurial Studies] and so forth-- And most of the students who come to UCLA have been working in a company environment,

almost without exception. And having my TEC groups for four years, and, you know, fifteen students, and talking to them, and then having about two out of every ten that graduate start a brand new thing making something, you know, it's just incredible.

NEIDORF-WEINSTEIN: Is that the statistic, really?

COLLINS: Oh, that's my statistic, the two out of ten. I have no idea, but the fact that somebody who has been working for IBM [International Business Machines] or McKinsey [and Company] or working for Goldman Sachs or whatever, you know, Hughes Aircraft [Company], wherever they came [from]-- And they come back to school, and they're twenty-nine years old on average, and they spend two years at UCLA and they begin to think that maybe there are some vibrations there that say they want to be entrepreneurs, because they came [to UCLA] in the first place because UCLA has this reputation-- And a couple of these young kids, one called me from Northern California the other day, and--

NEIDORF-WEINSTEIN: From your TEC group?

COLLINS: Yep. And he's making some stuff-- He's got about six of them in the company and they're really having a lot of fun, a regular start-up. Of course, there have been some others, too, but-- And one of the guys was in my first class. He wanted to make movies, and I introduced him to a couple

of people that make movies--Kip Hagopian, who's on the board of visitors with me at the [John E.] Anderson [Graduate] School [of Management], who's been making movies now for about six or seven years. So he was reading scripts and writing scripts and doing this and doing that, but those are-- I don't know if I'd want to take that much risk. That's a lot of risk to run and do that and kind of-- [You] don't know whether you're going to have enough to put food on the table. You need to almost be single and don't worry if it doesn't work, you know. You got to kind of go for broke.

NEIDORF-WEINSTEIN: That's interesting that you say that, because you did that; I mean, you really did that when you first started and you kept doing it.

COLLINS: Except that I had the McDonald's pattern out there and I copied them. I didn't originate it. I wasn't like the McDonald brothers [Richard and Maurice]. And Ray [Raymond] Kroc, he built a fabulous corporation, I mean, really a fabulous corporation, but he got the idea from those two brothers, like I did, and took it back and bought them out, took that idea, and expanded it. But I think of him as probably pretty much of an entrepreneur, but certainly a tremendous risk taker.

NEIDORF-WEINSTEIN: Yeah.

COLLINS: Now, these brothers, they only had one place, and they were so happy with it they didn't even want one more.

And me--

NEIDORF-WEINSTEIN: Isn't that interesting?

COLLINS: --I'm the other way around. When I get one going I want a second and a third one and a fourth. You know, we've been through that, right?

NEIDORF-WEINSTEIN: Right. So, I mean, you had mentioned some of the factors before-- You said you think it's sort of the lack of a guarantee out there nowadays and also the people trying it out within companies and feeling that maybe they can't--getting restless--be as entrepreneurial as they would like.

COLLINS: Well, and you know one of the things that pushes you in that direction is the fact that if you don't feel very secure in the big company environment, because of what's happening every day-- You read the paper; how many people are getting let off?

NEIDORF-WEINSTEIN: Exactly.

COLLINS: It tends to push you toward something that you never thought you'd do before and that's be in business for yourself.

NEIDORF-WEINSTEIN: That's right.

COLLINS: And you can do it one of two ways. You can either do it by inventing a new software program for a computer, which would be entrepreneurial in my mind, or you could go over and say, "Hey, why don't I get a franchise from PIP or

Taco Bell" or something like that.

NEIDORF-WEINSTEIN: Right.

COLLINS: I'll give you a fun story. Zubair Kazi, he's from India, and trained at our Centinela [Avenue] and La Tijera [Boulevard] chicken store with my oldest boy [Kelly L. Collins], who's also got two chicken stores--

NEIDORF-WEINSTEIN: Oh, no kidding.

COLLINS: --in the desert, hell, yeah. They trained together.

Zubair stopped by yesterday. He worked for us for a number of years and then he went to work for the parent company.

Anyhow, Zubair is a franchisee with 115 chicken stores now!

I couldn't believe it.

NEIDORF-WEINSTEIN: Oh, my gosh.

COLLINS: He's got some in Hawaii; he's got some in California; he's got some back East; but, anyhow, just--

NEIDORF-WEINSTEIN: That's exciting to see that.

COLLINS: Yeah, yeah. And he's a nice young guy, and you know, when I think about him coming in and training to be a chicken cook with me and then going on, and now he's very, very successful-- My son says he has the biggest home in the San Fernando Valley [laughs], ten or twelve thousand [square] feet. Yeah, but that's the kind of story, you know. Now, he's in the confines of a franchisee agreement, but because he's so good at getting results the parent company is letting

him continue to buy and buy and buy more stores. If you walk in and you're doing a "C" job with Kentucky Fried Chicken, they don't want you to buy any more stores. If you're an "A" operator they say, "Okay. We'll help you get into more of them." Zubair's up to 115 stores now--

NEIDORF-WEINSTEIN: That's amazing.

COLLINS: --from zero. From just being a cook to start with, and then he was one of our store managers when he left us, and I think worked for the parent company for a while and then about, I don't want to exaggerate, approximately ten years ago, he got a store somewhere--

NEIDORF-WEINSTEIN: That's really exciting.

COLLINS: --in Studio City [California], I think, yeah, and then moved to 115 stores. So, anyhow, that's a great story.

And that's the "only in America" kind of thing. You can't do that in a lot of countries.

NEIDORF-WEINSTEIN: And it's true. I know that when they talk about this in some of our classes, they say that at least they define this--it's slightly different from your definition-- Some of the professors will say, "Being entrepreneurial is not only just going out and starting your own business, but it's being creative. It's thinking; it's coming up with ideas, trying to implement those ideas." Even within a large company environment you can be entrepreneurial.

But I suppose, you know, you have to say that that kind of drive is not entrepreneurial in the classic sense as you've described.

COLLINS: I think to be entrepreneurial in a big company, it takes a culture that creates that. If you work for a big company--

NEIDORF-WEINSTEIN: Welcomes it--

COLLINS: --that welcomes entrepreneurial thinking--

NEIDORF-WEINSTEIN: Many don't.

COLLINS: No, that's right. But if you get one, then you can have a lot of fun inside of a big company--

NEIDORF-WEINSTEIN: With the resources and doing your own thing.

COLLINS: Absolutely. You can imagine what it's like in a drug company. They give you a bench and a laboratory and all the help you want, and say, "Hey, take five years, and this is what we'd like you to do and have a lot of fun." You wouldn't want to be out on your own there, because you get a chance to create every day and love it.

NEIDORF-WEINSTEIN: And have the resources to do it. But that's obviously a rarity. But that's an interesting perspective. The next question I have is to what extent you think the diffusion of knowledge is an important environmental factor in the surroundings, in terms of encouraging

entrepreneurial activities? How important do you think it is that entrepreneurs are exposed to the diffusion of knowledge in order to really make their ideas realities? How important do you think that is?

COLLINS: You know, I haven't thought about that too much, but I suspect that it's a yes and no answer. Sometimes it is in terms of--

NEIDORF-WEINSTEIN: How has it been in your case? I suppose that's easier.

COLLINS: Talk a little bit about going to Hamburg, Germany, right, with our chicken and our Sizzler?

NEIDORF-WEINSTEIN: Yes.

COLLINS: Back in 1970 and didn't do our homework, didn't have the knowledge, strictly shooting from the hip and it's a big, big mistake. But I like the story, and I don't mean to be bending your ear here--

NEIDORF-WEINSTEIN: Oh, you're not at all.

COLLINS: --that we always tell them, about a man in the Depression, had this hot dog stand and he put out the best hot dog of anybody, and everybody came for his hot dog. Everybody came--and he was just so successful. And he sent his son to Harvard [University] and his son graduated from Harvard. When he got through, he says, "Dad, I'm going to come home and help you with your hot dog stand." And he came

and the first day, he says, "Dad, I know where we can get some hot dog buns a little cheaper than this and I know where we can get some ketchup and mustard a little different than this and some hot dogs won't cost as much, and we'll make a lot more money," and pretty soon less people came and business went down.

NEIDORF-WEINSTEIN: Right. Is that a true story?

COLLINS: Well, no. [laughs]

NEIDORF-WEINSTEIN: I like it. Anyway, it's inspirational. You made it sound like it was true.

COLLINS: I think that's the one Ray Kroc used to like to tell, though, because Ray Kroc had a disdain for people who had been to college, and so whenever--

NEIDORF-WEINSTEIN: Really?

COLLINS: Oh, yeah. When he first started his company, he had the thing on the wall about people who are intelligent derelicts and don't know too much. And I think he had the reputation early on when he started the company that he brought all his grill cooks and people up from within the company, but he never would hire a college graduate. That was just against the rules.

NEIDORF-WEINSTEIN: Interesting. Because he thought it was more, sort of, instinctual, people's ability to succeed?

COLLINS: He wanted people that would be operators up from

the bottom. I would tell you that if a guy has got the right stuff inside of him, the more knowledge he has the more chance he has of being successful today, particularly today. In 1950, not so sure, but this is 1999, and things have changed a lot there. These two brothers in San Bernardino had an idea. And they just were so successful it was incredible, and yet I doubt, and I know this sounds funny, but I doubt either one of them did more than high school at the very best. And they didn't have any knowledge, but, like I say, they opened that stand in '48, so that's fifty years later now, and, today, to try to do that same thing without some knowledge about real estate, location, and traffic counts, probably wouldn't do as well. But when you open up--and we've been through this--the supply-demand will spell out a killer. They had a supply part and the demand was great, and the supply was very small, so they were eminently successful without even realizing what they were doing. And, now, with a McDonald's on every corner and a Burger King on the next corner, and a Wendy's [Old Fashioned Hamburgers] on the next corner, a Carl's Jr. here on the next corner, an In-N-Out [Burger] on the next corner, hey, you'd better have some knowledge or you're not going to make it at all. You're not going to make it at all. Today, if you didn't have one of those five brands, you better not open a hamburger stand. I don't know whether

you'd make it or not, interestingly enough.

NEIDORF-WEINSTEIN: Yeah, very different environment from the one you came into.

COLLINS: So competitive. Much more supply than there is demand and every time-- We don't think when another Wendy's or McDonald's or In-N-Out Burger opens today-- You don't create more customers anymore--hamburgers every week--you [are] really taking from someplace else.

NEIDORF-WEINSTEIN: That's right. You're drawing from the same pie.

COLLINS: Same pie, absolutely, yeah. So you need to have some really good knowledge in that case to do that, and it wasn't necessary fifty years ago at all.

NEIDORF-WEINSTEIN: That's very interesting. What kind of effects do you think there are of legal restrictions on access to information, such as privacy laws on entrepreneurial activities? I know we had talked about laws before. Can we just talk a little bit about information? [Do] you think new privacy laws have affected entrepreneurial activities in any kind of way?

COLLINS: Boy, I wish I could answer that with an educated guess, but I really-- Because of the industry that I'm in-- food, okay--we don't-- We're kind of an open book around here. Nobody wears badges in the company and people walk through

the door-- There's nothing on any desk that would cause us to have concern. You go into some companies and you better identify yourself or be accompanied by an employee or they won't--

NEIDORF-WEINSTEIN: Microsoft--

COLLINS: Well, yeah. They wouldn't let you in the door. Sure, absolutely. So I don't have a good feel for that, but in our particular industry there's not much that's proprietary because when you put your restaurant-- And you open it every day, people can walk in and see what you charge, [see] what's on your menu. They can say, "Hey, I like what I see here today. I'm going to copy it." They do all the time, by the way. They do all the time.

NEIDORF-WEINSTEIN: Yeah, you said that there are many imitators but none of them can fit into that big market of the four or five stores that you mentioned.

COLLINS: Well, and the thing that happens when you have, of course, a large group of stores, your marketing budget gets to be very large. And in our business, a marketing budget like McDonald's or Burger King, or whatever is really important to their success, and the little guy can't compete against that at all. So he's got to find another niche; whatever that niche is, he's got to find a niche.

NEIDORF-WEINSTEIN: So you think that marketing has a lot

to do with it? Being able to compete--

COLLINS: Sure.

NEIDORF-WEINSTEIN: Advertising dollars and such--? Not necessarily technology or the actual product?

COLLINS: Yeah.

NEIDORF-WEINSTEIN: You're saying that you can come up with products that are just as good.

COLLINS: Yeah, absolutely. But that's not true in what we call the white tablecloth business. Most white tablecloth restaurants are not chains; they're built around an individual, sometimes a chef or somebody like that. And you go there, and by the way, they use public relations, and we don't; they don't use advertising.

NEIDORF-WEINSTEIN: No, they don't.

COLLINS: They are not on television.

NEIDORF-WEINSTEIN: No.

COLLINS: And the reason you go there is because somebody said, "Boy, I had the most fabulous meal at this restaurant. You've got to try it." And so, really, word of mouth, which is the very best advertising you can get. That and, by the way, I think that's one of the things that helps In-N-Out Burger. I think people talk about them more than any other chain, and "If you want a really good fresh-made hamburger, try In-N-Out." And they do better than McDonald's.

NEIDORF-WEINSTEIN: I have heard people say that. And I've never actually had an In-N-Out burger.

COLLINS: You really ought to try one.

NEIDORF-WEINSTEIN: I've heard that. I know.

COLLINS: You got one up there at school there that you can try, right?

NEIDORF-WEINSTEIN: Right. Well, I have heard people say that it's one of the best burgers that you can get.

COLLINS: It is.

NEIDORF-WEINSTEIN: And they don't say that about some of the others.

COLLINS: Yeah. But you know what, McDonald's reputation, and I know it well, anyhow, is not necessarily the best food, but it's the most consistent, from Japan to Abu Dhabi, in the world. So that when you walk into one in Buenos Aires [Argentina] or one in Alaska you're going to get pretty close--

NEIDORF-WEINSTEIN: The same thing.

COLLINS: --to the same thing, and boy, that's worth a lot on a national basis. But with regard to competing, I suspect that you'd get a better sandwich at Carl's Jr. than you would at McDonald's today, you know.

NEIDORF-WEINSTEIN: And also the prices at McDonald's are very good.

COLLINS: Oh, yeah. So you've got consistency, you've got

cleanliness--

NEIDORF-WEINSTEIN: Value.

COLLINS: Good price, you bet. And a lot of marketing behind that. Their budget would stagger you, to know what-- Their annual sales now I think are \$14 billion or something like that. So anyway, they're really way up there.

NEIDORF-WEINSTEIN: I mean, the logo--it's like the Nike "swoosh."

COLLINS: The golden arches?

NEIDORF-WEINSTEIN: And that has just so much marketing power without anything more even.

COLLINS: By the way, originally, that was just the "M" for the brothers.

NEIDORF-WEINSTEIN: Really?

COLLINS: Yeah. And it got to be the golden arches later on when they dropped the rest of the-- They used to spell out "McDonald's." The rest of it. That was the "M."

NEIDORF-WEINSTEIN: And they just dropped the rest of their name?

COLLINS: And just went for the golden arches--

NEIDORF-WEINSTEIN: Oh, that's interesting.

COLLINS: --which was a really great move.

NEIDORF-WEINSTEIN: Oh yeah, very smart. It's harder to fit "McDonald's" versus the "M"--

COLLINS: Oh, sure. It's probably today the most recognized symbol, without a word to it, in the whole world.

NEIDORF-WEINSTEIN: Exactly. We studied that in one of our marketing classes: put a whole group of logos up there. They put the Nike "swoosh," they put the golden arches, and, yeah, it's really amazing.

COLLINS: The other one that would be pretty big right now would be the bucket of the Colonel. Interesting.

NEIDORF-WEINSTEIN: I didn't get a chance to see this but I don't know if you ever watch A&E's *Biography*, but, actually, it's a very good program, and there was--

COLLINS: My wife watches it every day.

NEIDORF-WEINSTEIN: --really--a program on Ray Kroc. I think it was about a week and a half ago.

COLLINS: Yeah, Ray Kroc, Colonel [Harland] Sanders, [J.W.] Bill Marriott [Jr.], and [R. David] Dave Thomas from Wendy's were all on.

NEIDORF-WEINSTEIN: I wish I'd seen them.

COLLINS: I taped the one on the Colonel. I have a tape of it if you ever want to see it.

NEIDORF-WEINSTEIN: Oh, yeah. Do you think there was a lot that was inaccurate?

COLLINS: Oh, no, they did it very accurately. They called me from New York when they were doing it. They said, "We

understand [you have] a copy of the contract between the Colonel when he sold out," and I did, and I sent it to them. And, no, they had his two daughters that helped do the tape, and Pete Harman. It was very accurate. The part that I didn't really know too much about him was from the time he was born and as a small boy and raised, and I guess his father either left him or whatever happened, but he helped his mother raise his brothers and sisters, I guess, as a young person. I didn't know too much about his life prior to the time I met him--a little bit--up maybe from the time-- Let's say, I probably knew about him from about 1940 on, but I didn't know about him from 1890 to 1940, the first fifty years of his life. I didn't know anything about him. This film had a lot in there on that.

NEIDORF-WEINSTEIN: Interesting.

COLLINS: So it was fun. Yeah.

NEIDORF-WEINSTEIN: Next question I have: Do you think there are ethnic, religious, or other cultural influences that tend to influence someone to become an entrepreneur now? I know when we first started talking you had mentioned-- You talked about your own specific background and how you got into entrepreneurship, but in terms of what you've seen, either as far as yourself or others that you've seen, do you think those factors play a real important role in--?

COLLINS: Well, you know, we've seen in Southern California, and I don't know how it would go around the United States, but are you aware that there's a program here, if you invest, as a foreigner, \$250,000, that you can stay in the United States?

NEIDORF-WEINSTEIN: I did not know that.

COLLINS: Okay, well, we have had over the last ten years a number of Asians, Vietnamese, and others that come to the United States and want to stay here, and they go out and buy a franchise, and in our case, Sizzlers, and chicken stores, all kinds of franchises, and they just keep doing it. They buy small grocery stores, they buy 7-Eleven's, they buy everything they can buy.

NEIDORF-WEINSTEIN: That, I've seen. Yeah, there are a lot of ethnic--

COLLINS: I guess in the Winchell's Donut [Houses] I understand the whole chain of so many hundred donut shops are probably all owned by a certain nationality. I don't think it's Chinese, but it could be Vietnamese, but whatever.

NEIDORF-WEINSTEIN: I've noticed a lot of 7-Eleven's are owned by Indian--

COLLINS: And they do that because it allows them to stay in the United States.

NEIDORF-WEINSTEIN: And the federal government subsidizes

that, you're saying?

COLLINS: Nope, nope. The federal government tracks it.

NEIDORF-WEINSTEIN: Oh, I see.

COLLINS: You come in; you can have a visitors permit for up to six months and then you've got to leave. Right? But if you want to stay, if you create jobs, and you make an investment, a financial investment in the United States of \$250,000--

NEIDORF-WEINSTEIN: Oh, you're saying the individuals have to come with money on their own.

COLLINS: Oh, sure. What they do is they bring the money from their homeland or get it from their relatives and they come here and they get to stay here. But I don't think that's what you were talking about.

NEIDORF-WEINSTEIN: Well, I mean, for instance, relating to role models, parents, peers, and other co-ethnics who display certain tendencies toward entrepreneurial activities, as you've just mentioned, do you think--? I know that you've discussed you're certainly influenced by people in your own life--but do you think that's also a large part of what influences others, too? I mean, there are those kinds of ethnic-religious peer group influences and such, or do you think it's more sort of something from within? Do you think that has a large influence?

COLLINS: You know, I don't have much knowledge on that. It

would strictly be a guess. I think that Asians, particularly the Chinese, of course, have always been good business people and they have that reputation, but I really-- Gosh, I just don't have a lot--

NEIDORF-WEINSTEIN: A lot of direct experience. That's okay.

That's all right. That's no problem. Why don't we try to maybe go back to the question of the risks. And I know that you've talked about your career; you've mentioned certain steps that you've taken. But is there really one or maybe even two things that stand out in your mind when you were making a decision to go forward and do something that you really felt as though this is a risk, and it's something that you were concerned about doing? Was there something that you can recall? Any aspect of your business? Aside from getting married--

COLLINS: Yeah, right. [laughs] You've been married how long now? Six months. Okay, big risk right? [laughs]

NEIDORF-WEINSTEIN: I can't speak to this issue yet.

COLLINS: Oh, gosh. I don't know. My story has always been the same--being in the right place at the right time and it is certainly sort of true. I think that there may have been a time when I took a risk like, you know, leaving my job, my construction job--

COLLINS: Right. You were talking about that.

NEIDORF-WEINSTEIN: --and opening up a hamburger stand, and yet, at that age, it didn't occur to me that it might have been a risk.

NEIDORF-WEINSTEIN: A risk, right.

COLLINS: Today I might look at it and say, "Gee, you don't want to take a risk like that." And I think age and risk probably go together. A person who is getting-- Let's say he's fifty-five or sixty years old, for him to do something would be risky, right?

NEIDORF-WEINSTEIN: Right.

COLLINS: Whereas if you were twenty-five and not married, you were single or something like that, you would-- The risk factor doesn't play a big part of it. You're saying, "Hey, I like this; I want to do it, and if I don't make it, I'll start over again or something like that." You don't even pay attention to it.

NEIDORF-WEINSTEIN: Right.

COLLINS: So at the time you do it, it doesn't seem like a risk. At the time I did the hamburger stand it did not seem like a risk.

NEIDORF-WEINSTEIN: Right, but it was.

COLLINS: It seemed like a lot of fun. Probably was a risk.

NEIDORF-WEINSTEIN: But still, you never really felt going along sort of a sense of, maybe, "What am I doing? I can't

afford to do this," because it was just more of an adventure for you.

COLLINS: Yeah. Although I always like to tell the story-- You learn more from your mistakes than you do from your successes, and I think I was so successful in the hamburger business that--I think I reiterated to you a little bit about [it]--I got into the produce business here on the corner--

NEIDORF-WEINSTEIN: Right, yeah. You told me about that.

COLLINS: Yeah, and I lost, well, I lost about \$40,000 or \$50,000 in six months' time. And that set me back, in the sense that I was going to build a new house, and I put it off for about a year and a half because I lost all this money.

And at the time I got into this produce business I had-- If I had any kind of inkling that I could lose that kind of money in that short a time period, I wouldn't have done it at all.

NEIDORF-WEINSTEIN: Right.

COLLINS: It would have been too big a risk.

NEIDORF-WEINSTEIN: Right.

COLLINS: I took the risk thinking, after watching these people, these Japanese fellows, run this place, the Trio Farms down there, that there's no risk to this. It was kind of like seeing a McDonald's hamburger stand, you know, [and saying] "This looks awfully good; they're doing really well, and I

can do that, too."

NEIDORF-WEINSTEIN: Right.

COLLINS: And I did it and it didn't work out at all. So it was a good lesson for me to learn, and the fact that I paid the price by telling my wife we're going to put off building the house for about a year and a half, and we did. And so we stuck with the hamburgers. That worked out okay.

NEIDORF-WEINSTEIN: That's good.

COLLINS: So, but, you know, good lessons to learn there. And when I think about it, what if I'd done it the other way around? What if I'd done the produce first, I might not--? I probably would have never got the hamburger stand.

NEIDORF-WEINSTEIN: You'd gone forward.

COLLINS: Yeah, I might have gone out back to the construction business and gotten more work for a construction company and never been in the food business at all.

NEIDORF-WEINSTEIN: Your fate would have been very different.

COLLINS: And that's what I tell people, and I give them advice all the time, particularly when they're going into the fast food business--

TAPE NUMBER: IV, SIDE TWO

MARCH 30, 1999

COLLINS: If your first place is successful, you want to do a second one.

NEIDORF-WEINSTEIN: Right.

COLLINS: If your first place doesn't make it, you'll never build a second one. You will close it out and go on and then go back to work for somebody else or do something else, but you won't make it. So I try to give people the advice that they want to do it with a lot of care. That first one, it's so important. And it worked out well for my son in the desert [who] has a chicken store. He just had his sales up 20 percent over the last year. He's really doing well down there, and, of course, I kid him; I say, "The good Lord's taking care of you because you have a second baby and--" [laughs]

NEIDORF-WEINSTEIN: Exactly.

COLLINS: He needs to support a family.

NEIDORF-WEINSTEIN: What do you think that's attributable to? Do you think it's simply his success as a manager--that 20 percent--or do you think it's really a changing growth in that market there?

COLLINS: I think it's a little bit of the above. One of the things, and I remind him of this, and that is the Kentucky Fried Chicken store in Cathedral City [California], six miles

away, closed down about a year ago.

NEIDORF-WEINSTEIN: Oh, really.

COLLINS: That would be part of it. Part of it is the marketing that Kentucky Fried Chicken is doing on television now. It's very good.

NEIDORF-WEINSTEIN: Yes, it is, with the animated character.

COLLINS: With the animated character. Yeah, so that's helping him, too. They've had some good new product development that's done real well. And I think that he's probably doing a pretty good job of running the business.

NEIDORF-WEINSTEIN: Right.

COLLINS: And he makes sure that his help are all well trained and everything. All of those things contribute to that. He's on the front of kind of a big center, and the corner building used to be the drugstore, and now there's been a sign up there that El Pollo Loco's coming in, and it won't be more than a 450 feet away from him. And I'm telling him, "Look, you want to make sure that you're perfect every day. Your gardening, your flag has got to be up, you got to have that place clean.

You want to make sure that every customer loves you to the utmost." Because when that chicken store opens, it won't add any business to yours and it may take some away. He's got some room to take some away now, but, anyhow, it's just one of those things. But, when business is good, and El Pollo

Loco is, by the way, a good product--

NEIDORF-WEINSTEIN: I've heard that.

COLLINS: And they're expanding. And you would like that chicken only because it's not fried; it's off the broiler.

NEIDORF-WEINSTEIN: That's right. That's what I've heard.

COLLINS: So it's really good. And then it's a super product, and they're doing really well.

NEIDORF-WEINSTEIN: Although I'd imagine, the consumer that goes to Kentucky Fried Chicken wants that type of chicken, won't necessarily want the El Pollo Loco chicken.

COLLINS: They don't pay any attention to it, but-- I don't eat much fried food anymore, but a lot of people still do. Most, fortunately.

NEIDORF-WEINSTEIN: And it's good. I mean, it's very good.

COLLINS: Yeah, it is good. There's no question about that.

NEIDORF-WEINSTEIN: There's no doubt.

COLLINS: So, anyhow, I don't know. Riskwise, I guess, you know, you take a few risks now and then, and like I say, probably at a certain age, it doesn't seem like a risk, when maybe later, or maybe looking back, it might have been.

NEIDORF-WEINSTEIN: I think you're understating it, but I can see your perspective. That you're probably understating your own risk-taking ability. What I'd like to ask you a little bit about-- You mentioned that you are involved with

venture capital firms. What do you, as someone who has all this experience--? I mean, obviously, you look for someone that you feel is going to be successful, but when you get to know some of the potential entrepreneurs that are looking for seed money, what are you looking for in particular, sort of, in terms of their personality, in terms of their ability to really potentially be a successful entrepreneur? Are there certain things that stand out in your mind?

COLLINS: In terms of this venture-- Chuck Martin runs the Enterprise Fund, okay? He puts together money, and he started about ten years ago, or maybe eleven, and invested it, and with a group of people-- I'm just putting up money now; I'm not doing it.

NEIDORF-WEINSTEIN: Right.

COLLINS: But I watch what he does, and he was so successful with the Enterprise One that they went to two and then three and then four. And at the end of seven or eight years, you close out the first one--

NEIDORF-WEINSTEIN: Right.

COLLINS: --because-- Give everybody their money and so forth, and make distributions, and then two and three and four-- And he's been so successful. And I notice two things that they are always looking for: Number one, the really key ingredient is the person who is running this thing. They

want somebody who's got a really good idea, who probably is going to give it 110 percent effort kind of thing, but it's got to be a good idea. And once in a while I hear them say that the thing is not coming along as well as it should. By the way, they probably take one of the five partners in this Enterprise Fund and put them on the board of directors in that company after they've made their investment--

NEIDORF-WEINSTEIN: I see.

COLLINS: --so they can watch over it like that.

NEIDORF-WEINSTEIN: Are they largely high-tech companies? Are they largely high-tech ideas and companies?

COLLINS: I would say-- I think most of it is probably in-- Half of it may be in medical products and the rest of it's probably high tech. No low tech in there at all. But when things aren't working well, they make a real point of changing the person who runs the company.

NEIDORF-WEINSTEIN: I've heard that.

COLLINS: Chase them out. And I've watched them do that. And it's interesting. A couple of times where they haven't had good results, they changed out to a different person, and the thing just takes off. So the idea was good, but you may have the wrong person running it--

NEIDORF-WEINSTEIN: Management.

COLLINS: Yeah, management. And in entrepreneurial

situations, where they're small-- And, by the way, I would think about seven or eight out of ten portfolio companies either go public or they're bought out by a public company, so you end up getting a lot of stock back, or we've had some go public. But in most cases, in my investments there, I'd suspect that if I showed you the results there, that we'd get back at least ten times what we put in on every investment.

So it's a pretty rewarding situation. But it's a different way--

NEIDORF-WEINSTEIN: It's risky.

COLLINS: --of investing, so you don't want all your money in real estate, you don't want all your money in the stock market, you don't really want all your money in venture capital, nor all of it in bonds either. You need to have a portfolio that covers the spectrum, and you know that from going to school--

NEIDORF-WEINSTEIN: That's interesting that I hear that you're doing that--

COLLINS: Yeah, but it's been fun.

NEIDORF-WEINSTEIN: --in a business that's so different. That's great.

COLLINS: It's been fun. I really enjoy, yeah. I took-- Did I tell you? Chuck Martin, who started this company about eleven years ago-- He knows me pretty well because my TEC

[The Executive Committee] chairman for twenty years, Fred [Frederick B.] Chaney--

NEIDORF-WEINSTEIN: Yeah, you were talking about him.

COLLINS: --was a partner. So I called him one day and I said, "I have a group of fifteen students, and I want to come down to Newport Beach [California] and have you be our host for the day" and he'd never done one before. Never been a host, never done one, but he says--

NEIDORF-WEINSTEIN: Your TEC chairman hadn't?

COLLINS: No, no. [Chuck] Martin.

NEIDORF-WEINSTEIN: Chuck Martin, oh, okay.

COLLINS: Because the Enterprise partner got the guy who started, he says, "I wouldn't do it for anybody except for you because I know you really well," but, anyhow, we went down. And I tell you, the students that we had-- We had a wonderful day.

Boy, he took us through what he does and how he does it and why he makes the decisions he does, and it was really terrific.

Yeah, it was one of the best programs that we ever had.

NEIDORF-WEINSTEIN: There are so many people at the [John E.] Anderson [Graduate School of Management] interested in venture capital and, in fact, a lot of the people that are involved with the Price Center feel like they don't want to necessarily take the leap of starting their own business and they go into venture capital first. They find that it's a

good option because they can sort of learn about it--

COLLINS: We've got a kid that's partners with Kip Hagopian, who I played golf with about a week ago down there. His name is Tim Pennington, and Tim Pennington is kind of the senior, senior partner at Brentwood Associates, which is venture capital.

NEIDORF-WEINSTEIN: There are a couple of people in my class who work there who are now graduating, but they worked there before, and they're very sharp guys.

COLLINS: They are. They are very sharp guys; they really do a good job. Yeah, so I said to Tim one day, "Do you know my friend Chuck Martin?" He says, "Oh, I know him." So, anyhow, they probably crossed paths, because sometimes they're bidding on the same company. In other words, they go into an entrepreneur and say, "How much money do you need? Let me see your business plan." It could be Brentwood [Associates], and it could be Enterprise Partners, both of them looking at-- And sometimes they split it. An entrepreneur will say, "I don't know if I

want to get in bed and take all that money from Enterprise" and maybe they take two of them in at the same time.

NEIDORF-WEINSTEIN: That sounds smart.

COLLINS: Yeah, you bet. Absolutely.

NEIDORF-WEINSTEIN: Well, I'll just end with one question.

Do you think, and I know the accumulation of wealth is obviously something somewhat important, but if you had to only isolate one objective, would you say the ultimate objective of an entrepreneur is to accumulate wealth? Or do you think it's, more importantly, the accumulation of, for instance, power or survival or growth? Which do you think, really? And I'm sure it depends from entrepreneur to entrepreneur, but--

COLLINS: Well, I think that probably most entrepreneurs have a pretty good ego, okay? It just sort of goes with the territory.

And so if you back up from that a step, you'd say, well, recognition, and recognition could be one of two ways. You could get to be written up in an entrepreneur's magazine as having one of the fast growth companies; that's a lot of fun, too. I have an adage that I always tell people that-- I forget whether it was Alfred Sloan or somebody said this, but you've probably heard it: It's fun to make money. It's even more fun to have money. The most fun of all is giving it away.

NEIDORF-WEINSTEIN: I know you've mentioned that you really enjoy that.

COLLINS: Yeah, and so I think probably most entrepreneurs like the recognition of being successful, probably, you know. Money may not be as important as other things.

NEIDORF-WEINSTEIN: Yeah, that's what-- On a personal level, that's what I've heard. I just wanted to ask what your opinion was. It's something else. It's something beyond-- I mean, if you want to go and really make a lot of money you can go work for Goldman Sachs or an investment bank where your earnings are going to be very significant.

COLLINS: You can become a partner, even; you're going to have a lot of wealth. Yeah, but you may not have much recognition.

NEIDORF-WEINSTEIN: Exactly. And you may not have much of an ability to influence the business in ways in which if you were an entrepreneur you could.

COLLINS: Yeah, right. So you miss the fun. Some of it.

NEIDORF-WEINSTEIN: What you've described as fun.

COLLINS: Yeah, right.

TAPE NUMBER: V, SIDE ONE

MAY 13, 1999

NEIDORF-WEINSTEIN: The first question I had for you is--just thinking about your future a little--from a professional standpoint, what do you think you anticipate doing, maybe one, five, ten--whatever time frame you'd like to discuss?

What are your thoughts about what you may be doing next?

COLLINS: Well, Andie, since you have known me, I have moved out of my office upstairs, right?

NEIDORF-WEINSTEIN: That's right.

COLLINS: And moved down here--

NEIDORF-WEINSTEIN: And you're going to move again, aren't you?

COLLINS: And I'm going to move again, so I'm in transition--

NEIDORF-WEINSTEIN: You're on the run--

COLLINS: And I've asked our board of directors to probably take me out as chairman. I've been chairman now for, well, since 1968, when we went public, so that's thirty-one years, I guess, isn't it? A long time. And put me in as chairman emeritus, which probably will be easy to do. I think a year from now things won't be much different than they are now.

I've got a lot of personal things, which we can talk about, on my agenda right now, and as I've said before, I think, I'm trying to roll into more grandchildren activities, learn

how to play golf, and maybe fly my airplane a little bit more.

NEIDORF-WEINSTEIN: Are you a pilot yourself?

COLLINS: Yes--oh, yes--since 1984. So, anyhow, I got my pilot's license so I could fly down to the desert and back, and my wife drives. She doesn't fly with me.

NEIDORF-WEINSTEIN: She's afraid? [laughs]

COLLINS: She drives home. Takes her two hours and ten minutes, and I fly home in fifty-one minutes, so it's-- And there's no traffic up there on Friday afternoons, so it's very nice. So I enjoy doing that.

NEIDORF-WEINSTEIN: You can start a new business with that.

COLLINS: Yeah, right. There you go. So, near term, not a big change, except that maybe for the first time in my public company life not being either the CEO or the chairman of the board, and that'll take place hopefully in a few months here.

NEIDORF-WEINSTEIN: I was going to ask when you expected--

COLLINS: Our meeting is, I think, August 17.

NEIDORF-WEINSTEIN: Okay. So very soon.

COLLINS: And we'll get a new chairman, and I'll get-- So that means that I can step back one more step. But I still would like-- Because I own about 13 percent of the company, I'd like to be on the board. And if I expressed that, I don't know if they'll keep me around--I mean, I think they will, but-- Anyhow, do that.

NEIDORF-WEINSTEIN: I'm sure they will.

COLLINS: I do sit on another board of directors of a friend of mine--Lawry's Restaurants--and he, because he's older than I am, he doesn't have any age limit, so I probably won't get thrown out of there right away.

NEIDORF-WEINSTEIN: [laughs] I'm sure they wouldn't want to throw you off.

COLLINS: Well, we've let a couple of our directors out this last year or two because they were over seventy.

NEIDORF-WEINSTEIN: Really?

COLLINS: Yeah. And I'm not so sure it was the right thing to do, in hindsight, because some guys that stay with it and are up-to-date on what's going on, particularly if they read well, and read the *Wall Street Journal* and kind of stay up on what's happening in the business world--they can be awfully good directors after seventy.

NEIDORF-WEINSTEIN: Absolutely.

COLLINS: Yeah, really. They've got a lot of experience and a lot of wisdom that you don't get with younger people sometimes.

But I think I would like to be on our board, and maybe one or two other boards of directors. And I'm talking about the profit side now, and that helps keep your finger in things and keep an interest in business and the business thing.

We could talk about it when we get around to it, but when

I look out five or ten years from now, I have a lot of investments-- And so with LeMoyne Hammett over here-- And she's been around, what, thirty-five years now?

NEIDORF-WEINSTEIN: A long time. That's amazing.

COLLINS: We just have a lot of stuff, even now, going now.

NEIDORF-WEINSTEIN: To take care of?

COLLINS: Just, yeah. So I will have at least two or three days a week where I'll have plenty to do there, and we're going to start taking more time off, both of us,

NEIDORF-WEINSTEIN: That's good.

COLLINS: To do the things we want to do.

NEIDORF-WEINSTEIN: That's good, after all these years.

COLLINS: She's got grandchildren, too, and so, anyhow, she'll have fun, so we'll do that, so we'll work into it gradually.

My style is that I'm not one who's looking towards early retirement. I can have a transition, but it won't be retirement, because I'm really busier now than--seems like--than I've been in a long time. I'm just running all the time. I've got to go to Australia at the end of the month.

NEIDORF-WEINSTEIN: I remember you telling me that.

COLLINS: I just took a list upstairs of our-- We have a founders' dinner on Monday night in Australia, which will be about June 1, or whatever, and we have fifty-one people coming to dinner and the only ones that get to come are the people who have

been with us fifteen years or longer.

NEIDORF-WEINSTEIN: It's a company dinner?

COLLINS: It's a company dinner.

NEIDORF-WEINSTEIN: I see.

COLLINS: And fifty-one people, representing a thousand and nine years. And there's just two of us that have been there thirty years, Mike Mothersole and me. And the rest of them-- But they run down: twenty-eight, twenty-seven, twenty-five, twenty-four, all the way down to fifteen years.

NEIDORF-WEINSTEIN: Amazing.

COLLINS: About fifty-one people. We're very stable down there in terms of our people. But that's always fun for me, and this will be about my thirty-fourth trip to Australia, probably, so looking forward to doing that. It's a pretty fast trip, about a six-day turnaround trip, so, yeah, I'm not down there that long.

NEIDORF-WEINSTEIN: That is very fast, considering it's such a long flight.

COLLINS: Long ride, but I'm used to it.

NEIDORF-WEINSTEIN: Do you think if something came up--I know you're involved in a lot of boards, and you're involved with not-for-profit organizations--that you might consider going into another business? Would you or--?

COLLINS: Only in the sense that if I could find a young guy

that had a really good idea or something like that, and particularly in an area that I had an interest in, and I could help him either by being on his board of directors, and, maybe, financially contributing, helping him develop-- It would be kind of fun to be a mentor, and to let him run the business, but kind of step in there. I have had a little bit of fun since you were here, and we can get to it later, but I'll show you the-- This is something from a San Gabriel paper.

That doesn't mean anything, but look at the second page of it, the picture. That's a picture of Bob [H.] Suzuki of Cal Poly [California State Polytechnic University, Pomona]

NEIDORF-WEINSTEIN: That's a great picture. That is really great. Look, you're going to a presidential meeting. [laughs]

COLLINS: Well, yeah, I gave him \$10 million, so anyhow--

NEIDORF-WEINSTEIN: What is that going to go towards? Oh, the Collins School of Hospitality Management--

COLLINS: Oh, yeah. We have a school out there and we've been working to raise \$5 million to get a new building, and we've got that pretty well done, so a little bit of it goes for that.

NEIDORF-WEINSTEIN: How exciting.

COLLINS: But the rest of it will be for faculty and students, for scholarships and for chairs for professors and stuff.

NEIDORF-WEINSTEIN: That's incredible.

COLLINS: But we needed to get going. Here we have in California the best restaurant state in the United States, in terms of founding companies, whether it's Carl's Jr., whether it's Denny's or Sizzler or Bob's Big Boy or any of them that you could think of. They were all founded here in California-- In-N-Out Burger-- But the great schools in hotel and restaurant management are Cornell [University]--

NEIDORF-WEINSTEIN: Back East.

COLLINS: --Cornell and Michigan State [University], and so we're a long ways from where we need to be, and it's-- I think it's just because those schools on the East Coast are older.

And, you know, even in California, schools like UCLA are pretty young. And not gotten very old.

NEIDORF-WEINSTEIN: That is so exciting, because obviously I'm familiar with the Cornell school, but that's great.

COLLINS: So, anyhow, we have a school out there. We have about 500 students. We want to go to 750. We'll break ground in December on our second building, so this is kind of a hobby of mine.

NEIDORF-WEINSTEIN: That's so exciting.

COLLINS: Everybody wonders about it, because what happens is-- My love is at UCLA; that's where I--

NEIDORF-WEINSTEIN: I was going to say, "Why isn't it going to UCLA?"

COLLINS: That's because of the business of the business I'm in. UCLA doesn't teach the business I'm in. I graduated UCLA in engineering--

NEIDORF-WEINSTEIN: Right.

COLLINS: --and I ended up in the hospitality, or at least the restaurant business, for all of my life, or for forty-seven years, and so when it comes to developing that part of my life I have to do it at Cal Poly when the rest of my stuff is all over at UCLA.

NEIDORF-WEINSTEIN: Right. Listen, it's great to spread that kind of involvement. That's fantastic.

COLLINS: Yeah, and I've got a really good project going. Drove by yesterday. We're finishing up about a \$4 million building, forty-thousand-square-foot building over in Venice, the Boys and Girls Club, which we're dedicating on the twenty-seventh of June. We got a big party then, too, so, anyhow, been working on that for a while.

NEIDORF-WEINSTEIN: I see what you mean by being very busy.

COLLINS: Oh, yeah. Yes.

NEIDORF-WEINSTEIN: Now, this school, how long has it been in existence?

COLLINS: Twenty-five years.

NEIDORF-WEINSTEIN: The restaurant school? Really?

COLLINS: The thing they don't tell you when they talk about

their twenty-fifth anniversary is that when I first went out there in 1982, all the classes were in the business school.

You didn't have a separate school. You just had the classes that were part of the business school, and the president, Hugh [O.] LaBounty, said to us, in 1982, "Look, if you guys will raise enough money--" And they've got sixteen hundred acres out there, not four hundred, but sixteen hundred. "If you'll raise the money for a building, I will give you a place to build it. And then I will take it outside the business school, and give you a separate school of hotel and restaurant management." So we raised \$5 million and built that first building, and dedicated it about 1988 or '89, and of course, because there are so many test kitchens and offices in there, we need classrooms that we don't have right now, so, anyhow, consequently, we got a second building all designed, ready to break ground later this year.

NEIDORF-WEINSTEIN: That's so exciting.

COLLINS: And one of the things that's happened is we've had three deans in the last three years that haven't worked out, and we have a new dean that came in last August, and he's really doing a good job. I think everybody's gotten back on the wagon now, and I thought this would help to kind of get the momentum [going], because the professors out there were a little discouraged.

NEIDORF-WEINSTEIN: I can imagine.

COLLINS: You get a new dean every year, and that kind of thing, but now they see a chance to have not only some chairs for the professors but some scholarships for the students, and some classrooms that they can teach in where they don't have enough room now. They still have to go down the hill to the business school to get classrooms to teach.

NEIDORF-WEINSTEIN: That's fantastic. That's a really great legacy.

COLLINS: So, anyhow, this will work out really well.

NEIDORF-WEINSTEIN: It's very exciting. I can see how you have so much to keep you busy.

COLLINS: Well, I'm working at UCLA too, you know. Gosh, we got a campaign up there, that you're familiar with, and we're coming along well. I think we're at about 60, maybe 65, percent in half the time. We've raised about 65 percent of the money.

NEIDORF-WEINSTEIN: Are you familiar with the Anderson Affiliates program? It's the program whereby we get pledges from our classmates before they leave for a \$700 pledge over the next four years. The first installment is payable in a year. And there are two of us that are responsible for getting all of our class to pledge. And we had a meeting last week with some fund-raisers who are responsible for the Annual Fund, and they were talking about--

COLLINS: The Annual Fund is the deal with Stanford [University].

Is that part of that--?

NEIDORF-WEINSTEIN: No. This is just for UCLA.

COLLINS: Oh, that's right. They raise money for charities, but that isn't part--

NEIDORF-WEINSTEIN: No. That's the Challenge for Charity.

COLLINS: That's it.

NEIDORF-WEINSTEIN: And that's something else. No, we met with the people that are raising money for the Annual Fund and they were talking about the status of the UCLA campaign. It's a really ambitious campaign.

COLLINS: Well, I understand while I was gone to Rome that Peter [W.] Mullin gave a \$5 million gift.

NEIDORF-WEINSTEIN: Yes, so there's one building in Anderson that isn't named and that's the building that's going to be named.

COLLINS: Oh, good. That's the one the dean [Bruce G. Willison]'s office is in.

NEIDORF-WEINSTEIN: Yes, exactly. It's called the F building. It's right above the Cafe Roma.

COLLINS: The dean's office is on top of that?

NEIDORF-WEINSTEIN: Exactly.

COLLINS: Okay, so he's going to get that one, is he? Okay.

NEIDORF-WEINSTEIN: That's exciting.

COLLINS: Yeah, so I got the A building.

NEIDORF-WEINSTEIN: Yeah, exactly. I'm in there very often.

COLLINS: I had a lecture there. My professor that's now in my chair-- And his name is Arthur [D.] Geoffrion. And he teaches electronic commerce, along with--

NEIDORF-WEINSTEIN: Oh, E-commerce?

COLLINS: Computer matching up with--

NEIDORF-WEINSTEIN: E-commerce.

COLLINS: Yes. And he gave a lecture to a full house in A301 this week, and I was up there from four to five thirty, and then they had some hors d'oeuvres in the faculty lounge after he did it. But I was surprised. There's five different professors that give these lectures, like one every three weeks or something, and he was the fourth or the fifth. There's one more to go, and he'd just been assigned to my chair--

NEIDORF-WEINSTEIN: Someone left?

COLLINS: Yeah, I'm trying to think of the guy. My favorite guy that's been in my chair for the last twelve years.

NEIDORF-WEINSTEIN: What does he teach?

COLLINS: The best writer in the United States on crime and things like that: James Q. Wilson. You know who I'm talking about?

NEIDORF-WEINSTEIN: I've heard of-- I've never met him.

COLLINS: Fabulous guy. Brilliant mind; he writes on all kinds

of things to do with society. But he's been at the Anderson School. [J.] Clay [Clayburn] LaForce wanted to take him away from Harvard, so he came to me about twelve or thirteen years ago and said, "Jim, I got to have a chair to get this guy away from Harvard." But he had grown up and graduated from the University of Redlands, and he and his wife are both divers.

They dive around the world, and he wanted to get back out to Malibu [California] so he could fix up his house. So, anyhow, I gave him the money for a chair fourteen, thirteen years ago, I guess, whenever that was, and we got him.

NEIDORF-WEINSTEIN: So why is he leaving the chair?

COLLINS: He retired. He retired last year in June, so that's why you would have seen him. He would have been there one year with you, I guess, when you were a freshman--

WEINSTEIN: Yeah, I didn't know his name.

COLLINS: James was a very terrific guy, and when he retired, my chair came open again, and this fellow who I've just met recently, named Arthur Geoffrion, anyhow--

NEIDORF-WEINSTEIN: He is sure a hot topic.

COLLINS: --gave a lecture, yeah. This electronic commerce, when you put it together with the retail businesses that he was talking about, and how you manage your inventory and do things and do it right, and the iteration process-- That was very enlightening.

NEIDORF-WEINSTEIN: It's a very interesting subject.

COLLINS: Yeah, very interesting subject, yeah, and come a long way, because of what we can do with computers that we couldn't do before.

NEIDORF-WEINSTEIN: It's amazing. But you had mentioned that you wanted to talk about what you were doing, and you mentioned some of these things already, but from a personal standpoint I'd like to ask you the same question. What you think you see doing for a number of years out--? Whatever you want to talk about in that regard.

COLLINS: I formed it, and haven't been using it much, a family foundation, and I've got my oldest daughter [Cathleen Collins Hession], who I'm going to have an office for, next door, to work on that with her.

NEIDORF-WEINSTEIN: Oh, really?

COLLINS: Yeah. I tell people I'm going to get her in training to give money away, because hopefully someday I'll fill that up, and I think the worse thing you could do with your kids is to leave a foundation fully funded and then not have them have some skills, because giving money away is not an easy thing, and doing it right-- And then, following up to see whether the people did with the money what they told you they were going to do when they asked for it. And so, anyhow, we'll have some fun. And it gives me a chance to work with

one of the kids.

NEIDORF-WEINSTEIN: That's really nice-- So you've never worked directly with your son [Kelly L. Collins], who works in the desert with the KFC [Kentucky Fried Chicken].

COLLINS: No, not really. Other than the fact that I was a franchisee and he was, but we had a public company.

NEIDORF-WEINSTEIN: Right, but you never worked together.

COLLINS: No, not at all.

NEIDORF-WEINSTEIN: So that will be nice to work with your daughter. That will be great.

COLLINS: My daughter, for the last five, six, seven, eight years-- I guess my daughter has somehow been a franchisee in Sizzler. They've been paying us a royalty. But they sold their restaurant last year. And he's doing something else now, and I've been kind of wanting-- And the other daughter [Melissa Collins Gudim] lives up in Denver-- But the two girls are very capable. And in fact, this one that's helping me, she graduated with an M.B.A. from UCLA--the Anderson [School].

NEIDORF-WEINSTEIN: Oh, really?

COLLINS: But she's a Trojan--she graduated from USC [University of Southern California] a few years before.

NEIDORF-WEINSTEIN: Oh, so what is she truly, a Trojan or a Bruin?

COLLINS: No, she's really a Bruin because for the whole--Before

she went to USC, her whole life, I took her to all the football and basketball games and everything, so it's all UCLA. And then when she came to me and said, "Dad, my five best friends are all going to USC and UCLA's too close to home"--we live pretty close--I said, "Go." And so I didn't try--and so, anyhow--

NEIDORF-WEINSTEIN: And then she went to Anderson.

COLLINS: But since then-- And then she was literally out of USC I think eleven years before she went back. Oldest girl in her class. She started at I think, at thirty-two, and graduated at thirty-four, out of Anderson--

NEIDORF-WEINSTEIN: That's great.

COLLINS: So, anyhow, I think she doesn't go to any USC functions at all, and she--well, we live close, and I think she-- Of course, her husband got his M.B.A. at the Anderson at the same time. That's where they met. They got married after they graduated. They met going in and got married coming out.

NEIDORF-WEINSTEIN: It's interesting, because a lot of people say that you develop your allegiance to your undergraduate--

COLLINS: I think you do, generally.

NEIDORF-WEINSTEIN: --institution. I think you do. I definitely feel that way. Although going to Anderson, I really now feel a strong allegiance to UCLA, too.

COLLINS: I think the fact that we live so close, and she did so many things with UCLA--

NEIDORF-WEINSTEIN: I can understand that.

COLLINS: --until she was eighteen years old, that she never got her roots down very deep over there. But most of my friends--you know--their undergraduate school is the one that counts.

NEIDORF-WEINSTEIN: Yes, I think that's true. It's just where you form those allegiances early. Is there any particular focus that you see the foundation will have in terms of giving?

COLLINS: We're talking about doing a mission statement. Two things that come up all the time that will be in the mission statement will be on children and on education. Those will be the two main things, I think. I don't know that we'll get involved in medicine at all, although that's interesting.

NEIDORF-WEINSTEIN: There's a lot to be done in those two areas, obviously.

COLLINS: Yeah, but I think like the Cal Poly, like the UCLA, like the [Venice] Boys and Girls Club in Venice--and my 40 percent of my nonprofit time I spend with the YMCA [Young Men's Christian Association]. I'm on the Westside board for--since 1959--forty years. And I've been on the [YMCA of] metropolitan [Los Angeles] board--which is all twenty-four branches, downtown--and a chairman for four years. I've been

down there about eighteen or nineteen years now. So a long time.

NEIDORF-WEINSTEIN: Forty percent-- That's a large chunk.

COLLINS: So I figure the YMCA's 40 and UCLA's 40, and everything else is 20. Lately, I think UCLA's dropped back to about 30 percent and Cal Poly's picked up a little bit, but, you know, that's the way it's been. But, what's happened to me--and I guess it's different--is I typically don't give to a lot of charities, but I give to charities that I'm involved in personally. Or I'm on the board or whatever--this and that--and I get a chance to be there, and watch--

NEIDORF-WEINSTEIN: And see how things are done.

COLLINS: So I'm very active at UCLA and I give them a lot of money and I'm very active at Cal Poly and I give them some money, and the Boys and Girls Club. In fact, my daughter just went on the board of directors of the Boys and Girls Club here because she's been helping me with this program over there a little bit, so I'm glad she's doing it, because it'll be good.

NEIDORF-WEINSTEIN: That's really nice.

COLLINS: She's on the board of the Westside Y, too; I should say that. When she graduated from college, she went to work as the program director--after she graduated from USC--at the Westside Y. First female program director the Y had ever

had. She was there five and a half years. And then I talked her--let's see--into coming to work for us for five and a half years, and that's eleven years. And then I pushed her out the door and said, "You better go-- You're not married, you'd better go back to school." Fortunately, she met a man and married him.

NEIDORF-WEINSTEIN: That's cute. What's your daughter's name that went to Anderson?

COLLINS: Cathy.

NEIDORF-WEINSTEIN: Cathy. And what are the names of your other children?

COLLINS: The second one is a boy named Kelly [L. Collins] that's in the chicken business in the desert-- Michael [J. Collins]'s the third one, and he's down in San Pedro running a coffee house. And the fourth one, Lissa, the baby--who's thirty eight--I call her Lissa, but her name is Melissa [Collins Gudim]. She's in Denver, and she has three kids.

NEIDORF-WEINSTEIN: Okay, because I don't think we ever got the names of your kids, ever, in all these conversations. So we have to get those. That's important. Well, this was leading into the next question, and you've discussed some of the charities and philanthropic work that you've done. I mean, I know we've talked about UCLA quite a bit, but what is it particularly about these organizations that has been

attractive to you and has sort of made you donate so much of your time and money to them--the Y and Boys and Girls Club and--

COLLINS: You know, that's a really interesting question, only in the sense that I never really thought about it. UCLA was obvious. I started a long time ago, fooling around and giving out scholarships. My friend Bob [H.R.] Haldeman said one day, "You've got to come up and be on a scholarship committee to give out scholarships--" I'm talking in the sixties now, so a long time ago-- I got started, and one day I was driving down the street after a Rotary [Club] meeting, and one of my friends said, "I'm on the board of Westside YMCA. You ought to come to a meeting with me." And I came--this was back in '59--I came to a meeting and have been going ever since, so-- Cal Poly is a different story because that's my business. Hospitality management and hotel and restaurant management is the kind of thing that I kind of made a living at-- And that's a case of doing it there because I want to give back. Business has been good for me-- Hey, I want to make sure it's good for the next guy. And it makes sense only because as a business we need people who graduate from there to run a restaurant.

NEIDORF-WEINSTEIN: Absolutely.

COLLINS: So, anyhow, that's been that way, but-- I guess,

as you might tell from LeMoyne being around for a long time, my comfort level probably is staying with what I'm doing for apparently long periods of time.

NEIDORF-WEINSTEIN: Right.

COLLINS: A little bit, you know? And with people that stay-- And I've already mentioned the people in Australia that stick around for a long time. And I think that is the kind of M.O. [modus operandi] that I operate with. It's very comfortable.

NEIDORF-WEINSTEIN: So it sounds like a lot of the personal involvement that you have has been a result of meeting with other people or finding out through friends what they've been involved in, and then you really sort of took a liking to those organizations yourself.

COLLINS: And you can't do them all. I have people that have tried to get me involved in the Boy Scouts--and I was a Boy Scout, by the way--

NEIDORF-WEINSTEIN: [laughs] Me too-- I was a Girl Scout.

COLLINS: But I just didn't have the time at the time, so I didn't do it. And then the [American] Red Cross is very active up in West L.A., and I have two really good friends that spend a lot of time on the Red Cross, a lot of time. And they want to get me involved, and I gave them a little bit of money, but I just said, "You can only--

NEIDORF-WEINSTEIN: --do so much--

COLLINS: to do quality--" And you don't want to get over-involved.

NEIDORF-WEINSTEIN: That's a problem. Sometimes you have too many involvements, and then you don't do really anything.

COLLINS: I don't mean if I'm giving somebody \$100 or \$500, that's okay, but when I'm talking about giving substantial amounts of money, I want to be involved.

NEIDORF-WEINSTEIN: You want to make sure that your money's being shepherded properly.

COLLINS: Sure. And you can have the fun, too, of being around.

NEIDORF-WEINSTEIN: Right. And seeing things happen.

COLLINS: So I philosophize--and I haven't with you, too much-- But somebody said in the *New York [Times]*--and you'll have to look it up for me sometime on the computer-- but they say, "It's really nice to make money, it's even nicer to have money, but the most fun of all is giving it away." And there's a lot of truth to that.

NEIDORF-WEINSTEIN: I think you have mentioned that once before.

COLLINS: What? Did I?

NEIDORF-WEINSTEIN: Yeah, I think so.

COLLINS: Oh, I'm terrible. [laughs]

NEIDORF-WEINSTEIN: This is more of a philosophical question, I suppose you could say. We've talked about some trends in

entrepreneurship, environment and all sorts of things, how you got started, and some of the changes in the restaurant business in this area, and throughout the country, but looking at entrepreneurship in a broader sense, do you see anything, particularly in the future, that will be different? Or what kind of direction do you see just entrepreneurship taking?

COLLINS: I was thinking about that and my sense of it would be that with the computer, knowledge is going to be of-- They were talking about it driving up yesterday-- They were saying there's a new software program out now for computers for nine-month-old babies. [laughs] So I'm going, "Wow."

NEIDORF-WEINSTEIN: You're kidding.

COLLINS: I'm serious.

NEIDORF-WEINSTEIN: That is amazing. That's a little early.

COLLINS: And people are talking about three-year-olds coming up to the computer and doing things and playing games and stuff. But the computer will give people that haven't really done much reading--maybe haven't gone to school as much--they will have an opportunity to have information that's never been available for all of what they want, all they can handle.

This is going to mean that you're going to see entrepreneurship probably blossom to be greater than it's ever been before.

I always think in the past that whenever you wanted to do something, you had to have a lot of money to buy a business,

to build a manufacturing thing, or whatever it takes to do those kind of things. But you're seeing a lot now where the younger people--and a couple of our graduates that I happen to know--are doing things in software where they're putting up web pages for people, they're putting up new software to figure out whether you've got the right phone number and you're using the right system to manage your calls, to make sure you're paying the lowest rate for long-distance calls, those kinds of things that we wouldn't have even dreamed of before.

And yet to do it they have to appear--But they don't have to have a lot of dollars to do that kind of thing, to get started.

NEIDORF-WEINSTEIN: Yes.

COLLINS: I suspect that the way communications are going now--and they're so fast--that entrepreneurship will be even greater. And the one thing that's really changed--and you and I have talked about it--and that is that people in 1940 and '50 when they went to work for a company they probably thought they were going to stay there till they retired. It's not happening that way anymore. There's just too many people out there that are middle managers that got let go from downsizing. And that breeds entrepreneurship. That says, "Well, I'm not going to work for a company again. I don't want to have that happen to me." They don't want that happening,

and so they go out and try to do something on their own. So you're going to see-- It's going to be an explosion, I think.

NEIDORF-WEINSTEIN: Yeah, that's interesting. What you say about the computer I think is very true. That you won't need the same kind of resources. It's almost as though things are going to be equalized more than they have been in the past.

COLLINS: Well, look what you've got: you've got the *New York Times*; you've got the *Wall Street Journal*; you've got them all on the computer, and you can just log in, right?

NEIDORF-WEINSTEIN: That's right.

COLLINS: Now, that's never been-- You know, think about it. That's incredible.

NEIDORF-WEINSTEIN: Even though just one of those is a tremendous resource.

COLLINS: Oh, yeah. So it's going to be fun.

NEIDORF-WEINSTEIN: Yeah. We'll see what happens.

COLLINS: It will be a great time.

NEIDORF-WEINSTEIN: And building on that: What about the leadership? Where do you think the leadership will really come from in entrepreneurship? I guess you had just mentioned that a lot of times it has come from people who have had money. How do you think that will change? I mean, do you see--?

I'll let you answer it.

COLLINS: Well, the one thing that I-- Seems to me today that there's a lot of money available right now. Things have been good. So if a young person has a really good idea, there's probably a lot of people out there who would like to back him, maybe, to help him do his thing. And in some cases, with the advent of the computer, probably new start-up situations aren't as capital intensive, maybe, as they've been in the past, because we're in a different era. We're in the communication age instead of in the industrial age--

NEIDORF-WEINSTEIN: Right.

COLLINS: --and that changes the price of the admission to the game.

NEIDORF-WEINSTEIN: Yes.

COLLINS: And so, anyhow, as far as the leadership's concerned, I think when it comes to entrepreneurs, the leadership is really within the person. I know that sounds funny, but--

NEIDORF-WEINSTEIN: No, that's what it has been in the past.

COLLINS: Yeah, sure. And I don't see that changing. I'm always impressed when I see the twenty-eight and twenty-nine and thirty-year-olds coming out of the Anderson School up there, and the fact that the entrepreneurial program is pretty well signed-up for, that is, the students sign up for it. Not all of them are going to jump out and be entrepreneurs,

but I think a bigger percentage today are probably thinking about start-ups than ever before.

NEIDORF-WEINSTEIN: I agree.

COLLINS: Yeah, ever before. And that's a good sign, that's a really--

NEIDORF-WEINSTEIN: I completely agree. And not only that, but also how they can be-- Even if they choose to start after Anderson with a company, how they can be entrepreneurial within their company, which was, I think, something that was not really considered as much.

COLLINS: Yeah. Some companies are really endorsing that, too. And the other thing, and you could relate to this a little bit-- If you, as a girl, when I grew up, if you weren't married by twenty-one, people were looking at you kind of sideways and saying, "There must be something wrong with her."

NEIDORF-WEINSTEIN: Right.

COLLINS: And if a guy wasn't married by twenty-five, you figured, well, you know, he's really got a problem. Today I'm seeing plenty of thirty-year-olds that aren't married.

NEIDORF-WEINSTEIN: That's right.

COLLINS: And so if I'm graduating from Anderson and I'm thirty years old, and I'm not married, can I take a risk? You're damn right. If I don't make it, no big deal.

NEIDORF-WEINSTEIN: Absolutely.

COLLINS: I can go live with Mom if I have to for a couple of months, but I can take the risk. In my time, by the time you were thirty, you'd better be buttoned down and driving to work every day and having a job to raise the kids that you had when you were between twenty-five and thirty.

NEIDORF-WEINSTEIN: That's really interesting. That's a very good point, that the age--

COLLINS: Different world.

NEIDORF-WEINSTEIN: --sort of has moved up, and that's allowed more opportunities for people. And especially for women.

COLLINS: And it's a less risky deal if you happen to be single.

NEIDORF-WEINSTEIN: Very true.

COLLINS: You know, if you're married and have a family, why, you know, golly-- Yeah, I don't know how old you are, but your husband--

NEIDORF-WEINSTEIN: Thirty-two.

COLLINS: But your husband's thirty-seven.

NEIDORF-WEINSTEIN: Right.

COLLINS: And you don't have any kids yet, right?

NEIDORF-WEINSTEIN: No. We just got married eight months ago.

COLLINS: I know, and that's what I'm saying. You know, in 1950, you would have--

NEIDORF-WEINSTEIN: I would have been an old maid. [laughs]

COLLINS: That's right. And my daughter got married at

thirty-two, so it's not too much different than you, right?

NEIDORF-WEINSTEIN: That's right.

COLLINS: And it's worked out great. But that's a big change from forty years ago.

NEIDORF-WEINSTEIN: It is. You're right.

COLLINS: A big change, yeah.

NEIDORF-WEINSTEIN: I didn't really think about that in terms of entrepreneurship, but that says a lot.

COLLINS: I've talked to a couple of the guys who were doing something in Northern California, and neither one of them are married, and they weren't worried. If they'd had a family, if they were over thirty and had a couple of kids, they wouldn't take that risk. They'd be out looking for a job to work for somebody and know they had a check coming every month. This way, I don't think they care as much. Oh, they care, but it's not the same, you know?

NEIDORF-WEINSTEIN: Right. It's certainly not.

COLLINS: In fact, a lot of them have probably saved up a lot of money working that job between twenty-one and twenty-seven before they go back to Anderson. Maybe they've worked six years and have a little money in the bank.

NEIDORF-WEINSTEIN: Exactly.

COLLINS: But it's a different time. Boy.

NEIDORF-WEINSTEIN: It is. That's a very good point regarding,

sort of, the trends in entrepreneurship. I suppose that we see, obviously, a lot of potential in high tech. Do you think there's a particular industry where entrepreneurship will really take hold more than it has in the past? Or do you think that's hard to pinpoint?

COLLINS: Well, I think there are going to be-- Obviously we've talked about more people trying it--

NEIDORF-WEINSTEIN: What about in your business?

COLLINS: Well, in our business, my sense is because of the supply and demand, and the supply being overabundant right now-- And I just ran into a guy--it was really funny--down in the desert, and we were playing golf, and it was a choose-up, and he was in my foursome--never met him before--and he had owned nine McDonald's hamburger stands for about twenty-five years--

NEIDORF-WEINSTEIN: What a coincidence.

COLLINS: And he's living down in the desert full-time, retired down there. He says, "Well, the McDonald's allowed me to live here and live this lifestyle." He sold his hamburger stands in 1985, but he started in 1960. And so, anyhow, what I see there is that in the food business, particularly in the fast-food business--I don't care whether it's In-N-Out Burger or Burger King or McDonald's or Carl's Jr.--there are going to be middle managers who are looking for something

to do, can get a few bucks together and get themselves one, two, or three-- Gosh, my son, with just two chicken stores, he makes a pretty good living, really. But his sales were up 20 percent this year, and he's at about \$850,000 in the one unit, and then he's got one in Desert Hot Springs [California], which is a very poor area, but he did get it up over \$500,000, so now he's got two stores doing \$1.3 million or \$1.4 million a year. Even if he makes himself 10 percent, pretax, he can make \$140,000 a year.

NEIDORF-WEINSTEIN: That's a lot of money.

COLLINS: That's a lot of money.

NEIDORF-WEINSTEIN: That's right.

COLLINS: So he's not worried about anything at all, as a matter of fact. So I see that kind of thing, where you're not quite an entrepreneur, but you want to be in business for yourself, and the franchise route is absolutely fabulous for that, just fabulous for that.

NEIDORF-WEINSTEIN: I was going to ask, speaking of franchises, do you think that's something that's really going to continue to be a trend? Do you think that's going to grow?

COLLINS: Oh, yeah, I think so, because of all the people that are smart, that have some skills--

NEIDORF-WEINSTEIN: But don't come up with their own ideas.

COLLINS: Yeah, right, for whatever reason-- That's right.

They're not the-- Maybe they're even not the risk taker.

NEIDORF-WEINSTEIN: Yes.

COLLINS: They want to get into a system-- Hey, if I told you you could have five McDonald's hamburger stands--you and your husband, right now--and go on down-- That's a very comfortable position. You've got an umbrella over you that's just so comfortable and low risk.

NEIDORF-WEINSTEIN: You know that it's a very strong brand, and--

COLLINS: Yep--the strongest brand.

NEIDORF-WEINSTEIN: But yet, you're going to be in charge of things.

COLLINS: You're in charge of it to a point. That's the thing. They still are going to tell you from Chicago some of the things you can and can't do, and if you can't take that you don't want to do that. A real entrepreneur would not be comfortable in the franchise system.

NEIDORF-WEINSTEIN: Right.

COLLINS: But there are plenty of people--who can be independent, because they can go to work at nine in the morning or they can have a manager and go to work at noon if they want, or not go at all.

NEIDORF-WEINSTEIN: Right.

COLLINS: So you have some semblance of being independent,

but you're not totally independent.

NEIDORF-WEINSTEIN: Yeah, and some of them are happy about that. They want that direction.

COLLINS: Oh, yeah. Absolutely, yeah.

NEIDORF-WEINSTEIN: That does make sense.

COLLINS: But I think that middle ground, for a lot of people, is a very nice spot to be in. I see a lot of people doing it.

NEIDORF-WEINSTEIN: It is. It makes a lot of sense. The next question was, either from a personal or professional standpoint, what do you feel you're most proud of? Obviously, you've done so many things, but is there anything that you can pinpoint?

COLLINS: Well, one of the things that I'm proud of would be to take a hamburger stand, I guess, from 1952, and somehow build a public company, and go public in 1968, and by 1987 or '88 get it up to about \$700 million in sales, which is, you know, a goodly amount.

NEIDORF-WEINSTEIN: A nice chunk.

COLLINS: A nice chunk.

NEIDORF-WEINSTEIN: I would say so.

COLLINS: And so that would be one of the things. I don't know whether it was on there about any of the personal things, but there's a lot of things that--

NEIDORF-WEINSTEIN: Yes, personal, too. Whatever you're--

COLLINS: You know, even the little bit of involvement I've had at Cal Poly has been fun. I think at UCLA they've treated me really well, but one of the nice things you can get up there, and only a few of us get it, and that's the Alumnus of the Year award, which I got in 1982.

NEIDORF-WEINSTEIN: That's very nice.

COLLINS: Some of the people like Ralph Bunche and some of the others in that group make you feel pretty humble. Yeah, so that was kind of fun--

NEIDORF-WEINSTEIN: That's very exciting.

COLLINS: But I've had a lot of good times there. And in the restaurant industry I've had numerous awards that have really been fun, too. I've had more than my share.

NEIDORF-WEINSTEIN: That's great. Well, you obviously deserve it. Doesn't just come. This might be a little tougher question: What about, either from a personal or professional standpoint, what was one of your major disappointments?

COLLINS: Well, I think from a professional point of view, from 1996 to '97 and a half, I guess, going through bankruptcy-- I wouldn't want to wish that on anybody. That's a terrible downer. And I wasn't the CEO, but I was still on board. I was on the board of directors, and I was chairman of the board.

And you have to take some of the blame for that, but I guess in hindsight, because we're making a lot of money now--not

a lot--we're making a lot more, and we paid everybody off, and no dilution for the shareholders, and--

NEIDORF-WEINSTEIN: It's a big thing.

COLLINS: --all the suppliers got all their money plus interest, and so we came out of it smaller, but we're healthy and we're doing well. So, you know, it's an experience that you wouldn't want to have happen, but

you-- It's very humbling, and you learn a lot, but from my point of view, very disappointing, I think. And from a personal point of view, I don't know. I guess everybody's doing pretty well. And I've had an opportunity to make enough money to give a little away along the way, so that's good fun, and so I haven't got really any real tough things, personally, that doesn't bother me. My health is good--

NEIDORF-WEINSTEIN: That's great, it's very fortunate to be able to say that.

COLLINS: Yeah, so not too bad. I have so many friends now that are, for one reason or another, they're not having good health. It's just terrible.

NEIDORF-WEINSTEIN: And that's something that, no matter what else you're doing, if you don't have that--

COLLINS: Money doesn't mean a thing.

NEIDORF-WEINSTEIN: It doesn't matter. Money can help with

your health, but it can't buy it.

COLLINS: No, that's right.

NEIDORF-WEINSTEIN: So that's something to be so thankful for.

COLLINS: So you've got to take good care of it.

NEIDORF-WEINSTEIN: Well, obviously you've worked at it.

COLLINS: I have. I'm pretty good about that. I've done a lot of exercise in my time, and I try to eat the right things.

NEIDORF-WEINSTEIN: Not too much Kentucky Fried Chicken.

[laughs]

COLLINS: I don't eat it anymore, believe it or not.

NEIDORF-WEINSTEIN: Did you used to eat it a lot?

COLLINS: Yeah, I did.

NEIDORF-WEINSTEIN: Really?

COLLINS: When I first opened my hamburger stand, I used to drink-- I didn't drink coffee till I was about thirty-five.

So I was drinking chocolate milk shakes every day.

You should have seen my cheeks. [laughs]

NEIDORF-WEINSTEIN: Well, you obviously worked them off.

COLLINS: Yeah, I finally went to coffee and got rid of the milk shakes.

NEIDORF-WEINSTEIN: I don't know which is better or worse.

COLLINS: I don't either. Well, you can gain weight with milk shakes, I'll tell you.

NEIDORF-WEINSTEIN: And those are good ones. Those are really good ones. Yeah, that's funny. Well, I just have one last question, and that is--and I know you've been so generous with your time in discussing so many things--is there anything that we haven't covered that you'd like to add or that you'd like to discuss?

COLLINS: You know, I think, honestly, I thought about it a little bit, but I can't for the life of me think of anything that we haven't talked about, and already I brought up something today that I probably told you before, so I've got to be careful.

NEIDORF-WEINSTEIN: No, that was just one little thing. You have repeated very little that I can think of.

COLLINS: But, you know, we've covered from soup to nuts. One of the things I didn't mention which was really nice--Oh, gosh, I don't know what year it would be, I got an honorary doctorate--and I have a hood and everything--from Cal Poly.

NEIDORF-WEINSTEIN: No kidding!

COLLINS: Yeah.

NEIDORF-WEINSTEIN: Oh, really? When was that? What year was that?

COLLINS: Oh, it was '92. I was the graduation speaker, and I had about--no kidding--four thousand graduates, and I had about twenty thousand parents. I had a lot of people sitting out in the middle of the stadium there, and I was up on a

podium. Gosh, it's just amazing.

NEIDORF-WEINSTEIN: That's so exciting. So you still have your hood? What are the colors?

COLLINS: Green and gold or green and yellow. Cal Poly colors.

NEIDORF-WEINSTEIN: Those are hard to come by, those hoods.

COLLINS: I think for three graduations at UCLA/Anderson School--and the professors march in--I went to graduation, and I put my hood on and wore it with a black gown.

NEIDORF-WEINSTEIN: That's great.

COLLINS: And all these guys with their crimson red from Harvard [University]--

NEIDORF-WEINSTEIN: Exactly. That is cute.

COLLINS: --and the blue from [University of California] Berkeley, and I've got my gold and green, which they've never seen--such loud colors. [laughs]

NEIDORF-WEINSTEIN: I like that. It stands out.

COLLINS: Easy to pick me out, I'll say.

NEIDORF-WEINSTEIN: That is great. That's wonderful. I think a lot of these things you really have discussed--and some of the organizations you haven't--but I think the major organizations that you were involved with-- You couldn't possibly discuss everything.

COLLINS: No, I don't want to do that.

NEIDORF-WEINSTEIN: What's MUFSO Operator of the Year? Is

that a food service organization?

COLLINS: Yeah, multiple unit foodservice operator.

NEIDORF-WEINSTEIN: Oh, I see.

COLLINS: Yeah-- The gold plate-- That's one that's given out once a year; I think I got it in '77-- And what they do is every year they have seven silver-plate winners--

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COLLINS: And they're going through all this indoctrination in Chicago, and it comes up in May next month, and then the night of the awards, the media--the people that write all the restaurant magazines, and the hotel--they vote, and they don't know what the vote is. And all of a sudden, it's like the--

NEIDORF-WEINSTEIN: Like the Academy [of Motion Picture Arts and Sciences].

COLLINS: They open up the envelope, and [say] "The winner is--" And I got the gold plate in 1977. So that was a really big one.

NEIDORF-WEINSTEIN: You just made me think of another question.

Did you spend a lot of time speaking with people, discussing in magazines--*Restaurateur Magazine*, those kind of things?

Did you have a lot of interviews over the years with those kind of people, with journalists? Did you interact a lot with them?

COLLINS: Not a lot, but some. And of course, you get a lot of interaction with a public company going to New York and Boston and Atlanta, a little, but-- And Chicago and San Francisco and San Diego. But every year you had to go to New York and Boston just to the analysts' societies--

NEIDORF-WEINSTEIN: To the analysts, to give them an update, and--

COLLINS: --to make speeches, take your CFO [chief financial officer], and hit the road. Yeah, did it all the time starting in '69.

NEIDORF-WEINSTEIN: You did it every year?

COLLINS: Every year, you bet.

NEIDORF-WEINSTEIN: Well, how long was that process? And when you would go, would you go just for a day?

COLLINS: Oh, we'd go into New York for one day, and probably have a bunch of people, individual institution holders for breakfast--

NEIDORF-WEINSTEIN: From different banks?

COLLINS: --and then go to lunch and do the stockbroker club and lunch, and then--

NEIDORF-WEINSTEIN: A number of different banks would be there?

COLLINS: --yeah, and then maybe have a cocktail party in the evening for a bunch of other people that are investment bankers.

NEIDORF-WEINSTEIN: That's a long day.

COLLINS: Yeah. And then get on the plane that night and go over to Boston and start all over again the next day. So I'd do it in two days and come home.

NEIDORF-WEINSTEIN: It's a lot of work.

COLLINS: And that's part of the job.

NEIDORF-WEINSTEIN: They have to have that information in order to know how to value the company.

COLLINS: Oh, yeah, but when you're living it every day it's not hard. It's not hard. The guy that was-- It's so funny-- Floyd Oliver, really a good guy, and he was a partner in this public relations firm here, financial public relations firm.

And I hired him when we went public for some reason--I don't know why--but in 1968-- And he just took a liking to me.

He had done the public relations for Conrad [N.] Hilton, and Conrad Hilton took him to the opening of every new hotel for a number of years. And Floyd was about a year older than I was, and he died of cancer about four years ago now, but, anyhow-- He wanted to write a book and he wanted me to do a book, and he was going to write it, and so, anyhow, I've got a book about half written. [laughs]

NEIDORF-WEINSTEIN: Oh, really? You should get someone to finish it.

COLLINS: And it was only going to be a book of anecdotes with the McDonald brothers and with Colonel Sanders, and all the interesting people and stuff, and it would have been fun, and maybe some day that may be one of the things I may end up doing.

NEIDORF-WEINSTEIN: You should.

COLLINS: One of the things they're doing at UCLA that I'm involved in a little bit with Art Linkletter is called the [UCLA Center on Aging]-- And they have about six meetings a year, and it's composed of people that are senior citizens, kind of thing. And I just got their newsletter the other day, and they're having another meeting. And they bring in the doctors and the estate-planning people and stuff, but it's for senior citizen kind of folks. And they've got a doctor--I can't think of his name right now--

heading it up at UCLA. And one of the things they keep advertising all the time is that there is a professor up there that teaches people, older people, how to write their book.

NEIDORF-WEINSTEIN: Really? Oh you should definitely do that.

COLLINS: Yeah, well, I haven't had time, but maybe one of these days I'll get the thing out-- Get Floyd's work out and try to do it.

NEIDORF-WEINSTEIN: It doesn't seem like things are going to slow down that much for you in the near future.

COLLINS: All I've got to do is borrow a copy of your tapes, and I've got my book, right?

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