

Not-so-sorry Charley

A college junior who found his destiny in a sandwich still feels blessed 25 years on

Charley Shin is lucky his family isn't good with maps. While visiting relatives in New York City in the mid-1980s, the Shin family got turned around and ended up in Philadelphia. Instead of stopping for directions, Shin, then a junior at Ohio State University, stopped for a legendary Philly cheesesteak, and an obsession took hold.

Soon after, he convinced his mother to sell her restaurant in Columbus, Ohio, and lend him her life savings to open a 450-square-foot cheesesteak shop across the street from campus.

"I really like traditional Philly cheesesteaks, but I didn't think it was going to fly in Columbus," he says, pointing out that Cheez Whiz and piles of meat warming on greasy grills were a turnoff to college students. Instead, he began experimenting with recipes and plying his friends with cooked-to-order steak topped with provolone, grilled onions, peppers and mushrooms. When he perfected his sandwich, Charley's Grilled Subs was born.

Over the next 25 years, Shin franchised and grew his concept, focusing on niches like food courts, military installations and airports. There are now more than 430 stores in 30 states and plans to open 40 to 50 more per year. We talked with Shin about the ups and downs of growing his business on its silver anniversary. —JASON DALEY

WHY DID IT TAKE SO LONG FOR YOU TO BECOME PROFITABLE?

Originally, I thought once I had 20 stores open we'd be in good shape. At 30, I was still losing money. Fifty wasn't doing it. It wasn't until we were at 100 stores that we were making a little bit of money. That first 10 years was a lot of trial and error. I took the duty of franchisor seriously. If I was



A CLAIM TO STEAK: CHARLEY SHIN REDID A PHILLY TRADITION.

going to take franchisees' money—their American Dream—I felt I needed to invest it in the company, not take a profit.

HOW DOES CHARLEY'S DIFFER FROM THE COMPETITION?

Our product is impossible to mass-produce. We stress the fact that we are not McDonald's or Wendy's. We prepare food fresh for each customer, which means we take longer and charge more. But we're proud of what we serve. I don't know any other chain that serves USDA Choice steak.

WHAT MAKES A GOOD FRANCHISEE?

If we have franchisees with restaurant experience, that's really good. But I've found other traits that determine success. You need people willing to work hard and people who really relate to others. And they need to be humble. If you're not humble, you won't be willing to follow the system and learn.

CAN YOU STILL GROW?

Our concept is based on the idea of the

captive audience. We'd open in regional malls and airports, but in any given market, there aren't a lot of captive audience settings, so we'd grow one unit at a time. Our future growth is going to be different. For us to reach our goal of 3,000 stores in 11 years, we have to focus much more on free-standing units.

YOU'RE VERY RELIGIOUS. DOES THAT INFLUENCE THE COMPANY?

Religion is the most important part of my life. Our company culture is very straightforward—don't cheat, steal or lie. We give 10 percent of our earnings to a nonprofit set up to fund missionaries. I'm very grateful to see our franchisees living with those kinds of principles.

DID YOU PAY YOUR MOTHER BACK?

My mother lives with our family. She's healthy and proud of me. I've never thought about it, but after all these years, she's never said anything about giving me her life savings. So many people have contributed to this business. I couldn't have done it by myself.