

# Zingerman's to-do list

Food company spells out where it wants to be in 2020

BY STEFANIE MURRAY  
News Business Reporter

As Zingerman's lore has it, it was a warm summer day in 1992 when Paul Saginaw pulled a harried Ari Weinzwieg out of Zingerman's Delicatessen to a worn bench to have the talk that would change the company forever.

Saginaw worried Zingerman's growth was stagnating and workers were becoming complacent. The company, although successful, needed a long-term plan, a vision.

"I said, 'We're 10 years into this, what will we look like 10 years from now?'" Saginaw recalled.

Weinzwieg — who was, at the time, more concerned with the line of customers in the deli — opened his mouth, but nothing came out. He didn't have an answer.

It was that conversation, and the ensuing two years of more discussions, that shaped Zingerman's first company vision, dubbed "Zingerman's 2009: The Vision for Success." It laid the groundwork for what Zingerman's would look like as a 20-something-year-old small business: Most startling, that the deli would evolve to become part of a larger company built on an uncommon, if not quirky, business model in which managing partners own a stake in separate businesses under the Zingerman's name.

Now, ahead of its 25th birthday in March, Ann Arbor's famous deli is planning for middle age.

In early November, the Zingerman's Community of Businesses — which encompasses seven companies, including the downtown Ann Arbor delicatessen — unveiled the first draft of its vision for 2020 to its more than 430 employees.

Zingerman's 16 managing partners spent the past year crafting the plan. The draft is now being vetted by employees and will likely change, Weinzwieg said.

"It's for us, the northern star. It's essential," said Saginaw, who founded Zingerman's Delicatessen with partner Weinzwieg. "It's our definition of success — it's documented, inspiring, strategic, shared, time-bound, geographically bounded, measurable, achievable."

Among things the new six-

page draft vision says:

■ Zingerman's will stay in and around Ann Arbor.

■ Zingerman's will grow to include 12 to 18 different businesses. A Mexican restaurant, bed and breakfast, candy company, Asian noodle restaurant, conference center and publishing company are among some of the ideas being tossed around.

■ Zingerman's will remain an open-book business for its employees, meaning all workers have access to — and are expected to know and understand — the company's financial records.

■ Zingerman's will establish its own nonprofit foundation.

■ Zingerman's will expand its educational opportunities to have international exchange programs for employees, an internship program and a scholarship program for people in the community who want a food career.

When Zingerman's Delicatessen opened in a historic building on Detroit Street in March 1982, it was just that — a deli, focused on making a great corned beef sandwich and giving exceptional customer service.

Since then, the Zingerman's name has exploded across the country to become synonymous with high quality, great food and a socially- and self-conscious business environment.

Zingerman's Community of Businesses expects to gross \$30 million this year and today includes Zingerman's Bakehouse, Zingerman's Mail Order, Zingerman's Roadhouse, Zingerman's Coffee Co. and Zingerman's Creamery, all in or near Ann Arbor.

## Crafting the vision

Deciding where to locate future Zingerman's businesses was one of the biggest points of debate as managing partners hashed out the new vision this year, several partners said.

Weinzwieg and Saginaw have been approached dozens and dozens of times over the years by people offering to pay for a franchise, or to open other delis in other U.S. cities. They've always said no.

"We talked about going out of state, about being a national company, and not just in Ann Arbor," said Mo Frechette, a managing partner of Zinger-



Diane Krasiecko, a temporary worker at the Zingerman's Mail Order warehouse in Ann Arbor, uses a heat gun to shrink-wrap a gift basket before it's shipped out. The mail order businesses started in 1994.

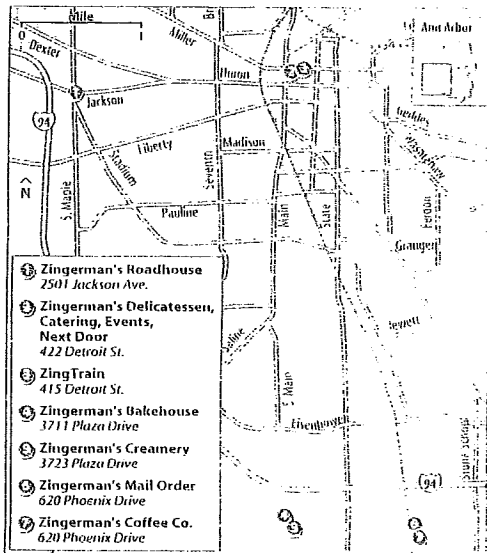
man's Mail Order, which is on track to become the largest of the seven Zingerman's businesses in 2007. "We talked about what does it mean to have a partner on site at a business or not, and different ways people could become owners or partners."

Indeed, the 2020 vision doesn't deviate much from the

SEE FUTURE, F3

## Zingerman's around town

There are seven companies in Zingerman's Community of Businesses, and all are in or near Ann Arbor.



## Zingerman's 2020 draft vision

Among the points in Zingerman's strategic vision for the year 2020:

- **Radically better food:** "Our goal has never been to invent the next great food, just to serve food with great flavor."
- **Radically better service:** "We make great service so natural and comfortable for everyone involved it doesn't seem like service at all. It's just a great experience."
- **Radically better finances:** "To seek profit not for its own sake, but for what it has the power to do."
- **12-18 vibrant businesses:**

"All 12-18 unique, food-related businesses located in the Ann Arbor area work as single organization, successfully navigating the challenges of interdependency."

■ **Intentional technology:** "By 2020 technology so pervasive and effective at Zingerman's we never much take it for granted."

■ **Commitment to access across the organization:** "No matter what position hold, we all have the opportunity to help create the organization that we want to be part of. And we have the opportunity

to grow and prosper within it."

■ **The Zingerman's Community of Businesses as an education destination:** "People come here from around the world to learn about almost everything we do."

■ **Fun, we have more of it:** "We have successfully quantified fun, measured fun and improved fun by at least 30 percent."

■ **Changing our world:** "Today, in 2020, the world we interact with ... is better than it was when we embarked on this vision 15 years ago."

NOTABLE QUOTES

Comments from Zingerman's owners and employees in Ann Arbor News articles over the years:

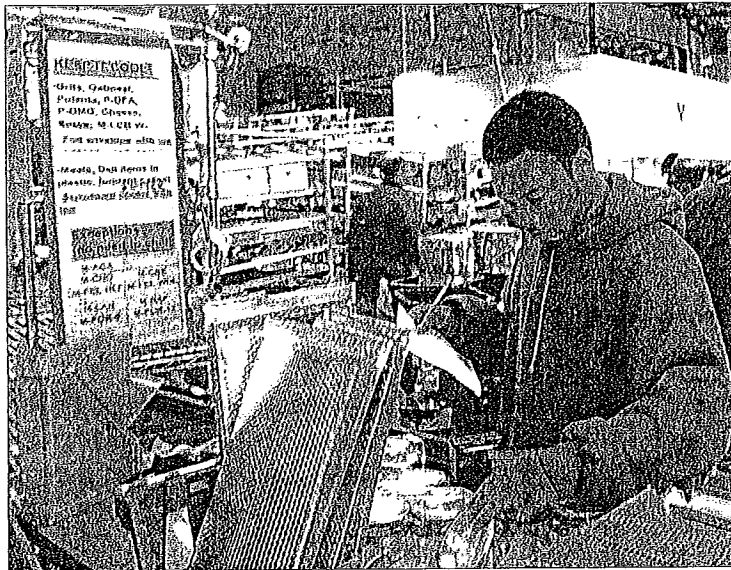
'We want to provide a little more breathing room for our customers. When people are waiting in line we don't want them to have to hover over people who are eating.'

Founder Ari Weinzweig in 1985, talking about Zingerman's petitioning the city to add about 500 square feet to the south side of the building for extra seating as the deli had become very popular in its three-year existence.



'The bank didn't want to lend us the money. They thought it was a lousy idea, that it was a bad location and that nobody would come here at night. Finally, after I put up my house and an option on my first child, we got a small loan.'

Founder Paul Saginaw in 1986, talking about the company's early years.



Freddie Anderson checks items against a list before a shipment leaves the Zingerman's Mail Order warehouse in Ann Arbor. The mail order business is one of seven Zingerman's businesses around town.

FUTURE FROM F1

Zingerman's stays local, resists franchising

framework of the 1994 vision, except for raising the ceiling of the number of potential new businesses to 18 and putting a bigger emphasis on technology and education.

But everything was on the table. The partners thought the 2009 plan had, largely, been achieved. And questions were coming up about the future that no one could answer.

The first meetings were held as retreats off-site, in places like Frankemuth and Battle Creek. They continued for the next several months in person and through e-mail until everyone was satisfied with the vision they'd crafted.

"I think what I would like the employees to know, and our customers to know, is that we thought through everything, so choosing to stay the course with what we have been doing, it was a choice," said Amy Emberling, a managing partner of Zingerman's Bakehouse.

That wasn't the case with the first vision unveiled in 1994.

Zingerman's Community of Businesses

	Founded	Employees	2006-07 projected sales
Zingerman's Delicatessen, Catering, Events, Next Door	1982	160	\$9.6 million
Zingerman's Mail Order*	1994	40-350	\$7.9 million
Zingerman's Bakehouse	1992	100	\$6.7 million
Zingerman's Roadhouse	2003	90	\$3.9 million
Zing Train	1994	7	\$605,000
Zingerman's Creamery	2001	5	\$524,000
Zingerman's Coffee Co.	2004	3	\$335,000
Zingerman's Service Network**	--	23	--
<b>Total</b>		<b>428+</b>	<b>\$29.5 million+</b>

\*Mail Order employees greatly increase over the holidays.  
 \*\* Entity that does human resources, marketing, payroll, finance and information technology work for Zingerman's businesses.  
 Source: News Staff research by Stefanie Murray

WOPAC GOSTERBERG, THE ANN ARBOR NEWS

NOTABLE QUOTES

Comments from Zingerman's owners and employees in Ann Arbor News articles over the years:

'When Switzerland Swiss (cheese) goes up, it's tempting to say, "Well, let's go to a cheaper Swiss." But we don't, because the customer does know the quality of the products.'

Weinzweig in 1988, talking about the deli's emphasis on quality.

'The point isn't that we own the rights to a black-and-white floor or a chalkboard menu. But this is more than a coincidence to have a these things surface six blocks away. We worked very hard to not copy anyone else when we opened.'

Weinzweig in 1993, talking about Zingerman's lawsuit against An

'And because of Zingerman's, the whole area surrounding the restaurant has blossomed.'

Susan Rebner in 1995, co-chair of the Jewish Federation of Washtenaw County's gala dinner to honor Zingerman's with the group's first humanitarian award.

'The sandwich usually comes first and then we try and come up with someone to name it after.'

Weinzweig in 1996, talking about Zingerman's unique way of naming its food.

'We're better known outside of Ann Arbor than in Ann Arbor.'

Saginaw in 2000

'A hundred (wholesale) customers is in many ways too many. We want to have personal relationships with people we sell to.'

Zingerman's Bakehouse managing partner Frank Carollo in 2000  
 Source: News Staff research

'My first workday begins at 7 a.m., and the time looks far more menacing now than it did when (Paul) Saginaw wrote it on my application. While I am amazed to be awake at that hour, others in the restaurant have already been there for hours, preparing food, setting up and ... performing all the tasks necessary before the doors can be opened. ... All are cheery and friendly and bright; nobody complains about a hangover, and nobody sits.'

Jay Forstner in 1987, a new Zingerman's employee.

'We've had more complaints since we've changed to paper (cups). Some thank you ... but there are those who are angry because the paper doesn't insulate well and it doesn't travel well. ... But I think that's a small thing people can live with.'

Saginaw in 1988, when the company switched from foam plates and cups to recyclable paper.

Source: News staff research

### History's lessons

Brainstorming for the company's first vision started that summer of 1992, after Weinzwieg's and Saginaw's talk on the bench outside the deli.

"It's not that Ari and Paul were anti-bureaucracy, it's just that they didn't have any," said Stas Kazmierski, a managing partner in Zingerman's education arm, ZingTrain (not to be confused with the University of Zingerman's, the internal training arm). Kazmierski was an outside consultant Zingerman's hired to help craft that first vision before he became a partner.

"My impression of Ari and Paul and the organization was that they were a little on the wacky side."

Two years later in 1994, with help from Kazmierski and numerous employees, the partners put their thoughts on paper and unveiled a six-page document that laid out a vision for how the company would be run and how it would grow. Among other things, it would evolve to include 12 to 15 unique Zingerman's businesses, separate entities run by managing partners under the Zingerman's Community of Businesses umbrella, all located in the Ann Arbor area. At that time, only the deli and the bakery existed.

It was a radical plan that did what it was intended to: Shake up the organization. "The people we work with, the bakers, the accountants, just thought this was insane," Saginaw recalled.

Most of the company's managers left, as they didn't agree with the vision and its plans for growth. But Saginaw and Weinzwieg felt they were moving in the right direction.

Wayne Baker, a management and organizations professor at the University of Michigan's Stephen M. Ross School of Business, said the decisions to remain local and resist franchising were key. They led, he said, to the company's astounding organic growth and the creation of a culture that fosters service and innovation.

Baker did a case study on Zingerman's last year and uses the business as an example in all of his classes.

"This stuff translates into lower costs and it's a solid business model," Baker said. "Sometimes it just drives my students crazy, when they look at (Zingerman's) and say, 'Look how much money they could make.'"

### Employee input

Zingerman's employees, for the most part, say they're happy with the new vision for 2020 and are glad the company will stay local and small, but still grow.

They will have the opportunity to give input into the vision over the next couple of months.

"It's a big vision - there are big things planned," said Laura Wonch, 25, a University of Michigan graduate and Ann Arbor resident who is an assistant manager of the sandwich line at the deli. "Knowing there will be other opportunities, that it's not just a complacent vision, it's a compelling reason for me to stay."

Wonch was part of a team that helped roll the plan out to employees at a November meeting. They performed a skit based on the ABC television show "20/20" and sent postcards to employees' homes with an eye chart that said "get your vision checked" to encourage them to attend.

There has been some criticism. Deli managing partner Grace Singleton said she's heard complaints about the vision being too similar to the 2009 plan, and parts of it not being clear or precise enough. Another criticism: the extensive use of the word "radical" in the vision document.

### A desire to remodel

Other issues are still cropping

up that could be addressed somehow in the vision and ensuing strategic business plans, such as pricing, Singleton said. For example, "If you get a piece of pie at the deli, the roadhouse and the bakery, should it cost the same?" she asked.

The partners have been collecting written employee feedback and will host sessions in January to discuss each of the vision's nine points. They hope to have the final vision ready in time for Zingerman's March birthday celebration.

Other near-term changes for the company include possible new construction at Zingerman's iconic Detroit Street site in the Kerrytown district.

Saginaw and Singleton are thinking about reconfiguring their Detroit Street location to create a horseshoe-shaped building connecting the deli and Zingerman's NextDoor. That could expand the public bathroom space, create a new kitchen space and add seating.

They'd also like to include an affordable housing component on upper floors of the new building. While the idea is just a dream now, Saginaw said he'd like to do something there to relieve the cramped quarters by 2008.

Contact Stefanie Murray at [smurray@annarbornews.com](mailto:smurray@annarbornews.com) or 734-994-6932.