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The Most Essential
Things to Know About
Building a Team
and Creating Your
Own Star Power



**+
Kristen
Bell**

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Serving Customers— and Communities

Tony Lamb's Kona Ice trucks and kiosks are known for their delicious treats. But the business is about delivering much more than sweet snacks. **by STEPHANIE SCHOMER**

When Tony Lamb started Kona Ice in Kentucky in 2007, he had a simple mission: resurrect the ice-cream-truck business by serving tasty, affordable shaved ice out of a modern, playful truck with a self-serve flavor bar. He anticipated some success, but he got a runaway hit. Kona Ice now has more than 1,100 franchise operations throughout three countries, and thanks to some savvy feedback and ideas from franchisees in icier climes, the company's sales thrive even when snow is falling. Despite the significant growth over the past 12 years, Lamb still runs the business like he did when it first launched: Take care of the franchisees so they can take care of their communities.

You started Kona Ice in 2007 and very quickly incorporated a charitable component to your business model. Why?

The first time I drove one of our trucks, customers were so excited, they were losing their minds! I was so enamored with that reaction, and it made me very community-minded. I started doing a revenue share with partners we had—if we were working the Little League games, we'd give a percentage of sales back to the league.

And now your franchisees do the same. Is it mandated by corporate?

It's all opt-in, and they can choose how much they give back. To date, as a company, we've given back \$61 million. It humanizes the business model. Our franchisees aren't number crunchers who want to know the ROI on an investment. They're people who love their commu-

nity; 83 percent of our franchisees choose to get involved with Kona Ice because they want to enrich their community.

What are some ways you enable them to do that?

When I started this business, I set our initial royalty fee at \$3,000 annually. That's very low, considering most Kona Ice trucks bring in six figures. So the franchisees are ecstatic. At our annual convention, when I hear them talk about their revenue numbers, I wonder if I'm the biggest idiot in the world—even if I had set our fee at a low percentage, I'd make a lot more money. But it keeps us nimble, frugal, and lean, and we're better because of it. And we're profitable, and we have no debt.

Would you ever consider changing that fee?

I've been married 26 years, and my wife is so much prettier



than I am. I wooed her when we first started dating, and I still treat her the same way. I feel the same way about this business: I'm not going to change the way we work just because we got popular.

The bulk of your business happens in warm-weather months. How have you made this a year-round operation?

As franchisees developed these great relationships with schools and sports leagues and local businesses, we needed to develop products that could be sold inside. So we built miniature trucks that can fit through a standard doorway, and we have a kiosk.

How much of your business is events-based, and how does that impact the company's growth?

When I started in 2007, 60 percent of our revenue came from just driving around neighborhoods. Now it's less than 5 percent. We're almost entirely events-based. We're seeing a lot of business from corporate events, and that's because we realized we couldn't just serve flavors like "blue cotton candy" or "pink cotton candy" to adults. We worked with flavor scientists and developed our Krafted line, with flavors like Lavender Lemonade and Strawberry Sriracha. We serve them from a more adult-looking truck. It's exploded our business.