

Howard Deering Johnson: The Man Under the Orange Roof

by Brian Miller, Ed.D.

Introduction

Today we live on the threshold of one of the greatest generational changes of mankind. In the U.S. the so-called baby boomer generation will soon begin to retire en masse. To date, no generation has ever seen so much rapid change as the "Boomer Generation." One memory found in the collective minds of many of this age group are the Orange Roofs with the "Simple Simon and Pie-man" weather vanes that were a common landmark on highways throughout the US since the early 1950s. Howard Deering Johnson, born in 1896 in Boston, was the founder of these "Howard Johnson's" roadside eateries that built their success by serving simple and consistent meals and high quality ice cream that catered to the family on the move. Today, this collection of foodservice operations, once the largest foodservice distributor in the U.S., has almost dwindled to extinction.

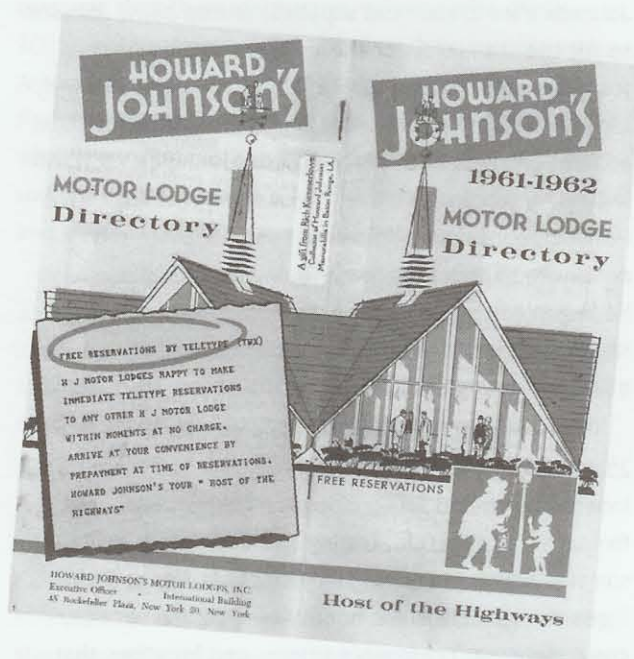
Howard Deering Johnson was an early pioneer in the American foodservice industry and is recognized for many innovations such as the successful use of franchising in the foodservice industry, super premium ice cream, turnpike restaurants, commissary food distribution and themed-restaurant

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concepts to name just a few. Additionally, his organization grew a considerable portfolio of motels along the way and it is the Howard Johnson Hotel brand that many people are familiar with today. However, his story represents all the best in the American entrepreneurial spirit that is manifested by hard work and strong core values.

A Humble Beginning

In 1923, at age 27, Howard Johnson found himself with a cigar wholesale business inherited from his de-



ceased father in a country that was looking at an era of extended prosperity. After volunteering to assume his father's debt, Johnson drew on his achievement as the leading cigar salesman for his father's company and developed a new line of cigars (Howard, 1996). This scheme was met with limited interest as cigarettes were gaining strong popularity in the market place. After amassing \$40,000 worth of debt and a considerable amount of pride, Johnson shut down the cigar business and went to work at a soda-fountain shop to generate income to pay off the company's debt.

In 1927, shortly after Johnson began working at a small patent medicine store with a soda fountain

and a newsstand that was losing money in Quincy Massachusetts, the owner died. Johnson borrowed \$500 to purchase the store from the proprietor's son and began his journey to gain access to the prosperity that was being generated by many entrepreneurs in America. His first strategy to turn this business around was to begin selling newspapers off premise in surrounding communities through a network of delivery boys. Once that part of the business was yielding success, Johnson's love of ice cream led him to begin working on making a high quality ice cream product.

Starting with his mother's recipe, Johnson paid \$300 to a German immigrant to learn the secret for an improved ice cream. Johnson learned that doubling the amount of butterfat than typically was found in commercial ice cream of the time and paying a premium for only natural ingredients were keys to a super premium ice cream recipe (Howard, 1996).

Operating with an old-fashioned hand cranked ice cream machine in the basement of his shop, Johnson refined the recipe and began to think that he was onto something. Once satisfied with the result of his efforts, he began selling three flavors of ice cream in his soda fountain: vanilla, chocolate and strawberry. In a relatively short time, the speed with which the ice cream was selling allowed Johnson to begin paying off his debt. He then embarked on an aggressive plan of opening ice

cream stands along the beaches of New England and the roads around Boston. As the success of these businesses continued Johnson added additional flavors until he came up with a total of 28 different flavors. At the time Johnson is reported to have remarked "I thought I had every flavor in the world" (Anonymous, 2005b). He marketed his stores by using the "28 flavors" slogan that would become the trademark of his ice cream shops. Johnson's ability to use his stores to market his product and the popularity of his super-premium ice cream led to the sale of \$240,000 worth of ice cream cones by 1928.

Within three years, Johnson was able to completely retire his debt, and his business was showing solid signs of success. Johnson continued to sustain success at his original soda fountain by adding foods such as Frankforts (hot dogs), hamburgers, fried clams and other foods that were easy to prepare and control for quality. Soon his drug store was operating as a full service restaurant and Johnson looked more to the foodservice industry as a way to further his success.

The Dawning of the Restaurant Franchise System

On the eve of the great stock market crash of 1929, Johnson opened a larger restaurant with a broader menu in downtown Quincy Massachusetts with optimistic plans to expand the number of restaurants that he would operate. Johnson's goal was to develop a restaurant organization that would have the confidence of people traveling along the road while away from home (Anonymous, 2005c).

However, in less than a year, the country was in the great depression leaving little interest to provide capital to expand a restaurant company. Nevertheless, Johnson was convinced that the current state of the U.S. economy was temporary and that there would someday be a need for a restaurant company that catered to the American traveler who would desire good food at reasonable prices. Unfortunately, Johnson's earlier expansion of ice cream shops left him in debt with no opportunities to borrow more money.

A businessman and high school classmate in the Cape Cod area notified Johnson of an opportunity to build a restaurant in his community. Without the capital to build a new restaurant, Johnson convinced Reginal Sprague to build the restaurant using the Howard Johnson's name, a commitment to purchase Johnson's ice cream and supplies, and to allow Johnson to set the standards for the food and the operations for a fee (Anonymous, 2005a; Langdon, 1986; Howard, 1996). After the initial success in Cape Cod, which was advantageous to both parties, Johnson began establishing agreements with others, thus the beginning of the Howard Johnson's Restaurant Franchise System that continues to operate today (Anonymous, 2005c). Soon he began to sign up other partners to develop restaurants and to engage in a business relationship that was more commonly found in other industries, franchising.

Between 1935 and 1940, the company grew from 25 restaurants in Massachusetts to over 100 restaurants located north and south along the Eastern Seaboard from Maine to Florida. During this expansion, Johnson was active in making decisions that focused on three things: consistent quality of food and service, convenience at reasonable prices, and buildings that would stand out to the traveling public. It was during this period that Johnson adopted the "Simple Simon & Pieman" logo as a symbol of hospitality (Anonymous, 2005c).

The growth of Howard Johnson's restaurants since the early development of super premium ice cream was nothing less than phenomenal. By 1941, his company was a network of franchised and company owned restaurants with over 10,000 employees, 200 restaurants and serving close to 2 million customers a year (Anonymous, 2005b). Much of this growth was attributed to the bid and award of the commission to operate foodservice units on the newly developed turnpikes of Pennsylvania, Ohio and New Jersey.

After the start of World War II, pleasure trips for U.S. citizens ended with the rationing of gas and food stamps. Johnson's network of restaurants began to shrink as restaurants were forced to close. Three years later only 12 units remained open. To keep his company afloat Johnson negotiated with the military to serve food to war workers and army recruits.

By 1947, Johnson was in full stride toward completing one of the greatest comebacks in modern business history with construction scheduled or started on 200 new Howard Johnson restaurants (Anonymous, 2005d). These new restaurants reflected the lessons learned during the war and the changing of the times with smaller and sleeker designs. Over the next 8 years, the Howard Johnson system would grow to 400 restaurants in 32 states with 10 percent of the units located on state operated toll roads (Anonymous, 2005d).

Branded Foodservice Concepts

In 1935 when Johnson struck the agreement with Sprague, Johnson contracted with an architectural firm to design and build the unit (Langdon, 1986). The project, led by Joseph Morgan, reflected a design that was of a more traditional architecture than the diner that was popular at the time. The design was used by the soon to be established franchised restaurants until the late 1940s. The structure allowed for franchisees to make modifications to suit local requirements: however, all structures required certain traditional elements that made for an eye-catching restaurant. Although there were many variations in the look of

the Howard Johnson's restaurants in the early years, all were found to have elements that would later become hallmarks of the brand. These included steeples, a "Simple Simon & Pieman" weathervane, the use of orange paint for the roof and blue green paint for accoutrements such as shutters, awnings and cupolas and a branded message of product or service provided within. Additionally, Johnson furthered tweaked the brand recognition by writing the name in all capitalized letters except for each "n" in Johnson (Langdon, 1986).

As time went on, new restaurants were added to the chain that were far from New England. The more traditional elements were removed and modernized. In 1948, in preparation for a new restaurant construction in Miami, Florida, Johnson called upon Rufus Nims. Rufus eschewed the traditional Howard Johnson design in favor of a sleek single story structure that featured long strands of plate glass that put the interior of the restaurant on display. The traditional Cupola was refashioned into a contemporary styled spire that housed the exhaust system (Langdon, 1986). In a few short years this new Nims design became the brand's prototype. Over the next 30 years the design of new restaurants and refurbishments of exiting units would tweak these brand image features to reflect contemporary appeal but they never deviated from a feeling of quality, comfort and boldness (Langdon, 1986). Howard Johnson was successful at re-inventing the brand image while keeping enough consistency in the buildings, food and service to provide confidence to the traveler away from their home.

To ensure this consistency of quality food and service Johnson developed high standards that were required to be met by all franchisees. Using a centralized production facility, the Howard Johnson Company was able to maintain and ensure high quality ingredients in the foods served in their restaurants. All items selected for their restaurant's menu could be heated and prepared with limited amount of labor at the individual restaurants. Additionally, most items served were also shipped to the units in packaging for sale to families to take home. Signature items that were found in Howard Johnson's restaurants were 28 flavors of super-premium ice cream, grilled in butter frankfurts served in toasted squared buns, fried clams and New England clam chowder. Each of these specialty items was served in a unique manner to deliver the message that their restaurants were special (Wells, 2001). Another element that led to their success was America's newfound freedom of the open road. The first generation to own cars was exploring America while motoring on their vacations. Soon, Howard Johnson's restaurants were a family favorite while traveling and made the visit to the local unit even more special.

To guarantee convenience at reasonable prices, Johnson continually looked for opportunities to select locations that were visible from the road. Using major intersections, traffic circles and gradual curves in the road, Howard Johnson's restaurants were guaranteed to be noticed by drivers.

From the beginning Johnson, had a knack for marketing and merchandising his products and services. Examples of this ability were successfully demonstrated over the 25 years he led the company. Initially, the ice cream shops were developed to maximize the amount of space for advertising that would be seen by people passing by. Johnson had the aptitude to position his units on well-traveled roadways to maximize exposure and he worked diligently to find the right location each unit. After the perfect location was acquired he developed a building that provided the appropriate décor for the location and time. Once the restaurant was in operation Johnson negotiated with landowners to provide billboards that were positioned around or near the location that advertised his ice cream and food products.

Taking Advantage of America's Roadways

The continued growth of the Interstate Highway System was not lost on Howard Johnson. In the early

1950s, Johnson quickly identified the growth in the demand for clean affordable lodging for road weary business travelers. As the highway system continued to expand and improve, scores of sales persons were deployed to develop sales territories and many of these new sales opportunities were located along the Interstate Highway System that provided easy access to customers. These soon to be coined "road warriors" would spend many nights away from home making sales contacts. This new brand of business travelers were a perfect market to help support existing restaurants and develop a network of motels that help to foster continued growth for the company. The first such Howard Johnson Motor Lodge was franchised and opened in 1954 in Savannah, Georgia (Anonymous, 2005a).

The creation of the Howard Johnson Motor Lodge provided the marketplace with a clean and modern lodging facility that boasted large guestrooms, fresh sheets, air conditioning, a modern bath, and television. Building on the brand image of the Howard Johnson restaurants, each motor lodge was topped with an orange roof and was located next to a new or existing Howard Johnson restaurant. As this network of businesses continued to develop and expand, the Howard Johnson brand was truly living up to its slogan of the time "Host of the Highway" (Anonymous, 2005b). As Johnson's dominance as the host to America's travelers continued, the company's units would become synonymous as a place to visit only while traveling. During this period the company reluctantly officially adopted the "HoJo" nickname (Anonymous, 2005b).

In 1961, the Howard Johnson Company sold nearly two million shares of stock for an estimated \$125 million and included a network of 605 restaurants, 265 of them company operated and 340 franchisee-operated. Between 1961 and 1979 revenues for the company grew every year. The Howard Johnson Company continued to expand, growing to over 1,000 restaurants and over 500 motor lodges in 42 states and Canada. However, in 1975, the company began to see problems in their expansion strategies with over 85% of the company's revenues dependent on automobile travel.

The Changing of the Guard

When Howard Johnson retired and passed the company to his son in 1959, the company did continue to grow. Well into the 1960s the Howard Johnson brand continued to dominate, and expansion led to operating units that spanned throughout the US from coast to coast. After the company became a publicly traded company in 1961, Howard Johnson's restaurants and hotels soon become the second largest provider of meals outside of the home - second only to the U.S. Army.

The fall of the Howard Johnson's brand was faster than it took to build. When the reigns of the company were passed down from father to son, the son appeared to quickly lose control over the direction of the company. Without the persona of his father in his corner, the younger Johnson was leading a company that lacked the vision. Given the impressive growth of the organization in a relatively short period of time, the lines of supervision were not clearly drawn

(Wells, 2002). The size of the organization prohibited the younger Johnson from managing like his father, and such tactics as surprise visits to ensure compliance with company standards quickly disappeared. Soon the sheer size of the organization and the mixture of franchised and company owned units lead to more travelers experiencing mediocrity in service, food and ambiance. As the U.S. Interstate Highway System reached maturity, the company expanded into the development of foodservice brands that were not dependent on highway traffic. After witnessing the success of restaurant brands such as Steak & Ale and Red Lobster, the company began to develop the restaurant concepts of Red Coach Grill and the Ground Round. This strategy to diversify continued to negatively affect the company's focus on fixing the quality of service provided by their core concepts of the Howard Johnson Restaurants and Motor Lodges.

In 1979, the publicly traded company was sold to a British conglomerate. After a few lackluster years of slow growth and no new initiatives to expand the brand, the Howard Johnson's Company was then sold off by piecemeal. In 1985, Marriott Corporation purchased many of the assets for the value of the real estate of the units. Soon after Marriott's acquisition, the Howard Johnson foodservice units were changed to Marriott owned concepts and brands. Today, the Cendant Corporation owns the franchising rights to "Howard Johnson" brand of hotels and is working tirelessly to position the brand to compete in the limited service lodging market. Cendant management claims to be refocusing on this brand and is rebuilding it on the solid values that were initially established by Howard Johnson (Anonymous, 2005d).

Franchised Associates International (FAI) controls the original Howard Johnson's brand of restaurants, and there are currently five units still open. Many visitors to New York City may be familiar with the Howard Johnson's Restaurant in Times Square. As of this writing, that unit is closed. However, FAI's website states that the concept is being revamped and that they are looking for new franchisees. The following is an excerpt of a musing from a long time fan of HoJo and webmaster of HoJoLand: The unofficial website of Howard Johnson Restaurants and Ice Cream Shop:

"HoJo's was a place that generations grew up on. A place where parents brought their kids to, and a place those kids eventually brought their kids to.

The real truth now is there is a whole new generation that doesn't even know Howard Johnson's has anything to do with anything other than a place to sleep. Only now, there are two things sleeping at HoJo's: weary travelers looking for a peaceful night's sleep, and the restaurants themselves. Only thing is, the people will wake up the next morning, while the restaurants are being put to sleep-permanently" (Mann, 2005).

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