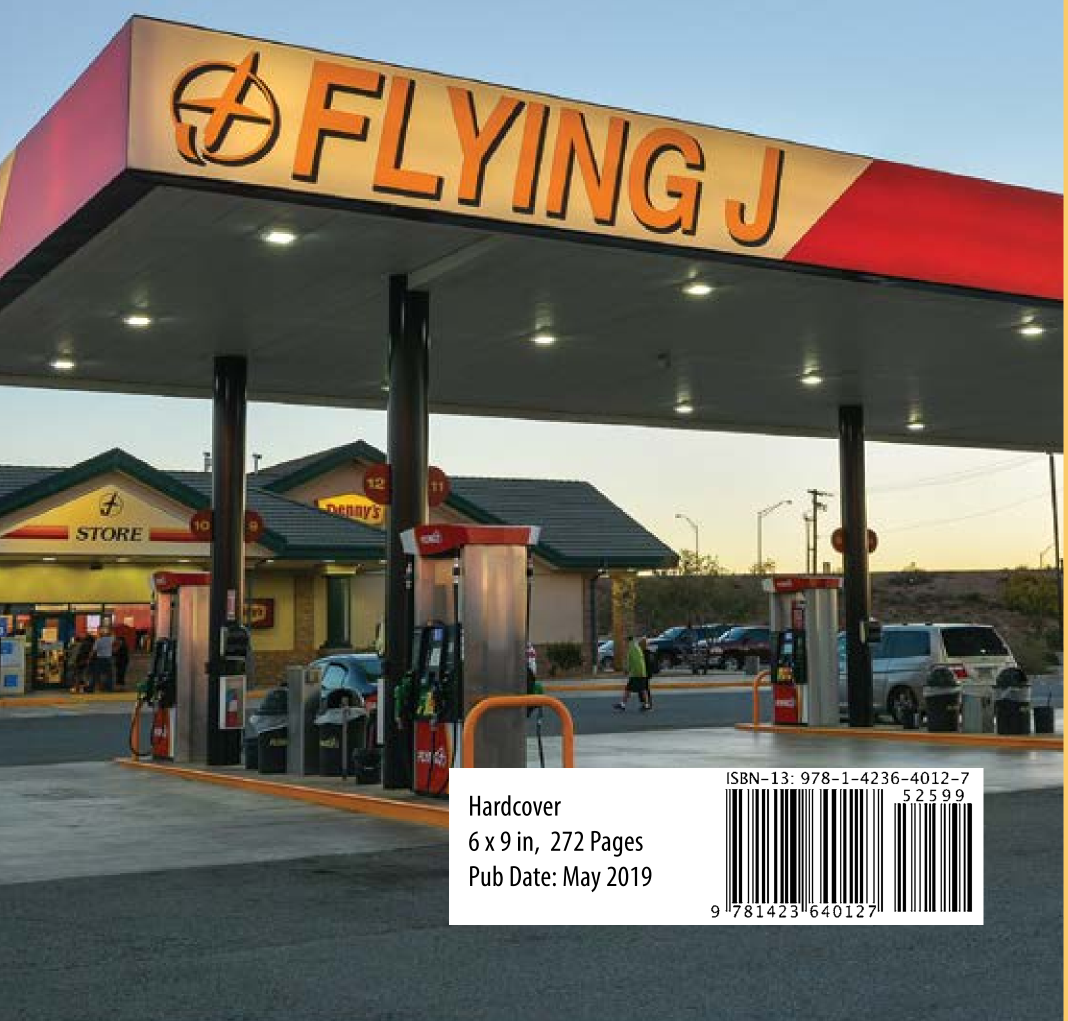
An unlikely CEO's story of travel plaza giant Flying J's bankruptcy and recovery. This book is both an empowering memoir of Crystal Maggelet's parallel roles as wife, mother, and business leader, and an incisive argument for the importance of trusting and investing in people, not just physical assets and innovative ideas. Crystal's humanistic and efficient management of Flying J through a terrible string of misfortunes, including the tragic death of her father and predecessor, Jay Call, the Great Recession of the late 2000s, and the company's consequent bankruptcy, ultimately led to what was for her the most important result: the reclamation of her family's legacy.



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Building Value to Last

Crystal Maggelet
with Francom and Smith

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President and CEO of FJ Management

with Sarah Ryther Francom and Laura Best Smith

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The inspiring story of how Crystal Maggelet, the daughter of Flying J founder Jay Call, unexpectedly ended up as CEO of her father's company to help guide it back from the brink and on to even greater success—all during the throes of the Great Recession of the late 2000s.

This book recounts the events leading up to, and the ensuing bankruptcy of FJ Management's predecessor company, Flying J. Through it all, she succeeded by maintaining the core philosophy handed down through generations of the Call family—the importance of building value that will last.

Contents

Soaring Flying J, 1980–2000

Principle: Work hard, with confidence, independence, and persistence.

While I was busy growing up, Flying J was growing right alongside me. Flying J was brimming with positive energy and momentum as it entered the 1980s and continued to grow successfully throughout the next two decades. It was an exciting time to be part of the company my dad, Jay, was building. Several key acquisitions and leadership changes put Flying J on a road of continued growth and success—changes that would create one of America's largest private companies.

Starting with self-service gas stations, then introducing convenience stores and truck stops, my dad continued to change how fuel was sold and distributed. Most of the growth up to this point had been organic, but in late 1979, two of Jay's trusted executives brought him an opportunity to acquire Thunderbird Resources that seemed too good to turn down. It was much larger than any bank would finance given Flying J's balance sheet, so it did not look promising until Jay decided to see if he could seller finance the acquisition. He put everything on the line and was able to purchase Thunderbird on April 1, 1980. With that acquisition, he had met his goal of becoming a fully integrated oil company consisting of Exploration and Production Divisions, a refinery, and a robust retail operation.

But Flying J was about to face political and economic challenges that would again wreak havoc on the company. By 1981, fuel demand and consumption had substantially decreased. Moreover, the country was about to enter an economic recession. Flying J began reducing inventories, adjusting prices, and strengthening its accounting and marketing. Eventually, monthly losses slowed, and Flying J was able to turn a meager profit. By 1983, Flying J was forced to close its refineries, but was able to keep the Exploration and Production Divisions operating.

Though the Thunderbird acquisition proved challenging, Jay never regretted the decision, saying that it gave Flying J the necessary experience in refining, production, and exploration that it would need to propel future growth. It stretched Flying J's resources thin and divided Jay's attention, but he never lost sight of becoming the country's leading truck stop and travel plaza operator. During the early 1980s, the company slowly added to its travel plaza network. With the Thunderbird acquisition, the company grew from 350 employees to more than 700 overnight. The acquisition also included two truck stops: one in Great Falls, Montana, and the other in Williston, North Dakota. Flying J also acquired a travel plaza in Boise, Idaho, which grew to be one of the company's most profitable sites. The company also added travel plazas in Beach, North Dakota, and Salt Lake City. In 1983, the company built a travel plaza in Post Falls, Idaho, which became Flying J's model for future plazas.

By 1984, Flying J operations were steadily improving, particularly within the Retail Division. The company had grown to include 65 gasoline stations, 28 convenience stores, seven travel plazas, seven restaurants, four motels, and a major video rental business. Retail operations accounted for 42 percent of Flying J's corporate sales. Wholesale operations, including refining and the oil and gas fields, accounted for the other 58 percent. By the mid-'80s, Flying J had fully recovered from the trials of the Thunderbird acquisition and was ready to continue its growth plan. But Jay knew that he needed an executive team who could take the company through its next growth phase.

The 1980s were a critical time for Flying J's executive leadership. Management became a critical piece of the puzzle that Jay needed to ensure the company's long-term viability. He knew his top priority was to find and develop an executive team that would lead the company far into the future. Jay needed people who had strong and effective negotiating skills, broad vision, and a strategic risk-taking business approach. My dad began observing his executive and management team, ensuring that the right talent was in place. Jay's leadership style was to put the right people in the right place and then let them do what they do best. Once Jay had confidence in employees, they were on their own. He rarely meddled with his team—he wanted them to be responsible for their successes and failures. With a sound executive team in place, Jay knew that he needed to find someone who could assume the top leadership post. Though Jay would stay on as chair of the

Flying J Board of Directors, he needed new talent to move the company forward. He found what he was looking for in Phil Adams, who had joined the company's Accounting Department.

Phil quickly caught Jay's attention. Jay didn't view Phil's youth and inexperience as weaknesses. Instead, he thought he could mentor Phil to become a key leader in the company. In 1983, Jay promoted Phil to the position of vice president of retailing—a promotion that shocked many. But it was the first promotion of many that put Phil on a leadership track to CEO and president. In 1987, Phil was named executive vice president.

In the mid-'80s, Jay and his executive team realized the only way to expand Flying J further was to continue building travel plazas and growing assets. But they needed capital to finance their ambitions. Two risk-takers at heart, Jay and Phil were willing to do whatever it took to see Flying J become an even larger company.

In 1984, Jay came across an opportunity to acquire Husky's U.S. oil and gas production properties. Much like the Thunderbird acquisition, the possibility of acquiring Husky's assets was an enormous opportunity that Jay couldn't pass up. He approached RMT Properties, a subsidiary holding company created by Husky that retained the assets of its U.S. refining operations, about a possible sale. His assumption was spot on—RMT was preparing Husky's U.S. assets for a potential sale. The asking price was around $100 million, far outside of what Flying J could afford. Jay knew it was a long shot, but he wasn't ready to give up. For the next several months, he quietly rolled the idea around in the back of his mind, trying to find a way to make it happen.

Husky's U.S. assets included three large refineries and a retail network of 400 dealers, which included 24 truck stops and 12 service stations. Husky's network of truck stops spanned 13 western states, making it the region's second-largest truck stop chain. Similar to the Thunderbird acquisition, Jay was particularly fascinated by the opportunity to acquire Husky's North Salt Lake Refinery, a move he knew would put Flying J on a new playing level with regional competitors. Adding Husky's three refineries and respected truck stops to the Flying J brand would be a big win, but pulling off an acquisition of this size would be an enormous, if not impossible, challenge.

An entire year passed without an offer from Flying J, but Jay never lost sight of the opportunity. He watched from the background, waiting for the right time to approach RMT again. And when an opportunity presented itself, my dad was ready to pounce. RMT had made a deal with another buyer, but the acquisition fell through when the buyer couldn't produce adequate capital. The loss was profound for RMT, which became desperate to find a buyer. Jay knew the timing was right, and he approached the embattled company about acquiring its truck stops. Though he also wanted the refineries, Flying J wasn't in a position to acquire all of Husky's assets. RMT didn't accept his offer—they wanted an all-or-nothing deal. Jay tried to pique their interest by adding the North Salt Lake Refinery to the list of properties he was willing to acquire, but again the company didn't bite.

Jay knew he had to be creative if this megadeal was going to happen. He decided to put a $2 million nonrefundable down payment on the table—a move that got RMT's attention. On June 5, 1985, RMT and Flying J reached a deal. Flying J would acquire Husky's U.S. assets. The closing date was August 1. Jay knew that the real work—securing financing—was about to begin. He began flying across the country in search of a financial partner that would finance the acquisition. Bank after bank turned Jay down, including Flying J's primary banker, First Security. They all gave the same reason: Flying J was too small to make the acquisition. It was simply too risky. Jay was forced to ask for an extension to the August 1 closing date.

While Flying J was searching for acquisition capital, RMT was losing money fast. Jay presented RMT with a proposal to downsize its operations to mitigate losses. RMT executives were impressed by the plan, as well as with Jay's confidence and leadership ability. RMT entrusted Jay to begin managing the Husky assets on a fee basis with a plan that an ownership switch would occur within the coming months. Flying J began downsizing the organization as planned, hoping to shrink required working capital. Within three months, Jay and the executive team had significantly reduced operational expenses, and RMT was again impressed with what had been accomplished. RMT decided to help finance a deal with Flying J and guaranteed a revolving credit line at a major bank, with an agreement that Flying J would take over payments within 18 months. By the end of 1985, ownership transferred to Flying J—an accomplishment that propelled Flying J to becoming one of the largest fully integrated oil companies in the West.

By 1991, Phil had taken Jay's place as president of Flying J. Phil had earned Jay's confidence and trust. At this point, Jay began to transition into a consultancy role, while empowering Phil's vision and leadership to move the company forward. Phil would take Flying J into a new era of growth and prosperity.

Jay and his team had devised an elaborate plan to develop or acquire a total of 250 interstate travel plazas. At the time the company had 50 travel plazas, so adding another 200 was an ambitious goal. True to his nature, Jay was ready for the challenge, but the company had to first overcome two significant hurdles. First, Flying J lacked the capital required to build or acquire 200 additional units. Second, Flying J lacked a guaranteed fuel supply to keep the plazas operational and profitable.

The North Salt Lake Refinery acquired during the Husky acquisition was up and running, but couldn't supply enough fuel for all Flying J plazas. Flying J needed additional suppliers. The company worked to obtain long-term contracts with suppliers in outlying regions to ensure an adequate fuel supply, but they struggled to find a consistent partner.

Crystal Maggelet is president and CEO of FJ Management Inc., a diversified family business, which includes subsidiaries Maverik, a convenience store chain, and the Big West Oil petroleum refinery, as well as a minority stake in Pilot Flying J, the largest travel center operator in the United States. She has a bachelor's degree from Pepperdine University and an MBA from Harvard University. She currently lives in the Salt Lake City area.