

## Thinks Big About the Little Guy

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IN 1990, Steven T. Bigari was running a string of McDonald's franchises in Colorado Springs and spending most of his working hours thinking about the big bad wolf at his door, otherwise known as Taco Bell, which was killing his business with a promotional menu of items costing only 59 cents each.

One day, the restaurants' owner, Brent Cameron, who was also his mentor and friend, sat down with him over breakfast at one of the franchises, just off Highway 83. "O.K., Steve, what's your plan?" he asked.

Mr. Bigari outlined the situation, and it was dire: their operations were hemorrhaging cash. Then he presented a plan to cut costs by eliminating, among other things, paid vacations for crew members. What happened next would change Mr. Bigari's life.

"Brent politely asked me to step into the vestibule and he stuck his finger in my face and used a foul word for one of the three times I ever heard one cross his lips," Mr. Bigari said. "He said, 'You can afford to give up your rizzing-razzing vacation, but they can't, so I hope you have a better plan than that.' "

Mr. Bigari said he got the message: take care of your people. It was a message that stuck with him even after Mr. Cameron died and Mr. Bigari became a top McDonald's franchisee himself -- eventually owning 12 stores, three patents and a reputation for clever ideas, like letting customers pay with credit cards and outsourcing the drive-through. Even as his business grew, he kept Mr. Cameron's crew benefits in place, and began adding to them.

Indeed, over time, he went much further. He created a system to help resolve the problems of the working poor who staffed his restaurants by pulling together or creating an array of services, from arranging day care to organizing transportation to making small emergency loans. The goal, he said, was to keep his employees on the job and focused on customers.

Now he is trying to persuade others to offer this kind of help to their workers, not as an act of kindness or charity but as a way to reduce employee turnover and increase profit -- as, he said, it did for him.

This is a major challenge. After all, American business culture tends to focus on employees at the top, not at the bottom. And many don't want to be told that they pay workers poverty-level wages. Mr. Bigari says he thinks that they will see the light when they see the return they can get from helping the working poor, both as employees and as customers.

MR. BIGARI, 47, is an unlikely candidate to save the working poor. He is a millionaire who lives in Colorado Springs, a politically conservative city that is far from the coastal enclaves of most social entrepreneurs, the catch phrase for people who come up with innovative, nongovernmental ways to address social problems. He has the no-nonsense short hair and straight back of a West Point graduate. (He was in the class of 1982.)

He acknowledged that his employees' pay scale -- an average of \$7 an hour in 2006, when he sold his stores -- was less than a living wage in Colorado Springs, which he estimated at \$12 an hour. He said that competitive pressures and overhead costs, including loan payments and licensing fees, prevented him from offering more, though he said he paid 25 to 75 cents an hour more than other local fast-food outlets.

It is true that Mr. Bigari is relentlessly upbeat. The only time he recalls taking failure personally was in high school, when his football team, which had not lost a game in the three years he was a player, was crushed in a state semifinal. (He still remembers the name of the opposing player he could not block.) He was traumatized, but he eventually realized he had learned a great deal from this setback. He has created in himself an ability to see beyond failures, which he says he has all the time, and treat them as lessons learned.

Over the last three years, he has moved his life in a different direction to help achieve his goal. He spent one year on a social entrepreneurship fellowship, sold his McDonald's franchises to devote himself fully to his nonprofit organization, America's Family, and received backing from a venture philanthropy fund.

He had no such plans a decade ago, when he decided to continue Mr. Cameron's practice of making small, short-term no-interest personal loans to his employees to help them pay their rent, buy tires or meet other immediate needs. (He says he lent about \$30,000 a year for 10 years, and only \$960 was not paid back.)

Back then, his goal was not to be a high-minded social entrepreneur or even an old-fashioned do-gooder. He just wanted to reduce employee turnover -- the rates could hit 300 percent a year -- by easing some of the problems that led so many of his workers to miss shifts or to quit.

He did more than lend money: he worked with a local church to set up day care, and he educated employees about public services available to low-wage workers -- in some cases, available to those whose incomes are up to 200 percent of poverty level.

Reliable transportation was a near-universal problem for workers, so he started sneaking out to police auctions during lunch on Saturdays, the busiest period in his restaurants, to look for cheap and dependable cars. At first, he resold them at cost to his employees, then experimented with renting them to workers. He has tried other approaches, but has settled on having the foundation take in donated cars, then sell them to a local dealer who fixes them up and resells them to employees.

By 2001, Mr. Bigari was calling his collection of programs McFamily Benefits, and it worked well, for his employees and for him. So well, in fact, that three professors at the University of Colorado at Colorado Springs studied the program.

They found that from 2000 to 2002, turnover rates fell sharply at all of Mr. Bigari's restaurants; three had rates at or below 100 percent. All of the employees who used some part of the programs said they felt motivated to work harder. In the same period, his profit margin rose more than three percentage points.

Debra Powell, a divorced mother of five who managed one of Mr. Bigari's restaurants, said the program helped many of her crew workers, which in turn made her job easier. She herself had money problems, and Mr. Bigari found a budgeting course at a local

nonprofit agency; it worked so well for her that she required all the managers in her store take it, partly because many of them had never had checking accounts.

She used Mr. Bigari's program in 2003 to get a loan for a personal computer and in 2004 to buy the first car she had ever purchased, a used Chevrolet Cavalier she still drives.

She says she misses Mr. Bigari at work, though she receives bigger bonuses now that the McDonald's Corporation runs her store. (Franchisees pay rent and licensing fees to the corporation that can total 16 percent of gross receipts, Mr. Bigari said. Company-owned stores do not have to pay, so they can be more generous to employees.)

"I would trade the money to go work for him again," Ms. Powell said. "He's not in it for himself; he's in it for the people."

Inevitably, some of the people he helps suffer setbacks and cannot honor their obligations. Keeping track of them began to consume more and more of his workday, and those of some of his store managers. "That's when we knew we had to change the model," he said.

In 2002, the same year he remarried (he and his first wife divorced in 2000), Mr. Bigari morphed McFamily Benefits into an independent nonprofit group called America's Family. He chose the name because the goal was to offer the working poor the kind of guidance and support that traditionally came from families.

He arranged for a local car dealer to create a used-car warranty program for participants, and persuaded a local credit union to make loans for things like cars and computers, and to make small, short-term loans so that employees could break free from rapacious payday lenders.

America's Family had to guarantee the loans, but it was helping employees to build credit histories, even though many of them had never before used a bank. He also began working more directly with local charities and government agencies to ensure that employees who needed services got them, sometimes even persuading government offices to change their operating hours to help meet workers' needs.

HE also began talking to local businesses about using America's Family. His first takers were two business owners who went to his church, Springs Community Church, part of the mainline Reformed Church in America. But, as even he has acknowledged, his plan needed a lot of work.

"Steve is a rah-rah-everything's-wonderful-here's-what-we're-going-to-do type of guy, and he's got this vision in his head, but it was difficult to get it boiled down for business owners," said Rebecca Kolb, who sells and supports janitorial franchises for a company called Jan-Pro.

Ms. Kolb says that Mr. Bigari has refined his message and expanded America's Family's offerings in the last five years, and that she can now see clearly that it helps her franchisees retain employees. When Mr. Bigari is ready to expand America's Family nationally, she said, she will ask Jan-Pro to adopt it.

He was spending more time on his charity efforts, but Mr. Bigari said he had no thought of selling his McDonald's franchises until he became an Ashoka fellow in late 2004.

"This would've just been a cool hobby if Ashoka hadn't come along," he said. Ashoka International finances social entrepreneurs worldwide.

Trabian Shorters, a co-director of Ashoka U.S., said the group was drawn to Mr. Bigari by the unabashed scope of his dream. "Steve wants to fix working poverty, period, for everybody," Mr. Shorters said. "That's audacious, but he means it."

Barbara R. Kazdan, Ashoka U.S.'s other co-director, credited Mr. Bigari's nonprofit group with devising a systemic rethinking of how to help the working poor. "He looked at the whole system that low-income people were caught up in and wanted to create a different kind of system to give them the support they need," she said.

As an Ashoka fellow, Mr. Bigari stepped aside from his franchises for a year to focus full time on his foundation. After his fellowship ended, in early 2006, he returned to his business. At one point, he told Mr. Shorters that one of his McDonald's outlets had bested a rival franchisee's record for serving customers at a drive-through -- 371 in one hour. Mr. Shorters congratulated him, then asked, "How do you top that?"

That got Mr. Bigari thinking about what he was doing with his life. Last February, at Mr. Shorters's urging, he went to a social entrepreneurship conference called the Gathering of Leaders, organized by New Profit Inc., a philanthropic venture fund. He left the meeting convinced that he should become a full-time social entrepreneur, and by June had sold his McDonald's franchises.

That kind of speed reflects how Mr. Bigari likes to move. He jokes that he operates on Bigari Standard Time, which is a bit like life stuck in fast-forward. He is a consultant and a motivational speaker. He wrote and self-published a book about his ideas, "The Box You Got," in three months, after a conference organizer asked if he had a book that it could give to those in attendance.

When Mr. Bigari got a too-good-to-be-true deal on a headquarters building for America's Family in Colorado Springs, he bought it in spite of the fact that it was 135,000 square feet too large. Then he brainstormed with friends and associates to build a mini-theme park called Mr. Biggs Family Fun Center, complete with laser tag, Go Kart racing and other diversions, and had it up and running in less than six months. (Biggs is his nickname, and he likes to talk about Bigg ideas; a sample: "If you are afraid of failure, get over it. Everybody fails.")

Mr. Shorters says it is not unusual for social entrepreneurs to juggle several projects that may seem unrelated. Tom West, an investor who is chairman of Exit41 Inc., a point-of-sale software company that has worked with Mr. Bigari, said in all seriousness: "You don't want 100 percent of Steve. Ideally, you want maybe 12 percent of him." (Exit41 helped him develop a call center that saved money by consolidating the taking of drive-through orders from his McDonald's outlets.)

Mr. Bigari notes that he is using the restaurant in his amusement center to train chefs and other food-service workers, and that his speaking gigs can motivate businesses to pay attention to low-income workers, whom he calls "the invisible people."

Mr. Bigari says that he is at a starting point for the foundation, with a long road ahead; Ms. Kolb and others who know him said he has to prove that he can make the ideas work at businesses where the owners aren't part of his social network. He is using a \$250,000,

two-year investment from New Profit to expand his staff and develop his foundation's business model. He recently hired a sixth employee at America's Family, which has an annual budget of about \$500,000.

HE is also starting to sign up celebrity advocates who can help build his foundation's profile. His first is Daryl Simmons, a producer and songwriter, whom he met while negotiating a real estate deal. Mr. Simmons said he, too, had helped employees to buy cars and to learn about financial management. But, he added, "I've only done a crumb of what he's done."

For his part, Mr. Bigari says he is inspired by people like Joseph Johnson, who had to drop out of college after a family emergency. After working for a time in Phoenix, he sought a job at a McDonald's in Colorado Springs where Mr. Bigari was then the operations manager, becoming operations manager himself when Mr. Bigari became an owner. Today, at 37, Mr. Johnson owns his own McDonald's, one of the franchises that Mr. Bigari sold in June. (The McDonald's Corporation bought the rest.)

Mr. Johnson says that Mr. Bigari is a genuine leader, one who had no compunction about pitching in alongside minimum-wage workers at a fry station or behind a counter. "The one thing we could all appreciate about him was he wasn't just the guy who would vision up something -- he'd be the guy who was there to execute it, too," he said. "You weren't calling him in his timeshare in Hawaii; he was right there next to you."

Mr. Bigari says he knows he is tackling a far bigger problem than a McDonald's franchise has to face -- a point he illustrates with a story about a beach strewn with starfish. A boy is throwing them back in the ocean, one by one, when a man comes by and says: "What are you doing? You can't possibly make a difference here."

Without looking up or pausing, the boy picks up another starfish, tosses it in the ocean and says, "Did for that one."

Photos: Joseph Johnson, left, bought a McDonald's franchise in Colorado Springs from Steven T. Bigari, right, and continues to use many of the practices he learned from him to offer support to low-wage workers. (Photo by Kevin Moloney for The New York Times)(pg. 1); Daryl Simmons, a producer and songwriter, said he, too, had helped some of his employees to buy cars and to learn about financial management. (Photo by Jessica McGowan for The New York Times); Debra Powell, a mother of five who manages a McDonald's in Colorado Springs, used the America's Family program to get a loan to buy a PC and a car. She said the program also helped many of her crew workers.