



FIVE GUYS®

A RAPID GLOBAL EXPANSION

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Five Guys Enterprises rose from humble beginnings in Arlington, Virginia in 1986 to a globally recognised brand. Jason Lee, Sr. Director, International Supply Chain at Five Guys, discusses its globalisation and logistical challenges



Five Guys Enterprises is not your average fast food corporation. Founded in 1986 by the Murrell family and named after its five sons, the Five Guys family members still meet at the corporate office every Tuesday, and have continued to play key roles in the business. It offers a basic menu of burgers, fries, hotdogs and milkshakes with a range of toppings – keeping it simple but without making it boring: “you’d need to eat here every day for 684 years if you wanted to try all possible combinations of our toppings”, its website states. Five Guys also does not market its brand. It has achieved a cult following through word-of-mouth advertising, meaning every customer feels valued and part of a unique dining experience.

From its origin as a takeaway burger joint in Arlington, Virginia, Five Guys now has 1,600 locations in 19 countries across the world – and is still expanding. “We want to enter six to eight new countries every single year,” says Jason Lee, Sr. Director, International Supply Chain. The challenge Five Guys has set itself is that its menu is the same in every global location, and where possible, it will use the same ingredients and products.

“One unique thing about our international strategy is that Five Guys controls the supply chain,”



“THE MURRELL FAMILY JUST WANT THE WHOLE EXPERIENCE TO BE THE SAME, WHETHER YOU’RE IN LONDON, HONG KONG OR WASHINGTON DC”

—
Jason Lee
Sr. Director, International
Supply Chain, Five Guys



Lee explains. “Purchasing, logistics, distribution – we take full control of this instead of the franchisee.”

Five Guys is very strict on sourcing. In order to make the experience as authentically American – as authentically Five Guys – as possible, there are no substitutions to be made. “That’s not just on food, that’s even on disposables – napkins, bags, cups – we have a specification that every market needs to follow,” says Lee. Five Guys plays the long game in this regard. By being strict and controlling supply chain and distribution itself, the



company ensures the highest quality while ultimately saving money, as there is less exposure to wastage, excess product, and mismanagement by third parties or franchisees.

Even peripheral products such as napkins, toilet paper, bags and cups are, where possible, shipped internationally from the United States. While it is admirable that Five Guys wants to provide the same, high-quality experience to all of its customers, no matter where it is in the world, critics would question how much financial and logistical sense it makes to ship

these products, which are largely produced in Asia, back across the Pacific to serve Five Guys’ Asian market, for example.

“We spend \$8mn a year on napkins here in the US, so our buying power is tremendous,” says Lee. “When shipping a full ocean container, it costs a few dollars per case of napkins, so actually it is cheaper than going locally and trying to source for the one store we have in a country.”

For markets such as the UK, where Five Guys has more than 100 stores, it can find local suppliers that allow



1986
Year founded

\$2bn
Revenue in
US dollars

30,000+
Number of
employees

to help ensure it can deliver the authentic Five Guys experience while adhering to food standard laws across the world.

Finding the right partnerships, franchisees and technology solutions is essential to Five Guys' growth, particularly as it expands into new markets, with little brand recognition but considerable opportunity. Consequently, stock management and demand planning is a focus as the business expands into any new market.

Five Guys offers fresh food to its customers, meaning its stock has a

it to deliver non-food items at the quality customers expect, because it has a higher volume requirement. "As we expand, not only do we want the experience to be consistent, but it actually makes financial sense to ship from the US to smaller markets," Lee explains.

As Five Guys looks forward to extending its global expansion, one of the biggest issues it faces logistically is compliance. In order to provide that authentic, simple and standardised experience internationally, Five Guys tries to use as many of its original

American products as possible. "We try to ship everything from the United States that we can, and for Europe we have established new suppliers to service that region," Lee explains. "Every time we ship orders, there are local regulations which we have to adhere to, and it is very tricky when it comes to food items. Having dual sources in the US and Europe provides us options."

Five Guys takes an 'all hands on deck' approach to addressing compliance, and leans on its third party suppliers and compliance companies

EXECUTIVE PROFILE

Jason Lee

Jason has experience managing all aspects of supply chain for a wide variety of different industries including CPG, industrial, automotive, healthcare, and food service. Specifically at Five Guys, he has led in the establishment of materials management processes, strategic distributor networks, sourcing initiatives, and global logistics programmes. Jason has executed many successful transportation cost reduction projects through cost unbundling initiatives, negotiations, and shipment optimisation methods. His current role includes the management of teams in Europe, the Middle East, and Asia-Pacific, and will lead the growth into all future International markets for Supply Chain.





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short shelf life and initial sales are a ‘best guess’. Accordingly, technology is integral to stock management and to ensuring the supply chain is maintained globally. To achieve this level of quality, Five Guys uses Sensitech for supply chain visibility and to moderate the shipping of its products, and FoodLogiQ to connect the store level with distributors and suppliers.

“We use Sensitech on all of our ocean containers and select trucks, and it gives us live GPS location tracking so we can see where our containers are at all times,” says Lee. “It also gives us the temperature of the container at all times. This is essential for our perishable items so we can keep track of both temperature and location.”

With FoodLogiQ, Five Guys can connect its store level with its distribution level, and then with its suppliers, so that “any time there is a delivery issue, whether that’s quality, damage, short stock, the wrong product, the store store will fill out a report and it will automatically go to the appropriate party,” notes Lee. “It is a centralised platform that all of

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the critical stakeholders have access and visibility to. The Five Guys corporate supply chain team is copied in on everything.”

Five Guys does not just use FoodLogiQ for day-to-day functioning. The technology also enables the team to run reports to establish the root cause of supply chain issues, whether that is with a particular store or a product, allowing them to take corrective action.

Concluding, Lee makes it abundantly clear that supply chain management,

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Jason Lee
Sr. Director, International Supply Chain, Five Guys



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“INVESTING IN THE TEAM AND THE SYSTEMS TO SUPPORT THAT IS SO IMPORTANT TO OUR SUCCESS”

Jason Lee
Sr. Director, International
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including partnerships with suppliers and distributors and making use of technology, is critical to the international expansion of Five Guys Enterprises. “Once you get into a new market, it’s about managing the day-to-day stock management. What do you have on hand? What do you have coming in the pipeline? You truly cannot blink, so investing in the team and the systems to support that is so important to our success.” ■

