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Dean's Executive Leadership Series - 2008-2009

Transcript of Interview with Julia Stewart, Chairman and CEO of DineEquity

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen](#) or [subscribe](#) to the podcast to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Narrator: The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Rick Gibson: Hello and welcome. My name is Rick Gibson. I'm the associate vice president for public affairs here at Pepperdine University and I'd like to welcome you to the Dean's Executive Leadership Series podcast. I'm joined today by Dr. Linda Livingstone who is the dean of the Graziadio School of Business and Management. Welcome, Linda.

Dean Linda Livingstone: Thanks, Rick. It's a pleasure to be here today.

Rick Gibson: Well, the series is off to a great start. You've had some tremendous speakers this series. Tell us a little about our speaker this time.

Dean Linda Livingstone: This week we're featuring Julia Stewart who is the chairman and CEO of DineEquity, and DineEquity is the company that operates restaurants under the Applebee's and IHOP brands so I'm sure most our listeners has- have eaten at one of Julia's restaurants. Julia started her food service career as a waitress in an IHOP in high school.

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Rick Gibson: Well, I am sure it'll be a fascinating conversation and a great presentation, and so we'd like to invite our listeners just to sit back and relax and to join us as we listen to this interview with Julia A. Stewart, chairman and CEO of DineEquity, Incorporated.

Dean Linda Livingstone: Well, come to our podcast today. We are so pleased to have Julia Stewart with us. Julia is the CEO and chairwoman of DineEquity, which is the umbrella organization for IHOP and Applebee's Neighborhood Grill and bar brands, and I'm from Texas so I'm very familiar with Applebee's and we certainly enjoy IHOP every chance we get as a family, but Julia, let's start. You have an interesting background and how you got where you are, particularly the IHOP part of the story. Well, Applebee's is interesting as well so if you wouldn't mind we'll start with just a little bit of your story and how you got to where you are and then we'll continue our conversation about what's going on with the business today.

Julia Stewart: Sure. Well, first of all, thank you for inviting me. This is very special. I started out. My first job was as a food server at IHOP in San Diego, California, and I loved it. I loved waiting on people. I loved the service perspective. I loved getting feedback every day, frankly every hour.

Dean Linda Livingstone: And this was when you were 16 in high school.

Julia Stewart: Yeah, and I just loved it and I remember thinking at the time not that I would be running IHOP someday but I think it was really in those years I made the notion that I would one day really love to run something. And I set my sights upon going to college and certainly working through high school and college in the restaurant business, and when I get out of college I was fortunate enough to start my career, after a short stint in sales work, started with fast food. And in those days I started out on the marketing side doing what we would refer to today as field marketing, loved it, enjoyed it. You had to really know what you were doing on the operating side to be able to give the marketing perspective, and that sort of grew into all kinds of opportunities in different organizations both international and in domestic, both in marketing and then eventually after being really very successful, having a great career, I made the decision- probably 16 years into marketing I made the conscious decision--which is what we refer to as risk management but--made the conscious decision that I felt I would never be able to run a company unless I actually went in the operating side of the business.

So there are many people who thought I was absolutely crazy, but as vice president of marketing, research and development I resigned from my post after several years at a company and actually started from the bottom and went to work for Taco Bell. And I was on what they called an advanced management

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recruit kind of position, but no one knew obviously that I was eventually in that job so I went to work in a restaurant as an assistant restaurant general manager nights, weekends, cleaning floors, learning it from the ground up, and found that I loved it. And I think the most interesting thing I tell about that story is that many people inside Taco Bell who either worked in the restaurants or associated with it said, "Well, gosh, how could somebody who has a marketing background end up successful in operations?" And I used to always say, "But the skill set, the basic ability to lead, to mentor, to coach, to understand, to be a quick study, to adapt, those are skill sets one learns regardless of the discipline if the desire is to manage and lead. And so they found that I was fine, in fact enjoyed it and sort of had this rise throughout the ranks and went from assistant general manager to general manager to district manager to regional, etc.

So within a year I'm running a fairly large region for Taco Bell and that leads to bigger opportunities and bigger opportunities, and when I left Taco Bell I was in charge of the 6800 licensed and franchised restaurants and loved it but had the opportunity of a lifetime to run Applebee's as president of their domestic division, which at the time probably had 16-, 1700, 1800 restaurants, and it was really a lifetime dream to run a casual dining restaurant chain. So I did that for four years sort of with the notion and the thought process that eventually I would be the CEO and that didn't come to fruition so I left and went to IHOP, which was quite an interesting sort of emotional moment, yes.

Dean Linda Livingstone: Full circle in your experience, coming in a full--

Julia Stewart: A full circle and coming back to run IHOP and I'm very proud of the team and the work that we did there. It was really sort of an amazing run. It was a great brand. It just sort of lost its luster and it sort of needed to be revitalized, and we set upon doing that and with a tremendous amount of support from the franchise community. There are almost 400 franchisees at IHOP so it's really not a small group that you're dealing with, but we did a terrific job and very proud of the results and we really have been very successful and so for years continued in that mode and then in early 2007 announced that we would look for a strategic acquisition. And we had spent quite a bit of time looking for what would make the right sense. It had to meet a lot of criteria, and I'm making a very long story short. That's a whole another—

Dean Linda Livingstone: It's a great story.

Julia Stewart: --but we ended up making the acquisition with Applebee's and so again full circle, and I think in retrospect the board would probably tell you we probably would have never made the acquisition had I not been there before so I understood sort of the good and the bad and the ugly. That's over 2100 restaurants with 40 some domestic franchisees and 40 some international franchisees so a much smaller

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group of people, larger scale, but loved the brand and knew it needed to be revitalized so made the acquisition in November 2007 and have spent the last year sort of integrating the two brands together if you will and hiring brand presidents and full executive teams to sort of help them flourish but couldn't be more proud of the work and the progress that we've made. And here I am today, chairman and CEO of this 7-1/2 billion dollar revenue company that between Applebee's and IHOP makes us the largest sit-down restaurant chain in the world.

Dean Linda Livingstone: There's a couple of things to me that are very interesting about the path you followed to get where you are, and we certainly want to get to the business side of what you're doing but I think the career path you followed and some of the choices you made is- are very interesting and enlightening for our audience, but two particular points in time, one, when you made the decision to get out of the marketing side and you just quit your job and went to do something else because you weren't going to have the opportunity there. And then when you didn't have the opportunity to be CEO of Applebee's you decided to walk away from that without another opportunity necessarily waiting on you and then the IHOP opportunity came along. So two very distinct decisions you made that, you didn't necessarily have a safety net waiting for you, risky decisions but clearly going from the support side to the operations side is critical to moving up to CEO roles. One of the criticisms of women oftentimes not being to get there is not being on the right side of the business, but what is it about your style, your approach, that sort of gave the courage to make those two very significant decisions in your career path that might be insightful for other people out there that are trying to decide whether to take that kind of risk.

Julia Stewart: Well, I think it is fair to say that there was risk involved and I think calculated from my perspective a calculated risk given the comments I made earlier about management and some of the skill set. I think there is a certain amount of confidence in one's ability that says you know what? I will do this. Certainly, failing is not an option, but I do think part of it was I felt it was a calculated risk but I've often been asked why, and my answer was I always had a very clear sight on what I wanted to do. I never felt I had to go from step one to step two to step three. I was very comfortable in going sideways in different activities, different companies, different responsibilities, different jobs within the same company to get the experience. A wise sage told me early on it's about the experience; it's about the life experiences, the business experiences that you have that will make you a far better executive or parent or significant other than it ever would be just doing one thing and doing it consistently.

So I think part of that was this notion of I had very clear vision, I wanted to run something, and there were going to have to be decisions along the way that had to be made. And I think the second piece, and part of this is probably just in my wood as I like to say, but I think it's very clearly knowing if you have to make a change or you have to make a decision then make it, clean break, do what's necessary, but the

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confidence and the belief that you can do whatever. I think my parents at a young age said, "You can do whatever you want. You have the world at your fingertips," and I believed that. I believed you will create your own destiny to a certain degree and you have to do certain things in order to do that, but I believe in accountability and taking control and doing everything that you can to make that work and if it falters, well, then, adjust your plan, but I've had many a conversation coaching young people about this risk taking. I do think especially in this environment you're going to see more people probably saying, "You know what? Didn't think I could do it, didn't think I wanted to go that direction, but given the environment probably want to do so more now," but I realize that's uneasy. It makes certain people uneasy but it was not difficult for me to make. I felt those were very important decisions, and if you think about it, one when I was single, one when I wasn't, one when I didn't have any sort of ties if you will, one when I was married with children, those are- I recognize those bring you to different places but in both cases felt it was the best thing for me and in the second case for my family.

Dean Linda Livingstone: So you talked about all those different experiences you had that brought you to the place to be the CEO of IHOP and then ultimately to acquire Applebee's. What was it about that set of experiences that you had that prepared you for those? And really both of them were sort of redefining or refreshing brands and one has been done pretty successfully. Applebee's is still sort of a work in progress but what is it that you brought with you that you think has helped you to have the success you've had with IHOP and helped you to be able to deal with the challenges you have at Applebee's--

Julia Stewart: Well, it's a great question. I think-- I'll give you a three-part answer. Part of it is my marketing background has certainly been very, very helpful in terms of just having a sense about the branding aspect of know this brand, see this vision, be very clear and then I think that's critically important, but secondarily maybe as important if not more so is the ability to communicate it. To be honest with you, if you can't get anybody to follow you, if you don't get buy-in, then your dreams, your vision, really are not worth much, and so my background in college was communications and I am a firm believer that unless you are very clear and you can articulate it such that everyone in the organization from the guy washing dishes to the franchisee to the woman in accounting to whomever they have to be able to understand your vision and they have to know how to execute it in their world.

So I think that was critically important so the marketing experience, the communications experience, and then I would tell you thirdly I don't think it's a gift. I think it's a learned behavior and that's again another discussion, but being able to surround myself with really bright, smart people who felt comfortable in challenging me and I knew that if I surrounded myself with a very talented group of people we could do anything. With a very clear vision and an ability to communicate it and then surround yourself with a bright, smart group of people, I didn't think there was any way to fail. I thought it was all about being very

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successful if you had sort of the-- For me those were critical components and a very clear set of values that would sort of construct every step of the way. If you as a team had a very clear set of values, then you had sort of a moral compass that guided you. I think probably the single biggest thing when I go to any class to teach. And I'm fortunate enough to be invited to college campuses. I think the one thing people are surprised about is that CEOs or executives in senior leadership positions actually have to think about the values they possess for their organization daily, about what are the right choices. I had a lengthy conversation just this morning about our values and how did it fit the decisions we were making about something. It is very common to do that almost daily, and I think if we had that sort of as a base I felt very comfortable that we could reenergize IHOP and I feel once again very comfortable we can do that again with Applebee's.

Dean Linda Livingstone: Well, it's interesting that you bring up the topic of values because our mission in the business school is to develop value-centered leaders and to advance responsible business practice so we spend a lot of time talking about what your values are, how you articulate those, how those play out in the way you function and lead in business. So what would you say from a values perspective are sort of those core two, three, four values that you sort of hang your hat on at DineEquity as a leader that you sort of aren't going to compromise on?

Julia Stewart: Well, first and foremost I think it's interesting because when I got to IHOP if they- if there were values they weren't published so, not to be funny about this or contrite, but one does have to communicate what they are and share those widely and often with the organization. So-- You met my communications-- I'm very blessed to have him and from the very beginning it was all about make certain that we are widely and often communicating, which was new, and then had to sit down and have very small, intimate discussions and bigger conversations sort of with what that meant.

And one of them was this notion of valuing diversity, and so it wasn't the normal what everybody has learned to say, the right language of the politically correct. It had a lot to do with valuing not just color differences or sex differences but it had everything to do with valuing the different experiences because the reality is your background and where you came from is very different than mine but together we can make magic. So part of the notion when I first got to IHOP was making certain people could value diversity and diversity of experiences because it would make it so much richer for us to make any business decision or flank- frankly run it through all these different experiences. Right?

Dean Linda Livingstone: Uh huh.

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Julia Stewart: Mine had always been in the restaurant business. The guy sitting next to me comes from manufacturing, and I loved the notion that we would bring these differences to bear so valuing diversity was really, really important when I first got to IHOP and it sort of became a cornerstone if you will. I think treating people with dignity and respect, that I wanted you to remember what I said, not how I said it and that the value was in making certain that we had a common set of sort of language for lack of a better term, that we really did treat each other with a certain amount of dignity and respect, and that I would let you finish before I spoke, and this notion of creating that sense of respectful interaction but also the challenging. It was okay to challenge. I wanted to make sure people knew that but with a respectful interaction. That became very important because when you're undertaking so much change not just for change sake but it was the right thing to do, you had to have some boundaries and make sure people felt comfortable with that. I think that really was a key, and those are still very critical as we transform to DineEquity, and I think this notion of change and that it was okay. If we were grounded and we would do what was right, it was okay to make change. I think change was a really tough word when I first got there. People get very set in their ways and things had always been this way, and when you would ask the question, "Why?", "Well, it's always been this way."

So this notion of it was okay to change, it was okay to get better, this continuous improvement, this notion that not that you weren't doing a great job but if we could be looking for better or more efficient ways or doing things differently or how to make it better or how to add more value to shareholders. That was not necessarily anymore seen as taboo but rather it was okay to challenge the status quo, to think more broadly. Those were really some very grounded kind of ways to think about it. It was about the work. Right. I really wanted to provide you respectful interaction but it was all about the work, and then- and I think lastly and probably most important- one of the most important ones certainly in the beginning was all about it wasn't just results 'cause clearly we wanted them but the how was important, and so this notion of whether you were mentoring or coaching, the success criteria of how we were going to value importance. It wasn't just that you got results but it mattered how you got them and this notion of respectful interaction, the ability to mentor and coach, the ability to draw down in the organization. Those things became sort of important to people as opposed to well, what difference does it make—

Dean Linda Livingstone: As long as we make the numbers at the end of the month or the end of--

Julia Stewart: Yeah, exactly, and that's not enough, probably never has been, but I think we talk about this very frequently even when I do some coaching that there are still a lot of people in the world who have gotten very far with command and control and no notion of really allowing for challenge. I just-- I don't know an environment where you need to change and you need to re-create. I don't know how you can do that successfully without actually welcoming a different point of view. So those were some of the

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big grounding items that we worked out at IHOP and really have carried forward. The good news is Applebee's had a lot of those similar values and so sort of the synergy has come in to life in sort of the new world order, but there was a real need to ground everybody first and foremost in the values.

Dean Linda Livingstone: Let's talk a little bit about the kind of business side of what you're working on at DineEquity. You did a lot of work kind of turning IHOP around and freshening up that brand, and now you're dealing with some challenges in doing that same thing for Applebee's, so from a strategic perspective talk about what- kind of the two or three kind of strategic keys were at IHOP and what you see those are at Applebee's that you're trying to leverage to have that same success.

Julia Stewart: Well, the good news is they are the same--

Dean Linda Livingstone: Well, that's good so it makes it--

Julia Stewart: --and fairly easy. I think this notion of being very clear what your brand is and then how to communicate that so it's everything from the menu design to the food items to the advertising to the logo to the ambience décor to the uniform the food servers wear to the way we converse with you at the table, everything, the service platform. Everything about that concept goes for this notion of the brand filter, and just as in the case of IHOP that it had become a little bit of old and tired, such the same with Applebee's. Clearly, there's a lot of people who love us and know us and go to us frequently, but we want to be able to expand that, have you either come more frequently or people who haven't been in a long time, and the way to do that is to be very clear about what is that brand positioning and then everything filters through it. So that is the work we are very focused on right now at Applebee's, and so what you'll see as a consumer is eventually you'll see different food items, you'll see different advertising, you'll see different design in the restaurant, not a sea change such that you throw the baby out with the bath water but to make it more relevant to the consumer today. And I choose those words very carefully because it's not about making it so different that you don't remember from whence you came. There's something very magical and special about keeping what I call those legacy elements of a brand that make it special.

Dean Linda Livingstone: That you know every time you go you're going to see this or--

Julia Stewart: --IHOP—

Dean Linda Livingstone: Yeah, exactly.

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Julia Stewart: --the syrup on the table, the coffeepot. Those are sort of things that make you think of IHOP and when you think of Applebee's and you think of your neighborhood grill and bar and you think of some of your favorites. Those are things you don't ever want to lose so that is a tremendous amount of work and focus that we are- I would say more than anything we are doing at Applebee's, and then secondarily we are absolutely cognizant of this credit market where you really need to make certain that you are delivering the maximum amount of value each and every day. So what programs can we add, what programs can we tag on to, what existing things can we do to make certain that consumers see the value proposition, because value isn't just about price. It's about the way you're served; it's about the portion size; it's about how you feel in that environment. Everything about it says value so we were always focused on value at Applebee's and IHOP, but I think we need to do more at Applebee's especially given this environment.

So I would say that brand filter work and making certain everything represents the brand well and certainly value, and then we're very focused on some very relevant but fun and exciting bar and grill items because enough of our consumer research has taught us that consumers sort of see the whole casual dining category as sort of a sea of sameness much the way they saw family dining years ago when I first got to IHOP. It's this notion of oh, it all looks the same; it's the same stuff. Our job as part of this resurgence of Applebee's is to not only reenergize the brand but differentiate ourselves much more so than we are today, and the way you do that is just what I said, food that differentiates you, a service platform that differentiates you.

All these brand elements differentiate you, and if you've ever read *The Velveteen Rabbit*, I love to quote that. "It doesn't happen all at once," said the rabbit. "It takes time." And so I don't think that you'd check a box and it happens one day but over time you as a consumer come in and you say, "God, it's different here. I don't know. The service is better. The food is better, the ambience," so it's not any one thing and it's experiential but there is a day when people wake up and they come in and they're "God, I really-- It's different. I really can't wait to come back," and that's the piece we are spending so much time on at Applebee's. The good news is we do have a road map because we did those very same things exactly as I just described at IHOP.

Dean Linda Livingstone: You've mentioned a bit about the economy today and you talked about the credit market. I know one of the things you're working on at Applebee's is moving to a more fully franchised model, which you had at IHOP and you were familiar with at Taco Bell, but the credit market has made that more challenging than you had hoped obviously when you made the purchase. This was something that wasn't on the radar screen. How are you dealing with that side of it while also trying to do

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the pieces around service and branding and ambience and there's been this other sort of financial side that you don't have a lot of control over that's making your efforts more challenging?

Julia Stewart: Well, look. The good news is I've surrounded myself with bright, smart people so I have specialists in every aspect of what we're describing and no different in this area as well, someone I have a great deal of respect for who is very aware that in this environment you have to look differently. So at the core you say to yourself, "Look. I'm not giving it away so if for whatever reason we can't sell it what is a reasonable, fair that we simply won't we'll continue to run them until it will be appropriate to do so," but in this environment you have to be creative, you have to think outside the box, and we are doing all of that.

So you look at different kinds of ways to go about refranchising so the traditional you got to be an existing franchisee or you got to just be at Applebee's or you have to have this background. I think we've looked at private equity, we've looked at sources every which way from private equity to bank consortiums to different folks that have an interest in looking-- How can we get at this in a very different way than just this strict go out and borrow money? There's ways to get it and certainly people are doing that. It's just recognizing that in this environment it's not 100% financing. Those days are gone. I'm not sure that they were ever the right thing anyway. It's really looking at how can you proceed in a very different, creative fashion. The other thing you have to recognize is what makes it somewhat unique-- And I'm not selling; I'm just being very candid with you. Everyone in the restaurant industry or related retail industries who's selling is selling one off so a restaurant or a building in New Mexico and one in Canada and then one in Atlanta the advantage that we really have that really has been our proponent is we sell markets.

So the corporation has complete ownership of a market, which for you as a potential buyer you love, so everything's right there so I'm selling you-- Make it up. I'm selling you all of Virginia so how wonderful for you. You've got 40, 50 managers ready to go on the ground. You have all the district managers. You have your training folks. You have your human resource people. You have a complete sort of cadre of people that it's almost turn-key if you will. I sell it. You have everything lined up and you're ready to go and you're taking that and running with it as opposed to selling one restaurant here or one restaurant there where the odds are you're having to start over. So from that perspective it's certainly more valuable and certainly a much more finite asset, but you're right.

There is no question in this environment the credit market has made it much more difficult. I like to believe the glass is half full and I believe that you will see in '09 many of the banks, the big banks, start to loosen up and provide some kind of loan structure again as opposed to the current environment where

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everything is sort of frozen up. I don't view that as indefinite, but again if for whatever reason we can't do this short term--you can do anything but it may not be at the right price for us as a brand--then we'd certainly just stop and continue as we do today, run the remaining 400 units until we see such time is fit to do that. That's not what this was predicated on. This was much more about reenergizing the brand and turning it around such that people really saw it as being different and differentiated it and again a very successful brand that has a 99% awareness so we're dealing with-- I'm talking about relative—

Dean Linda Livingstone: Right. Sure.

Julia Stewart: --but—

Dean Linda Livingstone: And if you can do that brand turnaround then it's much more interesting to the franchisees as well--

Julia Stewart: --and lucrative for them. Yeah. It's a win, win, so I don't- as I've said I don't feel like I've got some thing beating up against my shoulder to say I have to do it today, but I do think in this environment you're absolutely right. It's much tougher, not impossible but the credit market has been an interesting-- I think everyone is just nervous and I can't wait for that nervousness to sort of turn in to hope, which is absolutely appropriate, and a much more balanced view of the future.

Dean Linda Livingstone: Well, we happen to be doing this interview on Inauguration Day so there has been a lot of talk today about hope and looking to the future. If you're going to prognosticate about the future, what is your sense from what you're seeing about how long this challenging environment's going to last and when you might see it turning around just based on indicators you look at? And I know that's a difficult question and I'm not sure anyone quite knows the answer, but what's your thinking on that?

Julia Stewart: Well, I've probably said this a dozen times in the last couple weeks. I just wanted today to happen because I do believe there was so much angst about old versus new and out with the old and in with the new. I just wanted today to happen. All right. So now we have a 44th President of the United States. Right? Let's move forward. Let's do what needs to get done. So part of this was really about I think getting to today and feeling like all right, we now have a person and a team in place. Let's get a clear vision much the way we do in business. Let's surround our self with bright, smart people, check. Let's get a clear vision, check. Let's be clear what we all need to do, what our part will be, let's get that done, and let's begin that process. I do think that there does need to be a clear focus in the credit

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environment for some of that heavy-handed, not going to do anything that has to come off. I'm not trying to make this simple. I realize this is a complicated set of issues, but first and foremost you have to have cash back in to the environment. We have to have the ability for both consumers to borrow, businesses to borrow. That's part of what our free enterprise system is based on. We need that back in the economy. I happen to believe it will happen this year but I think it will be gradual and I think there will be signs, but you have to get consumers spending again. It's core you have to get people spending.

Dean Linda Livingstone: That confidence in the economy--

Julia Stewart: Absolutely.

Julia Stewart: So part of this is, and again I know I'm making this much simpler than it is, but a little bit of this is a self-fulfilling prophecy. You have to believe and so I actually believe today. I also believe it depends where you go. We're out and about every day and I see certain places where you can roll a bowling ball through it and I see other places where there's robust and you look around and you say to yourself, "What recession?" so it—

Dean Linda Livingstone: I've had that same experience in different places.

Julia Stewart: --it sort of depends where you are and I'd like to make the judgment--maybe it's wrong of me--that a lot of places I go where I sense price value or this sense that people feel like they're getting something for their money. I don't-- I see waits. I see a line. I see people waiting in line. I think places where people don't feel there's value for their money-- Again recently I was shopping in a mall and I went to certain stores within a mall and thought you could roll a bowling ball through it and other places saw a line forming and made a note to myself okay, what's the common denominator? It's the sense of value. So I think all those elements play in to the- sort of the central focus, but I truly believe there has got to be spending. Now I know that's a bit schizophrenic because we were the same America that told everybody to hunker down and save. We're now the same America telling everybody, "Oh, wait a minute. I want you to spend a little bit."

Dean Linda Livingstone: Not quite that much--

Julia Stewart: Right. So it's a little bit schizophrenic. Right—

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Dean Linda Livingstone: There is a lot of cash on the sideline waiting for something to happen.

Julia Stewart: Oh, yeah, so I think part of this--

Dean Linda Livingstone: And there was a whole article about this the other day and then I read the- I watched Meet the Press and there was a lot of discussion about well, we told you to save but don't save too much because we need you to release some of that cash because we need to infuse it, but I actually think a healthy balance is what we—

Julia Stewart: Yeah, and I think it will get there but I think part of what has to happen-- And it isn't just our new President and it isn't just the cabinet. It's all of us have to give a renewed sense of confidence to America and consumers that look, it's okay to spend a little bit; you get a lot of value for that. So I think all of us are conscious of it. Certainly, I can only tell you what we're doing here at DineEquity, which is just a maniacal focus on doing the right things for the consumer, and I think now is the best time in America to be a consumer because everyone is vying for your attention and your dollar. And what better way to perk up your day than to go to IHOP or Applebee's and have a great meal—

Dean Linda Livingstone: --environment. Right?

Julia Stewart: I pretty much believe you should have breakfast at IHOP, lunch at Applebee's, snacks at IHOP, dinner at Applebee's and late night at I-- I pretty much am there so—

Dean Linda Livingstone: So when you go to IHOP or you go to Applebee's what's your favorite thing on the menu?

Julia Stewart: Gosh. I would have to say at IHOP I have a new favorite which is the garden crepes, which is crepes which-- I don't think anybody makes a better crepe or a pancake than IHOP and inside of it they put a scrambled egg and spinach and onion. It's just to die for. That would—

Dean Linda Livingstone: I'll have to try that next time I--

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Julia Stewart: That with maybe a side of- a short stack of buttermilk is probably as good as it gets with that fresh orange juice that we serve, and I'd have to say at Applebee's we just started something new on the menu and you have to try it. And I could go on for this brand-new, succulent hamburger which is freshly made and has just a fabulous taste with a wonderful bun, and I'm a big hamburger fan but I could eat that hamburger every day of the week so I'd have to say the hamburger's my new favorite.

Dean Linda Livingstone: Well, I'll have to try that too. I-- We'll check that out because it is sometimes hard to find a really good hamburger--

Julia Stewart: Well, I assure you. You'll hear more about that by the way—

Dean Linda Livingstone: Okay. I will--

Julia Stewart: You heard it first here today—

Dean Linda Livingstone: Right here from Julia Stewart. Who knows? Who knows? Well, it has been such a wonderful opportunity to visit with you and hear about your career and to learn about the challenges you're facing and how you're dealing with that, but I would have to say talking to you one of the things I appreciate most and that comes across so much though is your passion for what you do. You clearly love the industry, you love the restaurants that you run, and you have a passion for your- the customer and that's wonderful.

Julia Stewart: Well, I never- I've never done anything else and so, as I said to you earlier in the car, this is the hospitality business. You have to really like this business, which I love. I love serving. I love-- I like to believe that for 35, 40 minutes or so depending on the concept we have the opportunity to change your bad mood, make your day, make you feel special, reconnect you with family and friends. I could tell you stories that would make you cry about the special occasions that people have had in our restaurants or the memories they've made or the number of people who've gotten engaged or married or celebrated at something or just the everyday notion of sitting down and having a moment. We create those. We have the opportunity to share that and that makes us like family, and that's what makes this so much fun. It really is a very wonderful-- As you know, the largest industry in the United States that's not-- Besides the United States Government, we are the largest industry in the U.S. and we have this unique opportunity to make you just a little bit happier or, as we like to say, "Come hungry. Leave happy. It's a whole new neighborhood."

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Dean Linda Livingstone: Julia, thank you so much for being with us--

Julia Stewart: You're welcome.

Dean Linda Livingstone: It's been a pleasure.

Julia Stewart: Thank you.

Rick Gibson: Well, Linda, that was certainly an exciting interview. What a story.

Dean Linda Livingstone: Well, Julia Stewart's really an amazing woman who's done some interesting things so I'm glad we were able to bring her to DELS this year.

Rick Gibson: Well, who can we listen to or look forward to hearing next?

Dean Linda Livingstone: On March 10 we will be joined by Sheri Miksa who is the former CEO, president and director of Robeks Corporation, which is in the food service and hospitality industry. She's done a lot of work in that area and will give us a great deal of insight in what's going on in the food industry.

Rick Gibson: Well, we certainly look forward to that. Well, I hope our listeners are enjoying these podcasts, and if you are let me encourage you to subscribe by going to bschool.pepperdine.edu/dels and you can also find these webcasts, videocasts, and podcasts on our YouTube channel and on iTunes. Until next time, thank you for listening.

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