

Bugs Burger Bug Killers Inc. (A)

"We Guarantee Nothing." . . . No Roaches, No Rats, No Mice.
"Bugs" Burger's Motto

Headquartered in an inconspicuous, two-story building, with only the number on the outside, in the northwest section of Miami, Florida, Bugs Burger Bug Killer (BBBK) was the largest independently owned extermination company in the United States, operating in 44 states. It had 15,000 clients (primarily hotels, hospitals, and restaurants), \$33 million a year in revenues, and total employment was approximately 600, with 17–20 new employees hired monthly to keep pace with the company's 20-percent growth rate.

Although the 52-year-old Alvin "Bugs" Burger loved the business ["Bug killing is my life and I love it."],¹ he often worked 12 to 15 hour days and spent many days on the road. He was running what some felt was the "Rolls Royce" of the industry, but he was growing concerned about the future of his company. According to "Bugs," the better his company performed, "the more large companies set their sights on our market." In addition, he was concerned about the growing cost of doing business. For example, his liability insurance premium recently had increased \$750,000 in a single year.

One of his biggest concerns was how to continue growing the company and providing new challenges for his employees and himself, yet not lower his standards. He was still interested in his long-standing vision that he "would be motivating tens of thousands of people, changing the way people do business, changing people's lives." As he glanced at the large, Lucite dollar sign filled with a million dollars of chopped up U.S. currency on his desk, he observed, "I'm already rich, why not be famous?"

The Industry

"To date we have not run into any pest control operator who maintains zero population at all times. Sure, occasionally we find someone who has good control. What we do in this case is we recycle this prospect for a visit in six months. Ninety-nine percent of the time on our return visit we find infestation."

"Bugs" attributed this poor industry performance to "greed." According to him, "They don't pay their employees enough and they'll do anything to capture an account." Most owners in the industry, according to "Bugs," "are former routemen who are thieves and lazy to boot. That's what you've got—a lack of scruples. And why should their routemen care? They've probably got their own businesses on the side."

¹ Except where noted, the quotations in this case are taken from one of the following: Tom Richman, "Getting the Bugs Out," *Inc.*, June 1984; Annette Kornblum, "Bugs Burger," *Pest Control*, November 1980; and Joan Livingston, "Absolutely Guaranteed," *Nation's Business*, November 1987.

There were over 9,000 pest control operators (PCOs) throughout the United States, with annual billings of \$2.2 billion. The majority of these businesses were small operators with fewer than five employees and generated between \$25,000 and \$250,000 in gross sales. They typically operated from a single location, which was either a storefront office or their home, and specialized in servicing the residential market. In fact, almost 80 percent of PCOs concentrated on the residential market. The average investment to open a business was close to \$30,400, while some of the more ambitious operators had spent up to \$48,000 for start-up. To open a “good, professional operation” some estimated that a three-person operation with the proper equipment, vehicles, employee training, and facility, could cost approximately \$200,000.²

According to the editor of *Pest Control* magazine,

If you really and truly want to keep it simple and at a minimum, you can buy yourself a gallon of Durasban, two B&G sprayers, get your operator’s license, and you’re in business.

Yet, the industry was changing:

To begin with, you’re going to have to become a licensed pest control technician. That means going to work for someone else for a few years in order to get the experience. Once you have the education, you’re going to have to have the capital to begin a credible and reputable operation. You’ll have to rent an office with a proper storage area, buy a truck, buy the proper equipment, get the proper licensing, and figure that for six months you won’t be bringing in very much income because you’ll also be soliciting for business.³

There were two large national firms in the industry: Orkin Exterminating Co. with sales of \$213 million and Terminix International with sales of \$160 million. Both were corporate subsidiaries with branch operations or franchises in about 40 states. It was not unusual for the large firms to lose in excess of 50,000 accounts in a year and yet continue to grow.

One of the growing concerns of the industry was the increase in liability insurance rates. PCOs across the U.S. saw insurance rates increase from 300 to 600 percent in the most recent year, with some insurance companies pulling out of the pest control market completely. Some operators were reporting that they were being notified that their rates for the following year might rise four times the 600 percent experienced a year earlier. The increase in insurance rates was expected to cause home owner rates to increase to \$30 to \$40 in the immediate future.

² Charles Fuller, “Eliminating Pests,” *Entrepreneur*, April 1986.

³ *Ibid.*

Company History

“I started my business because I thought it was unethical to take money for poor-quality performance. I thought there should be standards and ethics in the industry.”

“Bugs” Burger (rhymes with “merger”) was a fourth-generation exterminator and one of three brothers who owned pest control businesses. After graduating from high school in Albany, New York, he joined the army and served as a mess sergeant and cooking instructor at Fort Dix, New Jersey. After he was discharged, he returned to Albany and sold vacuum cleaners, door-to-door. Two years after high school, he drove to Miami and went to work for his brother, Sanford, at Pan American Exterminating. According to “Bugs,” “He met me at the car with a B&G sprayer.”⁴

An incident during the first year with his brother helped shape his view of business:

An old lady told me that if you give without thinking about what you might get back, eventually you’ll get back 100 times what you gave. That was Mrs. Lummus. When I was 21, working for my brother, she called. She had a terrible roach problem in Miami Beach, but no money. So I got rid of her roaches, and she made me tea and cookies. I remember what she told me. It’s a good thing to carry with you.

After five and a half “miserable” years with his brother, “Bugs” left and “floundered” for nearly four months before moving on to work briefly for Truly Nolen, another Miami exterminator, as sales manager and technical director. Burger described Nolen as “one of the most astute and class individuals you would ever want to know.”

A critical incident in Al Burger’s life occurred at this time. He was serving as vice president of the Florida Pest Control Association. At one of their meetings, after hearing a litany of problems facing the industry, “Bugs” decided to speak up:

[N]umber one, you don’t pay your people enough money and you don’t give them enough training. Therefore, you’re not attracting the higher quality of employee you need. A person that’s going to work for peanuts is going to steal from you because he can’t live on low income. Now, if that man is representing you as your reputation, he’s a destroyer of that reputation. You can make all the promises in the world which end up as lies.

He suggested that his colleagues and competitors could upgrade their service by paying more attention, and more money, to the people they hired. He was “hooted off the stage.”

According to “Bugs,” I almost cried. I went to the door, and told ’em I quit.” He added, “I told them it was only going to take time to prove that I was right and they were wrong.”⁵

I think it’s ironic that the National Pest Control Association tried to professionalize the industry by urging PCOs to eliminate the words “exterminator” and “bug killer”

⁴ Dan Moreland, “Al ‘Bugs’ Burger Builds an Empire,” *Pest Control Technology*, September 1981.

⁵ Ibid.

from their Yellow Pages advertising. To be honest with you, the only reason I named my company Bugs Burger Bug Killer is I wanted to prove that a bug killer could best them.⁶

He refuses to join the national trade association until it changes its name from pest control to pest elimination.

There was another significant incident that same year. This one triggered Burger's decision to start his own business:

I was assigned to a store that was loaded with rats and cockroaches, and I was supposed to spend a half hour in there a week. There were nests all over the building. I said, "How can I do this in a half an hour? It's an impossibility; it can't be done."

Finally I said, "I'm going to try to solve this problem. Instead of coming in at 8:00 and leaving at 8:30, I'm going to come in at 8:00 and stay as long as it takes, even if it's 7:00 the next morning"—and that's what it took.

You reach a point where you rise out of . . . the mediocrity everybody allows themselves to be kept down by.

"Bugs" and his wife of two years, Sandee, formed a partnership. He would handle marketing and the service department and she would be responsible for administration. He sold his house and car and borrowed \$1,200 from his mother-in-law to go into business. "I put a \$500 down payment for a station wagon and I had \$300 left over when I went to look for my first customer."⁷

Initially, there were no customers, and "Bugs" refused to "steal" accounts from Truly Nolen or other pest control companies in the area. Instead, he went about building a customer base of his own and picking up customers from companies who, according to *Pest Control Technology*, were "not doing the job." According to "Bugs," most guys steal them.

They planned their moves [to their own companies] so they could take a percentage of their accounts with them. I started from ground zero. I had to live with myself.

At the outset of his business, he scrawled his first guaranteed—results pledge to a customer on the back of a napkin. According to "Bugs,"

I signed and dated it, and gave it to my first customer. It said, "If I don't eliminate your problem 100 percent, I don't get paid. If you're ever unhappy, I'll give you back all the money you ever gave me."

Seven years later he made another major decision that would affect the future of his company. Howard Roth, formerly of the Bronx, was working late one evening at a cheap

⁶ "An Interview with Al 'Bugs' Burger," *Pest Control Technology*.

⁷ Moreland, op. cit.

North Miami Beach, Florida, steak house where he was temporarily the night manager. He let a new exterminator in to deal with the cockroaches. He went for a drink but came back later to see how things were going. He couldn't believe what he saw:

It was the middle of the night, and here were these five guys, filthy dirty, crawling under and into everything, just doing a super job. Jesus Christ, I said to myself. After a while one guy got up off the floor and we started talking. I didn't know it at first, but he was the boss.

Roth immediately informed "Bugs," "I'm gonna go to work for you. Anybody who can motivate people to do this kind of work, I want to be associated with him."

Growth was slow but consistent in those early years, and within a few years BBBK was grossing about \$300,000 annually. First, the company expanded into Georgia and Alabama. "Bugs" gained national attention in the early 1970s by ridding "Underground Atlanta," an eight-block area, of rodents and other vermin in three weeks. In addition, he was asked by the law firm of Melvin Bell to serve as a national expert in a multi-million dollar rat-bite case.

From his southeastern base, "Bugs" expanded to the other southern states and into the southwest. As he did so, he took a lot of abuse for being Jewish:

One restaurant owner in Fort Worth kept telling me I'd never make it there, that I should go back to Miami with the rest of the Jews. We'd call her up every time we signed another Texas client on, just to let her know we weren't going away. [Within ten years, "Bugs" was doing \$1 million worth of business in her backyard.]⁸

With sales approaching \$6 million, the business was in trouble. As the company had expanded, "Bugs" attempted to keep running everything personally, as he had in the start-up days. "The company had grown beyond my capacity to handle it. I knew something was wrong. It took me a while to realize that what was wrong was me."

Burger, with help from Howard Roth, who had been promoted to executive vice president, realized that he had reached the limits of his managerial capabilities:

I was panicking, beginning to make mistakes. I was disoriented. I actually had heart palpitations. Too many things were happening that I couldn't cope with . . . Howard Roth—a guy with a ninth-grade education who really understands people—he sat me down and said, "Here's a guy that you're going to hire."

That guy was Art Graham, president of Pizza Hut Canada Ltd., who had worked for "Bugs" briefly several years earlier. Recently he had completed a turnaround of his company and had traveled to Miami for the Super Bowl. While there, Roth persuaded Graham to work for BBBK. Graham not only built a management structure, wrote the company's first business plan, and developed its first annual operating budget, but raised the profit margin to 12 percent of sales within six months, up from one percent.

⁸ Alvin L. Burger, "Breaking Away," *Inc.*, April 1987.

By this time BBBK was developing an impressive client list. For example, the client list in New Orleans included such local firms as Brennan's, Galatoire's, Felix's, Visko's, Ralph and Kacoo's, Christian's, Imperial Palace, Red Onion, Commander's Palace, Victoria Station, Houlihan's, Benihana, Magic Pan, Friday's, D.H. Holmes food outlets, Marriott, the Hyatt Regency, the Pontchartrain, the Fairmont, Royal Orleans, and a number of fast-food chains. Within two years of entering the Washington market, BBBK had \$1 million worth of business, including such clients as Dominique's, Mo & Joe's, American Café, Jean Pierre, the Foundary, Old Ebbitt Grill, Market Inn, O'Donnell's Sea Grill, all the Red Lobsters, a Burger King, Cafe Italia, the Capitol Hyatt Regency, Clyde's of Georgetown, Pizzeria Uno, Big Boy, and Hecht's department store.⁹

Part of BBBK's success could be directly attributed to Burger's attention to marketing. He used a sophisticated direct mail marketing program and the New York-based public relations firm of Samuel Krasney Associations, Inc. A common tactic was release after release stressing the virtues of "the country's leading 'pest eliminator.'" According to *Pest Control Technology*:

One release humbly describes Burger as "a man passionately devoted to his cause" who is revolutionizing the pest control industry by "maintaining and guaranteeing the toughest standards of elimination as he flails away at sloppy work, inadequate training, lack of professional pride, and, most of all, the failure to achieve insect and rodent pest elimination in a specific environment."

Yet another release portrays Burger as a "knight in shining armor" leading the industry out of the "Dark Ages" of pest control: "To further his crusade for pest elimination rather than traditional pest control," the release states, "Burger has to do battle with his own industry and often many of the hospitality and foodservice establishments that are more interested in saving money than in getting rid of vermin."

Within a few years, BBBK had sales of approximately \$25 million, from nearly 12,000 restaurant and hotel accounts spread over 43 states. By this time, BBBK employed more than 400 service specialists.

The Service Guarantee

It's not enough to keep pests at a manageable level, out of the dining room, and away from the public's eyes. We started out in this industry as exterminators. Then we fell in love with semantics and became pest controllers. It is time to go back to basics—with one giant step forward. Our next phase is pest elimination and zero population thereafter."¹⁰

"Bugs" believed that it was "not ethical," and "not honest," to take money for poor-quality work. "If it is possible to reduce a problem to zero, then that's what you have to strive

⁹ Bill Voelker, "Bugs' Burger Boast: Cadillac of Pest Control Trade," *The Times-Picayune*, March 2, 1980, and Annette Kornblum, "Of Mice, Men and Roaches: Bugs Burger's Philosophy," *The Washington Post*, July 5, 1981.

¹⁰ Moreland, op. cit.

for.”¹¹ It was a challenging goal considering that a female cockroach can produce 400,000 offspring in one year and seems to develop a resistance to most pesticides.

As mentioned earlier, “Bugs” began giving, according to *Inc.*,

an unconditional promise to eliminate all roach and rodent breeding and nesting areas on the clients’ premises, with no payment due until the pests are eliminated. If the company fails, the guarantee says, “Bugs” Burger will refund the customer’s last 12 monthly payments and will pay for one year’s service by another exterminator of the customer’s choice.

The company doesn’t promise that a restaurant diner or a hotel guest will never see another roach, but it does promise that if one shows up, it won’t be native-born. Should an immigrant bug ride in with the groceries and stroll across a diner’s table, “Bugs” Burger pays for the meal and sends the offended gourmet a letter of apology as well as a gift certificate for yet another free meal. “Customers feel like they’ve hit the state lottery,” says the manager of one client restaurant. “They come in the next time and look for the little things.” Hotel guests experiencing a similarly close encounter also get their night’s lodging free, an apology, and an invitation to return—on the house.

If a client is ever fined because of pest-related unsanitary conditions, “Bugs” Burger will pay the fine, and if the agency action includes shutting the place down, the business will be reimbursed for lost profits and will get \$5,000 in damages for lost reputation. The firm claims it will take “full responsibility” for criminal action taken against a client for pest-related sanitation violations.¹²

Another part of the guarantee states that if a customer finds two or more roach or rodent nests anywhere in his or her establishment, Burger gives the next six months of service free.

BBBK claimed to have had to pay its full guarantee only once but was spending approximately \$2,000 a month reimbursing diners and room guests for pest sightings.

The Service Specialist

“Comparing our service specialists with what the rest of the industry has to offer is like comparing a house painter to Michelangelo. We’ll send a Michelangelo out to represent us—we’re not going to send out a bucket and brush boy who only knows how to paint the side of a barn.”¹³

The key role at BBBK was the service specialist. According to several employees, “the serviceman is number one.”

¹¹ Fuller, op. cit.

¹² Voelker, op. cit.

¹³ “Interview,” op. cit.

“It’s the service specialists that pay my salary.”
Manager of the company’s central office in Miami

“Nobody is a big shot in this company. Our service people are the privileged class.”
Vice president in charge of service

“Our job is to support the service department.”
Vice president of technical services

According to *Inc.*,

Service specialists work unsupervised, at night, on schedules they set for themselves. After each routine monthly service call on every account, however, the routeman files a report in which, if he wants to remain a routeman with “Bugs” Burger, he spills everything. Were there any problems with the customer’s sanitation practices? Did the routeman have access to all the premises? Did the customer do the necessary preparation? Did the routeman see a roach or a rodent, or evidence of roaches or rodents? Did he kill any roaches or rodents? Does he need any help with the account? As the routeman is told from the time he first interviews for a job with the company, honesty pays. At “Bugs” Burger, mistakes are forgiven; liars are not. The only way a service specialist can fail is to lie.

Cover up a mistake, slack off and don’t report it, or ignore a problem and you are in trouble. But ask for help, and you have it.

Routemen can talk to their district managers on the telephone or ask them to come to the job site, anytime. Regional directors and divisional vice presidents always travel with a working uniform in their bags. “They never look at it as a negative,” says Scott Heberton [district manager], “if you ask for help.” Recently, the company flew eight out-of-state service specialists to Boston to get their Massachusetts licenses so that they would be available to augment the local forces if a job suddenly demanded a larger army. “They spare no expense,” says Hargrove [serviceman], slightly amazed. “Any serviceman knows,” says Jack Kaplan [vice president of human resources], “that if he wants to talk to Mr. Burger, all he has to do is pick up the phone.”

A day or two after each service call, the customer is telephoned by the district manager, who typically supervises 12 service specialists. District managers, regional directors, and divisional vice presidents spend much of their time visiting customers’ premises, armed with a computer printout of the routeman’s reports. The printout also contains customer complaints received in Miami.

When customers call “Bugs” Burger from any city in the country except Honolulu, using either the local or toll free number listed in the telephone book, the telephone rings at the Miami corporate headquarters, not a local office.

A full-time, two-person quality-control team headed by Al Burger’s daughter Susan travels the country calling on customers and filing their own reports. Routemen don’t know when,

or how frequently, their clients will be called on by someone from management. Management believes that routemen “appreciate” the reports and visits. According to a Boston routeman, “Yeah, it’s pressure but it helps you keep up your standards. Without it I guess we’d be just like any other company.” According to another, “It gives us that little extra motivation. It would be easy to slack off one night, make it up the next month. But then you think, well, they might call this account *this* month.”

According to a former service specialist in Boston, who had been promoted to district manager, “I left ‘Bugs’ Burger and worked for another company. It was a step backward. They had no standards. So I came back. This is the only company I ever saw where the owner and the people on the job all think the same way.”

Company Procedures

“Whether or not there are results is relative to the proper and complete application of the material. You can take the best pesticide and improperly apply it. And the results are bad. Negative results stimulate the exterminator to come up with the alibi that there’s a resistance developing. And that’s just so much bull.”

Although “Bugs” will not divulge his trade secrets (“They’re worth a fortune and I’m not going to feed the enemy.”), it is clear that they involve a firm determination to eliminate. (“I don’t like the word ‘control.’ I don’t just control pests, I eliminate them.”) For example, it took seven months to clean up one high-priced French restaurant, where the rat population was about the most tenacious he had seen.

One of his techniques is to give pests “their poison with good taste.” “Rodents want fresh and familiar food. The rats in an Italian restaurant want pizza—they don’t go for fish.”

Although BBBK reports that pesticides are applied in legal concentrations, there are some reports that BBBK uses 22 times the amount of pesticides used by many competitors. Approximately 12 percent of his budget goes for chemicals, far more than the competition—who may spend 5 percent of a monthly service charge on pesticides—spends. Whereas BBBK personnel may spend three to five hours in a place, competitors, “Bugs” claims, may spend a half hour to 45 minutes.¹⁴ If a salesman badly underestimates the amount of time required to service a new account, the company subsidizes the routeman for the time he works.

Burger’s high standards apply to his customers. Before BBBK will service a customer, the customer must agree in writing to prepare the premises for monthly servicing and is fined if it is not done. According to “Bugs,” “If they don’t want to follow the strict clean-up regimen we require, we don’t want to do business with them.”¹⁵ A client might be required to increase the frequency of clean-ups, change its trash-disposal procedures, or make BBBK-specified repairs. If customers do not cooperate with a routeman by maintaining sanitary conditions or by preparing the premises for treatment, they are dropped and the serviceman

¹⁴ Voelker, op. cit.

¹⁵ Ibid.

is subsidized until a new customer is found to fill out his route. [See Exhibit 1 for a description of one customer's experience with BBBK.]

According to "Bugs," "If we run across a clutter of junk in a storage area or underneath equipment, we take that and throw it in the middle of the floor and put a sign on it saying, "Sorry for the Mess."

When the customer reads the sign, he discovers the following message: "Please accept my apology for the mess I made. I had to make the choice of doing one of two things. (1) Leave things as they were, cluttered and dirty, allowing roaches or rodents to infest your establishment again; or (2) Break up the breeding area. I chose number two because I know you don't want to lose our guarantees and have an infestation of roaches or rodents again.

It is not unusual to find restaurants, including well-known ones, whose managers want a limited treatment. According to one well-known restaurant's manager, interviewed by the *Washington Post*, "To be quite frank with you, I don't care how many roaches my employees see in the kitchen. I just don't want my customers seeing anything in the dining room." In the same article, "Bugs" observed,

The finest restaurants, the most popular places, the five-star hotels, they've got a problem, but it's not visible and they accept it, which gets me upset. The only thing that prevents me from going to the health department and complaining is my ethics, even though it's a violation of the public trust, I'm not going to be the one to fink.

Although "Bugs" has many supporters [See Exhibit 2], his detractors like to point to the Fairmont Hotel in New Orleans, site of the recent annual convention of the National Pest Control Association, as a prime example of how his methods are not perfect. Burger recalled the episode during an interview with the *Washington Post*:

There were, I think, 17 complaints in three days about roach and mice sightings. They were phone complaints, but we paid them," he retorts. "I knew there was going to be a problem, so before the convention we had 10 people go through the place with a fine-tooth comb, a division vice president leading the way. We didn't find 10 bugs in the whole place.

For the services provided, BBBK's monthly fees are not cheap. They can run four to six times those of most of its competitors—and sometimes as much as 10 times more. The initial "cleanout" charge alone can run four times the monthly fee. As an example of his rates, in the early 1980s, "Bugs" reported to *Pest Control Technology*,

We got \$45,000 and change for the start-up of the Diplomat Hotel (1,000 rooms) in Hollywood, Florida. Our monthly service charge for the hotel is \$7,200. That price is without rooms. We charge extra if we have to service any rooms. We also do the Tavern-On-The-Green Restaurant in New York for \$1,600 to \$1,800 a month.

If a major customer drops the service at the end of the contract, the company subsidizes the routeman's compensation until a replacement is found.

Personnel Practices

“We’ve had situations where we have not produced outstanding results. You can’t blame anyone but the man doing the servicing. He may sour because of a problem at home or because of his attitude, he’s bored, or one thing or another, or he’d rather skip through an account; there are a million and one different ways he can ruin you.”

To minimize problems with service specialists, BBBK had invested in human resources. In the words of Jack Kaplan, vice president for human resources, it started with a “mentality . . . that says, ‘You are critical to the success of this company, and I’m going to make you feel that way from day one.’ Most people coming here from different backgrounds aren’t used to hearing words like that.”

Inc. reported that

Employees first encounter this attitude during the hiring process, which involves two rounds of interviews, elaborate personality and aptitude testing, a polygraph examination, and thorough explanations of the job and the company—all conducted by officials from Miami headquarters, who eventually turn over the names of qualified applicants (2% to 3% of those who answer the ads) to local service managers for the final decision. The people hired already feel part of an elite group just from having survived what they know is an exhaustive selection process. Further, it is a process that doesn’t automatically select the young. “I appreciate it,” says (Scott) Heberton, hired last year at age 37, “because an older guy has just as good a chance.” Kaplan recalls interviewing a 45-year-old woman in Roanoke, Virginia, who asked, “Would you hire an old broad like me?” They did. “Her district manager says she’s fantastic,” he adds.

BBBK is very selective. According to “Bugs,” “When we opened branches in Chicago and Detroit, . . . we interviewed over 400 people before we found one applicant who met our standards.” His company not only conducted a series of interviews with (potential) employees but their families since “we may be putting them through a change in lifestyle from daytime work to nighttime work, or from being home most the time to traveling a lot.”

The objective is to hire two types of people. According to “Bugs,”

We hire people we feel are going to be management material, and we hire people we feel don’t have managerial ability, but are perfectionists. That way we balance our staff so we don’t have too many managers or potential managers on staff.

New hires undergo a five-month training program. “It’s like boot camp in the Army,” says Jack Kaplan, “only it’s three times as long and twice as tough.” During the program, new hires are not assistants, helping someone else. According to *Inc.*,

They do real work under full-time instruction of a field manager. After about three months, new recruits attend a two-week school in Miami, where, one says, “there is

no fooling around. You go to class from eight o'clock until six or seven o'clock, then you do your homework and show up again the next morning. It's pretty intense." (Letting no opportunity to exercise a little quality control slip by, company officials test the recruits in Miami, not just to see what they have learned, but also to check the techniques they have been taught by field managers against the company's standards. What public school administrators can't get away with, "Bugs" Burger can.)

Finally, in the sixth month, the new service specialists get a route. In one sense they are on their own. In the words of one serviceman, "It's like your own little business."

The company spends over \$15,000 to train each new employee, including the six months the company absorbs the salary of new employees and the living expenses while they are at the corporate office. To "Bugs," "Training is expensive, but it's an investment. If a company isn't willing to invest in its people up front, it isn't going to succeed." He sees his role in this process as motivation.

Every person in the company . . . knows me on a one-to-one basis. I participate in every training class we have for new employees, and I spend an entire day talking to them about our philosophy and the importance of dedicating ourselves to a quality of service. I want them to feel proud to be part of our group.¹⁶

According to district director Scott Heberton,

[W]hat Al Burger is, is a service specialist . . . and when he talks to you it's like he's right inside your head. He knows exactly what you're thinking out there on the route. "Oh, I'm tired. Why not just cut this short and go home." He's a good motivator.

"Bugs" adds,

Managers have a fear of saying, "You're the company—I'm nothing without you." What I say is, "I really care about you. I'll go to bat for you." I also tell my people that I expect them to make mistakes. If you don't communicate this attitude—if you tell people they're no good—you'll have uptight, unhappy people, and you'll live by distrust.

Servicemen received a salary of \$1,200 a month, plus 20% of all monthly gross billings on their individual routes, in excess of \$5,100. The average routeman made \$24,000 but some made as much as \$32,000. In addition, they received full health insurance, disability insurance that paid full salary for three months and 60 percent thereafter, a pension plan, profit sharing, cost of living adjustments, and performance bonuses. There were plans to provide employee equity in an affiliated company selling janitorial supplies.

Promotions from service specialist to district manager, like all promotions, were made on a three-month, or longer, trial basis. The salary differential was held in escrow during the trial.

¹⁶ "Interview," op. cit.

If either the promoted employee or the supervisor decided the promotion was not working, the employee got either his old route back, or a better one.

One indication of the effectiveness of BBBK's personnel practices was an employee turnover rate of less than 3 percent in some years, compared to an industry average of approximately 60 percent.

The Future

“Everyone starts off with high ideals, high standards, and then they allow them to erode because they see the world is not all honey and roses, so therefore, as negative things pile up, they are overwhelmed. My philosophy all my life has been to turn negative into positive. There’s reason for a negative; it’s to raise a standard and to improve yourself as a person.”

As “Bugs” contemplated the future, he was concerned about some potential negatives. An important area of concern was growing competition. He used to say, “Anyone who’s willing to give up 10 years of his life working day and night can do what I’ve done.” It was becoming increasingly clear that some of the competition was beginning to copy his “elimination guarantee” and raise their practices. In recent years, the company was losing \$2 million or more annually in unrenewed contracts as customers switched to lower-priced exterminators.

He insisted he would not reduce the level of service:

The minute we start doing that, our standards fall apart. You can’t tell a service specialist not to do a good job on one account and then expect him not to do a bad job on the others. People will strive for that elusive level of perfection. All they need is the right attitude, and that all depends on the goals and standards you set for them.

“Bugs” increasingly thought about the future of his company and the lack of “rapid upward mobility for many of our district and regional managers.” There was always the possibility of losing them to other job offers or to the opportunity to start their own businesses.

Among the options he had considered was expansion into overseas markets. He had seriously considered expanding into Europe a few years earlier but had put it off:

We did some market research in England and found out that their pest problems are just as bad as they are in any major city in the United States. Our research in France, Germany, Spain, and Italy also indicates from average to severe pest problems.¹⁷

He also had been approached over the past few years by “would-be suitors.” He and his wife had long resisted the notion of selling. After all, there were two Burger kids actively involved in the business.

¹⁷ Ibid.

Exhibit 1
BUGS BURGER BUG KILLERS INC. (A)
Description of a Customer's Experience

The Planet restaurant on Connecticut Avenue didn't need any more convincing. The restaurant was accustomed to promises but not guarantees. It had just been taken for a bundle by George Scarborough, a 33-year-old ex-con who allegedly wrote 159 bad checks on the Planet's account while he was temporary owner and whose legacy was many more vermin than they bargained for. They wouldn't tolerate a replay, so one Saturday night, shortly after repossessing the restaurant, co-owner Diane Dankman and her staff closed an hour early to prepare for BBBK's arrival.

They removed all food from sight, stripped the tables and cabinets and swathed everything else in plastic. Then they waited. The operations, complete with a "swat team" of nine goggled, helmeted, and masked technicians, began at 3:00 A.M. The clean-out resembled a scene out of a science-fiction flick, with harsh lights shining through a wall of pesticide fog and the crew engaged in an elaborate scheme to find and destroy their prey. All sources of air to the creatures were eliminated. By dawn, the score was humans 7, rodents 0. The roaches didn't fare any better.

Three visits later, the Planet, which by this time had a new name (Diane's), a new cuisine (barbecue), and a new sanitation program (a la Burger), was vermin-free but tired.

Preparing for Burger's bug men was almost like getting ready for a visit from a mother-in-law who would be sure to find any speck of dust. The aftermath was also exhausting: three people spend five hours mopping up filmy pesticide residue and putting the place back together.

But would Diane switch if she could get out of her mandatory one-year contract? Dankman says, "No way. It's costing us \$7,500 a year and we've lost two days' business, but no one else gives the guarantee, and we haven't seen a rat or roach since Burger got here."

SOURCE: Annette Kornblum, "Of Mice, Men and Roaches: Bugs Burger's Philosophy," *The Washington Post*, July 5, 1981.

Exhibit 2
BUGS BURGER BUG KILLERS INC. (A)
Observations About "Bugs" and His Company

Competitors and Industry Observers

"'Bugs' Burger is number one. There is no number two. It's like he's a Mercedes and you've got a whole lot of Chevettes driving around out there."

"You have 'Bugs' Burger, and then you have to go waaay down to get the second best."

"I personally don't like the man, but he's got the right idea."

"He's no Cadillac, he's a Rolls Royce."

"He makes his competitors look like a bunch of kids."

"We're not privy to his sales techniques or procedures, but it's unusual how one operator can accomplish something no one else can if he's operating within the law. This is a highly regulated industry as restrictions have grown and our ability to perform the service has become increasingly difficult."

"He's loved and hated, revered and ridiculed. He's considered an industry hero by some and an egotistical s.o.b. by others. But one thing is certain, anyone who has met Al 'Bugs' Burger has a strong opinion about him. . . . he's one of those people it's impossible to feel neutral about—you either love him or hate him."

Customers

"If everyone used Bugs, there wouldn't be a bug in the city [Washington, D.C]."

"You don't have to like Al Burger, but you sure have to respect his work."

"Our experience with them has been excellent. They have produced the results that they claimed. They have eliminated totally our problem of insects and rodents, and we had both problems. They provide the highest quality service we have found."

"For the past 27 years, we have had a severe problem with rodents and cockroaches. As we feed over 200,000 customers monthly, we have been most concerned with controlling this problem. We have tried everything in the past . . . these efforts have met only limited and unsuccessful results. Since your company began servicing us, there has been an enormous improvement. Indeed, our pest problem has, in all practicality, been solved. During the past eight months, I have seen only two cockroaches in our building. I can't begin to tell you what an improvement this is.

SOURCES: Dan Moreland, "Al 'Bugs' Burger Builds an Empire," *Pest Control Technology*, September 1981; Annette Kornblum, "Of Mice, Men and Roaches: Bugs Burger's Philosophy," *The Washington Post*, July 5, 1981; Annette Kornblum, "Bugs Burger," *Pest Control*, November 1980; and Tom Richman, "Getting the Bugs Out," *Inc.*, June 1984.