

## **Sonic Drive-In—External Forces Revive the Concept\***

Sometimes a business gets a whole new lease on life and is invigorated by unforeseen external driving forces. Three major external driving forces had a dramatic impact on Sonic Drive-In and caused a reinvigoration of the growth process.

A brief history of Sonic Drive-In will help provide an understanding of the concept and business. In 1953, Troy Smith, the founder of Sonic, was living in Shawnee, Oklahoma. Troy's dream was to own his own business. In fact, he had already tried his hand at running a restaurant . . . twice.

Troy's first venture was a tiny diner with 12 stools and 4 booths called the Cottage Cafe. It was barely large enough to make a living for his wife and two children. He sold it and bought a bigger place. Troy's Panful of Chicken was so successful that Troy tried opening more of them. Unfortunately, the fried chicken concept didn't fly in early 1950s Oklahoma, and Troy's Panful of Chicken quietly faded away. What didn't fade was Troy's desire to own a restaurant. His ultimate dream was to run a fancy steakhouse in Shawnee. And, for a while, he did.

The lot where Troy's steakhouse sat also had a rootbeer stand. Troy meant to tear it down to add more parking for the steakhouse. Until he got around to it, he figured the rootbeer stand could make him a little extra pocket change. In a twist of fate, the humble Top Hat Drive-In, as the rootbeer stand was called, proved to be more profitable and outlasted the steakhouse.

The Top Hat was like other rootbeer stands of the era. It was a cash business, serving easily prepared hamburgers and hot dogs cooked to order. Customers would park on the lot and order at the walk-up window. They could eat at a picnic table or in their cars. The Top Hat was moderately successful.

Ever the entrepreneur, Troy continued to look for ways to improve the business. Yet he could not have predicted that his improvements would earn him a place in American fast-food history.

While traveling in Louisiana, Troy saw homemade intercom speakers at a hamburger stand that let customers order right from their cars. A light bulb went on in Troy's head. He contacted the innovator in Louisiana and asked him to make an intercom for the Top Hat. Troy hired some local electronics wizards, whom he called the "jukebox boys," to install the speaker system at his drive-in. He also added a canopy for cars to park under and hired servers to deliver food directly to customers' cars. "Carhops," as the servers were called, was a moniker from the early days of drive-in restaurants, when servers jumped onto the running boards of early-day automobiles driving onto the lot and directed them to their parking spots. Troy Smith now had the prototype of the future Sonic. The first week after the new intercom was installed, the Top

\*Information derived from [www.sonicdrivein.com](http://www.sonicdrivein.com).

Hat took in three times as much revenue as before the changes. It was 1954. The first Chevrolet Corvettes were rolling off the assembly line.

Space-age technology and “carhops” had come to Oklahoma.

Over in Woodward, Oklahoma, Charlie Pappé was managing the local Safeway supermarket. He wanted to get out of the grocery business and start his own restaurant.

While visiting friends in Shawnee, Charlie stopped by the Top Hat for dinner. Charlie had never met Troy Smith, but he was so impressed with the whole concept and operation that he went in and introduced himself. Charlie opened the second Top Hat Drive-In in May 1956 in Woodward. Top Hat Drive-Ins were a big hit with both customers and businessmen. By 1958, there were Top Hat Drive-Ins in Enid and Stillwater, Oklahoma, as well. Although more entrepreneurs wanted in on their success, only four Top Hats were ever opened.

Troy and Charlie would have kept the Top Hat name, but lawyers informed them that it was copyrighted. So they opened up the dictionary and started searching for a new name. Echoing a common theme of those days, Top Hat’s slogan had been “Service with the Speed of Sound.” Indeed, the post-war world was changing fast. The country had seen the dawn of the Atomic Era and the beginnings of the Jet Age and the Space Race. When Troy and Charlie ran across “sonic,” meaning “speed of sound,” they knew they had the perfect name. The Stillwater Top Hat Drive-In became the first Sonic Drive-In and still serves hot dogs, rootbeer, and Frozen Favorites® desserts on the same site.

The new name sparked more requests from aspiring Sonic operators. One of the reasons Troy Smith believes Sonic has been so successful through the years is that the drive-in operators are also part owners, something he thinks makes a terrific difference.

The first Sonic franchise ever sold came with the first formal Sonic franchise agreement. The one-and-a-half page, double-spaced franchise contract was drafted by Shawnee lawyer O. K. Winterringer (who also happened to be Troy’s landlord). The royalty fee of one penny per bag was based on the number of Sonic sandwich bags sold through Cardinal Paper, one of Sonic’s early vendors. With each new franchisee, Troy would call Winterringer and another one-and-a-half page, double-spaced contract based on the penny-a-bag royalty was drafted. Troy and Charlie helped new partners with the layout, site selection, and operation of their Sonic Drive-Ins.

In the early days, there was no national advertising and there were no territorial rights. If two prospects wanted the same town, Winterringer and Troy would talk to them and convince one to go somewhere else.

Charlie Pappé unexpectedly died of a heart attack in 1967 at the age of 54. Troy Smith was left alone to run the burgeoning, 14-year-old company and its 41 Sonic Drive-Ins. Troy invited two franchisees to take over running Sonic Supply, the supply and distribution division of Sonic. In the next 6 years, the trio built an additional 124 Sonics in a core group of states including Oklahoma, Texas, and Kansas.