

Leading the charge



GlobalLeaders

LEE KNOWLTON

TITLE: President of international operations

COMPANY: Kahala Corp.

WEB: www.kahalacorp.com

E-MAIL:
lknowlton@kahalacorp.com

What are some ways Arizona businesses have connected or contributed to foreign markets?
"Kahala has exported the Cold Stone brand to 10 countries, bringing a totally new experience to the marketplace. Prior to Cold Stone's entry, the people in those countries had never experienced fresh, made-to-order ice cream served with passion and enthusiasm."

What should Arizona be doing to further establish itself as a global player? "In order to build long-term business opportunities between Arizona and major international cities, we need to offer nonstop flights between Arizona and major international markets such as Tokyo, Shanghai, Beijing, Dubai, Moscow, Seoul, Paris and Munich. Equally important, we need to promote Arizona as its own 'country' with incredible business opportunities, rather than just a place to play golf and escape the wintertime."

Why is it important for our state to have a significant presence in the international marketplace? "It will increase tourism, generate new revenue streams for Arizona businesses, lead to the sharing of new ideas and technology, and ensure we make strides in Phoenix becoming a major international city — not just one of the great American cities."

BY LYNN DUCEY
lducey@bizjournals.com

Lee Knowlton helped bring Arizona ice cream onto the international scene. But back in 2002, when he joined Cold Stone Creamery, even Arizonans weren't quite familiar with the fun-loving brand. As Cold Stone's director of operations, Knowlton was the one-man show that took Cold Stone to Japan in the company's first international foray.

Knowlton knew additional markets weren't far away. While he still held the title of operations director, he added to his team and grew the international arm of Cold Stone. Today, Knowlton holds the title "president of international" for Kahala Corp., the Scottsdale-based firm that manages the Cold Stone Creamery brand and 11 other restaurant franchise operations, including Samurai Sam's, Taco Time and Blimpie.

"I've really always been a restaurant person," Knowlton says. "I had my first restaurant job when I was 14, and I was a manager at 18."

His experience with international operations goes back almost as far. As a manager with the TGI Friday's chain, he helped open that company's first restaurant in Seoul, Korea.

"I actually moved there in 1990 and lived there for about a year and a half. It became the busiest TGI Friday's in the world," Knowlton says.

Over the past few years, Knowlton has built first Cold Stone's and then Kahala Corp.'s international division to a team of 10 people, with 25 employees from other departments playing key roles in its operations. The privately-held Kahala now has almost 4,000 franchise restaurants operating in 22 countries, including Canada, Japan and China.

Knowlton says the key to developing an international presence is identifying and focusing on regional markets. While Kahala manages franchises such as Ce-reality and Great Steak, people around the world enjoy ice cream. Because of that, the company is using Cold Stone as its entree to global markets.

first identifying a core geographic area for expansion.

"I have actually ranked countries around the world based on formulas I have developed. In China, with the population and demographics, you can forecast hundreds of stores," he says.

He led Cold Stone's foray into China in 2006. Today, there are 28 Cold Stone franchises in that country. As Knowlton leads Kahala's global expansion, he also has been a key figure in the growth of Arizona's in-house global expertise.

"When we first started going global, there weren't a lot of international organizations to tap into for guidance," he says.

But Arizona's business landscape has changed dramatically to the state's benefit with help from the Greater-Phoenix Economic Council, the World Affairs Council and the Arizona International Growth Group, he says.

"These groups have all developed and become great resources. There's a big difference between today and even three years ago," Knowlton says.

While developing an international aspect to operations can be challenging, he says it's not impossible.

"If you are based in Mesa or Tucson or Scottsdale, you can absolutely take that business international, but you have to approach it as a long-term investment," he says.

The time and money it takes to legally incorporate and register trademarks in the countries where one wants to do business represent a large investment. Knowlton says that is why it's critical to focus on a core market first when moving into the global arena.

The path of growth, he says, can lead to great benefits.

"At the end of 2005, we only had one international store and about \$1 million in revenue," he says. "At the end of 2008, we will be just north of \$100 million in international revenue."



Lee Knowlton, Kahala Corp.'s president of international operations, has been instrumental in launching the Cold Stone Creamery franchise in China and more than 20 other countries.

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