Chick-fil-A's Operator-Led Model

Idea In Short

Chick-fil-A generated more than $10 billion in consolidated revenue in 2025 while operating a franchise system built almost backward from the industry standard. Instead of selling licenses for hundreds of thousands of dollars, the company charges approved operators a $10,000 fee, retains ownership of every restaurant, funds construction itself and takes 15% of sales plus half of pretax profit in return. Fewer than 1 in 500 applicants win a spot and each operator runs only one location, a restriction that keeps owners close to daily service. The chain also closes every Sunday, a founding commitment that costs an estimated $1 billion in forgone sales each year. This piece traces how tight ownership control, a narrow chicken-focused menu and a deliberately slow franchise pipeline built one of the most profitable restaurant systems in the country.

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A Sandwich Built on Focus

S. Truett Cathy opened his first restaurant, a diner called the Dwarf Grill, in Hapeville, Georgia, in 1946, serving workers from the nearby Ford Motor Company assembly plant. In 1961, Cathy found a pressure fryer that cooked chicken in roughly the same time as a fast-food hamburger and he built a boneless chicken sandwich recipe around it.1 He trademarked the Chick-fil-A name in 1963 and licensed the sandwich to restaurants in shopping mall food courts before opening the first stand-alone Chick-fil-A in 1967 at Greenbriar Mall in Atlanta. The company still promotes the slogan Cathy coined for the brand.

> We didn't invent the chicken, just the chicken sandwich

That single-product focus, one core sandwich instead of a sprawling menu, has stayed central to the business ever since.

Becoming an Operator, Not an Owner

Most fast-food chains sell a franchise license for a fee in the hundreds of thousands of dollars and let the franchisee buy or lease the property. Chick-fil-A inverts that structure. Approved candidates, called operators rather than franchisees, pay a $10,000 fee, while the company buys the land, funds construction and keeps the restaurant on its own balance sheet, an investment that typically runs from $427,000 to $2.3 million per location.2 In return, Chick-fil-A collects 15% of gross sales as a service fee plus 50% of pretax profit, leaving the operator the remainder after paying staff, food and other operating costs. Selection is competitive: fewer than 1 in 500 applicants are approved and each operator is limited to a single restaurant, a rule the company says keeps owners focused on daily service rather than managing a portfolio.

Closed on Sundays by Design

Chick-fil-A has closed every Sunday since Truett Cathy opened his first restaurant, a policy he attributed to his Christian faith and a desire to give employees a guaranteed day off. The company has broken the rule only for emergencies, staying open in 2017 to feed travelers stranded overnight by a power outage at Hartsfield-Jackson Atlanta International Airport. Leadership has consistently defended the policy even as it costs the company real revenue.

> We'll definitely keep our stores closed on Sunday

Andrew Cathy said in an interview after becoming chief executive officer [CEO] in 2021 and the company has estimated the closure forgoes more than $1 billion in sales each year.3

Three Generations at the Helm

Ownership of Chick-fil-A has never left the Cathy family. Truett Cathy ran the company until his death in 2014, having already handed the CEO title to his son Dan Cathy the year

before.4 Dan Cathy stepped back from day-to-day leadership in 2021 and his son Andrew Cathy, Truett's grandson, became the company's third CEO on November 1, 2021. The family keeps Chick-fil-A private, files no public earnings reports beyond periodic sales disclosures and has shown no interest in an initial public offering [IPO] or outside ownership.

Growth Without Going Public

The operator model has not slowed expansion. Chick-fil-A finished 2024 with 2,730 franchised and company-run restaurants plus 425 licensed locations in airports and on college campuses and grew to roughly 2,863 full restaurants and 435 licensed sites by the end of 2025. System-wide sales rose from $22.7 billion in 2024 to $23.9 billion in 2025, while consolidated company revenue, the royalties, rent and profit share it collects, climbed from about $9 billion to more than $10.3 billion over the same period.5 Average restaurant sales remain among the highest in the industry, helped by steady price increases the chain has made in recent years without triggering a customer pullback.

Service as the Core Product

Chick-fil-A treats hospitality as a competitive advantage rather than an afterthought. Operators and staff are trained to answer requests with "my pleasure", greet drive-through customers where possible and resolve complaints on the spot instead of routing them to a call center.6 The Chick-fil-A One loyalty app and routine receipt surveys give operators direct feedback on individual restaurants, letting problems get fixed at the store level rather than waiting for corporate intervention. That consistency has helped the chain post some of the highest customer satisfaction scores in the restaurant industry for multiple years running.

A Narrow Menu in a Crowded Market

The same focus that built Chick-fil-A's reputation also limits it. The menu centers on chicken sandwiches, nuggets and waffle fries, offering far less variety than McDonald's, Wendy's or Subway and prices run higher than most quick-service competitors. International expansion has been slow and mostly limited to a handful of markets outside the United States, unlike KFC or McDonald's, which operate in more than 100 countries each. Those constraints have not stopped the chain from outgrowing much larger rivals on a per-restaurant basis, but they leave Chick-fil-A more exposed to shifts in U.S. consumer spending than competitors

with broader menus and wider geographic footprints.

Key Partners

Chick-fil-A depends on a network of chicken and produce suppliers, including dedicated farms that raise birds to the company's specifications. Sports partnerships, including title sponsorship of the Peach Bowl and support for Southeastern Conference [SEC] and Atlantic Coast Conference [ACC] athletics, extend brand visibility beyond restaurants. The company also partners with the Children's Cancer Center in Atlanta on charitable giving. Real estate developers round out the partner base, helping identify and build new restaurant sites the company will own.

Key Activities

Running restaurants, whether counter service or drive-through, is the company's central activity, with drive-through lanes now accounting for a majority of orders at many locations. Recruiting and training operators is a parallel activity, given the low approval rate and the multi-month evaluation process each candidate goes through. The company also runs ongoing menu research and quality testing to keep its narrow product line consistent across thousands of restaurants.

Key Resources

The Chick-fil-A brand and its reputation for service quality are the company's most valuable resources, built over decades of consistent execution. Ownership of more than 2,800 restaurant properties gives the company direct control over site quality and store standards that leased or franchisee-owned locations would not allow. Its operator network, selected for cultural fit rather than capital, functions as a resource in itself, since operators drive local decision-making and community ties.

Value Propositions

Customers get consistent, attentive service at every location, since operators have a direct financial stake in getting it right. A focused menu built around chicken sandwiches, nuggets and waffle fries simplifies the ordering decision compared with competitors' sprawling menus. The company markets its food as freshly prepared with no artificial trans fat, a claim

it has backed since eliminating trans fat chain-wide in 2008. Staying closed on Sundays reinforces a values-driven brand identity that resonates with a segment of customers.

Customer Relationships

Operators and staff build relationships through direct, personal service inside each restaurant, reinforced by hospitality training and phrases like "my pleasure" instead of "you're welcome." The Chick-fil-A One mobile app tracks visits, offers rewards and collects feedback that individual restaurants can act on quickly. Community involvement, including local sponsorships and charitable partnerships, extends the relationship beyond individual transactions.

Channels

More than 2,800 owned restaurants, concentrated in the southeastern United States but expanding nationwide, remain the primary channel. Drive-through lanes and the Chick-fil-A One mobile app handle a growing share of orders, particularly during peak meal periods. Licensed locations inside airports and on college campuses extend the brand into venues the company would not otherwise reach with a full restaurant.

Customer Segments

Loyal quick-service diners who prioritize consistent service over menu variety make up the core customer base. Families and commuters looking for a fast, reliable meal form a large share of daily transactions. A separate but critical segment is the pool of prospective operators, since the company depends on attracting far more qualified applicants than it can approve. Travelers and students at airport and campus locations round out the customer base.

Cost Structure

Real estate acquisition, restaurant construction and equipment make up the largest fixed costs, since Chick-fil-A funds and owns nearly every location itself. Ongoing costs include food and packaging supply, marketing and the operator profit share paid out after each restaurant covers its operating expenses. Staff wages, largely set and paid by individual operators, add a variable cost layer tied to each restaurant's sales volume.

Revenue Streams

Chick-fil-A's primary revenue stream is a 15% service fee charged on each restaurant's gross sales, collected regardless of profitability. A second stream comes from the company's 50% share of each restaurant's pretax profit, which scales with how well an individual operator runs the business. Licensing fees from airport and campus locations contribute a smaller, supplementary stream.

- 1Chick-Fil-A Company History
- 2Chick-Fil-A Franchise Information
- 3Andrew Cathy On Sunday Closures
- 4Cathy Family Profile
- 5Chick-Fil-A Sales Growth
- 6Chick-Fil-A Operating Performance

Summary

Chick-fil-A's model works because every incentive points toward one goal: consistent service at each restaurant. Retaining ownership lets headquarters set standards without negotiating with independent franchisees, while a $10,000 entry fee combined with strict selection keeps operators focused on daily execution rather than real estate speculation. The tradeoff is limited menu variety, higher prices than many competitors and a footprint still concentrated almost entirely in the United States. Closing on Sundays has not slowed growth; the chain closed 2025 with more than 3,200 locations and system-wide sales approaching $24 billion. Andrew Cathy, the third generation of the Cathy family to run the company, has signaled no interest in changing the Sunday policy or the ownership structure, betting that discipline in a narrow domain continues to outperform the breadth-first strategy most competitors chase.