



John Kalil and Children Continue the Tradition at Kalil Bottling Co.

By David M. Brown

John Kalil is often by himself considering a business issue in the Tempe headquarters office of Kalil Bottling Co. But he isn't alone. Standing beside him in spirit is his older brother, George, who guided the company for a half century until his death last July 10 at 81. "At times like this, I want to bounce an idea off of him: 'Hey, what do you think about this?'"

The younger Kalil hears the same sage answer: Move forward with your vision, trust your piloting, smile. "I've had to find my own way," he says. "How do you replace George Kalil? That's just not possible. I'm not trying to replace him, and I'm glad I don't have to do the impossible decades of work that he did to make this company what it is today.

"George was the face of the company, and I worked with him for 40 years," adds Kalil, a third-generation family member and UA graduate

who hired his four children to help ensure that his brother's legacy of quality, safety and dependability continues for the family-held company. They are John Jr., Nick, Michael and Kaley.

"For years, I have told people that Kalil Bottling is a family company of seven brothers and sisters, and now it's tough to say 'six brothers and sisters,'" he explains, his voice breaking. "Everybody does things a little different, but I am making it a point to protect our core values, those set by George. A great opportunity has been laid before me, and I want to carry that forward for Kalil and our employees. And, I am having fun running with it."

Why Grandfather Got on his Horse

A national leader in beverage distribution and a private bottler, the company packages drinks and distributes to and for 6,417 customers in five states: Arizona, El Paso, Texas, southern Utah, southern Colorado and New Mexico. Among these are many AFMA members, including Fry's Food Stores, Albertsons/Safeway, Bashas' and Circle K. "I like to say we serve clients from the Mexican border north to the Grand Canyon and the Colorado River east to the Texas oil patch," Kalil says.

In variously sized bottles, cans and fountain BIBs (bag-in-a-box), the extensive Kalil portfolio includes carbonated soft drinks, waters, ready-to-drink teas, lemonades, coconut waters, sports drinks, new age beverages and energy drinks.

Founded in Tucson in 1948 by John's father, Fred, and his father, John's grandfather, Frank, the company maintains its canning/bottling facilities in a building it's occupied since 1962. Kalil produces 20 million cases a year, including private label, and distributes nationwide and overseas. The fleet includes 100-plus semi-trucks and side-loaders, posting a 99.4% on-time rating. The Tempe site on Hardy Drive is the distribution and sales hub for Maricopa County, and Kalil also has facilities in Tucson, Flagstaff and El Paso.

In all, the company employs 700, including, in Tempe, Vice President of Marketing, Ray Wheeler, and Director of Chain Store Sales, Scott Hartman; in Tucson, CFO Randy Bright and Steve Yankovich, Sales Manager; in Flagstaff, Bob Nagore, Northern Arizona Sales Manager;



(L-R)
Nick Kalil, John Kalil, Jr., John Kalil Sr.,
Michael Kalil, Kaley Kalil,
Ray Wheeler and Scott Hartman.

and, in El Paso, Eddie Gonzalez, Sales Manager.

His four children are at Kalil because they want to be. “They are not here because I dragged them here,” Kalil says. “I wanted them to work at other places before they came to work here for careers. And I hoped that, maybe, one or two would, but all four decided to be a part of the company.”

The eldest, John, filled soda machines for the company at the state fair and ran routes while he was attending college. He then joined a commercial real estate company. At Kalil, he works with major clients.

Also managing key clients is Nick, who spent his high school summers working in Kalil’s vending department. When he moved to Tucson to attend the University of Arizona, he spent time as a merchandiser for the Tucson branch. After later working in California for a few years, he returned to Arizona and Kalil seven years ago.

Michael was in the restaurant business. “I had a conversation with him, beginning, ‘This is not a restaurant. Do you think you’d like it here?’” Kalil recalls. He replied that the variety of jobs at the company were similar to the multitasking he did at a restaurant. “‘I can do all of that here,’ he told me.” He is Kalil’s Tempe Operations Manager, overseeing the Tempe warehouse.

His twin sister, Kaley, is a graduate of Arizona State University and worked in South Korea teaching English after college. She returned to Arizona to work as Chief of Staff for both a serial entrepreneur and then a diversity management software company. She now manages Kalil’s website, special events and prepares customer materials.

The childrens’ great-grandfather, Frank, came alone to the United States from native Lebanon when he was 12; in New York City, he dug rocks out of the street for his first dollars. One by one, as he saved money, he brought family members to the country. Following opportunity, he moved, taking available jobs: Philadelphia, Harrisburg, Georgia, Arizona Territory, Mexico and Los Angeles.

In Cananea, Mexico, just the other side of the border in Sonora, he opened a general store and ice cream parlor. A regular “customer” was Pancho Villa (1878–1923), the border bandit and revolutionary.

“He would come in to the store and take goods without paying for



Tucson ribbon cutting: George Kalil is far left and John Kalil is second from right in the front row

them,” Kalil tells the story. “Shortly after, he came in and said, ‘We want to pay you for the supplies, and then after doing that would take a new batch without paying for them. We figure he still owes our family about \$500,’ Kalil says with a smile. “We don’t expect to recover that.”

One day Villa and his gang stopped in. “‘Mr. Kalil,’ he said, ‘you have been very nice to us. So, we are going to give you a choice. You can get on your horse and leave everything for us or, if you prefer, you can stay here and die defending your property.’ Grandfather got on his horse.”

Unsaddling, he and his son, Fred, set up a series of dime stores and then The Mill Store for Callaway Mills in Georgia. Next, in Los Angeles, the enterprising pair opened what was called a notions store: needles, threads, buttons, cloth and scissors to make clothing. At the time, they also sold produce at the downtown farmer’s market.

They decided to return to what was by now the state of Arizona and, after cruising the young state, chose Tucson. “They saw promise of a new life here and opportunity for a great place to settle down and raise a family. The reasons for choosing Arizona today are not that much different than they were then,” he says. “It’s a great place to be.”

Listen to Your Mom

During World War II, Kalil’s father worked in Tucson as a civilian electrician at Davis Monthan Air Force Base. After the war, because of the sugar shortage, GIs and civilians working in a military capacity received a sugar allocation. His dad, recognizing that the young soft drink industry would grow, bought a building and went into the bottling business using his allocation.

John worked at Kalil in Tucson as a young man and spent part of a summer in Phoenix living in a motorhome with his dad to help move the Phoenix warehouse to a larger location.

“I’ve driven a forklift, delivered routes, loaded trucks and worked every corner of the business,” Kalil says. That’s given him a holistic view of the business. “So, when I look at challenges now, I don’t just look at one aspect, but how it affects the entire business: speed to shelf, trucks, supply chain, raw materials and production line.”

Life and work intertwined at the family-held company. “George worked in grade school and high school; it was part of family life.”

The children didn’t need a babysitter. Someone was always at the house to answer the home phone; it doubled as a 24-hour service number for restaurants and vendors that needed assistance on products, deliveries and CO2. “We never had a key for the front door because there was always someone there.”

The dining room table was always agog with activity and conversation. “My next-door neighbor always said that even though he was a business student at UA, he learned more about business at the Kalil house than in the classroom.”

John graduated from UA in 1975. “My mother, Josephine, took me aside — she had cancer and died that fall — and told me that if I wanted to stay in the bottling company, George had Tucson covered and that eventually the Phoenix business would be larger. We had already expanded here in 1972. And, she was so correct.

“‘You will grow with the state,’ she told me,” he adds, his voice



Masked in the warehouse



John Kalil Sr.,
President/CEO



Kaley Kalil,
Business Development Mgr.



Michael Kalil,
Tempe Warehouse Operations Mgr.



John Kalil, Jr.,
Sr. Key Accounts Supervisor



Nick Kalil,
Key Accounts Supervisor

cracking again in remembrance. “And I said to myself that here I am the one getting a degree in marketing and my mother has a vision of my future I didn’t have.”

Shortly after arriving in Phoenix in July 1975, he traveled statewide to learn about Arizona, including an initial trip to the Navajo Nation slated for three or four days which took 10. He went from trading post to trading post meeting people and introducing Kalil products.

Today he serves the industry as a board member of the American Beverage Association, Washington, DC, and is the past president of the Arizona Soft Drink Association. He is one of the original founders of both Phoenix Clean and Beautiful and Arizona Clean and Beautiful and was the recipient of Beverage World Magazine's “Green Award” in 1993.

The company’s move to Phoenix in 1972, and John’s three years later, were transformative. “We were getting advice that if we didn’t expand into the rest of the state, it would be challenging for us to continue to be successful,” he explains.

Five years earlier, in 1967, George had added a canning line to become the second bottler in the southwest to do so. Today, cans and plastics, as well as bottles, are part of the consumer menu. “It was a key step for ensuring our success,” he says.

Times were rough in the early 1970s. “George reduced his salary to \$1 a week, just to stay on the payroll,” he recalls. “He lived in the guest house behind our parents’ home. One summer I worked for free as my contribution.”

In 1979, Kalil expanded into Northern Arizona and four years later into El Paso. In 1998, it became the first bottler in the U.S. to produce and distribute a national brand cola made with Splenda (sucralose). Four years later, in Monster Energy’s inaugural year, the company became one of that brand’s first distributors in the country.

George Kalil: Bottles and Basketballs

“George cast a big shadow and not just because he was 6 foot 3,” Kalil says. By high school, he already had taken control of some aspects of Kalil Bottling Co., becoming Vice President in 1960 and, a decade later, President.

Among his responsibilities outside of Kalil, he was a board member for the American Beverage Association in Washington D.C. He was “Arizona Small Business Person of the Year” in 1981 and the Retail Grocers Association of Arizona’s “Supplier of the Year” in 1991; the following year he was inducted into the Beverage Industry Hall of Fame.

“In 1972 when we were struggling as a company with the new can line, George was working night and day and couldn’t go anywhere,” he recalls. “My oldest sister, Barbara, saw this and told him that the U of A alumni association would arrange everything for him to attend a road trip with the basketball team. They would do everything, and all was planned out. He’d be out of town just one night.”

He loved the game and the get-away. The bench time supporting the team away from the stress of the plant reinvigorated him. He attended all of the games that year, away and at home; Fred Snowden was the head coach. He extended that streak to 45 years, missing only 12 games. People said he was married to Kalil Bottling Co. and the UA basketball

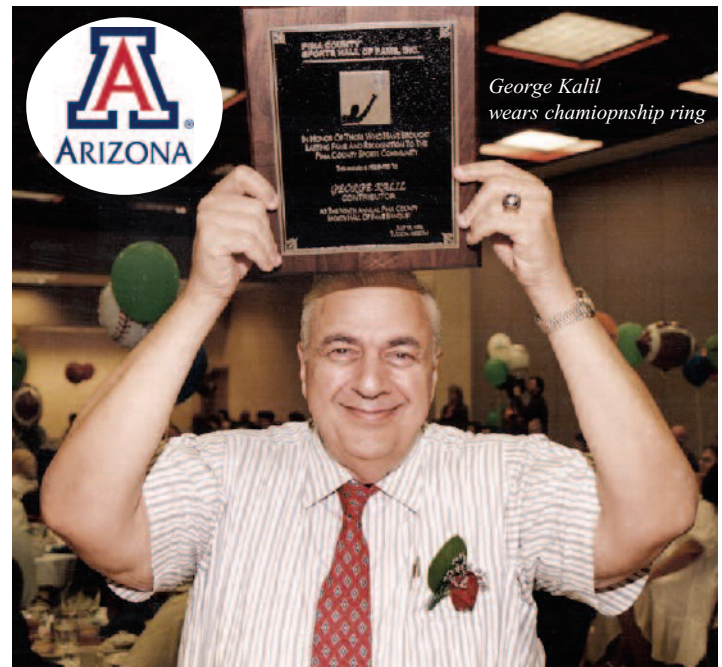
team was a part of the extended family.

“George used to bring a big drum with him that he would bang,” recalls Judi Kessler, 35 years at UA, today as Associate Athletics Director for Major Gifts.

“He was a soft spoken, kind and generous man and never got upset or raised his voice when there was a bad call, and the coaches knew he would be behind our bench (a calming effect) even in hostile arenas,” she explains.

“George was more of a father figure to many of the Arizona basketball players; he followed their lives and got to know many, many players that came through the program. It didn’t matter if it was a bad day or a good day, when anyone asked how George was doing, he simply replied, ‘Super,’ so that became his nickname.”

Soon after legendary coach Lute Olson started in 1983, the team was



on a road trip, and the bus was due to leave for the gym at 2 p.m. from the hotel, Kalil tells the story. “The players were all on the bus, but George was still walking to it from his room. Lute wanted to leave, but the players said, ‘Super’s not here yet.’ Lute told the driver to go. George never missed another bus.”

During Arizona’s run in the NCAA tournaments in the late ’80s and ’90s, he’d buy up tickets from opposing teams that lost in early rounds and move UA fans into the better seats, so more could see the games, Kessler recalls. And, when the team won the NCAA National Championship in 1997, he was one of the few fans to receive a ring. “It’s huge,” Kalil says.

In McKale Center on the Tucson campus, he controlled 42 basketball tickets, more than any season ticket holder. In 2013 and 2014, the school needed \$30 million for renovations. “I reached out to George, and he didn’t

hesitate to write a check for \$1 million,” Kessler says. “Others followed.”

“After each one of our games, win or lose, his demeanor was always the same: positive and appreciative of the effort put forth by our players and staff. I never saw him have a bad day,” says Coach Sean Miller, who in 11 seasons has guided UA to five regular season conference championships, three conference tournament titles and a 285–100 (.740) mark.

“All of our basketball program’s players and coaches, both past and present, loved and respected George as much as he did all of us,” he adds. “George Kalil made our basketball program better because he was such an integral part of it.”



Social distancing

Selling Sodas in the Desert

One of John Kalil’s friends said to him, “How hard can your job be? You’re selling sodas in the desert.”

“Well yes, it’s not hard but it is complex and challenging,” he responds. “For one, although the business of bottling has consolidated since the 1960s, more distributors are distributing an increasing variety of products today,” he explains. “We have to compete against these large public companies, and we’re a small independent relative to that.”

Today’s young and young-thinking consumers want variety: drinks with and without sweeteners, and soon sweetener blends, diet drinks, energy drinks, isotonic beverages, more and more niche products. “It’s a very complex fragmented market now,” he says.

“So we want to be careful and take advantage of our successful history and be the launching pad for new product lines and grow,” he adds. “We have brands presented all of the time, but we have to bring the right things in. Failed lines are very expensive.”

For Kalil, as for everyone else, COVID 19 has created unexpected challenges. For instance, the company makes sure that all entrances and exits are as close to work areas as possible, reducing not only the amount of space people pass through but the number of touched surfaces.

With the pandemic, the state legislature has been slow legislating this session, but Kalil says the company is fortunate to have AFMA watching the capitol. In this way, the company does not have to independently monitor the activity.

More time is then available for community connections, too, such as sending products for groups including St. Mary’s Food Bank in Phoenix, delivering cold drinks to other food bank volunteers in El Paso, donating plastic bottles to a company in Durango to make face masks, and taking beverages to medical personnel outside a Phoenix hospital.

“You probably couldn’t build a company like this today,” Kalil says. “We started with a sugar allocation and grew a small business, retaining the feeling of family with our employees. That doesn’t happen by accident; it happens by design and sacrifice and perseverance.”

Premium Beverages



Soda

(carbonated soft drinks CSDs)

