

950

BIGGEST
COMPANIES

FLORIDA TREND'S annual listing of the biggest public and private companies in Florida.

PRIVATE
COMPANY



ABC Fine Wine
& Spirits

Once known as ABC Liquors, the 80-year-old company has been rebranded under Chairman/CEO Charles Bailes III (on right, with brother Jess Bailes, executive vice president). They have opened 60 new-concept stores.





HIGH SPIRITS

Today, 'Big Jack' Holloway might not recognize the liquor stores operated by the company he founded nearly 80 years ago.

By Jason Garcia

Jack Holloway had an idea. It was the mid-1930s. Prohibition had just ended. Holloway, a Georgia native who dropped out before high school and moved to Florida in 1931, was working in a United Cigar store. Why not start selling liquor? he asked his boss. His boss wasn't interested.

Holloway borrowed money from a relative and opened Jack's Friendly Neighborhood Bar in 1936 at the corner of Orange Avenue and Wall Street in downtown Orlando. One reason he liked the site: The bus from Pinecastle Air Force Base (which today is Orlando International Airport) stopped out front, dropping thirsty servicemen at his doorstep.

Holloway, who opened his first checking account at age 13 and was always frugal, reinvested any extra money into the business. He began buying more bars and package stores. In 1950, he changed

his company's name to ABC Liquors. Company lore has it that he wanted a name that consumers would remember and trust — and one that would be listed first in the phone book.

Holloway was skilled at numbers and sales and he found a planner and builder in Charles Bailes Jr., who married Holloway's daughter, Jackie, and left Cone Bros. Construction, one of the companies that helped build Florida's Turnpike, to join ABC.

ABC began building more package stores. Many had attached lounges that ranged from what today would be called dive bars to country-music dance bars and discos. Holloway and Bailes built a new headquarters and warehouse for the company in 1975 in a gritty area of south Orlando near the confluence of the turnpike and railroad lines; the company is still in the building.

Holloway, whose first son, Jack Jr., died of cerebral palsy, brought family members into the business, including his grandchildren, Charles Bailes III and Jess Bailes, who joined the company in the 1970s.

Holloway's son from a second marriage, John "Johnny" W. Holloway, also came on board. Johnny Holloway, now 61, says he spent hours inside ABC stores as a kid. He'd sit in the beer cooler when he was very young before being

put to work. He remembers driving to Gainesville to watch the University of Florida play football — a trip that would take all day, he says, because his father would stop to check on a dozen stores along the way.

His father didn't leave him much room to choose a career, he says. "I told him I wanted to be a telephone repairman, and that didn't get very far."

Jack Holloway — "Big Jack" to his grandkids when he wasn't around — had several sides. He donated generously to schools, churches and particularly to organizations dedicated to fighting cerebral palsy. But he was also



ABC Fine Wine & Spirits

Headquarters: Orlando

Stores: 140

Employees: 1,700

Revenue: \$504.0 million



determined to run the company exactly the way he saw fit: ABC was accused in 1980 of threatening to fire employees if they voted to unionize, according to a report in the *Orlando Sentinel*.

ABC went through another growth spurt in the late 1980s, growing to more than 200 package stores around the state and nearly 100 lounges. At the time, ABC was believed to be largest privately owned liquor store chain in the country, and Jack Holloway was worth an estimated \$50 million.

But fissures were forming in the company's foundation. Holloway found he had cancer and began scaling back his

“ABC has always reinvested its money back into the business in order to grow. You’ve got to remake yourself once in a while.”

— ABC Chairman/CEO
Charles Bailes III

Family Ties

Founder Jack Holloway handed over the presidency of the company to son Johnny Holloway, who retired after the board sided with Charles Bailes III on which direction the company should take. Under Bailes' leadership, stores have been updated. The company owns about 90% of its property and has almost no debt, legacies of the company's founder.



Jack Holloway



Johnny Holloway



Charles Bailes III



ABC's new stores feature modern design elements, more aisle space and arrays of secondary items like cigars and specialty foods. Along with traditional varieties of liquor and beer, the stores carry microbrews and craft-distilled spirits, including many from Florida. The chain has opened some 60 of its new-concept stores over the last five years, most 30% larger than the older ones they replaced. The company plans to open 12 to 15 more over the next three years.

work. In September 1990, he gave up his title of president of ABC and handed it to Johnny Holloway, then 36.

The elder Holloway, who owned 100% of the company, couldn't bring himself to completely relinquish control, however. His children — who stood to split his fortune — had to go to court and persuade an Orange County judge to declare him incompetent to handle his own affairs.

During one of the hearings, a neurologist testified that Holloway had shown signs of Alzheimer's disease since 1990, according to a *Sentinel* story at the time. Jack Holloway died in June 1994 at age 81.

Big Jack's passing left two potential heirs to his throne: Bailes III and Johnny Holloway. The two, born within months of one another, had grown up playing together on the Bailes family's ranch in Dade City.

Charles, whom family members called "Chas," was a good-looking executive straight out of central casting, a strategic planner who loved to play golf. Johnny, by contrast, was more artist than businessman. He wrote poetry and preferred a sailboat to a golf course.

They disagreed about ABC's direction.

Bailes III, then a vice president at the company, wanted to get out of the lounge business, believing it cheapened the company's brand and created potential liabilities in a legal environment in which bars could be held liable if patrons drove drunk. Johnny Holloway had personally overseen the lounge business — branding the bars as "J.D. Penguin" lounges and introducing features like frozen drink specials and "ABC Calendar Girl" contests. He thought lounges still had potential.

ABC's board sided with Bailes III, who was named ABC's CEO in September 1994, three months after Jack Holloway's death.

Johnny Holloway retired, saying he wanted to spend more time traveling with his children and at his second home in Antigua.

Once rivals, Charles Bailes III and Johnny Holloway both say their relationship today is solid. They communicate regularly, usually by email. Johnny's son, Chad, now sits on ABC's board of directors.

After gaining control of the company, Bailes III — with brother Jess as his second in command — set out to remake ABC. They adopted the ABC Fine Wine & Spirits name. They closed stores in un-

desirable neighborhoods and remodeled stores in more promising locations.

Some ABC liquor stores had barred windows and kept all merchandise behind the counter out of the reach of customers. Entering those stores, an executive once acknowledged, felt a bit like "walking into a porn shop." Under Bailes III, barred windows were out; Spanish roof tiles were in. ABC closed all of its bars and reduced the number of liquor stores it ran from approximately 200 locations to about 140.



1966

Entering some of ABC's older stores felt a bit like "walking into a porn shop," an ABC executive once said.

Fueling the shift, Jess Bailes says, was the realization that women accounted for nearly two-thirds of alcohol sales. The company owns nearly 90% of its property and operates largely free of debt — legacies from the early, lean years of Jack Holloway.

As ABC has changed, so has the broader industry around it. ABC's primary competitors in Florida used to be other privately held liquor chains, plus Walgreen's, Albertson's and independent shops. Today, it is also battling grocery store chains Publix and Winn-Dixie, big boxes such as Walmart and specialty retailers like Total Wine.

Fifteen years ago, Lakeland-based Publix did not have a single liquor store in Florida. Today, it has 190. The company won't disclose its alcohol sales, "but I can tell you that we have had a positive customer response to Publix Liquors," says Publix spokeswoman Maria Brous. Walmart, meanwhile, now has about 70 active liquor licenses plus another 30 it holds in escrow, say ABC officials.

The intensifying competition has prompted ABC's latest makeover, which includes bigger, more elegant stores that cost between \$2.5 million and \$3 million to build. The newer stores, the first of which opened in Palm Coast in November 2010, devote about 40% of their inventory to wine, 30% to liquor and 10% to beer, plus 15% to gourmet foods and 5% to cigars. The stores have also added features such

as walk-in humidors and wine-tasting taps.

Though ABC and Publix compete, they have also become allies in the ongoing "whiskey and Wheaties" debate in the Florida Legislature about whether to repeal a Prohibition-era requirement that retailers maintain separate entrances for stores selling general groceries and those selling liquor.

Walmart and Target have been lobbying for two years to eliminate the requirement, which they maintain is outdated and anti-consumer. ABC, which spent about \$140,000 on legislative lobbyists last year, is spearheading the opposition to the legislation, stitching together an unlikely coalition of socially conservative Republicans uneasy with easing access to liquor and liberal Democrats who don't like Walmart's labor practices.

Bailes III argues that eliminating the separation requirement will make it easier for minors to buy alcohol.

Publix, which has joined ABC in fighting the legislation, frames its arguments as a competitive issue. Since the company doesn't own most of its stores, it would have to lease additional space if it wanted to match the space that big-box competitors like Walmart could devote to liquor.

Repealing the separation requirement, Brous says, "would make it challenging to operate competitively" for Publix.

Supporters of the legislation say ABC and Publix are simply doing anything they can to deter Target, Walmart and

other discounters, whose aggressive pricing could hurt their profit margins.

As that fight drags on, ABC keeps growing. In addition to the newer concept stores, the company opened a store in Panama City last year and one in Destin earlier this year, its first stores west of Tallahassee.


It is also filling in the gaps in its existing footprint, with stores now open in Clermont and Fernandina Beach and new ones planned in Mount Dora and Lake Nona. The company has discussed building a store in the Florida Keys.

Down the road, growing beyond Florida is a possibility. "Will that ever happen? Good question," says Bailes III.

Still 100% owned by Jack Holloway's family — evenly split between the branches extending from his two marriages — ABC does not disclose sales, but estimates put revenue at more than half a billion dollars a year. Bailes says per-store sales have more than tripled during his tenure.

Meanwhile, ABC faces succession issues. Four top executives, each with about 40 years with the company, are nearing retirement. Bailes III is in his early 60s, while Jess, ABC's executive vice president, is in his late 50s.

At the same time, the fourth generation of the Holloway-Bailes family is ascending the ranks: Four family members, including Charles Bailes IV, are involved in field operations, while another works in the real estate department.

"Our responsibility," says Bailes III, "is to hand it off in as good a shape as it was when it was handed to us — even though the business may look different along the way." 



1980s



2015

Fueling the company's decision to update stores was the realization that women account for nearly two-thirds of alcohol sales.