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Core Values Brew Success

How CEO got Dunkin' Donuts' percolating

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By Bob Niedt

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For Dunkin' Brands, the time to make the doughnuts is past.

"Five years ago, we were a sleepy, regional chain," said Jon L. Luther, chief executive officer of the parent company of Dunkin' Donuts. "Now, we're a robust, international company."

And the focus is less on doughnuts and more on simply named coffee products and a wider assortment of products served around the clock.

Luther was in Syracuse Thursday as part of the Famous Entrepreneurs Series, speaking to local business leaders at the Palace Theater, not far from a Dunkin' Donuts.

Of course, you can say that about pretty much any place in Central New York. Everywhere and anywhere is not far from a Dunkin' Donuts after the company, based in Canton, Mass., expanded heavily in the region in the past decade.

Central New York is a microcosm of Dunkin' under Luther, who joined the company in 2003. It grew from a handful of shops to approximately 60 today.

Luther and other executives at Dunkin' Brands are in the process of making Dunkin' Donuts a coast-to-coast chain, and growing internationally, especially with its Baskin-Robbins ice cream shops.

The company's home turf of New England has known the chain since 1950. It then poured into the Northeast, eventually moved into the Midwest and the South, and is now marching toward the Southwest and the West Coast.

To pave the way, Dunkin' Brands, with sales in 2006 of \$4.7 billion, introduced its packaged coffee into supermarket chains. Currently, Dunkin' Brands operates approximately 5,400 Dunkin' Donuts in 34 states. Dunkin' Brands also owns Baskin-Robbins shops and Togo's sandwich shops. Togo's never got a toe-hold in Central New York and is being spun off by Dunkin' Brands.

The company's goal is to have 15,000 stores by 2020.

Luther said to foster that growth, he had to challenge a stodgy company locked into a routine of 50 years of business.

"We were a coffee leader disguised as a doughnut company," Luther said. "Our greatest

opportunity was staring us in the face."

Luther and his team introduced a "three linchpin strategy" of taking Dunkin' Donuts national, transforming the tired format at Baskin-Robbins and taking the company international. They've succeeded.

From inside the company, Luther said, it was a matter of bringing everyone together.

"You connect your employee to your values and you connect your customers to your brand," Luther said.

Every single manager within the company was vetted for values. "Lots of people left the company," Luther said.

The understanding of core values was a driver, Luther said. Those include honesty, integrity, responsibility, humility, fairness, transparency and respectfulness.

Those values, Luther said, are taking the company forward aggressively, while laser-focusing the customers' understanding of Dunkin' Donuts.

"It's no longer time to make the doughnuts. It's time to talk about the coffee," Luther said.

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