

College of Business Book Review by Susan L. Swanger

Title: "Making Dough: The 12 Secret Ingredients of Krispy Kreme's Sweet Success"

Author: Kirk Kazanjian & Amy Joyner

Publisher: John Wiley & Sons, Inc.

Publication Date: 2004

Length: 222 pages

Price: \$24.95

Reading time: 8 hours

Reading rating: 8 (1 = very difficult; 10 = very easy)

Overall rating: 3 (1 = average; 4 = outstanding)

The red neon light says "Hot Doughnuts Now." If you have never had the opportunity (or taken the time) to stop at a neighborhood Krispy Kreme store to enjoy those delectable glazed doughnuts while they are still hot, you have missed out on a piece of Americana – or, at least, a taste of a true North Carolina tradition.

Forget for the moment about the financial woes of this Winston-Salem based chain, and journey back to a simpler time, before funky accounting, restated earnings, and SEC disclosures were never discussed in the board room, much less in the dining and on the nightly news. Forget for the moment about the Atkins' diet revolution, obesity, carbohydrates and high cholesterol. Authors Kirk Kazanjian and Amy Joyner will take you on a sentimental journey as a young Vernon Rudolph in 1937 pursued the American Dream in North Carolina with \$25 in his pocket, along with a hand-written secret recipe, which allegedly still resides in a safe at the corporate headquarters. With stories and anecdotes from colleagues, employees, franchisees and customers, the authors tell the story of how the "12 secret ingredients of sweet success" were used to build an empire.

Following an ill-fated buyout in 1976 by conglomerate Beatrice Foods, who not only added soups and sandwiches to the bill of fare but also changed the famous doughnut recipe, Krispy Kreme returned to its roots (and its original recipe) with a leveraged buyout in 1982. Operating philosophies such as "expand and protect your brand" and "think big, but grow carefully" were instrumental in positioning the company for the future. The company tapped into the vast knowledge resources of local universities, such as UNC Chapel Hill and Wake Forest, for marketing and technological assistance. Add into the equation, national exposure with the help of John Travolta, Jimmy Buffet, Dick Clark and singer Ashanti, Krispy Kreme became a household name throughout the United States.

Under the leadership of CEO Scott Livengood, the company became a darling of Wall Street with a public offering in 2000. The company celebrated its listing on the New York Stock Exchange in 2001 with 40,000 doughnuts and 70,000 cups of coffee on the street in front of the Exchange. But like the battered Krispy Kreme sign retrieved from the rubble of the World Trade Center in 2001, this company is now fighting for its very existence. Perhaps the fundamental values held by founder Vernon Rudolph and lauded by our authors as the keys to the company's success were forgotten in the pressure-packed public arena of analysts' expectations and Wall Street wizards. You read the book. You be the judge.

Susan L. Swanger is an Associate Professor of Accountancy at Western Carolina University, where she teaches Introduction to Financial Accounting, Auditing, and Introduction to Fraud Examination. For previously reviewed books, visit our Web site at www.wcu.edu/cob.