Time to Make the Doughnuts

Step inside a Krispy Kreme doughnut shop, and it smells like “sweets and happiness and smiles,” says Ausanee Mahagitsiri Leonio, MBA ’00, who owns and runs the only franchise in Bangkok. The shop offers 20 varieties of doughnuts, but Leonio doesn’t have a favorite. “You want to try them all,” she says. “It depends on the day.” If she’s wearing pink, for instance, she may think to herself, “Maybe I should have a pink doughnut to match my outfit.”

However, Leonio, who plans to open more Krisy Kreme franchises in the future, must limit how many she eats. Customers, typically waiting in line for a solid 30 minutes, come in a constant flow to her shop, and they need their doughnuts. “You have to serve your customers before yourself,” she says.

Doughnut Destiny

Leonio had tried doughnuts growing up in Thailand, but they weren’t her favorite. She liked Thai cuisine. She wasn’t used to Western food. Then, while at Babson, she encountered groups of friends returning from New York, raving about Krispy Kreme doughnuts, saying she had to try them. At first, she wasn’t interested, but eventually, she grew intrigued. One fateful day, she took a bite. “Oh
my goodness, what is this?” she thought, eating the sweet deliciousness. Thus began her love affair with Krispy Kreme. If friends traveled to New York, she begged them to bring her doughnuts. If she traveled abroad, she checked if the country had Krispy Kreme. “From the first bite, I fell in love,” she says.

No Need for Flowers
Returning to Thailand after her Babson graduation, Leonio missed the doughnuts. Fortunately, her Filipino husband came from a country that had Krispy Kreme, so whenever he visited his old home, she asked him to bring back doughnuts. This sounds like a simple request, except that Leonio didn’t want just one box—she wanted eight, enough for her parents and cousins. “I had to share the love,” she says.

Leonio met her husband, Lawrence Leonio, MBA ’00, at Babson, and he understood how much Krispy Kreme meant to his wife. For Valentine’s Day two years ago, he presented her with a nontraditional gift. “On Valentine’s, you expect a candlelight dinner,” she says. “You expect flowers.” Instead, her husband arranged a meeting for her with Krispy Kreme’s regional director in the Philippines. It was the perfect gift, she says. “He knows me so well.” The meeting set in motion her ultimate dream: bringing Krispy Kreme to Thailand.

Opening Day
Before the franchise could open, Leonio and her staff went through extensive training, including learning the complicated process of doughnut making. A typical doughnut takes more than six hours to finish. “At every point, there is so much detail, it is unbelievable,” she says.

Some details were left untold. Only four people in the company know the doughnut’s secret ingredients. She spoke with one of them, and he claimed to talk in secret code about the business whenever his wife is around so as not to divulge something by accident. He also said that the four secret holders can’t fly on the same flight in case it crashes, but Leonio suspects he was joking. A Thai princess presided over the franchise’s grand opening in September 2010, and the event created doughnut hysteria. The first person in line showed up 27 hours ahead of time, so early that Leonio thought he had mistaken the date. He carried with him everything needed for a long wait: a sleeping bag, water, and three rice meals. In all, more than 1,000 people, many of whom waited in line for five or six hours, were served that day. “It was so crazy,” Leonio says.

Candy Man
Sometimes Josh Halpern, MBA ’05, can smell chocolate when he pulls into the parking lot of Just Born. He’s director of domestic customer development for the Bethlehem, Pa.-based candy maker, which produces Mike and Ike, Teenee Beenee, Hot Tamales, Peeps, and Philly favorite Peanut Chews.

Just Born’s plant isn’t as magical as Willy Wonka’s chocolate factory, but it does have a certain whimsy. Workers dressed in hairnets and lab coats oversee spinning kettles of candies and a conveyor belt full of pink Peeps, row upon row of the marshmallow treats marching by like little armies. Many people like their Peeps a little stale, but Halpern swears the best-tasting Peeps in the world are those just coming off the line. “It’s still warm and gooey,” he says. “It’s a little slice of heaven on earth.”

From Clorox to Candy
Before coming to Just Born in 2008, Halpern worked in sales for Clorox and Procter & Gamble. Throughout his career, he has sold 60 brands in 27 product categories, everything from diapers and trash bags to water filters and laundry detergent. Switching to candy wasn’t a challenge, save for one thing: the temptation. “There is candy everywhere,” he says. New employees often put on pounds like first-year college students. “It’s like the freshman
15,” says Halpern, who recently initiated a health and wellness challenge for his staff. It’s a much-needed idea. One team member consumes two theater boxes of Hot Tamales a day.

**A Peeps Presidential Portrait**

Mike and Ike is Just Born’s biggest seller, says Halpern, with the company making about 15 million pieces of the candy a day. But Peeps have acquired an almost cultish following. Just Born estimates that one out of every three Peeps bought are never eaten but rather used for decorative and creative purposes. Newspapers run Peeps diorama contests, for example, and all sorts of Peeps-related clips pop up on YouTube, including tributes to *Star Wars* and *The Lord of the Rings* starring the marshmallow chicks and bunnies. When Barack Obama became president, Halpern says, someone sent Just Born an Obama portrait made from Peeps.

Halpern doesn’t try to understand customers’ fascination with the candy. “I don’t ask questions,” he says.

**A Nanosecond**

In the fruity candy market, Mike and Ike faces competition from bigger brands Skittles and Starburst. But Halpern learned a key branding lesson from Babson Professor Ross Petty. “You don’t need to be the strongest brand,” Halpern says. “You can use the stronger brand to leverage your brand.” Think of a mom shopping in the candy aisle. Often, candy is an impulse buy, and initially she may want Skittles or Starburst. But Mike and Ike sits on a shelf nearby. Perhaps with a better price or bigger packaging, the candy can catch her eye and, in the mere moments she takes to decide, change her mind. “When she has that nanosecond with little Jimmy screaming in the cart, what is she going to pick?” Halpern says. “My goal is to make her choose Mike and Ike.”

**Fun in Fargo**

Halpern made international news last year when his team held its regular sales meeting in an unconventional location: Fargo, N.D. Originally, his team members asked for Hawaii as a reward if they met their annual sales goal. To their surprise, Halpern agreed, but with a catch. A big one. If the goal wasn’t met, he said, they would go somewhere else, somewhere a lot less warm. Unfortunately, sales didn’t go up quite enough, so that meant a December trip to Fargo, where the team took a sleigh ride and went to a VFW for a $5 all-you-can-eat spaghetti dinner. Not surprisingly, visitors to Fargo that time of year are rare—so rare that local reporters and the chamber of commerce met with the group. Soon, news of the trip spread. Ultimately, 121 newspapers ran the story. “My face was on Yahoo’s front page,” Halpern says. ⊕
C Is for Cookie

Scott Utke, MBA ’11, has a job the Cookie Monster would love. As brand manager of adult cookies for Kraft Foods in East Hanover, N.J., he’s in charge of a number of brands, including Fig Newtons, Nilla Wafers, Ginger Snaps, Mallomars, and Lorna Doone, often targeted at more mature connoisseurs of snacks.

Whenever Utke tells people where he works, they invariably ask one question: Can I have some cookies? “People assume I carry cookies with me wherever I go,” he says. Even his Fast Track classmates have pestered him for Mallomars.

The Cold-Weather Snack

Many of Utke’s brands possess a long history. Mallomars, for instance, are a cookie of tradition. They first appeared in 1913, and because of a lack of refrigeration, the chocolate, marshmallow, and graham cracker cookies were sold only during the colder months. Now, nearly 100 years later, they still appear every fall like clockwork and disappear from shelves in the spring. “People associate Mallomars with cold weather,” Utke says. “We left it a seasonal cookie.”

First sold in Hoboken, N.J., the cookies remain a regional favorite, with 70 percent of sales in the New York City area. That won’t be changing either. “It would require a significant advertising budget to go national,” Utke says. “We need to focus.” For those living farther afield and missing their Mallomars fix, Utke suggests ordering a box from Amazon.

Customer or Competitor?

Utke likes going into supermarkets and seeing his cookies on the shelves. “It’s a really good feeling,” he says. But much hard work and delicate negotiations go into the positioning of products on those shelves. One challenge Utke faces comes from private labels, which are the generic brands, such as Walmart’s Great Value, offered by many retailers. These private labels put Utke in a tough position. He needs to work with supermarkets, because they are customers buying his cookies, but at the same time, the supermarkets are vying against his cookies with their own brands. “They are our customers, and they are our competition,” he says. With consumers wanting choice, Utke doesn’t see private labels going away, so he needs to work with supermarkets to find the right balance of products for store shelves. “How many varieties do they carry?” he says. “There is only a fixed amount of shelf space.”

Leaving Cookies for Candy

Utke’s latest challenge was rebooting Fig Newtons. This May, the cookie will see new packaging and a print, TV, and digital advertising campaign designed to put the 120-year-old brand back on people’s snacking radar. “It’s one of the oldest cookies,” Utke says. “Everyone knows what Newtons are, but they’re not top of mind.” He admits that Fig Newtons weren’t a priority at Kraft in recent years, but the company believes the cookie, made with real fruit, can find greater popularity among health-conscious adults. “We’ll get people thinking about it differently,” he says.

As it turns out, Utke left Kraft right before this new cookie game plan launched, but he’s still working with sweets as marketing director for Bazooka Candy Brands in New York City. “I like working on brands that bring joy to people’s lives,” he says.
Let Them Eat Cake

When Tawny Ong ’99 is baking, life is good. “It smells heavenly,” says the New York City resident and owner of Desserts by Tawny Ong. She bakes her goodies at her parent’s Greenwich, Conn., home, but it’s not a typical residential kitchen. Ong invested $20,000 to make it commercial grade, and the house’s guest room serves as an inventory space full of 50-pound bags of sugar and 25-pound bags of flour. As for her parents, Ong has a critical rule: “They’re not allowed in the kitchen when I’m baking.”

Ong loves baking home-style desserts: brownies, cookies, banana pudding, pies, and cupcakes. She appreciates the lack of pretension in these treats. They’re not French pastry, and that’s OK. “I like comfort food,” Ong says. “I like the simplicity of classic vanilla cake. There’s an art to it.” Red velvet is her best seller, and she loves making an icebox cake. “It’s almost therapeutic.”

Following Her Nose

Ong wasn’t always a baker. She used to work in finance, but while her career was doing fine, she felt restless and wanted to try something new. What that could be, though, she had no idea. One day about five years ago, while walking in Manhattan’s Lower East Side, the answer suddenly came. “It was October. It was cold. Then I smelled something amazing.” She came upon a cupcake bakery and went inside. She was astounded. “Everyone looked happy,” she says. “Even the employees looked happy.”

The next day, Ong quit her job and visited a half-dozen New York cupcake bakeries, eating as she went. One, the landmark Magnolia Bakery, had a help wanted sign. She walked in, filled out an application, and was hired. She joined a staff full of novice actors and comedians, who were surprised by her background. “Why do you want to work here?” they asked. Ong worked her way up from serving coffee to baking, and she attended classes at The Institute of Culinary Education. She also learned a lesson about indulgence. “I gained a lot of weight in the beginning,” she says. “I have that under control now.” Eventually, Ong decided to strike out on her own. “I wanted to go back to my entrepreneurial background. I went to Babson for this. I should try it.”

Wedding Bells

Initially, Ong didn’t bake wedding cakes. Then Timeout New York called. The magazine asked if Ong would participate in a photo shoot for a wedding cakes story. She said yes without hesitation, even though the shoot was in 30 days, which meant Ong didn’t have much time to learn how to make a wedding cake. “You go to Babson; you think you can do anything in a month,” she says. The story turned out great, and Ong still receives business calls because of it. “Be open to all opportunities,” she says.

The Lady and the Mayor

Her first year in business, Ong didn’t say no to a single job and worked into the early morning hours. She was so busy that during a dentist appointment she actually enjoyed easing back in the dentist’s chair. “This feels so relaxing,” she thought.

Ong doesn’t do any formal marketing. She built her business entirely through word of mouth. Her first job was at a girlfriend’s baby shower; Ong created a tempting display of desserts that sat in a restaurant window, and people passing by outside kept coming inside to check out her pastries. Ong also donated baked goods to nonprofit events, which allowed her to support a worthy cause while exposing her desserts to hundreds of people.

Her efforts worked, and Ong’s bakery grew so much that she picked up business from unexpected places. The event planner for Gracie Mansion, the residence of New York’s mayor, contacted her about catering events for Mayor Michael Bloomberg, and Ong experienced a brush with stardom when Lady Gaga’s mother asked the baker for a cake. The occasion was the pop superstar’s Radio City Music Hall concert. Gaga liked the cake, though Ong missed a chance to meet her backstage. “Donald Trump and Sting were in the way,” Ong says.