



Doughnut chain gets taste for NZ

by Grant Bradley

Krispy Kreme doughnut fans are closer to seeing the popular chain here, following a visit from the director of the company to check out interest.

The glazed and coated doughnuts have a cult-like following and the brand has spread from the American south to having more than 600 stores around the world.

The New Zealand territory owner is Krispy Kreme Australia. Its director, Michael Sherlock, said while it continued to eye opportunities here and a move was regularly talked about at board meetings, there was no timeline for moving to New Zealand.

"We're keen to make money and have fun. I said to the chairman that I'm over here — he said 'have a look around and see what you think'," Sherlock said.

"At the same time we haven't fully developed Australia so it depends on the strength of the market."

There are 55 stores in Sydney, Melbourne and Brisbane with expansion to Adelaide and Perth likely.

Sherlock said the success of Subway in New Zealand was a pointer to how Krispy Kreme could perform.

It could set up here in a number of ways including selling the master franchise, look for joint venture partners or as in Australia, own the stores and hire staff itself.

Founded in Winston-Salem, North Carolina in 1937, Krispy Kreme's hot original glazed remains its most popular although there are dozens of coatings, toppings and fillings.

Sherlock said Krispy Kreme flagship stores could cost \$2 million each to set up.

Sherlock co-founded Australian and New Zealand bakery franchise Brumby's which he sold in 2007.

Besides his Krispy Kreme role, the Brisbane resident now chairs the Franchised Food Co with four brands — Pretzel World, Mr Whippy, Cold Rock icecream and Nutshack.

Last night he talked to law firm Hesketh Henry clients about franchising.

Some Australian companies made the mistake of treating New Zealand like a state of Australia and had failed badly when trying to set up here. New Zealand companies which crossed the Tasman tended to be more successful, said Sherlock.

"I think New Zealanders are more innovative, whether it's your isolation or what have you."

He advised anyone contemplating buying a franchise to pick one that suited their lifestyle. "You've got to make money but you've got to have fun."

FRANCHISE TIPS

- Be prepared to pay three times annual earnings for the business.
- Motivate staff to solve customers' problems.
- Get a good location — a good franchise can't overcome a bad site.
- Follow the system — don't introduce own variations.



SUBSTANTIAL INVESTMENT: Krispy Kreme Australia director Michael Sherlock said flagship stores could cost \$2 million each to set up. PICTURE / BLOOMBERG