BUSINESS

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Battered Krispy Kreme serves up new CEO

CHARLOTTE, N.C. ✦ After years of trying to get its recipe right to run a profitable company, Krispy Kreme Doughnuts Inc. yesterday added yet another ingredient: A new CEO.

The Winston-Salem-based doughnut chain announced that chief executive Daryl Brewster has resigned and will be replaced with the company s chairman, James Morgan. Brewster will stay with Krispy Kreme until the end of January, the company said.

Brewster s departure comes amid a sputtering turnaround effort, after years of mismanagement and stronger competition from larger rival Dunkin Donuts. Investors cheered the news and sent the company s battered shares up more than 11 per cent. Krispy Kreme shares rose 32 cents to $3.15.

In March 2006, Brewster was named CEO to help Krispy Kreme get back on track, but the company, which has posted weak sales and persistent losses under Brewster s leadership, has continued to struggle. In December, the company said its quarterly sales tumbled and it expected more franchised store closures ahead. In the first nine months of fiscal 2008, franchisees closed 25 stores.

— The Associated Press

CIBC World Markets reshuffles its top deck

TORONTO ✦ CIBC gave its troubled investment banking division a facelift yesterday by unveiling plans for the head of the Toronto Stock Exchange to join as chief executive of CIBC World Markets, an effort to turn around a department mangled by writedowns.

Richard Nesbitt, currently chief executive of the TSX Group, plans to quit the organization and join CIBC on Feb. 29. Leaving the bank will be current CIBC World Markets CEO Brian Shaw, as well as chief risk officer Ken Kilgour.

Shares in the bank moved ahead near midday, up 34 cents, to $68.34 on the TSX. Earlier in the day, CIBC stock touched $67.01, its lowest point since 2004 and well off a 52-week high of $107.45.

Nesbitt joins the bank as CIBC grapples with its biggest writedown challenge since taking a $2.4-billion hit in 2005 related to the collapse of U.S. energy company Enron after a massive accounting fraud.

The move to add Nesbitt to the ranks is likely to signal some notable changes down the road, said John Aiken, an analyst at Dundee Securities. Nesbitt s past history has shown a knack for consolidating operations and some downsizing.

— The Canadian Press

Rogers stock takes hit over wireless numbers

TORONTO ✦ A planned doubling of Rogers Communications Inc. s annual dividend did little to reassure investors, who sent the major telecommunications player s stock down almost 6 per cent yesterday after it reported a weakening of new subscriber adds at its wireless services division.

The company announced solid subscriber growth in its wireless and cable TV businesses, while saying that it would double its annual dividend to $1 a share and buy back about $300 million of its stock.

Our plan for 2008 strikes a healthy balance between the continued delivery of profitable growth, the return of increasing amounts of our growing free cash flow to shareholders, and the investments that will help assure such growth continues well into the future, said CEO Ted Rogers.

But shares in the media and telecom conglomerate dropped $2.50 to $40.95 on the Toronto Stock Exchange, after hitting a low of $40.75 earlier in the session, as the new wireless subscriber results appeared to fall short of some analyst expectations.

— The Canadian Press

DOLLAR	EURO	TSX	TSX VE	TSX 60	DOW	S&P 500	Nasdaq	GOLD	OIL (West Tx.)
▼ 99.44 US	▲ 1.477 Cdn	▼ 13,618.87	▼ 2,819.98	▼ 797.48	▲ 12,827.49	▲ 1,416.18	▼ 2,499.46	▼ $859.60 US	▼ $95.30 US
-0.43	+0.08	-159.71	-38.68	-9.16	+27.31	+4.55	-5.19	-$3.50 US	-$2.82 US

Full stock listings on Go 10

Harvey s puts fresh ideas into operation

Mountain concept store lean, green

BY STEVE ARNOLD

In the multi-billion dollar food fight that is Canada's burger business, Harvey's has always been dwarfed by mega-competitors McDonald's, Burger King and Wendy's.

Now, the Canadian company is planning to make some locations smaller while, overall, becoming more competitive.

This weekend the chain will officially open its new-concept store on the Mountain — the first of a 150-store expansion that will grow the chain by almost 50 per cent to more than 400 locations. The store's at Upper Wentworth Street and Fennell Avenue East, in the Value Village plaza.

Rick McNabb, who took over as president of the company 18 months ago after 15 years of running a successful franchise in Parry Sound, said the campaign is a drive to reinvent a company which had become "a little stale.

"Our brand has never been as developed as our competitors," he said in an interview at the new location. "We're going to focus on our core business, so we can become faster and more consistent."

Harvey's new store design will shrink the traditional location to about 2,200 square feet from 3,200 and reduce seating to 65 from 100. In the process, the cost of a Harvey's franchise will drop to a net of about $550,000 and the efficiency of the operation will increase.

Gone from the menu are breakfast, sandwiches and other products to be replaced by a focus on burgers.

"We found that we weren't doing well with those other products because they were taking our eyes off the ball," McNabb said. "Our strength is customization of burgers, that's what makes us stand out."

In moving to a smaller, more efficient and eco-friendly store, Harvey's is marching in lock step with the rest of the fast food industry, as it struggles to meet new consumer demands.

"We see ourselves as being very enviro-conscious," McNabb said. "We also know that people are an awful lot more concerned about what they eat today ... so our hamburgers have a lot less fat and you can have it as healthy as you like."

One way the company showed that commitment was in being among the first of the burger chains to move to trans fat-free oil for its cooking.

There are also solid business reasons for the change in design — the new stores cost less to build and a lot less to operate, and that adds up to better profitability for the franchisee and corporation.

"We had to do something," McNabb said. "Utility expense in this business is huge and its growth was far outpacing our level of sales growth."

TED BRELLISFORD, THE HAMILTON SPECTATOR

President Rick McNabb, right, checks the new waste collection at the concept store at Upper Wentworth Street and Fennell Avenue East.

As a package, those initiatives are designed to make Harvey's more appealing to potential franchisees — the people expected to put their financial and "sweat" equity into making the business successful. If the appeal works, McNabb said the company wants to see half of its stores franchised.

"The franchisee has to make money, you have to see return on your investment and your hard work, otherwise what's it all for?" he asked. "I'm here to make sure all of that happens."

Harvey's is part of the Cara Operations Limited empire of restaurants. Its locations include Swiss Chalet, Montana's Cookhouse, Milestones Bar and Grill and Kelseys. The privately-held company doesn't release financial information.

The burger chain has been in Hamilton for 43 years and currently has 10 local stores. To mark the launch of the new location Harvey's will donate a portion of the proceeds of all hamburgers sold on its opening weekend to Hamilton Food Share.

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