



Smart Investing Leads to Sweet Success in the Gourmet Doughnut Market

With the right support and business savvy – and a strong support network – a good idea can take off in no time. Jelly Modern Doughnuts in Calgary, for example, is one idea that met with instant success for co-founders Rita and Rosanne Tripathy.

It started with a simple plan to put a gourmet spin on the doughnut market. The Tripathy sisters opened their first bakery café in 2011, and within weeks their concept took hold with the local community. Since then, Jelly Modern has opened additional stores in Calgary and Toronto, launched a catering service and a food truck concept, and entered the wholesale market.



Sisters and business partners Rita and Rosanne Tripathy at Jelly Modern Doughnuts in Calgary

It didn't hurt that local consumers were on their side in the early days, says Rita Tripathy. "We have had huge supporters for our growth, from our customers and media to financial services providers. Even the mayor and Tourism Calgary have been promoting us." In addition, noteworthy celebrities, such as Martha Stewart and Oprah Winfrey, have given their thumbs up to the quality and freshness of Jelly Modern's upscale doughnut treats.

Tripathy strongly believes that regardless of how good a product may be, support is what can make or break a business. "There are so many amazing businesses out there that don't have the proper backing to continue to expand."

That foundation is critical because the costs of expansion are substantial. Tripathy says a key strategy was investing in the highest-calibre equipment capable of meeting large-scale production needs and the best people they could find. "Part of our model from the beginning was investing in the right things at the outset. It was a good move given that last Valentine's Day we had orders for 17,000 doughnuts in one of our stores."

A good investment plan focused on growth is critical when it comes to expanding in the food services industry, says Derek Doke, chief executive officer of Franworks, a Calgary-based, multi-brand hospitality, retail and services company. Having overseen more than 88 restaurant ventures and growing, Doke says success depends on investment in three principal elements: people, supply chain and construction.

"When you get into a new market or geography, you have to make sure you are investing up front," he says. "It's important to set up your infrastructure early in the game and understand your markets from a cost standpoint."

Strategizing is also about looking ahead and ensuring that your equipment, staff and suppliers are in place to handle the growth when it happens. "The smaller you are in size, the greater the challenge. It can take a lot of effort to figure it out."

Part of Jelly Modern's successful growth is the owners' ability to respond to customer needs, along with a healthy appreciation for the personal touch. Most of the relationships they have forged evolved by word of mouth, Tripathy says. "People have often called us after seeing our pop-up shops at events," she says. "We've been approached a number of times."

She attributes the interest to the fact that all products are handmade, trans fat free, and use real ingredients for a healthier twist. "We are Canada's first gourmet doughnut shop. All our fills and glazes are made in-house, and people love the presentation and variety."

Tripathy notes that having a sister as a partner is an added bonus. "It's great to have somebody you can work well with and trust completely."

CIBC Tips: Starting a New Business

Like a good doughnut, a good business concept needs a proven recipe. Whether you're starting a new business or growing an established one, a business plan lists the key ingredients that will make your business a success. Three key ingredients to a good business plan include:

- 1. Access to Capital** Financing options can run the gamut from friends and family, to business partners to your bank. For new businesses, particularly those with heavy upfront investments, look for options with payment structures that give you flexibility and leave you with enough cash to manage your business.
- 2. Target Market** Understanding your customers and the marketplace in which you operate can help you refine your business concept and product or service offering. Knowing where and how your customers buy and what drives their purchase decisions helps you develop and market your product.
- 3. Competitive Environment** Know your competition and ensure you can differentiate your offer from theirs. Don't restrict your analysis to those businesses in your local area, but also take into account your online or other remote competition. This helps you to establish your product and pricing strategies and drives the brand and vision for your company.

Your business plan not only helps uncover holes in your strategy, but gives you an opportunity to fill them, because unlike a doughnut, holes are something you should strive to avoid.

For more tips on starting a business, visit www.cibc.com/startstrong



As seen in the Financial Post

Published July 30, 2014 in English.

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