

Analysis of dunkin donuts company

[Business](#), [Management](#)



Analysis of Dunkin' Donuts Company

Background of the company

Dunkin' Donuts relates to an international company that operates coffee chain and doughnut restaurants. William Rosenberg started Dunkin' Donuts in 1948 in Quincy, Massachusetts under the name of Open Kettle. The name later changed to Kettle Donuts in 1949 before the company adopted the current famous cooperate name of Dunkin' Donuts. Currently, Dunkin' Donuts operates 11, 000 cooperate restaurants in nearly 33 countries worldwide.

Rosenberg initiated the idea of franchise system where the company gives entrepreneurs and other businesspeople opportunity to operate Dunkin' Donuts restaurants at a fee. The franchise system acted as a profitable cooperate management strategy for the company mainly due to benefits gained from the independent restaurants (Whetten and Cameron, 2011). The franchise system has remained operational since 1950 in all Dunkin' Donuts restaurants and it encompasses small and large business associates. However, the franchise system have faced several complains and court issues.

Dunkin' Donuts Current Problem

Constant lawsuits and competition issues

Franchise systems that have existed in Dunkin' Donuts Company have benefited various foreign business people in United States. Most of individuals in franchise system operational under Dunkin' Donuts network consist of Asians. It is essential to note that nearly 90 percent of all newly established Dunkin' Donuts restaurants results from the company's

franchisees (Sniegowski, 2014). Most importantly, the growth of Dunkin' Donuts company remains attributed to the hardworking and determined entrepreneurs that have heavily invested in company restaurant chain. Despite the immeasurable success that the company has realized from its franchise system, various problems have arisen. Dunkin' Donuts Company plans to out-compete Starbucks, its closest rival in restaurant service by establishing new stores through United States. However, the fundamental problem remains that Dunkin' Donuts depends on its franchisee to establish new restaurants. Consequently, the company has decided to form a corporate strategy that would foster its growth with an aim of being at a competitive advantage in the market.

According to Gluck, 2008 the company's adopted corporate strategy involves eliminating single-store owners while constituting multiunit franchisees that have the potential of fast growth. The corporate strategy has resulted in various court cases between the company and its franchisees. Apparently, the corporate strategy aimed at fast expansion favors only the multiunit chain stores. It is important for the company to avoid subjecting its single-store to constant court cases that deprive them of their earnings. Rather, the company should encourage the single storeowners to continue expanding and providing competitive services that would help Dunkin' Donuts to compete efficiently with Starbucks. Such strategy would improve the company's public image and improve loyalty of its customers.

It is imperative to note that the constant legal lawsuits have derailed Dunkin' Donuts competitive ability and development. The company has also engaged in court issues with its biggest franchisees including McDonald's besides the

small businesses. The constant lawsuits between Dunkin' Donuts and its franchisees have resulted into reduction of potential investors that would significantly expand the company. It is important for Dunkin' Donuts to minimize court cases with its franchisees if they have to remain competitive and consequently develop.

Racial discrimination Problem

Majority of Dunkin' Donuts franchisees have accused the company of inherently favoring other cultures over others. Consequently, the company has realized several lawsuit cases concerning claims that it discriminate specific franchisee owners from certain cultures including the minority groups mainly from India (Hartford, 2014). The complainants assert that the company scrutinizes insignificant management mistakes within their operations and uses the problems as rationale for termination of contract. Such relations with franchisees in terms of racial class represent poor corporate management skills that resulted into decreased growth of the company (Whetten, 2011).

Reference

Whetten, David A, Cameron, Kim S. (2011). *Developing Management Skills*. Upper Saddle River, New Jersey: Pearson/Prentice Hall.

Hartford, Jamie. (2014). Dunkin' Donuts Facing Racial Discrimination Allegations: Dunkin' Donuts Facing Racial Discrimination Allegations. QSR Magazine. Web. December 8, 2014. Retrieved from http://www2.qsrmagazine.com/articles/exclusives/1007/dunkin_donuts-1.phtml

Gluck, Cindy. (April 29, 2008). Dunkin' Donuts business practices have lots of holes. Daily News. Web. November 26, 2014. Retrieved from <http://www.>

nydailynews. com/new-york/brooklyn/dunkin-donuts-business-practices-lots-
holes-article-1. 278131

Sniegowski, Don. (March 7, 2014). Dunkin' CEO Nigel Travis Extends
Contract, Aims to Up Franchisee Profits. Web. December 6, 2014. Retrieved
from [http://www. bluemaumau. org/13685/dunkin
%E2%80%99_ceo_nigel_travis_wants_raise_franchisee_profits](http://www. bluemaumau. org/13685/dunkin
%E2%80%99_ceo_nigel_travis_wants_raise_franchisee_profits)