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Cold Stone scoops up growth

Scottsdale firm ranks in top 12

Peter Corbett

Chocolate, vanilla and strawberry are fine, but Cold Stone Creamery's flavor guru likes to be out on the cutting edge of ice cream scoops with loopy offerings like chipotle-chili chocolate, ginger wasabi and oatmeal cookie batter.

On a recent morning, Ray Karam, Cold Stone's taste master, concocted a test batch of Twinkie ice cream in his sparkling test kitchen at the Scottsdale-based company's new headquarters near Loop 101 and Via de Ventura.

The mixture of yellow Twinkies and a standard ice cream mix was chillingly reminiscent of the snack cake's cream filling.

Karam declared it a success and suggested blending in some of Cold Stone's mix-in ingredients.

"Add a Snickers bar and you've got a 'Sninkie,' " he joked.

Karam, 48, who has been toying with ice cream ingredients for more than a quarter century, clearly enjoys his job, trying to please Cold Stone customers with outside-the-ice-cream-box flavors.

And he is enjoying it even more since Cold Stone moved 220 employees into its new leased headquarters about two weeks ago. Karam previously played ice cream's mad scientist in the back of a Cold Stone shop in Scottsdale.

Cold Stone, one of the nation's fastest-growing franchise operations, is now occupying a two-story, 67,000-square-foot building that houses the test kitchen, a full-scale Cold Stone ice cream shop and training classrooms for the franchisees.

There is even a fitness room for employees, which is fitting because workers also have access to ice cream during their breaks.

Cold Stone, founded in Tempe by Donald and Susan Sutherland in 1988, outgrew 20,000 square feet of office space in five Scottsdale Airpark buildings, including one noisy office just west of the airport runway.

"We're enjoying a lot more elbow room," Cold Stone spokesman Kevin Donnellan said.

No. 12 in the nation

Cold Stone, which aims to be the best-selling ice cream brand by the end of the decade, is expanding like an ice cream lovers' waistline.

Entrepreneur magazine ranks Cold Stone No. 12 on its list of America's fastest-growing franchises.

But it still has a ways to go to overtake ice cream stalwarts such as Dairy Queen, Dreyer's, Breyers, McDonald's and Baskin-Robbins.

Cold Stone sales grew 86 percent last year to \$283 million in cold cash.

The firm has more than 1,000 ice cream shops. Each shop makes ice cream daily. The frozen dessert is mixed with nuts, fruit and candy on a stone chilled to 16 degrees.

Massive expansion

Cold Stone opened 362 stores last year and plans to open 400 more this year, including the company's first Tokyo franchise, set to open in September.

Karam is visiting Japan this week to work with a dairy that will supply the Tokyo shop.

He said he does not yet have specific new flavors up his sleeve for the Japanese market but will sample local cuisine during his visit and visit markets there to get ideas.

Looking for new ideas

Karam, who got his start with Carnation in 1978, is always looking for ideas. He came up with a fruity cereal ice cream that he said tastes like the milk that is left over in a bowl after eating Fruit Loops.

Karam has also had some brain-freeze moments when his creations flopped, such as the spicy, nacho-cheese ice cream with waffle-cone chips.

He said he can easily tell by watching someone taste his Cold Stone ice cream if he has a hit.

"What I look for after they've taken that first spoonful, they close their eyes and their knees buckle a little," Karam said. "And then they say they've got to have more."