

INTERVIEW



FROM RETAIL LP TO SOLUTION PROVIDER TO RESTAURANT BRAND PROTECTION

AN INTERVIEW WITH DAVID JOHNSTON OF DUNKIN' BRANDS

By James Lee, LPC, Executive Editor

EDITOR'S NOTE: David Johnston is senior director of loss prevention and corporate security at Dunkin' Brands. Prior to his current position, he was director of business development with LP Innovations and XBR product manager for Datavantage. Johnston held multiple roles in loss prevention for J. Baker and Jordan Marsh. He also serves as president of the Restaurant Loss Prevention and Security Association.

EDITOR: Let's start at the beginning. When did you get started in loss prevention?

JOHNSTON: I started thirty years ago as a store detective and then an internal investigator for the Jordan Marsh Company in downtown Boston. I was attending college in Boston for criminal justice, so a position like this was an opportunity to gain experience while still in school. From there, I took the position of regional loss prevention manager for J. Baker, Inc., a diversified retailer of shoes, big and tall men's clothing, and uniforms. It was during my role at J. Baker, that my career path changed.

In 1998, Steven May, the SVP of loss prevention at the time, presented a plan to the CEO and board of J. Baker to flip the LP department into a profit center. This resulted in the creation of a new company, LP Innovations, under Steven May, who is still the current CEO of the company and a longtime friend and mentor of mine.

With the forming of LP Innovations, we hit the ground running, supporting retailers who didn't have a loss prevention department and those who needed supplemental resources. The challenge was that we, all LP professionals, needed to develop the business. We needed to learn to sell, market, and grow LP Innovations to retailers of all sizes, segments, and structure. That is where I began to learn about business, from selling the value of loss prevention to executives to developing programs for a variety of retailers.

EDITOR: When did you move to Datavantage?

JOHNSTON: During my time with J. Baker, I became one of the first power users of the XBR exception-based reporting

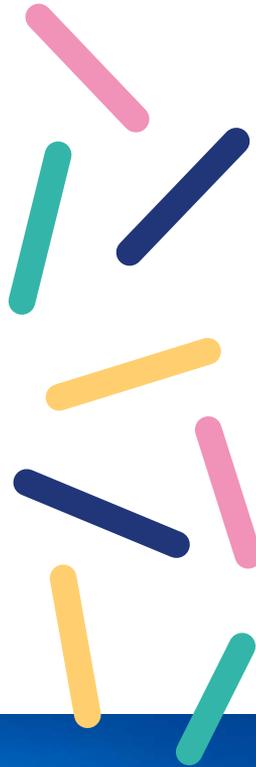


(EBR) tool in our industry. I also developed LP Innovations' EBR analysis group, becoming experts in the XBR tool for many of our customers.

In 2002, I left LPI to become the XBR product manager, working with another mentor, Raoul Ricard, the creator of the XBR system. I was the XBR product

manager for four years. During that time, I had the opportunity to expand my business knowledge, understand product development, and most importantly learn how to work with cross-functional teams to support our customers utilizing the technology. It was a great experience to learn how technology is developed,

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from customer need to development and through the entire implementation process. The role also provided me the opportunity to travel internationally and work with loss prevention departments in different countries.

EDITOR: What happened next?

JOHNSTON: In 2006, I returned to LP Innovations. Throughout my career, I have always focused on continuing to develop myself and always seek to maintain positive relationships. I have been fortunate and thankful for those who have helped me to succeed. Paul Jones took a chance on a suburban teen as a store detective and introduced me to loss prevention at Jordan Marsh.

Raoul Ricard taught me how to develop great customer relationships and to work with various business units for the greater good of the customer and the business. When Datavantage was purchased by Micros, things changed. In short, I found that I didn't want to work for such a large company and sought to make a change.

The timing was beneficial as Steven was taking LP Innovations private and looking to develop a deeper bench to help develop the business. So he recruited me back to LPI to develop the business development channel, working with sales and marketing and consulting.

I have a long history with Steven and am grateful for all that he has done to develop me into a well-rounded business executive and loss prevention professional. Steven has always been a leader who helps you to develop. I recall one time that he made me approach our CFO at J. Baker to ask for budget and approval for an idea that I had presented. His approach was if you have an idea, you own the idea; you're responsible for seeing it through. His approach allowed me to learn, develop new initiatives, fail on occasion, but learn from my mistakes. My experience at LPI was invaluable to my future career plans.

EDITOR: So now, after sixteen years on the vendor side, you've returned to LP. When and why did you make that decision?

JOHNSTON: As a solution provider, it was important for me to stay engaged



Speaking with David Johnston is Amanda Marschilok, LP analytics manager (left), and Patrick Finnegan, senior manager of corporate LP (right).

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with the practitioners and the practice of loss prevention. Although I was helping many companies through LPI, I missed developing my own team and program. When the position became available at Dunkin' Brands, several practitioner friends of mine convinced me to apply, many saying that my approach and experience would be ideal for the position.

Interestingly, after I applied, the director of recruiting called me and wasn't sure if I was qualified for the position. She didn't see any retailer or

restaurant company as my last three employers and didn't know if I had the qualifications. When I described LPI and my experience, she asked me to come in for an interview. I am glad she called rather than cast my resume aside. Otherwise, we may not be speaking today.

The final decision was difficult in saying goodbye once again to Steven and LPI, but as a good mentor and leader, Steven knew Dunkin' Brands was a great fit for me. I was born and raised here in Massachusetts, so Dunkin' is in my

blood. During the interview process I learned quickly how engaged everyone is here at Dunkin' Brands, the history of the brands, an energizing environment, and the opportunity to develop a new approach to loss prevention in the company.

EDITOR: Before we get into the LP side of Dunkin' Brands, give us a little background on the company itself.

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Restaurant Loss Prevention and Security Association Conference Scheduled for July 30–August 2 in Las Vegas

EDITOR: In addition to your professional responsibilities, you are also the current president of the Restaurant Loss Prevention and Security Association (RLPSA). Tell us about that organization.

JOHNSTON: The RLPSA is an association specific to loss prevention, safety, and security professionals in the restaurant and food-service industry segment. This year is its thirty-eighth year, and although our segment has evolved, the RLPSA goal is to stay focused on member engagement, solution provider partnership, and solving restaurant and food-service issues.

EDITOR: What is your role there as president?

JOHNSTON: The president leads the board of directors and supports the associations' long-term strategic plan. Unlike some other associations, a board member serves for three years, and the president serves a one-year term. As president, the focus is to continue the progress made the previous year, bring forth new initiatives, and prepare the board members for the following year and eventual next president.

The RLPSA has an executive director, who serves as the primary director of the association. We are fortunate to have Amber Bradley serving as our executive director for the past couple of years.

EDITOR: Who are some of the other companies that are represented on the board?

JOHNSTON: We have some great leaders and very passionate people on our board. This year's board includes Rocco Prate from Wendy's who serves as vice president of the board, Michael Loox from BLD Brands, Van Carney from Dominos Pizza, Ken Gladney from Taco Bueno, Linda Zaziski from Little Caesars, along with Scott Elkins from UAS and Stephen Longo from CAP Index. We have great representation of different company structures, safety and LP expertise, and industry diversity on this year's board.

You may have also noticed that two of the board members are solution providers. The RLPSA, from its very beginning, has valued the relationship between practitioner and solution provider. The RLPSA has two positions on the board that are held and voted on by solution providers. The engagement of our solution providers within the RLPSA helps us as practitioners, and the involvement of business leaders on the board make us better.

EDITOR: Other than the annual conference, what are other initiatives you are engaged with?

JOHNSTON: Last year we unveiled our long-term strategic plan, which included several initiatives to help us grow and evolve with our membership and our challenges. This plan includes enhancing current programs like our RLPSA Connect, a one-day regional workshop held twice a year to connect law

enforcement, members companies, and franchisees to discuss timely and regionally specific LP, safety, and security issues facing the restaurant industry. With our solution provider membership, we have continued to expand our webinar's throughout the year, helping our membership learn of new offerings and technologies available to make us better.

Some new initiatives this year include our improved website that now provides more resources and tools to assist our members. Developed by our members, these resources can assist in developing programs and procedures in various restaurant settings. We have also conducted several membership discussions, giving our membership the opportunity to share, discuss, and network with each other on several timely topics. Some of the topics this year have included mobile and digital fraud, smart safes, and protecting our locations against robberies. All of our initiatives are true to the RLPSA tagline—"Smarter. Together."

EDITOR: Your next annual conference takes place in July. Where is it and what does the agenda look like?

JOHNSTON: Our thirty-eighth annual conference will be in Las Vegas from July 30th through August 2nd. We've got a fantastic agenda planned. Amber, Rocco, and our planning committee have done a great job lining up fantastic speakers and timely topics.

Our opening keynote speaker is Eric O'Neil, former FBI counterintelligence operative. The movie *Breach* was based on his work in taking down one of the most infamous US spies, an FBI agent providing intelligence to the Russians for more than twenty years. He will be discussing several topics including protecting your company against insider threats.

We also have Shawn VanSlyke, former FBI behavioral analysis unit chief, who will be speaking on today's changing violence landscape with homegrown violent extremists and understanding potential radicalization in the workplace.

Another exciting speaker will be William Espy, brand visionary from Chipotle. He will be discussing the issues Chipotle has faced over the past year and how to handle brand and business in the event of a crisis.

EDITOR: That's power packed right there with those speakers.

JOHNSTON: Absolutely, but just as exciting as our great line-up of keynote speakers, the presentations we have from our membership looks to be even more engaging and educational. Our members continue to support the RLPSA through their willingness to share information and present their programs and initiatives to those attending the conference. We also have a great solution provider expo, with several new solution providers coming for the first time this year, and veteran solution providers who continue to support the RLPSA and our membership. [Learn more about the RLPSA conference on page 58.]

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JOHNSTON: Dunkin' Brands is the worldwide franchisor of two of the world's most-recognized and beloved brands—Dunkin' Donuts, which started in 1950 in Quincy, Massachusetts, and Baskin Robbins, which started in 1945 in Glendale, California. What I like best about our brands is that although they began on opposite coasts, everyone is passionate about our brands and they evoke powerful memories. Everyone has a story about the first time they enjoyed Dunkin' donuts or Baskin Robbins ice cream. It makes working for our brands fun.

Today there are more than 20,000 Dunkin' Donuts and Baskin Robbins locations across more than sixty countries. We're 100 percent franchised in the United States; we have no company-owned locations. We are also unlike many other franchised companies in that we don't own our supply chain.

EDITOR: Do you make recommendations on how franchisees might go about putting together an LP program?

JOHNSTON: As a franchisor, we do not direct, develop specific programs, or require certain measures of our franchisees. We recommend practices and common elements of an LP program, but specifically developing a program is up to each independent franchisee. That doesn't mean the LP team doesn't engage with our franchisees, because we certainly do. We just engage more from a consultative and business approach.

Our core initiatives are focused on educating the independent franchise business owners on the importance of incorporating the concepts of loss prevention into their businesses. We educate them on understanding how losses affect sales, unit economics, and overall profitability. We show them systems, reports, and metrics that we think can help them better understand their businesses, and they then are positioned to take their own actions to reduce loss.



On the corporate security side, our biggest responsibility is Dunkin' Brands' roughly 1,100 employees, especially the safety and security of all employees while traveling to any of our locations across sixty-plus countries around the globe. Whether it is a member of leadership traveling to an area or an international business manager in-country, our employees are our brand, and we want to keep them safe.

EDITOR: What responsibilities does your team have in loss prevention and security on the corporate side?

JOHNSTON: Our team is fully engaged in various aspects of our business, which is a testament to the people on the team and our ability to build relationships with other departments.

The LP team focuses their time on our franchisee initiatives, understanding that the more profitable our franchisees are, the better it is for us as the franchisor. We also are responsible for investigating certain violations of our franchise agreements, including intentional underreporting of sales. We look for loss prevention managers who are business savvy, can understand financial documents, and can lead a sophisticated investigation. The team also has a role in investigating potential fraud regarding our e-commerce.

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EDITOR: Do you use any support services to help with travel safety?

JOHNSTON: We are a small department here corporately, so we do utilize third-party services to support travel safety, in-country security, and medical support. The world is changing from a safety and security perspective. Locations like airports and markets and countries that were once considered safe are now primary targets for attacks. With such a large global footprint, employees can be anywhere across the world, visiting restaurants, new countries or cities for development, or coffee fields located in the mountains of third-world countries. Our travel-safety program

includes educating our employees on key principles to help them remain safe, providing information and alerts quickly to those traveling, and having services at the ready should we need to assist our travelers or those living abroad. It is a team effort with the traveler, our partners, and our corporate team focused on safety.

We also participate in several government-sponsored information networks. Before coming to Dunkin' Brands, I was aware of these networks but as a solution provider never engaged as a member. We are a member of the FBI's Domestic Security Alliance Council (DSAC). We are also a member of the Overseas Security Advisory Council (OSAC) with the Department of State. These memberships, along with others, are very important when you need to protect US brands and employees across the world. I highly recommend US brands engage with these public-private networks. In today's environment of terror, cyber, and violence, this

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Our success has been the transition of the entire team into business professionals first, focusing on the concepts of loss prevention. I have a great team, people much smarter than I am, and everyone focused on how we can continue to make our franchisees more profitable—their success is our success.



partnership has proven to be very beneficial to our efforts.

EDITOR: What position do you report to at Dunkin’ Brands?

JOHNSTON: I report to the chief legal and human resource officer of our brand. I have a very supportive leader and executive team. They understand the value our team brings to both the brand and our franchise community. Without that, we would not be as successful as we have been in our efforts.

EDITOR: How does the company measure your performance or effectiveness?

JOHNSTON: We measure our performance based on the metrics of the business. We don’t have employee theft, shoplifting, or shrink percentage to measure our value. Our team measures performance primarily based on our impact to comparable sales, weekly sales increase, and other metrics focused on restaurant and franchise network performance.

To help educate leadership on the team’s value, we implemented a Quarterly Department Review or QDR, which is a business recap distributed to each brand’s leadership team and my supervisor, showing the team’s activities

and accomplishments. The value of this QDR is that it is presented using the company’s business metrics and calculating our financial impact to both the franchisees and the brand. Sharing these results has made us better business partners, increased our engagement with franchisees, and continue to show the value of our team.

EDITOR: What types of things have you instituted when it comes to data technologies and analytics?

JOHNSTON: Over the past three years, our focus has been on increasing our analysis capabilities and presenting those opportunities to our franchisees. Our team’s success depends on our ability to educate franchisees on the importance of loss prevention. We need to market our initiatives to the independent franchise business owners. This is where my experience as a solution provider has been invaluable to my position here at Dunkin’ Brands. We are selling loss prevention every day. We are showing how business owners can be more profitable integrating loss prevention into their business cultures.

From a technology standpoint, we have begun to utilize the tools being used by our business analytics team to help us improve how we test, analyze,

and present results. Using the same tools allow our results to have the same validity with leadership, with everyone speaking the same language and trusting the results.

Our success has been the transition of the entire team into business professionals first, focusing on the concepts of loss prevention. I have a great team, people much smarter than I am, and everyone is focused on how we can continue to make our franchisees more profitable—their success is our success.

EDITOR: You obviously have a great deal on your plate at work. How do you spend the time you manage to have away from your professional life?

JOHNSTON: My wife of twenty-five years and I enjoy spending time with our two teenage children. We do as much as we can as we know they grow quickly and will eventually be off leaving the house in a few short years.

If I am not traveling, I can be found playing ice hockey two to three times a week and for the last sixteen months studying Krav Maga, which is the Israeli military self-defense fighting system. I am also an avid reader, always having a book or two nearby to read throughout the week. ■