

Photograph courtesy the Grant family

This picture from the late 1930s shows Mel-O-Cream founder Kelly Grant Sr. and Kelly Jr., who went on to become president of the company.

Mel-O-Cream president celebrates five decades in the family business

By **TIM LANDIS**

BUSINESS EDITOR

Kelly Grant Jr. has had one promotion in 50 years at Mel-O-Cream Donuts International Inc. — to head of the company.

"We were incorporating, and my dad told me I was going to be president of the company, and that was it," Grant said.

Grant, 74, finished a stretch in the Marines in 1953, returned to Springfield and joined the company founded by his father, Kelly Grant Sr. A year later, the younger Grant was company president.

The senior Grant began with a small downtown doughnut shop on Jefferson Street purchased for \$500 in 1932. He actually paid only \$250 for the Mel-O-Cream outlet because the seller left town — before fulfilling his promise to teach Grant how to make doughnuts, but also before the second half of the \$500 came due. The site is now home to Isringhausen Imports.

Kelly Grant Sr. had no background in food service.

"He hadn't worked in a bakery or anything, but it was during the Depression, and he had kids at home," Grant recalled. "He worked days, nights and weekends. The only time I saw Dad was on Sunday."

Kelly Grant Jr. was honored for five decades in the family business Monday with a reception and tours of the plant at 5456 International Parkway, just off Interstate 72 on the west edge of Springfield.

Mel-O-Cream has 80 employ-



Bill Hagen/The State Journal-Register

Mel-O-Cream Donuts International employee Pearl Strickland controls the quality of bismarcks as a conveyor moves them from the cutter to the proof box.



Grant

ees and ships its pre-fried and frozen doughnut products to supermarkets, convenience stores, food-service operations and other

customers in an 11-state region.

Though Grant was named company president in 1954, he had worked at the family business well before he left the Marines in 1953.

"There was six of us kids, and we all took our turn," Grant said, though he was the only one who stayed in the business. "I was the oldest, and there was kind of an obligation there."

The shop on Jefferson ex-

panded both retail and wholesale operations, and began to turn a modest profit once the Depression ended. Shortages of sugar, shortening and fuel then forced a cutback in wholesale operations during World War II.

Mel-O-Cream Donut Co. Inc. was formed in 1954 as retail operations began to expand. A second retail store opened in Springfield in 1956, followed by the first out-of-town store in 1957 in Jacksonville.

The original store on Jefferson moved to a Laurel Street location in 1960. It also was during the '60s that the company began to franchise Mel-O-Cream. Two shops opened in Springfield

See **50** on page 32

and one in Peoria between 1964 and 1968.

A site on North Street was purchased in 1969 to house franchising operations, warehouse space and production equipment. It was also about that time that the name was changed to Mel-O-Cream Donuts International to distinguish franchise operations from the retail shops.

It was in about 1978 that a frozen doughnut line was added that eventually would come to dominate the business. By the early '80s, the company also had begun to target in-store supermarket bakeries.

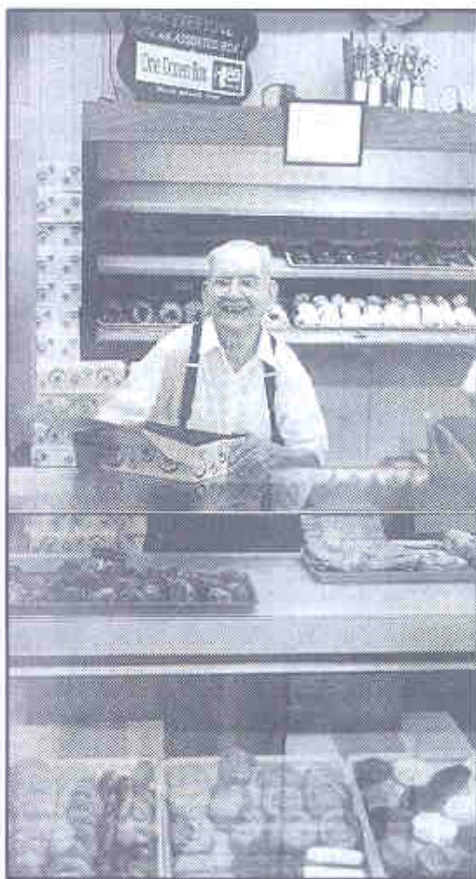
Mel-O-Cream moved from North Street to the current facility in 1997, following months of talks with city officials that, at one point, raised the possibility the production facilities would be moved from Springfield.

Former mayor Karen Hasara, who helped negotiate the company's expansion in Springfield, was among those at Monday's reception.

The company no longer operates its own retail shops, though it still has a chain of franchise stores. And, as it has done several times over the decades, competition has again changed the doughnut market.

Grant said the intense competition has slowed expansion through in-store, supermarket bakeries. Mel-O-Cream recently has begun targeting convenience-store chains and food-service operations, including cafeterias.

And, there is "that" name on the horizon in Mel-O-Cream's backyard — Krispy Kreme.



File/SJ-R

Kelly Grant Sr., shown here at the Laurel Street store in 1976, worked at Mel-O-Cream well into his 80s.

Krispy Kreme, based in Winston-Salem, N.C., has become one of the hottest properties in the doughnut business. The company has more than 300 stores in 41 states, Canada, Britain and Australia.

Krispy Kreme has announced plans for a retail outlet in Springfield sometime in 2004, though a site has not yet been selected.

"They've had such terrific promotions. You have to admire them for that," Grant said. "It's been very good for the industry because everybody's aware of doughnuts."

Mel-O-Cream recently installed its first "thermoglazer" at a convenience store in suburban Chicago.

The equipment — which is targeted to other convenience stores throughout the Midwest — allows the stores to glaze and heat doughnuts on site.

"You know who we're going after there," said director of human resources Dave Ryan, in a reference to Krispy Kreme.

Grant also noted that other competitors — Dunkin' Donuts, Dixie Cream, Mr. Donuts and Spudnut Doughnuts among them — have come and gone in the Springfield market in the last 50 years.

One of the more difficult periods for the company came last year, when Mel-O-Cream was hit by its first-ever labor strike. All but a handful of the 48 workers who walked out for 11 weeks were replaced or have since left the company.

The plant operates two shifts a day, though Grant said a third might be added if the convenience store and food-service market develops. He also said Mel-O-Cream will concentrate on its existing territory for now.

"We think there's still some room for growth there," he said.

Kelly Grant Sr., who died in 1989 at age 94, continued to work at Mel-O-Cream well into his 80s. Grant said he might not follow his father's plan, but he has no immediate plans to retire — a fact attested to by his wife, Karen.

"We can't get out of a plane or out of the car and go past a bakery. He always wants to see what the doughnuts are like," she said. Her husband even tried retirement at one point, she said, but it didn't last.

"I'd say to him, 'Are we retired today, or are we going to work?'" she recalled.

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