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Making the Most of a Second Act

Former Cold Stone Creamery CEO Doug Ducey left the ice cream chain after a merger. He explains the bittersweet process that led to his latest venture

The Entrepreneur: Doug Ducey, 44

Background: Ducey made his name in ice cream. As the CEO of Cold Stone Creamery (KAHL), he helped its founder, Don Sutherland, expand the brand from a single shop in Arizona to more than 1,400 stores worldwide, with annual sales of nearly $500 million. In May, 2007, Ducey and Sutherland merged the outfit with Kahala, a privately held franchising powerhouse, in a multimillion-dollar deal. Not long after the deal, however, Ducey left the newly combined company.

The Company: Ducey's next act was to join iMemories, a Scottsdale (Ariz.) company started in 2006 that converts home movies, photos, and slides into digitally remastered DVDs. In 2008, Ducey helped launch iMemories Online, the company's Internet-based technology that allows customers to store, customize, and share their home movies online.

Revenues: NA

His Story: My 12 years leading Cold Stone Creamery were incredibly exciting—who wouldn't want to be part of one of the fastest-growing brands in the country? Once we achieved household-name status with stores in the U.S., Puerto Rico, Guam, Japan, and South Korea, I was looking for the next opportunity for expansion. A merger of Cold Stone and Kahala seemed the perfect recipe for future success. We planned for total integration in 90 days. However, nine weeks into the integration, Kevin Blackwell, the past Kahala CEO and current chairman of the merged company, told me that he "was bored" and wanted to "be more involved."

But it quickly became clear that the new board of directors and I had different visions for how to grow the Cold Stone and Kahala brands. I believed in clear leadership from a values-based, people-focused, results-driven CEO; I didn't agree with the confusing co-CEO model that was being proposed. Tremendous conflict about our different visions for the company's leadership ensued. With the merger integration nearly complete, we decided that leaving the company was my best option. Personally, it was incredibly frustrating and disappointing, but equally liberating all at once.

Closing the Cold Stone Creamery chapter in my career was bittersweet. While it's not uncommon for leadership to change following a merger, I negotiated the deal with my eyes wide open. I asked myself if I would have done things the same way if I could do it all over again and decided the answer—from a business perspective—was a resounding yes. The Kahala-Cold Stone merger was a positive move for the business and collective franchise community. It leveraged vendors to lower costs, took advantage of significant real estate and development relationships, gave franchisees opportunities to maximize local market impact, and eliminated much organizational duplication. Cold Stone Creamery had partnerships in more than a dozen countries. We would be able to trade on those relationships to the benefit of all our current and future brands. It's a CEO's job to maximize the business, and I felt that I had done that.

PATIENT FOR AN OPPORTUNITY

I was out, but invigorated to have a clean slate and multiple options at 43, regardless of my private feelings. As a CEO, I've always said that change will and must happen. How you manage that change—whether you moan about it or use it as a springboard for your next opportunity—is up to you. It was time to practice what I had preached.

When I was running a fast-growth company, it was challenging to carve out time (BusinessWeek.com, 1/18/08) for even an hour-long visit with a friend. So I really wanted to savor the time I had to enjoy life outside the office. I made a personal commitment to my family to take a minimum of 12 months off to spend time with them before I jumped into my next business venture. I didn't quite make the 12 months, but I had a great time! From simple moments driving my sons to school in the morning to the rigors of becoming assistant coach for my 9-year-old son Joe's Little League team, I thoroughly enjoyed myself. The time I spent with my family helped refocus and center me. Although many offers were crossing my desk, I was patient for an opportunity that I found truly exciting.

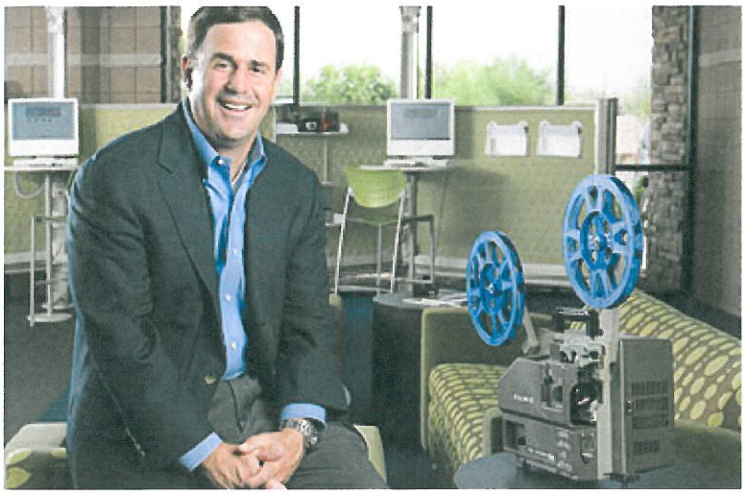
As cliché as it may sound, it turned out the opportunity pretty much just happened. Immediately following my departure from Cold Stone, I also took time to reconnect with friends and colleagues. I set up a lunch with local entrepreneur and buddy Mark Rukavina, who had founded a technology startup called iMemories in 2006 to help families preserve and share home movie memories online. I stopped by the iMemories studio thinking I would politely take a 15-minute tour before we headed off to lunch.

Instead, we ended up going hungry because we spent the next three hours talking about the possibilities for iMemories, which had just launched online services that made it possible to reach customers nationwide. Cold Stone Creamery was a powerful in-store experience; iMemories is an equally powerful online experience—its technology unlocks emotions in a way only possible by viewing your own personal memories. Much like Cold Stone Creamery had reinvented the ice cream category, I felt iMemories could transform the way people experience and share home movies.

THE NEXT BIG IDEA

I was fired up about the concept, yet worried I might be falling in love with the "wrong girl"—and way too soon. As an entrepreneur, my first thought was that someone else has to be doing this. My second was that I wanted to taste the ice cream—to experience iMemories as a customer.

My wife and I dragged a dusty box of home movies, some on film and some on VHS, out of the closet and sent them off to be digitally remastered. We had hours of footage of our 11-year-old son Jack, 9-year-old son Joe, and 4-year-old son Sam that we treasured but had never actually watched. When iMemories e-mailed me saying our movies were online and ready to watch, I literally held my breath before clicking on the link. And when I did, there was my oldest son Jack hitting his first Little League home run. Next best was the joy I got out of sending that link to my brother and the boys' grandparents. They loved it!

When I learned that no one else was doing this, I knew I'd found the next big idea with the potential to catch fire. Just as I'd decided that I needed to be part of this company, Mark beat me to the punch by offering me a position as chairman of the board to help lead iMemories' national expansion. We decided I would be the lead investor in this first round of financing. I was excited. But being an entrepreneur is more than putting your money where your heart is—that's the easy part. What's harder is making your vision a reality.

When one door closes, another opens. Given my experience, many people thought my next step would be in the food or franchise category. Yet I sought something that would make me jump of bed in the morning. I believe strongly that you must always have an open mind to see the possibilities. For me, I was searching for another brand I could help take from relative obscurity to household name. As an entrepreneur, you're constantly navigating your way through a proverbial hallway of new opportunities. Identifying and capitalizing on the right open door defines your success.