



THESE CUPCAKES MEAN BUSINESS

Former investment banker-turned-baking entrepreneur Candace Brown Nelson '96 recalls that a low-point of her second career came even before she'd had a chance to start it. One prospective landlord found her business idea so ludicrous that he actually hung up on her.

She was hoping to open the first retail cupcake-only bakery—and locate it in the upscale Beverly Hills shopping district. And this was at the height of the low-carb South Beach Diet craze. Her 50-50 partner would be her husband, Charles; the would-be bakers had hardly a smidgen of food-service experience between them.

But the couple ultimately did find a landlord willing to lease them a 500-square-foot storefront only one block from Rodeo Drive for what would become the first Sprinkles.

On the day of the opening, the Nelsons were up before dawn, with Charles getting

ready to greet the customers and ring up the sales in front, and with Candace working the kitchen, her two home-kitchen-sized mixers working away, baking what she thought would be enough cupcakes to last them most of the day. Instead, the line of waiting customers began to snake out the door and the phone and fax machine kept ringing. The Nelsons sold out within two hours.

"As you can imagine, people were a little upset," recalls Candace. "So I got those little mixers whirring as fast as I could, but my husband looked at me and said, 'I think we need to get some bigger mixers.'"

That was their first growth-related purchase. Now, even as the country wallows through a recession, Charles and Candace Nelson are planning to open their sixth, seventh, and eighth Sprinkles in the upcoming year, in Houston, Chicago, and Washington, D.C.

While most everything about their busi-

ness may seem counter-intuitive at first glance, the success of Sprinkles really comes down to a few common-sense principles that sound suspiciously conventional, but are realized in a hip, modern esthetic. The day after spending the afternoon doing a local news spot about their new Sprinklesmobile (a Mercedes Sprinter van customized to carry cupcakes, which was inspired by that childhood classic, the ice cream truck—except tweets on Twitter, not tinny music, announce its rounds) Candace Nelson shared some entrepreneurial do's and don'ts with *Wesleyan* magazine.

Do your research: When Nelson, an investment banker, began longing for a career in the culinary arts, she did not immediately fire up the ovens. "A hobby is one thing, but pursuing your passion day in day out is another thing," she concluded before enrolling in a nearby pastry school. Her discovery: "Well, I loved baking day after day. I loved just how tactile it was, I loved working with flour and sugar and chocolate. I just think it's so beautiful and so artful."

From there, the logical step seemed to be a special-occasion cake business out of the Nelsons' home. The average American consumer, however, buys only about one or two of these grand confections a year. "I wanted to do something that was as beautiful and artful as a special occasion cake, but something that people could eat every day. That's where the gourmet cupcake idea was born."

The Nelsons put in two years to developing their business plan—the recipes, concept, and designs—that would become Sprinkles.

And a business plan, says Nelson, is another "must do." "At that point, cupcakes were still sort of kids' fare, sold at the supermarket, with waxy sprinkles and garishly colored frosting," she recalls. "So my idea was to elevate this humble thing, which we all loved when we were growing up, to the position of a special occasion cake, made with the best ingredients: a treat you could feed to

Candace Nelson defied skeptics when she launched Sprinkles.

By
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Photography by
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a child and also serve at a wedding.”

With this concept, locating their bakery in Beverly Hills was exquisite logic: “If you drive up and down Rodeo Drive you’ll notice that a lot of people don’t have shopping bags—they’re not buying designer handbags that can cost \$6,000! We wanted to be affordable Beverly Hills culture. Now, people can come in and buy a cupcake, and they’ve bought a little piece of that luxury.”

Another aspect of their plan: A current—and gender neutral—esthetic. “No doilies!” says Nelson, who eschewed a girls-only tea party motif. “We worked with an amazing architect, an amazing designer. We said, ‘We modernized the cupcake; how can you translate that into the store?’” With the cupcakes as the focus, the interior of a Sprinkles store is designed in warm, natural woods and glass with punches of color. “It’s warm and playful, but minimalist, so you’re not overwhelmed and distracted by a lot of ‘stuff.’ Also, a man can come into our bakery—and a good percentage of our customers are men—buy a cupcake and leave and still feel like a man.” Additionally, Charles worked the front counter every day at the beginning, “so he was representing that men like their sweets as well.” She considers their partnership—and ability to work hard and well together—as another key aspect of their success.

Do have a partner with whom you share a sense of humor and work ethic—and expect to work hard, she advises any beginning entrepreneur. While some naysayers counseled against spouses sharing their days at the same business, for the Nelsons, this was nothing new: “Luckily we had worked together before in the same office. We had lots of late nights in the office, crunching numbers, so we knew that we could work well together when times were tough with a good sense of humor. And I’d say that would be the critical component to our relationship—a sense of humor. But, it was a

real struggle. Charles worked the front and I worked the back without much additional help for a good year.” Ultimately, though, the time came when they had to hire additional people—and on that front, Nelson offers two more bits of advice:

Don’t try to do everything yourself; concentrate on your strengths. “A lot of people say, ‘I’m going to start my creative business; I have to take an accounting class,’” but Nelson says that’s the wrong approach. Instead, hire someone who’s especially good in that field and focus on your strengths. That is what will make you successful.

For the first eight months, the Nelsons continued baking the best product they could, encouraged by the welcome they were receiving.

“The line was out the door, the phone was ringing off the hook, the faxes were coming in,” Nelson recalls. “We started thinking, ‘You know what? Maybe people in LA do eat cupcakes!’” Then, the celebrity element started when Katie Holmes, who was beginning to date Tom Cruise at the time, gushed about Sprinkles cupcakes on TV.

Next came a huge opportunity. Nelson recalls the phone call from Harpo Studios: “I know it’s 3 o’clock in the afternoon, but is there any way we could have 350 cupcakes in Chicago at our studio at 7 a.m.?”

“We said yes, but when we hung up, we turned to each other and said, ‘Oh, God! How are we going to do this?’”

The answer: **Do make the best product you can—and when opportunity knocks, answer with optimism, energy, and preparation.** “We cranked up the ovens, we booked a red-eye flight, and we absolutely pulled an all-nighter,” she says. “Luckily, Charles’s brother was visiting, so he helped us.”

Luck was further on their side: “Cupcakes are really fragile; they have to be hand-carried,” she explains. They aren’t something to be handed off to baggage handlers. “Fortunately, our plane was almost empty and nobody minded that we had way more carry-on luggage than we were allowed and we filled all the overhead luggage bins with the cupcakes. We told everyone, ‘We’re going to Oprah,’ and it’s amazing how much weight that carries. People were high-fiving us. It was a really amazing day. We arrived backstage at the studio on time—wearing the same clothes we’d been baking in the day before—began plating these cupcakes

for the studio audience. Then, Oprah basically presented a love letter for our cupcakes on her show.”

Far from resting on their laurels when they returned home, the Nelsons began preparation for the huge uptick in demand that accompanies an Oprah endorsement. With a few weeks before the show was to air, they installed a new phone system: “For two weeks after the show aired, we had calls coming in from all over the country and we had a line literally around a city block. Our business went up, sustainably, 50 percent.

“It was a really thrilling time. But we had some of the same feelings we had at the beginning. People called from Tennessee, but we couldn’t ship the cupcakes; they don’t travel—what do we do? So that was the beginning of the development of the dry mix. We have a dry mix that we sell through Williams-Sonoma that you can make at home, with the same Sprinkles recipe, all the same ingredients and the signature modern dot decorations in the canister, too.”

Do: Be creative in ways you can get your product out there, without compromising its quality, says Nelson, adding that buying and making the mix “is not the same as coming to our store and getting a freshly baked cupcake, but we think it’s a nice alternative.”

She also acknowledges that in the intervening years, between the day the first Sprinkles opened and now, other bakers have seized on the single-product bakery idea. “There’s tons of competition out there,” she says, “so our plan is just to stay on our toes and make sure that our cupcakes are the best tasting and our customer service is superior—to stay on top of our branding and our messaging, so that people know that it’s a Sprinkles cupcake versus a Sprunkles cupcake.”

Which brings up a point that was part of their business plan—and for which she credits Charles and his background in the technology field: **Protect your intellectual property.** “We spent a lot of money on legal fees, which is a huge bummer, particularly when you’re just starting something and you have the best intentions and you’re thinking, ‘It’s all going to be great and happy.’ We trademarked, early on, our modern dot decoration that sits on top of most of our cupcakes. We thought, clearly if this is successful, there are going to be those who want to join this business. How do we dif-

ferentiate our cupcakes so people know that it’s a Sprinkles? It really is just protecting the work that you’ve done.”

Within the first year, the Nelsons could tell that the world—or at least California—would welcome a second Sprinkles: “We had all these customers driving from Newport Beach, which by mileage is not that far, but the 405 is known for its horrendous traffic, so each way could be as much as 2 1/2 hours. We were amazed by the commitment from our customers.”

It was a difficult step for the Nelsons, who realized that they would have to hire additional bakers and could not physically be on site in both locations. Their solution: They moved to the new site for the first few

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months. To this day, they still do that, now with their toddler son, Charlie, in tow.

Nelson also shares the secret of finding good employees: **Hire people who reflect your values.** “For me, baking is truly all about giving: it’s the joy you feel watching someone eat what you’ve made,” says Nelson. “We wanted to hire only those people who exhibited that generosity of spirit, a lovely way about them, where people who come into our space would feel taken care of. Even though it is a small interaction, we want people who would make our customers feel pampered.”

Additionally, their months on site, spent with their new employees, living in their

new town means that they become part of the community. “I think that’s really important,” says Nelson. “A nameless, faceless cupcake shop—who wants to patronize that? Sprinkles is a mom and pop shop. We have five locations, but it’s a mom and a pop behind the whole thing and we really don’t want to lose sight of that.”

One way they keep the focus is to **be a contributing member of each community** they join. “When we were making our business plan, we asked, ‘What are our top five priorities?’ and one of those happened to be, ‘If we’re lucky enough to have a business, we want to support the communities in which we are operating; we need to give back,’” Nelson recalls. “And that has been part of our mission since before we opened our doors. We’re lucky that we are able to give back. Every time we open a new store, we ask, what charities are we going to support here, what food bank will we support with our cupcakes? It’s really fun to give our product and it’s what we can do. We give back to our local communities in food and cash, and we also have various national campaigns like our pink ribbon breast cancer promotion in October and our Earth Day vanilla in April. Since we opened in 2005 we have donated over \$1.2 million in cash and cupcakes.”

When asked what is at the core of their success, one word leaps out: passion. “It sounds so trite when I say this,” says Nelson, “but **you have to be pursuing your passion.** There so many bumps in the road—if we weren’t passionate about this, we would have given up so many times. It takes so much guts, it takes so much time, it takes so much of the blood, sweat, and tears that everybody talks about. It has to be a personal passion; otherwise it’s so easy to give up.”

And for those who view difficult economic times as an excuse not to pursue their passion, Nelson offers a different take that sounds like heartland nostalgia—with a modern edge. **See opportunity in times of adversity,** she counsels. “If it’s a good business idea, well executed, there’s always a market for it. Particularly now, when times are tough, that’s when people get the most creative and some of the best businesses are born, because some of the standard opportunities aren’t out there. You have to kind of look inside and say, ‘Now, what is it that I’m truly here to do?’”