



# Dave Brandon

Chairman and former CEO, Domino's Pizza

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<https://predictablesuccess.com/dave-brandon/>

**Note:** *This transcript has been lightly edited for clarity and understanding. There may still be grammatical and spelling errors,*

**Les McKeown:** Well, hello and welcome to another in the Predictable Success series of audio podcasts, in which we're speaking with leaders who have personally achieved Predictable Success in their chosen field. I'm Les McKeown, president and CEO, Predictable Success. And today I'm delighted to be talking with Dave Brandon, currently chairman and CEO of Domino's pizza. Dave recently announced that he will soon be moving to the position of non executive chairman with Domino's board to become the director of athletics at the University of Michigan. Dave's been a great supporter of Predictable Success, and I'm particularly pleased to have him join us today. Welcome Dave.

**Dave Brandon:** Thank you, Les. It's great to be with you,

Les McKeown: Dave. I know you first joined Domino's over a decade ago, nine. I want to focus mostly on your time there, but first, would you tell us a little bit about your background, just how you got to Domino's and what had you learned about leadership and success by the time you got there

Dave Brandon: Well, I'm a bit of an unconventional CEO candidate. I've actually been the CEO of two terrific Michigan-based companies for the last 22 consecutive years of my life. But I went to school to be a teacher or coach. I wanted to go to the field of education. I love teaching. And I wanted to coach because many of my role models growing up were coaches, and athletics were real important to me. And so I was graduating with my degree in education and I was contacted by a recruiter for Proctor and Gamble who had been on campus at the University of Michigan, interviewing among others, my coach, and they gave him a series of qualities that they look for for people to go into their sales and sales management training program. And my coach gave him my name. So I was in the middle of doing my student teaching and got a call from this recruiter at a great company like P and G who asked me if I'd sit down and talk to them.

Dave Brandon: And the next thing you know, I, I walked away from my teaching opportunity and decided to give this business thing a try. And that was 35 years ago. And since then, I've, I've had a wonderful career in business. I was five years with Proctor and Gamble. And then I, I went to a



relatively small family kind of entrepreneurial business, where I ended up being there for 20 years. And by the time I left and I'd been the CEO for the last 11 years that I was there, we were a New York stock exchange listed company with a market cap of about two and a half billion dollars. And it was a really exciting opportunity to take a company public and do a secondary offering and really build a large company. And then I was recruited to become the CEO of Domino's Pizza from that job. And I've been in this job for 11 years now and, and, all the leadership lessons and all of the training and preparation that I got for the world of business was pretty much through athletics, observing coaches in of the kinds of approaches they took to recruiting talent, the way they prepared for games, the goal setting, the play calling and the strategy, the intensity of the competition. I took all those lessons from the athletic fields and put them to use in business that at least for me, it's worked pretty well.

Les McKeown: And does that history of yours impact what you look for in hiring leaders?

Dave Brandon: Well, we're all a product of our own environment. And I can tell you that I'm less hung up on what somebody majored in or what school they attended. Because personally, I don't feel that because I happened to study to be a good teacher or coach that it prevented me from being successful, learning what I needed to learn, to be successful in the world of business. And so I tend to be, I look more for character qualities and aggressiveness, and the cultural fit between an individual and my team. And I don't care where you come from. I don't care how old you are. I don't care where you went to school or what your major was. If you could add value to my team and contribute in a way that's meaningful, to me, that's what's most important.

Les McKeown: Alright, so you arrive at Domino's and it's part of that change in ownership. You've got a great challenge of coming into, you know, big shoes from the past and we accelerate nine, 10, 11 years further forward. You're a mega brand as defined by Advertising Age, you're in over 60 countries. And yet you consistently deliver a higher return on assets than most of your peers in the quickserve business. Now's a good time I guess for you to start reflecting a little bit - What do you think was the key success factors that have enabled you to drive what was already a good business into a great one?

Dave Brandon: Well, the thing that was the absolute most important thing for me to do when I came in here was to get the team right. I inherited a culture that was very different than the kind of culture that I could be successful leading in. I inherited a private company that had become far more inward in the way that it measured success. And I knew coming into this job that this was a company that was destined to become public at some point during my tenure. And so I needed to instill the Wall Street perspective, the Wall Street energy, and create a growth story that would really become a value creator for our shareholders. And that was difficult because I inherited a culture that was very different. So first and foremost, I had to find out who was on the team that could embrace a very different approach and a very different culture and a very different expectation and make sure that I identified those folks and got them in the right spots.



Dave Brandon: And equally as important, was to identify those people that did not embrace that change, or could not get comfortable with shifting gears and moving into that mode. And in those cases they had to leave, and I had to go out and find the people I needed to put the team together that I knew I could be successful with. And that's the most important thing that any leader has to do - surround yourself with terrific people who not only you can trust, but as importantly, they embrace your vision for what can be. Thankfully I was successful at doing that here at Domino's and, and I'm very proud of the things that we've accomplished.

Les McKeown: You know, you make a great point, there, Dave - the way how often as leaders we're faced with a situation where there's a big dog in the organization, who's maybe really done a fantastic job up to this point, and may even have built a lot of sweat equity and a lot of loyalty, but it becomes unfortunately obvious that the business can't move forward, with them, it's going to have to move forward without them. And that's a tough thing for every leader. You were saying that you faced that when you moved in as one would in a new position - would you talk a little bit about the speed of making those changes? Did you wait around for awhile and get your feet and your bearings, or do you feel that, really a new leader should be doing that sort of work very early on?

Dave Brandon: I think it's early work, but you have to be fair and reasonable. I always give people a chance. So I knew coming in here that I was going to be a very different leader with a very different style. And, and I tried to balance my impatience for change with my patience for giving people an opportunity to change with me. And so I, you know, I would say the first year I was learning the business, learning the people, observing them in situations. I made a couple of key moves in the first six to nine months. And within the first year and a half, I had basically changed out two thirds of the leadership team because it just became apparent to me that, that that team was too set in its ways. And had other agendas in terms of what they wanted to accomplish and why they were here, than what I was trying to accomplish.

Dave Brandon: So one of the early things I did that was very smart as I went out and found a really terrific EVP of HR who came in - I absolutely believe that the HR function should report directly to the CEO and that if you're going to be close to anything as a CEO, you should be close to the talent management side. And I brought a woman in here who has just been a terrific partner over the last 11 years. And, we began to gather balancing both the recruiting activities along with some of the managing out, some of the people that really needed to move on and, that's hard work and it's tough work, but it's necessary work. Happily. I had a partner that I could work with to help make it happen.

Les McKeown: Yeah. So many CEOs, they tend to reach to the CFO instinctively as the right hand person. And I agree with you so much, really the HR role is so incredibly important that it's a shame when it gets marginalized and becomes almost like a service function to the rest of the organization. Absolutely. Right.



Dave Brandon: It's really true here at Domino's here. What I, when I arrived, Les, the HR function, the leader of HR reported to the guy that was responsible for IT, who reported to the CFO who reported to the CEO. And that's why we were experiencing turnover at 158%. And that's why the culture wasn't really where I needed it to be because that whole HR function had become, so, you know, it was almost handed off to whoever would take it as opposed to being a very important part of the strategic purpose of the company.

Les McKeown: I'm guessing that would be doubly, if not trebly important in an industry such as yours, Dave, where historically there's been very high turnover. I'm thinking here particularly at the operating level. I know from my own experience in the restaurant business, that we had sometimes like 700% turnover at the busboy level. Do you work with your franchisees in helping them with their HR and talent management issues?

Dave Brandon: Well, you bet it's one of our responsibilities. First and foremost, we're a large restaurant chain in and of ourselves. We own nearly 500 of our own pizza stores across the country. And so we got to get this right for the sole purpose of our corporate operations. But one of the reasons we own all those pizza stores is to lead by example. We test programs and protocols to strengthen relationships, improve training, improve, obviously production and quality and retention. And we build those tools. And then we take them to our franchisees, whether they be our incentive compensation programs, our training programs, all the things that we put in place to attack this turnover problem, as those tools proved themselves, we took them to our franchisees and gave them the ability to gain from them as much as we did.

Les McKeown: So in Predictable Success, Dave, I talk - just to extend that thought - when I talk about businesses that hit what I call Treadmill, that's a stage in their development whenever systems and processes have really taken over or begin to take over from the creativity and entrepreneurial spirit that drives success. And if one's not careful, a business begins to get a little arthritic and bureaucratic. How do you watch for that in Domino's - how do you keep your large organization creative and responsive?

Dave Brandon: Well, I can tell you based on my experience that that Treadmill phenomenon typically occurs when people get contented lazy. And that usually happens when things are going well. And my own personal view, when you look at some of the nasty situations you've seen with huge corporations that used to be big and powerful and strong, and now are going through the bankruptcy courts, we're headquartered in Southeastern Michigan and the auto companies. Some of them are a perfect example of, you know, when times were really, really good, they just kept giving away more and feeling like it was gonna last forever and managed less intensely, because they were making money and the shareholders were happy and you know, why do we want to pick any fights with anyone? So we just cave in, my attitude is the best time to apply a shock treatment to an organization is when things are going well.



Dave Brandon: if you think about it, it's the least risky time. It's when you're going to have the most resources. And so, you would find some of the people that work for me will tell you that I'm the most cantankerous when things are going well, because of constantly pushing and leveraging to say, we can't rest on our laurels. We can't get content with where we are. If we start to think that this is just going to automatically perpetuate itself, we know it won't. And so I turn up the heat. We've done most of our layoffs are reductions in force, some of the more, you know, direct and tough, activities that we've engaged in to downsize, delay and get the business trim and ready to fight. We've done far more of that during the good times. and, and consequently, when we've hit those difficult spots as anybody else does, we're ready for them. And, and the volatility isn't as great. And we don't have to take an organization that's already traumatized by tough business conditions and further traumatize it by throwing a lot of change and a lot of tough activities at it. We've already done that work with, when it was easier, you know, to get, to get an organization to respond like that.

Les McKeown: Dave, as you well know, one of the most important things is to try to keep senior managers focused, not just vertically on running their own functions, but on a lateral relationship they have as peers. And so that they can work as a team in making all of those hard decisions, but in a very large organization, it's understandable for people to begin to think in silos and in their bunkers. Do you actively work with your senior team to get them to work as a team and not just to execute at a functional level?

Dave Brandon: I disdain silos. I think they're the most detrimental thing that I can think of to success. And I work on a daily basis to make sure they don't exist. We'll do about \$6 billion worth of global retail sales this year, we're in 65 countries, we will cut the ribbon on the opening of our 9,000 store this month, over in India. And, some by some people's standards is a pretty large organization - at any given time across the system we've probably got 175,000 people working at Domino's pizza stores. but I can tell you this, as it relates to the way we run this business, we're all in the same huddle. all of my senior are all on the same compensation plan - none of them have their own individual plans based on their own unit's performance. It's all the performance of the whole.

Dave Brandon: We don't do a lot of this transfer costs nonsense where we fight, where I break up fights as who's paying for what internally. And who's getting charged for what internally, everybody is focused on one number, how we perform as a corporation, all of our incentive plans, all of our measurements are based on how we do as a whole. So I don't get into that world where I'm spending way too much time, and my people are spending way too much time fighting amongst themselves as to who gets credit. We are all focused on the same thing in terms of what we want to try to accomplish. And I meet, we meet regularly. I just got out of a meeting, our biweekly meeting, where I put all of us the same room for several hours. And we spend time communicating and making sure everybody knows what everybody else is up to and what they have going for the next couple of weeks. So that we're communicating. We understand one another we're sharing problems together. We laterally move talent from, from



organization organization. We call them developmental moves, many times. It's not a promotion. It's a developmental move that broadens the horizons of the individuals, but it also breaks down the silo walls. Cause the more you move people from place to place within the company, the more it comes together in terms of understanding and communication. So I'm really big on that.

Les McKeown: And that also helps get folks out of a complacency if they're just in the same job until they're, you know, eligible for promotion or they get retired or whatever, that's, when people get complacent, then you get that Treadmill effect beginning to kick in. Now let's just look outside externally for a little bit. Dave, I know Domino's has a real strong commitment to community and diversity. And you do too, you serve on a large number of civic and charitable boards. Could you talk a bit about, how important it is for a large business to be connected with a community - I mean, is it, is it just the right thing to do or does that community connection have a direct impact on your success?

Dave Brandon: Oh, I think it's both. I encourage the people who work for me here at Domino's to do exactly what I've done. And that is to be more than just a pizza business nerd. I want people working for me that can talk about things that are happening in the world, things that are happening in the community, other businesses and industries. I want them to be people who have a broad perspective and people who are interesting by virtue of the fact that they don't just get up every day and go to the same place. And all they know is what they work on every day. The relationships that you build through those, outside activities are helpful and important. The things that you learned, seeing how other organizations do what they do, whether they be not for profit or for profit, I think is also very valuable.

Dave Brandon: And it just broadens you as a human being to the point where you see a bigger perspective. And then when you're at a meeting talking about marketing decisions or with customers or leveraging technology, I think you bring a completely different perspective when you've been out there and seeing how other organizations are doing what they do. So I'm a big advocate. I know it's time intensive, and there are a lot of companies that have a very different philosophy. They want you to be chained to your desk and only work on those things that are integral to their own benefit. But I have a very different view

Les McKeown: And the community involvement that you've staked out as an organization - I know as a consumer (I live a long way away from Michigan, but I'm a big Domino's consumer) and one of the reasons is that we see you around. We see involvement as an organization at every level, and that's bound to build consumer loyalty over time.

Dave Brandon: I was just going to say where we had a weird, a relationship business. There's only like 71,000 pizza shops in the U S and pizza's very local category and people have a lot of choices. And if you don't build a relationship that's just above and beyond a commercial or a printed advertisement, if you're not out there connecting with your customer at different levels



than just the traditional media, you're not going to win. So we encourage it. And I think we do a pretty good job,

Les McKeown: Particularly when the local pizza guy does literally live locally and he knows everybody. So you're battling that to start with. That's very thoughtful. So you're moving towards a, a new phase in your life. I want to talk a little bit in closing about where and what you're moving on to, but looking back at your time that you've had with Domino's - I know it's a little early to do that - but two things, one: is there anything you've started wishing... you know what I wish I had achieved here is 'X'; and secondly, and maybe the two are connected - what do you think in a couple of years from now, will be seen as the biggest legacy to use that dreadful word that you left behind in Domino's?

Dave Brandon: Well, there's always a checklist of things you want to get done, but I can tell you, after 11 years, I had plenty of opportunities to instill my fingerprints on this business and accomplish a lot of things. We're in the process right now is completing a rollout that we've been working on for almost three years of a new recipe and a completely different, a new positioning from a quality perspective of our core pizza product. And we've launched a lot of new product platforms. In fact, 80% of our menu right now is brand new versus where it was two and a half years ago. So we've done a lot of work on our menu. We built a lot of stores. We'll build all those through. We will build almost 3,000 stores since the day I walked into Domino's 11 years ago. So I'm very proud of what he's accomplished and certainly there are all kinds of things I wish we'd gotten done better.

Dave Brandon: And, that's just kind of what makes leaders, leaders, I can always whine about the things that didn't happen as well, or as big as I wanted them to, but as I leave here, I feel very, very comfortable with what we've accomplished and the progress that we've made. I can tell you that the most important thing that I've done and the legacy that I really left is in the area of succession planning, because what you really want to see happen is that the baton gets passed at a senior leadership level. And instead of what I went through 11 years ago as an outsider who was parachuted in here and had to change out the team and change the culture and go through all of the, the risks and work associated with that. I had an individual that I identified literally the day I got in the door here that has been number one on the successor list for the last several years is absolutely ready to move into the job, understand succession has been a part of the culture.

Dave Brandon: and the day that we announced Patrick Doyle's succession to the CEO role, our stock went up eight cents. It was a non event to the street because they knew him. They know how qualified he is. They know how strong the team is around him. They know that this is not going to be an interruption to the business. To me, that's the most flattering thing of them. All our business is performing right now, as well as it ever has. And we've made this transition happened in a very seamless way. So we've got a great CEO coming in with a great team around him, and it doesn't get any better than that.



Les McKeown: Hmm. You know, we were talking last week in the series with Howard Behar, the president of Starbucks who took them through just a similarly exceptional growth period asking the same question. He said, you know what the main thing is? It's to know when it's time to go. Does this feel like it's the right time to be moving on?

Dave Brandon: Yeah, it does. 22 years of being the CEO, if you think how many board meetings, how many quarterly numbers to hit, how many investor conferences, how many annual budgets to prepare... I'm a young guy with a lot to accomplish. There was no way I was ready to retire, but I've been doing this public company CEO thing for longer than most. I think I've lived beyond the norm by several times over in terms of my years of this job at these two companies. And so, I'm excited about my new opportunity. I'll miss the people here terribly, but I'll be very pleased and proud to be the chairman of the board of this company. And, from the boardroom, continue to file the great work of Patrick Doyle, this team,

Les McKeown: What will you miss, Dave?

Dave Brandon: What I will miss is the day to day intensity of this business. It's just beyond belief. You know, we drive 10 million miles a week and with 9,000 stores and all the countries, there's every day, there's something going on. There's a different challenge every day. And it's a little bit like a marathoner who gets up every day and plans on running 10 miles, because that's what it takes to keep this thing going. And that's the intensity of retail and it's the intensity of the Domino's pizza enterprise. I'll miss that. I know I will probably sleep a little longer and a little better, but I'll miss that. And I will also tell you, my new job is definitely filled with its own set of challenges, and it's very much a full time activity. So again, I'm not going to the rocking chair, I'm going from one challenge to another, but it's a new challenge that it's a different challenge.

Les McKeown: Well, I know at the moment that's gotta feel like you're holding down two jobs at one time. So I want to really thank you for not just giving your time to this interview today, but for all the support that you've given to me over the last few months, I really, really appreciate it. And I want to thank you so much for joining us today.

Dave Brandon: Yes, you're most welcome.