Ben and Jerry’s The Inside Scoop

Part - Two

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UPDATE

Ben and Jerry's has merged an America's favorite with technological advances and management in order to create their product.

Introduction

Ben and Jerry's, "The Inside Scoop" leave the company as it begins to expand into international markets. A great deal has changed in the company since then. Company, financial, and social success have all continuously been fluctuating. The days of two ordinary guys running an ice cream store have long passed, and Ben and Jerry's is constantly evolving itself to suit the needsof the stakeholders and customers. Ben and Jerry's is now partnering with the likes of large corporations such as Starbucks and others to increase their market share, offering, and exposure Tis update picks up where the book left off and gives you some basic overview information as well as the tools necessary to find anything that may be of interest to you.

Leadership

Leadership is one aspect of Ben and Jerry's which has not been very stable. From 1985 to present, Ben and Jerry's has changed Chief Executive Officers three times and has seen a significant change in their business model.

The first major change in leadership occurred February 1, 1995 when Robert "Bob" Holland was hired as Ben and Jerry's new CEO. This hiring was in answer to the "Hey, I'm your new CEO" campaign that was conducted in order to find a new enthusiastic CEO to help take Ben and Jerry's lessening profits and decreasing employee morale and turn things around. This campaign was very successful in acquiring applicants. More than 22,000 individuals who felt that they were qualified sent letters, many of which were very odd, to Ben and Jerry's in hopes of gaining the new position. The program was not successful in actually filling the CEO spot however. After all was said and done, Bob Holland was hired after a recommendation and reassessment of Ben and Jerry's needs. Holland was chosen for his talents and success history with other companies. Previous McKinsey &Co. Partner, Holland was recognized as a CEO who could turn failing companies around into successful, competitive players in their industry. With Holland's vision and track record, Ben and Jerry's felt that, hiring him would both satisfy business needs and shareholders.

Holland made several changes within the company. It was under his administration that the 7-1 ratio was done away with and the idea of the fair living wage was implemented. The 7-1 ratio was an update to the 5-1 ratio which stated that the highest person who worked for Ben and Jerry's would not be paid more than five times the wage of the lowest paid worker. This proved disadvantageous when times called for more competent leadership and the ratio was hurting the recruiting process. None of the people qualified to hold high leadership positions were willing to work for the wages under the 5-1 and later the 7-1. In order to allow for both good leadership and a working force that could afford to live, the fair living wage program was created and maintains to be in effect.

Holland recognized the importance of the international market and realized that, in order to compete with some of the major players in the industry, they must focus efforts on capitalizing as much as possible on it. To better prepare management and assimilation in foreign markets an International expansion team was added. This team focused solely on these international efforts and found solutions for marketing, distribution, language barriers, product, and price.

Holland retires after only serving one and a half years at Ben and Jerry's. He states that his reasoning for leaving is that he had done his job and the needs now require different management. He had succeeded in his goals and felt that it was time for both

Visit http://www.forbes.com/finance/mktguideapps/personinfo/FromPersonIdPersonTearsheet.jhtml?passedPersonId=221051 for more information on Mr. Bob Holland.

Ben and Jerry's as well as himself to move on. He now runs a consulting practice.

Following Holland, Perry Odak, a graduate of Cornell, was hired as the new CEO. During Odak's term as CEO, there were a great deal of major changes that took place within the company. He started his career as an accounting associat at Armour Foods. He later resigned as vice-president and wen to work with Jovan, Inc., which he and his partners later sold. Odak eventually started a consulting company where he would be acting CEO to help out companies in trouble. One of these companies turned to be Ben and Jerry's.

In response to the need of a "phase two" CEO, Perry Odak accepts the position on January 2, 1997 and begins to try to find better ways to market the product. Both Holland and Odak proved to be good CEO's for the company at different times. Whereas Holland was more successful in turning the company's operations into productive one and expanding the distribution of the Ben and Jerry's product, Odak was successful in effectively marketing the product. During Odak's term as CEO, many new additions were added to the Ben and Jerry's already diverse offering, new social programs were implemented, and sales for 1997 increased an addition 4% over 1996 sales. Odak had a tremendous impact on the success of Ben and Jerry's during his 2 ½ years as CEO. In the first quarter of 1998, sales were reported at $50 million, a 21% increase of the sales in the first quarter in the prior year. One of the first things that Odak did to accomplish any changes was to bring in a team of managers to oversee and run production and sales. These officers focused primarily on these aspects of the business and allowed for others to take care of other issues and problems that were causing undesired results. To increase exposure and take advantage of decreasing butter prices, Odak planned a fairly expensive marketing campaign consisting of radio and television spots, budgeting $2.5 million for the project. Competitor Haagen Dazs, at the time was spending $20 million in advertising expenses.

By the time that Perry Odak had accomplished his tasks, Ben and Jerrys' was making significant improvements. Included in these improvements were the usual benchmarks of any business, increased profits, improved employee morale, more efficient distribution, and better customer relations. Along with these benchmarks came reactions from competitors and investors. The stock market saw a steadily increasing stock price in Ben and Jerry's. Rumors and interest started being expressed regarding a possible acquisition. Ben Cohen still owned the majority of the shares and was able to have input in what was to happen to the company.

> Visit http://www.benjerry.com/our_company/press_center/press/odak.html to find out more about Perry Odak.

Dreyers was the first to offer to acquire Ben and Jerrry's, but the proposal was declined by Ben Cohen and Jerry Greenfield because of their commitment to keep the company independent and the recent trouble with Dreyer's practices of trying to gain control of them by controlling the distribution. (Ben and Jerry's Homemade Inc. News Release). There were two other companies that showed interest as well. A small private firm, that wanted to keep the social missions in tact and Unilever, a huge multi-national corporation who owned some of the largest companies in the nation both expressed interest. When it was all said and done, the small private firm could not come up with the capital for the acquisition, Dreyer's had left a bad taste in the mouth of Ben and Jerry's, and Unilever seemed the best choice to sell to. They claimed that they would keep the social missions in mind and were able to come up with the capital to make those willing to sell their stock happy.

With the aquistion of Ben and Jerry's to Unilever, came a new CEO, Yves Cuette. Yves Cuette has thus backed the social character of Ben and Jerry's, and is keeping many of the programs in tact. In the social audits, he admits that not all of the programs are successful and are going to stay around, however, the social focus of Ben and Jerry's is still largely intact.