

# ben and jerry's homemade ice cream inc: a period of transition essay sample

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Despite making the first yearly loss in 1994, the company's health cannot be written off. The loss in 1994 can mostly be attributed to some irregular factors like debt due to the asset write-down of \$6.8 million resulting from abandonment of complex manufacturing system and incorrect assumption about the value at the St. Albans plant. The introduction of the "Smooth, No Chunks" line in the same year also resulted in some extra advertising and promotion costs. The low debt-over-assets ratio and high liquidity (\$20 million) proves the company's ability for further investment and/or international expansion. The company's performance record as compared to the industry average also proves the same.

Based on the analysis of the data given, Ben & Jerry's still has a strong position in the market and can secure long-term future profits. The options open to the company can be divided into home market and international operations. Internationally, it can either expand to profit from the growth of the market, or it can focus on the home market to avoid the risks and costs involved with international expansion. There is potential to cut down the cost of sales in order to improve the competitive position. Since the leadership of the company believes in its human resources, employee costs are a main part of the overall cost structure. To reduce those costs, the company could

Reduce the wages to industry averages

Reduce the work force volume and implement more labor efficient production means. Shift work force to the new St. Albans production plant. Reduce the financial and non-financial employee benefits.

Reduce working hours as long as production capacity exceeds market

demand. On the sales side of the production, the following measures could

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be taken: Producing Non-fat Sorbet flavors

Increasing demand for super-premium high-fat flavors through discount offers during festive season/weekends Expansion of specialty flavors at higher prices(Peace Pops)

The cost of mix-in flavors could be as much as one-third more than smooth flavors. Since mix-in flavors are star products, we should increase the selling price of these products due to higher costs. This strategy can be implemented with new innovative mix-in flavors added to the product portfolio. Ben & Jerry should adopt ways to expand total market demand, and at the same time protect its current market share through good defensive and offensive actions. As Ben and Jerry's suffer from a high cost structure, this situation can be improved through strategic internal and external changes, especially in cutting down costs of manufacturing. Part of Ben and Jerry's long-term strategy should be to become a market leader, using its competencies in R&D, new production plant and strong brand image of purity and positioning based of " no added flavors" to attract the health conscious segments.

While trying to expand total market share, Ben and Jerry's should increase their marketing expenditure, invest in market research, maintain product quality and innovate flavors. Ben and Jerry's has to continuously defend its current business against rival attacks. The following is a list of feasible strategic options, in line with the company's social mission. Reshaping internal structure and implement vertical integration in order to cut down costs by having greater control over the supply as well as distribution

Restructuring of distribution channels and distributors: not depend on competitor for a major chunk of distribution Concentration on key markets