Ben and jerry`s case study analysis

Education

The world outside the US, Europe and ANZ relates US business today with Microsoft, Citibank andGoogle. Not much is known about Ben and Jerry, nor is the company taken up for discussion in management schools in the emerging nations of the world. This is a pity as the history of this company is the stuff of corporate legend and provides a very different perspective of the image of US companies

Ben Cohen and Jerry Greenfield, school companions at Calhoun High School in Merrick, Long Island teamed up in 1978 to open an ice cream shop in Burlington, Vermont. Both were twenty-seven years old and unlikely entrepreneurs. They had never been to business school and had tinkered around with academics and disparate work opportunities before deciding to make ice cream. Ben had attended three different colleges before dropping out and had supported himself with low-end jobs while he freewheeled through life.

He learned craft and worked as a craftteacherfor three years teaching pottery, stained glass, and film making to disturbed adolescents before he started his small ice cream shop in a converted gas station. Jerry graduated from high school with a meritscholarshipbut could not get admission to medical school despite trying more than once. In 1977, he along with Ben took a correspondence course in ice cream making from Penn State before opening their parlor.

Both Ben and Jerry, products of the countercultureof the sixties were never interested in creating large businesses and looked upon the venture more as a means of livelihood, which would enable them to live lives of dignity and allow them to work on social causes.

They carried with them beliefs and ideologies that were in many ways opposed to the thinking of profit oriented business corporations. This ideology with its’stresson human values guided the strategy and mission of Ben and Jerry’s. Among other things, it also led to the formulation of the 5: 1 remuneration practice, wherein the company decreed that the highest individual employee payout would not be more than 5 times the entry-level salary at base level.

The very thought of such an idea in a businessenvironmentwhere similar ratios moved in the region of 90: 1 was revolutionary. It was indicative of Ben’s desire to place social commitment above business expediency and was to be a forerunner of the strategy the company would follow in all areas.

The ice cream company did well. The business grew to become a manufacturer of distinctive ice cream products with a geographic reach far beyond Vermont. In barely ten years, it became one of the largest ice cream producers in the US; respected for its unusual business practices and social commitment. The company adopted a number of practices, which were distanced from those of a profit and cost conscious business organization. Most decisions were judgmental and stemmed from ideology and conviction.

The ice cream had large chunks or tidbits of flavoring which broke up the smoothness but provided a chewy and delightful sensation. The products were natural and had no artificial ingredients though some of the chunks did. It was made only in Vermont with local milk. Marketing efforts eschewed traditional methods and market research and media spend did not figure in the scheme of things. Promotions were through sponsoring of educational events, summermusicfestivals and the like.

The company, in its’ initial days was targeted by market leaders Haagen Dazs. It took the leader on both in the courts and on the streets with their “ What is the Doughboy afraid of?” campaign and sales soared after Haagen Dazs came up with an out of court settlement. The continuous social commitment of Ben and Jerry’s, its unstructured and informal working atmosphere and its’ quality and consumer focus remained unaltered as the company grew in size and reputation.

In 1988, barely ten years after formation, ben and Jerry were named small business persons of the year. Ben Cohen went to the White House in a borrowed suit to pick up the trophy. By then the company had identified twelve core markets covering two thirds of US superpremium sales and had achieved distribution in each supermarket chain inthese areas.

The social commitment of the company was evinced in a number of areas and was exemplified by its 5: 1 employee remuneration policy. It was this commitment which finally led to a rift between Ben Cohen, the major shareholder and the President, Chico Lager. This is the primary focus of thiscase study.