

Business, government and society

Government



Odwalla, Inc. , the largest producer of fresh fruit and vegetable-based juices in the Western parts of United States, was founded in 1980 by three people Steltenpohl, his wife and a friend. Initially the business was started by a \$200 worth of used juicer in the backyard of California from which it moved a step forward by transporting the juices to restaurants in the local vicinity. Gradually the business started expanding its distribution and production facilities by increasing its product lines as well as by acquiring other juice manufacturing companies. Growth of the company was financially backed by bank loans and private stock offerings.

The strong marketing and product line helped in grasping consumer attention which further enhanced the company's image. With intensive marketing, pricing, product innovativeness and creativeness of the value driven product line of the company it succeeded in completed its best-ever fiscal year in 1996 when sales reached about \$59 million which were about 40 percent higher than the last year. Situation The company Odwalla Inc. has just celebrated its best fiscal year but is facing ahealthrelated issue with its products because of a virulent bacterium called E. coli 0157: H7 which causesfoodpoisoning and other such stomach problems.

This problem is especially very serious in infants and older people whose immune systems aren't very strong. Although the overall class of this bacterium is present in the human intestinal tract and plays a helpful role in synthesizing vitamins and to suppress harmful bacteria. However some, especially E. coli 0157: h7, cause a lot of harm for a person producing a toxin which affects the inner lining of the gut. This type of bacteria lives in the

intestine of animals like cows, sheep, deer etc. and thus infects the meat of the animal thus rendering it unhealthy for human consumption.

This bacteria however also travels through fecal contamination of the food e. g. if a fruit falls from the tree and comes into physical contact with the manure of the infected animal the fruit then also carries the germs of this bacteria. This bacterium is also infected when a person doesn't wash his hands after using the toilet and touches the food, which has to be later on consumed, by his unclean hands.

These acidic drinks included apple and other such juices. However recently this concept went under a change when it was found that it can and does exist under a pH of 4.0. This was known when some of the bacterium was found in acidic drinks which shouldn't have been possible. After extensive research it was concluded that the bacteria must have undergone a mutation process because of which they can now exist even in acidic environment. The company Odwalla is very cautious health and nutrition wise because of which the fruits are selected after careful analysis.

The company recognized its values, vision and mission because of which a carefully designed plan is implemented to ensure that no unclean product goes into the manufacturing line. The fruits are carefully picked from the tree and no fallen fruit is accepted. Similarly the bin is checked and rechecked to see if any contact with the ground has been made. If there were any dirt or debris found the whole bin is rejected. Even after this careful handpicked selection the fruits are washed with a sanitizing solution of phosphoric acid and then scrubbed with whirling brushes.

Later on all the juices are manufactured under strict hygienic conditions which aren't to be compromised ever. Even after such careful analysis a few bacteria were found in some drinks which caused a huge amount of responsibility and tension for the company. Issue The company follows a strict code of conduct which ensures that the highest amount of product quality is delivered to the customers while maintaining the natural taste of the fruits. To deliver the promised quality and taste the company doesn't pasteurize its juices because of which the bacteria, if were present in the drink, couldn't be finished.

After the bacterium were found in the juices the company faced a serious problem dilemma as to what their course of action should be because they obviously didn't wanted to lost their customers along with their profits but they did not want to risk the health of their customers as well. Even one health issue case was very big for them as they were socially and ethically a very responsible company. So now the company had to decide what to do. After a serious of meetings it was decided that the products affected by this bacteria would be called back.

So in a record breaking speed the products were pulled back from the shelves until the company can find a way to kill the bacteria. This was a major decision which costed the company almost \$5 million. Despite the financial loss the company's main focus was on finding a way to eliminate this threat so that it wouldn't harm the consumers. For this purpose investigations were conducted by the company and federal and state health authorities. The company after recalling the apple juice product also recalled

back those products in which apple juice was used to further reduce risking consumer health.

The company then sought to devise a plan which would reduce the risk as well as increase its sales and would help in the reintroduction of these products in the market. On a short term level the company thought it would be best if it only sold those products in which apple juice wasn't an ingredient. For this the products in which apple juice was used were manufactured again without apple juice in them and were then sold in the market. But this procedure was only best for a short term purpose so as to reduce or minimize the effect of the losses however they couldn't cut out apple juice as it was a major selling product of the company.

Because of this the company decided to opt for flash pasteurization which is a modified form of pasteurization in which the juice is quickly heated to almost 160 degrees and then maintaining the temperature for a very short period of time so that the bacteria is killed. This reduces the actual taste somewhat but is still better than the pasteurized juice. This decision was made after careful analysis of the demands and wants of the consumer. Option Every dilemma has more than one option; similarly this issue had more than one option which the company could have selected.

Regarding this case the company also had a series of actions from which it chose the best. The other options are as follows Discontinuing all apple juice products so that safety of the consumer is fully assured. This means that apple juice would have to be cancelled not only as a product but as an ingredient from other products as well. This wasn't a very feasible option as more than 80 percent of the revenue was generated because of the apple

juice and cancelling it out from the product line would mean to cut or throw away the most profitable aspect of the business.

The second option the company had was to improve its manufacturing processes and tighten all the rules and regulations to further ensure that no unsafe or unhygienic product goes through the production cycle and ends up as a juice product. This would mean more inspection and washes of the fruits. The third option is modifying label in a way which ensures that the consumer knows that the juices isn't for infants or for older people. This way the infants and elder people would be safe because they are the most likely to get effected by the bacteria quickly.

The fourth option the company can consider is to use standard pasteurization in which the juice is slowly heated to a certain temperature which is maintained for some time so that the bacteria are killed by the heat. This also increases the product life of the juice i. e. it will take longer for the product to be expired. But this type of method is not feasible as the company is highly focused on maintaining the quality and taste which is almost destroyed by this method. Using other alternatives technologies to remove the pathogens.

These methods include a high pressure process which exerts a lot of pressure to cause the walls of the bacteria to explode. Other such methods include using electricity to kill bacteria and herbal antiseptic products etc. Recommendations The company showed a vast amount of ethical and social responsibility towards its customers throughout the dilemma. The company showed the problem in a very professional and morally upright way and according to my perception using flash pasteurization is a very good way to

kill the bacteria because by this the actual taste of the product and quality is not lost.

My recommendations for the company is that rather than just focusing on flash pasteurization the company should incorporate other options as well to make a perfect blend. The company should tighten and improve its production process so that no harmful substance is left. Overall I agree with the decisions of the organization and the way it solved the problem.

Conclusion This case study is about a company Odwalla Inc. in which it faced serious problem in its product line despite having a very rigid and vigilant checking of the raw materials. Due to this bacterium some people fell critically ill and a girl even died.

But nobody blamed the company because the company was doing its best to eradicate the bacteria and was helping the effected people in any way they can. The company even called back its products and then carried out a research as to what the customers wanted and finally thorough flash pasteurization they were able to solve out the problem. Overall the company showed immense amount of ethical and corporate standards while dealing with the problem.