

Ben & Jerry's

Balding, nerdy hippies can build brilliant brands

LIKE MANY KIDS, BEN COHEN LIKED TO EXPERIMENT WITH HIS ICE cream by adding sweets, nuts, lollies, and even cake to it. Jerry Greenfield was not quite so experimental, but he was an expert scooper after manning the ice cream section of his school cafeteria. The boys, both from Merrick, New York, met in a seventh-grade gym class. They became lifelong friends, a pair of hippies who liked the Grateful Dead and making jewelry, pottery, and more unusually, ice cream.

Cohen and Greenfield are an unlikely entrepreneurial force, with their VW buses and left-of-center beliefs. Ironically, the super-premium ice cream brand they created juggernauted them out of their laid-back life into the burgeoning premium ice cream market that was taking off in the early 1980s. *The Guardian* newspaper describes their company as an “economic miracle.” “In the annals of business history, they are recorded as the first company to turn a profit while behaving as a non-profit organization.”

They both completed a \$5 ice cream correspondence course from Pennsylvania State University before they opened the first Ben & Jerry's ice cream parlor (they like to call them scoop shops) in an old gas station in the university town of Burlington, Vermont. It was 1978.

Ben & Jerry's ice cream was made from locally supplied super-creamy, high-fat milk. Their ultra rich ice creams (some with twenty grams of fat per serving) had a similar sense of decadence as their ice cream nemesis Haagen-Daaz, but Ben & Jerry's cleverly pitched

itself as the quirky, unpretentious brand run by the balding nerds. They marketed the ice creams not merely as flavors, more as personalities—think Cherry Garcia, Phish Food, and Chunky Monkey—and from its earliest days, Berry & Jerry’s was preaching a brand of “caring capitalism.”

The business was funded through a \$4,000 loan, along with \$8,000 in savings. Despite Cohen and Greenfield admitting that they had no idea what direction the business would take, they were optimistic about their scoop shop as there was no other ice cream parlor in the town of Burlington. In 1980, they took another step forward and began selling the ice cream in pint-sized containers. Ben distributed it in his VW bus.

The power of Ben & Jerry’s brand may be in part to do with its record of social responsibility, but the quality of the product, and the company’s ability to market it, is what set the company on a rapid ride to mainstream success. In the earliest days, Ben & Jerry’s held summer movie festivals (gee, what goes well with movies on a hot summer’s night?), and to celebrate each Ben & Jerry’s anniversary, scoop shops served up free samples throughout the day.

When the brand launched outside the state in 1983, Cohen and Greenfield attempted to drive a purpose-built “Cowmobile,” a modified mobile home, across the country to spread the word. The first Cowmobile was destroyed in a fire, but a second version was built.

In 1981, the first Ben & Jerry’s franchise opened, and the ice cream was launched out of the state in Boston in 1983. In 1984, Cohen and Greenfield hired a former nightclub manager, Fred Lager, to help run the business, together raising \$750,000 in a Vermont-only capital raising exercise, with money spent on building a much-needed new production facility. The factory immediately became the state’s number-one tourist facility. Sales of the ice cream leapt 120 percent to \$4 million and kept climbing from there as Ben & Jerry’s distribution plans rolled out. The next year, 1985,

sales were up 143 percent to \$9 million, and just short of \$20 million in 1986. A decade later, sales tipped \$167 million with Ben & Jerry making the cover of *Time* magazine in 1991.

Part of the media's fascination with Ben & Jerry's was its continued commitment to corporate responsibility. As the company grew, it persisted in questioning the business world's single-minded obsession with the bottom line. While wanting to grow and turn a profit, Ben & Jerry's was always interested in the idea of being a good corporate citizen, both within and outside the company. To begin with, all staff earned at least 20 percent of the salary of the highest paid employee. The company backed local dairy farmers to supply the milk from cows not exposed to growth hormones and opened a series of PartnerShops owned by nonprofit organizations that offered job training and employment to disadvantaged people. It also offered staff three free pints of ice cream every day.

"Some of these people with strong social and humanitarian values—like Jerry and I—got into business by accident and were not sorted through that grid," said Cohen. "So through some quirk of fate, instead of ending up in a nonprofit social service agency, we happened to be trapped in a for-profit business."

Ben & Jerry's also committed 7.5 percent of pretax profits to philanthropic causes—a lot more than the 1 percent typically offered by big business. Ben & Jerry's set up all manner of revenue streams into nonprofit activities including an employee community fund and a foundation established with a parcel of company stock. The company also offered staff extended maternity and paternity leave and allowances for de facto and gay couples.

In 1988, they wrote a new company mission statement setting the expectation that the company should become a new role model of corporate responsibility, based on the ethos that business should improve the wider world's quality of life.

In April 2000, food giant Unilever bought the company for \$326 million. The deal included a promise from Unilever not to tamper

with the company philosophy, sack staff, or stop giving away a percentage of profits to charity (more than \$1.1 million per year). Ben & Jerry's has launched Climate Change College, a scheme offering scholarships to students to learn about climate change. There are still 450 U.S. scoop shops and stores in thirteen countries including France, Germany, Hong Kong, South Korea, and Malta. Cohen and Greenfield remain friends and, despite their fortunes, continue to live modestly, although Greenfield drives a Saab these days rather than a cowmobile. Cohen heads Business Leaders for Sensible Priorities (LSP), a coalition of business leaders, military experts, religious leaders, and entertainers including Ted Turner and Paul Newman. LSP lobbies for a shift in government spending towards education, job training, health, eradicating poverty, and other social advocacy issues.

NOTES

“In the annals of business history . . .” Elliott, Larry. “Greenbacks Love Green Business,” *The Guardian*, 6.18.94, p. 27.

“Some of these people . . .” Rothman, Howard. *50 Companies That Changed the World*, Career Press, 2001.

REFERENCES

Cohen, Ben. *Ben & Jerry's Double Dip: How to Run a Values-Led Business and Make Money Too*, Simon & Schuster, 1998.

Lager, Fred. *Ben & Jerry's: the Inside Scoop: How Two Real Guys Built a Business with a Social Conscience and a Sense of Humor*, Three Rivers Press, 1995.

Older, Jules. *Ben & Jerry, The Real Scoop*, Chapters Pub Ltd, 1996.

Australian Financial Review, benjerry.com, *Burlington Free Press*, *BusinessWeek*, *Fast Company*, *Financial Times*, *Forbes*, *Fortune*, *The Guardian*, Hoover's Company Records, *The Independent*, *Los Angeles Times*, *New York Post*, *New York Times*, *The Observer*, *Time*