

CASE STUDY TITLE: GROWTH WITH PURPOSE: HOW A CHOCOLATE COMPANY STARTED THE TRANSFORMATION OF AN INDUSTRY

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THEME: SUSTAINABLE FOOD SYSTEM

Case study description:

Tony Chocolonely is a Dutch producer of premium chocolate bars made of Belgian chocolate with a strong responsible footprint. The founder, Teun van de Keuken (a.k.a Tony), transitioned from journalist to social activist and ultimately to entrepreneur with a solid sense of purpose, in this case the transformation of the cocoa supply chain towards a child-labor free, fair-trade, organic agriculture-based sourcing.

It began with a television programme. In 2005, Dutch investigative reporter, Teun van de Keuken highlighted exploitation rife within the chocolate industry in an attention-grabbing way. He was filmed eating bars of chocolate and then presented himself to Dutch police as a knowing accessory to illegally produced goods. He hired a lawyer to help prove himself guilty and submitted the testimonies of the child slaves forced to work within the cocoa industry in which trafficking was commonplace. Understandably, the show’s shock tactics made a huge impression on Dutch viewers.

Following broadcast, van de Keuken went further: he conceived a mission to eradicate child slavery in chocolate production one bar at a time – Tony’s Chocolonely was born with a purpose: to produce chocolate without exploitation or slavery.

Over the next three years, the company proved that exploitative practices could be eradicated from its supply chain and consumer awareness leveraged to respond to big-picture ethics. It also achieved a credible turnover of €1 million. Having accomplished considerable success on its founding principles, it was ready to grow but how could this be done without losing its essential ethos?

Henk Jan Beltman joined the company and became its major shareholder in 2011. Having worked at Innocent Drinks, he had experience of how to build a brand on a clearly defined purpose. He also knew that once Innocent sold to Coca Cola, its ethos was subsumed by the drinks giant’s profit-over-principle approach. He knew that the big corporate approach would neuter the brand.

Jan Beltman decided to double down on purpose and couple it with expansion. Five key values underpinned the company’s purpose: tracing every ingredient to its source, paying farmers higher prices, helping them improve productivity, encouraging modernization and crop diversification, and investing in farm co-operatives to empower small-scale farmers in the long term.

Raising consumer awareness, leading the industry by example and inspiring action globally by working with NGOs and governments embedded the company’s core values.

That was put to the test in 2011 when a Dutch documentary uncovered child labor practices in Turkey’s hazelnut harvest. Tony’s Chocolonely responded by stopping its use of Turkish hazelnuts and working with other companies to investigate and influence labor practices in Turkey.

By 2017 the company’s net revenue had reached €44.9 million. It was the number three chocolate brand in the Netherlands and had secured itself in German, Swedish and US markets. It had also started to shame its competition into action.

The six Swiss chocolate giants: Barry Callebaut, Choclat Frey, Chocolats Halba, Lindt & Sprüngli, Mondelēz and Nestlé committed to structurally shifting to sustainable cocoa



sourcing. Tony’s Chocolonely’s purpose-driven model had achieved enviable growth and started the transformation of an industry.

The following factors constitute important environmental and social effects in relation to this case:

- Child labor within the cocoa supply chain
- Exploitative labor practices among farmers
- Ethical labor and work-life balance
- Unethical sourcing of ingredients
- Tracking and tracing the supply chain network

**Conclusion:**

By placing purpose at the centre of its brand, a small start-up with a big mission proves it is possible to improve lives, capture hearts and minds and establish itself as a force to be reckoned with by far bigger competitors.

**Discussion questions:**

What is the problematic situation Tony Chocolonely is trying to solve? (problem)

Why did they decide to solve it? What drives them? (purpose)

What are Tony Chocolonely’s activities? What do they do to solve it/them? What other steps would you take to solve the problem? (solution)

What is their target group? Who are their clients? Who are their customers? (customer segments)

How will Tony Chocolonely’s activities change the world or the situation for the better? (impact)

And how will they know that they achieved that? (key metrics)

So what does Tony Chocolonely do differently? What do their customers perceive as the biggest value? (unique value proposition)

In which ways do they deliver their products or services (channels)

What are their main costs and what is the main source of their revenue? (revenue)

STAKEHOLDERS: (1) FARMERS, (2) CHILDREN, (3) SUPPLIERS, (4) NGOS, (5) GOVERNMENTS

ETHICAL ISSUES (POSITIVE, NEGATIVE) IN RELATION TO THE SCENARIO: (1) CHILD LABOR, (2) UNFAIR LABOR PRACTICES, (3) EXPLOITATION, (4) UNETHICAL SUPPLY CHAIN, (5) TRACING AND SOURCING

GREEN SKILLS ADDRESSED: LEADERSHIP SKILLS, MANAGEMENT SKILLS, LANDSCAPING SKILLS, FINANCIAL SKILLS, PROCUREMENT SKILLS, COMMUNICATION SKILLS

SDGS ADDRESSED: GOAL 1: NO POVERTY, GOAL 2: ZERO HUNGER, GOAL 3: GOOD HEALTH AND WELL BEING, GOAL 5: GENDER EQUALITY, GOAL 8: DECENT WORK AND ECONOMIC GROWTH, GOAL 10: REDUCED INEQUALITIES, GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION, GOAL 15: LIFE ON LAND, GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS, GOAL 17: PARTNERSHIPS FOR THE GOALS

