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**Case Study: Theo Chocolate Makes a Sweet Difference**

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class \_\_\_\_

***Directions:***

*Watch the video on Theo’s Chocolate at* <https://www.theochocolate.com/blog/our-story/>. *Then read the case study and answer the questions in complete sentences. Assignment is worth* ***100 points.***

“I want to build a model that other companies can look at and emulate. A model that’s based on strong ethics and financial success,” Joe Whinney, founder of Theo Chocolate, says when describing his company.

Seattle-based Theo Chocolate uses the cocoa bean to make the world a better place. The company has become known for its organic, Fair Trade bean-to-bar chocolate. Theo takes cocoa beans and manages the entire process to turn them into high-quality chocolate. The concept for Theo Chocolate came two decades ago when Whinney was traveling through Central America and Africa. He witnessed farmers being exploited by multinational companies and wanted to develop a firm that would sell a high-quality product and benefit the farmers that supplied the ingredients. In 2006, Whinney and his ex-wife Debra Music, who is now Chief Marketing Officer, founded Theo Chocolate. They later relocated to Seattle and built a factory that began producing chocolate in 2006.

Originally, Theo wanted to develop flavors it was excited about, such as coconut curry. However, Whinney and Music realized that they also needed to listen to the consumer and develop more traditional flavors such as chocolate and mint. Their attention to consumer needs is not only ethical but also is an important part of a successful marketing strategy.

The firm decided it wanted to do everything it could to ensure the quality and integrity of its products. This is why it not only sources Fair Trade products but also oversees the production of the chocolate from bean to bar. Its ability to oversee the entire process allows it to control for any disruptions that might compromise the chocolate’s integrity.

“Just being organic and Fair Trade isn’t enough. You will spark consumers’ interest because of our certifications and the integrity of our product, but if it doesn’t taste good, if people don’t enjoy it, then it really doesn’t matter,” Whinney says. “So, we put as much or more an emphasis on quality because without that, then nothing else really matters.”

Today the firm employs 100 people and produces a successful line of chocolate bars, confections, caramels, and specialty items. Although the chocolate bars are priced higher than competitors, consumers know that they are supporting fair trade and organic practices that benefit the farmers. One of the Theo’s greatest marketing tools is the tours it provides to visitors of its facilities. From the beginning, Theo’s founders wanted to educate consumers about Fair Trade and tell the story behind its chocolate to give consumers an appreciation for the work that goes into it and the farmers who supply the beans.

These stories have become even more important with an initiative Theo has embarked upon to help farmers from the Democratic Republic of Congo (DRC). Theo has launched a line of chocolate bars from the DRC. These bars cost a little bit extra at $5 a bar, but the extra money goes toward improving the farmers’ lives. Whinney pays the farmers in the DRC from whom he sources chocolate two to three times the market rate.

In addition to purchasing cocoa and paying farmers higher wages, the partnership has also provided education to 2,000 farmers on how to improve cocoa crop yields. Whinney is committed to developing trust and mutually beneficial relationships among suppliers, companies, and consumers.

Theo Chocolate embodies all four levels of social responsibility as it is profitable, obeys relevant laws, acts ethically, and engages in philanthropic activities. Although some believe that a company should focus on profits over community relations or stakeholder well-being, Theo Chocolate demonstrates that a firm can create positive change and be profitable at the same time.

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**Questions:**

1. How has Theo Chocolate incorporated its model of philanthropy and social responsibility into a successful business concept?
2. What advantages does Theo Chocolate have by sourcing cocoa from the Congo, even though the chocolate ends up costing consumers more?
3. What benefits are derived from educating the farmer on how to improve cocoa crop yields?
4. How can a company create positive change and be profitable at the same time?