Claus Meyer
Out of The Melting Pot
Into The Fire
The case competition

This case competition is an opportunity for you to apply your knowledge of responsible management to a case answer.

The deadline for submission of the case is Friday 5 September 2014 at 12:00 pm. Send your case answer to rd@cbs.dk.

When you have submitted your case answer the three best case answers will be selected. These three groups will present their ideas Thursday 11 September 2014 to a professional case jury, who will determine the winners of the competition.

1st prize: iPad minis (maximum four).
2nd prize: Gift certificates of DKK 1000 for Academic Books (maximum four).
3rd prize: Gift certificates of DKK 500 for Academic Books (maximum four).
Prize for being the best in your individual bachelor programme: Gift certificates of DKK 100 for Academic Books (maximum four).
Welcome to CBS

This case is your first formal assignment as a bachelor student at Copenhagen Business School.

Here is how we expect you to work with the case:

1. Read the case carefully before Responsibility Day and feel free to research additional material online. Check out our website for additional information about the case and Responsibility Day www.intro.cbs.dk/rd.

2. In order to prepare for Responsibility Day and the case competition, you are expected to form groups of preferably four students to discuss the tasks outlined in the case and produce a two-page case answer.

3. During Responsibility Day, you will discuss the case together with your bachelor programme faculty and be introduced to how you write an academic case answer. In the afternoon, you will get further inspiration for the case answer from Claus Meyer and CEO Steen Halbye of Claus Meyer Holding.

4. On the 2 and 3 September there is an optional case lounge at the CBS Solbjerg Plads Library from 10.00 – 16.00, if you want further input on how to write a case.

5. If you have other questions about Responsibility Day or the case competition, please do not hesitate to contact the Responsibility Day Team via rd@cbs.dk

Introduction

“The French patisseur from Gascogne Guy Sverzut, who was a father figure to me, once said: “Happiness, my son, is knowing what you want to do with your life, and having the guts to follow your heart” (Claus Meyer, 2014).

Over the past two and a half decades Claus Meyer, one of Denmark’s most innovative serial entrepreneurs, had built a group of businesses which covered diverse sectors and industries all related to food craftsmanship. The story of his bakeries, delis, restaurants, vinegar production, canteens, as well as a hotel and a fruit plantation was driven by his mission to improve Danish food culture. Crucial stepping stones in this endeavour had been his launching of the Meyer TV series about cooking, the Nordic Food Movement and Restaurant Noma’s world best restaurant status. Most recently, Claus Meyer had been invited to start up a 1200 m² large deli and restaurant at the iconic Vanderbuilt Hall at Grand Central Station in New York.

Claus Meyer, Owner of Claus Meyer Holding Aps
Although the founder of a business empire, Claus Meyer was not driven by pecuniary ambitions. From the onset he was passionately committed to a vision of making the taste of food and the meal itself centre stage for human interaction, economic and social development. He gave particular attention to children. Already in 1993, Claus Meyer had convinced around 100 Danish cooks to volunteer in around 100 Danish public schools and 40 restaurants to invite children below 18 years old for a four-course meal for about 13 euro at an annual “Day of Taste”. The purpose was to make thousands of children taste and discuss the difference between good and bad food products.

About 15 years later Claus Meyer began to engage in a number of social projects with an emphasis on disadvantaged people at the margins of society. In 2011, Claus Meyer decided to establish a foundation for his social projects, Melting Pot. One of the first projects concerned a cooking school for inmates with the purpose of re-socialisation of former convicts, and another project concerned a cooking school for marginalised kids in Danish neighbourhoods. However, by far the most comprehensive project was a cooking school in Bolivia. Here Claus Meyer partnered with the Danish development NGO, IBIS, to develop cooking schools for marginalised youth with the ambition of helping these people to get a job or start up their own café or restaurant.

Although Claus Meyer was a frequently mentioned celebrity in the Danish media, he decided with his board’s approval to separate Melting Pot’s activities from the business activities, as he found it would “take out the beauty and the energy of helping others and seeing them grow, if it is turned in to a simple commercial affair” (Claus Meyer, 2014). However, without Claus Meyer’s engagement, the media had themselves taken the initiative to discuss in particular the Bolivia project and the “prison project”. The two projects gradually attracted a lot of media coverage. While the Bolivia project only received positive appraisals, the prison project turned out to entail a much higher level of political and social complexity. The critical media related to the prison project and involved Claus Meyer in an intense and personally challenging media turmoil. This made him think carefully about his future social commitment.

Claus Meyer had built a strong business group in Denmark over two decades, had established a foundation with a social commitment, and on top of this, he was also honoured by the Queen of Denmark personally who awarded him the Knight of Dannebrog in 2010 while his New Nordic dish “æbleflæsk,” (a reinvention of the traditional Danish dish) was featured with his name on two Danish stamps in 2014. Claus Meyer was indeed successful in many ways in a Danish context.

However, Claus Meyer was faced with new challenges. In particular two questions seemed urgent. First, given the complexity and potential risks involved in the social commitment of Melting Pot, Claus Meyer could decide to downscale his commitment and the activities of Melting Pot; his personal presence was needed in all activities and less priority to his social commitment would allow him to focus more on the international business expansion that was happening simultaneously. On the other hand, the foundation’s engagement was close to his heart and the potential to transition from entrepreneur to social entrepreneur was a driver for his energy and passion.

Second, Claus Meyer had to decide if he should further “internationalise” the Nordic Food Movement in New York or whether he should rather focus on separating the core businesses in Denmark from the international expansion.
The Story of Claus Meyer

The roots of Claus Meyer’s business philosophy go back roughly 30 years. During his childhood, food was of little significance in Claus Meyer’s upbringing and environment. In fact, he suffered from obesity as a teenager. Healthy food alternatives in canteens were not an option in Nykøbing Falster where he was brought up and home cooking consisted of fatty meats, white bread and pre-boiled vegetables.

In 1983, Claus Meyer spent six months in France as an au pair with the Sverzut family. Guy Sverzut was a skilled chef and ran a bakery, which specialised in exceptional pastries. He introduced Claus Meyer to French cuisine and culinary culture. This was a turning point in Claus Meyer’s life. It was here he first experienced how taste and the meal brought together the Sverzut family and their employees. The contrast between these six months and his childhood in Denmark ignited Claus Meyer’s desire to improve Danish food culture.

“I felt it like a calling,” Claus Meyer recalled when he reflected on this experience.

Claus Meyer returned to Denmark in order to study Business Management and Intercultural Competence at Copenhagen Business School (CBS). Dissatisfied with the quality of food served at CBS’ canteen, Claus Meyer persuaded CBS to let him run the canteen. During this time, he also began importing foreign luxury products such as truffles, French chocolate, foie gras and fresh duck. What he did not use himself was sold to restaurants through his own company.

By the time he graduated from CBS in 1991, Claus Meyer’s entrepreneurial spirit had already placed him on the Danish food scene. He had been invited to develop a TV-show called “Meyer’s Kitchen” for national television as a way of informing the Danish population about what he called “the link between great food and a good life”. Claus Meyer managed not only to bring in new dishes and experiment with innovative meals, but more importantly he also managed to provide a new language for food, as he creatively drew on vocabularies and thinking outside the gastronomic sphere. In 1993, in his first cookbook, he passionately articulated this new thinking with references to the sociologist Pierre Bourdieu, the writer Henry Miller, the European Commission, and musician Leonard Cohen. In this cookbook he...
insisted on demonstrating the decay of Danish food culture with its focus on discount and mass consumption at the expense of quality and respect for seasonal products. Claus Meyer said that Denmark was in need of “gastronomic miracles to achieve the very best taste out of our own agricultural production” (Meyer, 1993, p. 17), as he pointed to the beauty of local production and a carefully prepared meal as the manifestation of an important social act to stimulate generosity and community.

Some 300 TV shows later, in 1997, Claus Meyer threw himself into launching new businesses. He started a food school, Meyers Madhus, and founded Estate Coffee, a gourmet coffee importer and roaster, alongside multiple other business projects that he considered to be fundamental for changing Danish food customs and behaviours. These included varied brands such as the Lilleø fruits plantation, high-end vinegar production, the Meyer’s Deli takeaway and bistro, as well as a growing catering (Meyer’s Køkken) and canteen business (Meyer’s Kantiner).

However, Claus Meyer was discontented that all so-called “good food” seemed to be associated with foreign cuisine such as French, Italian or Spanish. “I felt the time was right to change the focus of international gastronomy towards a new region. People were fed up with the Spanish food system. Food journalists needed something new to write about” (Claus Meyer, 2014).

Claus Meyer was initially invited by the Danish government to assess the potential value of a quality assurance labelling system for Denmark however when the new government lost interest, Claus Meyer seized the opportunity and turned the labelling exercise into a much broader movement for Nordic food quality and engaged all crucial stakeholders, which ranged from farmers to food producers and restaurateurs. This initiative resulted in the New Nordic Cuisine Manifesto, which Claus Meyer launched jointly with Nordic chefs, food producers, and politicians in 2003.

“The fast paced diffusion of the New Nordic Cuisine (NNC) was possible because NNC was conceived as an identity movement. […]The organized dissemination of the label through the creation of stories (e.g. the Nordic territory), legitimized by scientists, the appointment of a food ambassador and the involvement of the global media allowed for the fast spread of excitement” (Byrkjeflot, Strandgaard Pedersen, Svejenova, 2013).

The New Nordic Cuisine Manifesto became the framework for the Nordic food industry leading to a revitalisation of Nordic cooking both in private households and the restaurant industry. The movement became influential among policy makers and attracted tourists. It even impacted the popularity of designer kitchens because it reintroduced the kitchen as a central place in family homes.

An important lever for driving the movement forward was Claus Meyer’s idea to launch Noma. This two-star Michelin restaurant, which he co-owned with acclaimed chef René Redzepi, was singled out as the “Best Restaurant in the World” by the San Pellegrino Awards in 2010, 2011, 2012 and 2014, thus firmly placing the Nordic Food Movement on the global cuisine map.

In 2013, Claus Meyer’s 20 businesses generated an annual turnover of 477 million DKK (approximately 64 million Euros), up from 270 million DKK in 2008. In order to allow him to focus on the creative side of his activities, Claus Meyer had for many years had local managers to run his individual businesses. Following advice from his board of directors, Claus Meyer recruited a CEO and a new ambitious manager for the canteen business in 2008.

“I’m not very good at expanding existing activities or at handling classical operational issues. What really motivates me is to create new structures, products or initiatives – alone or in partnerships. One thing that is maybe the DNA of our company is that we constantly strive to find the right balance between searching for profits and being great for the world. One of my main tasks in the company is to defend that balance, or to improve it. My team on the other hand has its focus on the operative side of running and growing the existing businesses. Therefore, I need a great team to make sure that my businesses stay on track and remain proactive in exploring their growth potential” (Claus Meyer, 2014).
A Social Commitment

In 2011, Claus Meyer launched his personal foundation, Melting Pot, through which he wanted to improve life quality and enhance future possibilities for marginalised people with a particular focus on children.

“I had gotten used to success for me being about doing great things while not going bankrupt. As we had never any money left we would never start a new business unless we believed it would be profitable in 12 months. But then with Merete Holst’s work in the canteen branch and Tage Nielsen’s contribution as the overall CEO, we suddenly started earning substantial amounts of money, which allowed me to explore how I could use my competencies and entrepreneurial spirit to do good things” (Claus Meyer, 2014).

Melting Pot Denmark

In 2010, Claus Meyer prepared the establishment of Melting Pot Denmark. One of the foundation’s first major activities was an alliance with the Danish prison service to explore how to improve re-socialisation through food. As part of the project, the foundation launched a cooking school in the Danish maximum security prison, Vridsløselille. Documented by Denmark’s national television company, DR, the pilot project instructed inmates on how to cook an eight-course menu equivalent to Michelin standards in eight weeks.

“I could spend another 50 or 100 hours opening a new bakery or coffee shop, but turning convicts into good citizens would mean more in the larger perspective. If you can inspire a society to adopt
the attitude of giving a man a second chance and then potentially bring down the rate of returning prisoners that, I think, is more important than most other things I would have done” (Claus Meyer, 2014).

In Denmark, 26% of all ex-convicts reoffend and convicts that have served two prison terms had a fifty-fifty chance of serving a third one.

Claus Meyer felt that one of the main factors sustaining this vicious circle laid in the difficulties prisoners faced in re-entering the job market. Over a two-year period, the project aimed to train 160 inmates each of whom would receive exams before graduating from the programme. Initial results gave rise to cautious optimism. Among the inmates who participated in the project’s first round, several found employment as a direct result of their involvement.

The TV programme immediately placed Melting Pot Denmark on the national scene. The next project for Melting Pot was the launch, in 2013, of a free culinary education programme for children from the low-income area of Tingbjerg outside Copenhagen. Together with several local partner organisations, the foundation provided free cooking courses to children growing up in an environment plagued by high unemployment and criminality. The programme aimed to introduce children from an early age to see food culture as an instrument to help improve their overall living situation. Based on the successful stories from the volunteering cooks and the enthusiastic participating children, the foundation engaged in discussions on how to potentially scale the project on a national level in the future.

**Melting Pot Bolivia**

“We wanted the Nordic Cuisine Movement not just to be about us being better than the rest of the world. We realised that we could leave out the word Nordic from the New Nordic Cuisine Manifesto. There was this hidden generous aspect of the movement that maybe – and that was what we wanted to explore – you could basically give away our learnings for free to very poor people in a very poor country without losing anything yourself” (Claus Meyer, 2014).

Together with IBIS, a Danish NGO development organisation, Claus Meyer set out to revitalise the Bolivian cuisine based on the ignored biodiversity of the country and the culinary traditions of its indigenous population, thus in effect duplicating the creative process of the Nordic Food Movement. The project was launched in 2011, and led to the formal establishment of the Melting Pot Bolivia in 2012, a not-for-profit organisation created with the purpose, through food, of propelling both sustainable social and economic development in Bolivia.

Melting Pot Bolivia’s first project was GUSTU, a fine dining restaurant that worked exclusively with local products.
demonstrating to the world the generosity of Bolivia’s nature and the richness of its various ethnicities and cultures all of which remained little known outside of its borders. Once GUSTU became profitable, 5% of its revenue and 55% of its profits would be invested in the Melting Pot Bolivia. The positive progress and the recognition of the Bolivia project culminated when GUSTU was awarded “best restaurant in South America” in 2013 by the leading South American travel and gastronomy blog, Como Sur, and head chef Kamilla Seidler was awarded “Chef of the Year” (Como Sur, 2013).

To achieve the mission of revitalizing the Bolivian food culture, the Melting Pot Bolivia propelled the formation of the Movement for Gastronomic Integration (MIGA), uniting stakeholders from producers, chefs, food vendors, restaurant owners, researchers, politicians, teachers, retailers to wholesalers. In 2013, MIGA launched an annual food festival, Tamba, which aimed to promote sustainable agriculture, biodiversity, small-scale food production and a healthier food culture.

The next phase in Bolivia was MANQA (from the Aymara word meaning “food”). Here the idea was to establish 14 micro-restaurants with cafeteria and dining rooms in the El Alto area with the ambition of improving the food quality of the neighbourhood by using local ingredients and developing family dining habits. The basic idea was to create a series of affordable canteens primarily targeting school children but also other people. Central for the idea was that the canteens served simultaneously as cook schools with educational programmes for disadvantaged youth.

In the Eye of the Media

The success of Claus Meyer’s philanthropic activities generated interest internationally, improving Claus Meyer’s and the Nordic food movement’s reputation and creating opportunities for new projects to embark on. However, as Claus Meyer’s businesses and charitable activities gained greater public awareness they also attracted some concern in Denmark.

The Vridsløselille prison project became subject to criticism when Politiken, a leading Danish newspaper, featured a story about Marlene Duus, the victim of one of the convicts.

“Today I am 50% disabled and at the age of 29 I cannot work anymore. After three years of surgery I am now starting therapy at a traumatic brain injury rehabilitation centre. On the other hand after three years in prison my attacker is a free man – he even gets a trainee position with star chef Claus Meyer as a ‘reward’ for having been to prison” (Politiken, 2012a).

Suddenly, Claus Meyer found himself accused of having launched a cynical TV reality show as a means of building his own brand. When Danish tabloid media picked up the story, the public debate exploded and the story was even discussed in the Danish parliament.

By initiating this project, Claus Meyer had hoped to create an inspirational experiment with the purpose of lowering crime rates and helping re-socialisation. As a response to the criticism Claus Meyer declared that he genuinely felt sorry for the victims but he hoped that the prison project could, in its own way, help society become a better place.

“I am truly touched by Marlene and a day does not go by without me thinking of her. This is not because I am afraid of my turnover. I find it difficult to fix what has happened. My biggest wish is that I could turn back time” (TV2, 2012).

The case got national attention and some business people and social organisations announced their public support of Claus Meyer’s project arguing that the prisoners had already served their sentence according to the law and here they were given another chance in life. Also politicians welcomed the project, as they had initiated other projects with the purpose of helping former convicts secure a job. Nevertheless, public opinion was divided. As a consequence of the heated media debate of Claus Meyer’s project and Marlene Duus, politicians decided to improve the treatment of victims of violence.
The Unions Take Aim

Soon after the story of Marlene had been featured in the media, Claus Meyer was once again forced into the spotlight by Danish unions with regard to labour agreements in his businesses. Two-thirds of Claus Meyer’s businesses had labour agreements in place; however, one third of the businesses (including the bakeries) did not, which was in line with the typical practice in Danish industry at the time.

The issue became public when a young worker at one of the Meyer bakeries sent an email to Tage Nielsen, then CEO at Meyer Holding, in which she complained about the working conditions, which according to her were in violation of standard employment rights. Tage suspected that the complaint was initiated by the unions in order to drive Meyer into accepting a labour agreement. The case quickly developed into a critique from citizens and politicians alike, and trade unions urged Claus Meyer to sign labour agreements.

"Walk the talk, Hr. Meyer. It is unacceptable that companies profiling themselves as socially responsible act like capitalists from a distant past" (Politiken, 2012b).

Surprised by the criticism, Claus Meyer decided to react swiftly and to start a dialogue with the unions, which ended six months later with Claus Meyer signing a labour agreement for his remaining businesses.

"Even though, we were setting the agenda in a lot of important aspects, the Danish society also expected us to be market leading in terms of labour agreements. It surprised me because we are not a very unionized industry. By now everyone in the company is unionized. But it was a wake-up call and something I learned from" (Claus Meyer, 2014).
The Way Ahead

In August 2013, Claus Meyer hired Steen Halbye as his new CEO for the Claus Meyer Holding A/S. The phenomenal success of Claus Meyer notwithstanding, Steen knew that as CEO he would face many challenges. The largest part of the group’s 23.5 million DKK profit came from only a few businesses. Up to this point many of Claus Meyer’s subsidiaries were just breaking even. Moreover, Claus Meyer was starting new businesses that drew heavily on the company’s cash reserves. Steen saw a huge potential in the Claus Meyer brand, which was on its way to becoming a global food icon.

Claus Meyer knew though that brands were fragile and had to be carefully protected. Recent events had shown that some of Claus Meyer’s social activities might in effect create difficult-to-control risks. With the exception of the prison TV documentary, Claus Meyer felt that he had kept a rather low profile so far on communicating about the Melting Pot Foundation. On the other hand, the positive media coverage of Gusto in Bolivia had attracted business contacts in the United States, which now offered the potential of business growth abroad.

In 2013, Claus Meyer was approached by a New York-based business group who invited him to reflect on the prospects of opening a deli and restaurant in one of New York’s most iconic spots: the Vanderbilt Hall at Grand Central Station. They were impressed by Noma’s and GUSTU’s achievements but more importantly they saw potential in the idea of the Nordic cuisine and food movement and not least Claus Meyer’s entrepreneurial spirit in a US context.

After detailed negotiations, the press release for the project was published on June 20, 2014. The New York adventure, projected to open in early 2016, would entail an array of casual food pavilions in the western half of Grand Central’s Vanderbilt Hall, as well as a sit-down brasserie style restaurant for up to 100 people and a “food to-go” counter.

Claus Meyer and his team were honoured to be invited but were also cautious. Claus Meyer and his business group’s core competences were founded in a Danish agricultural context based on Danish cultural norms and traditions. While Claus Meyer himself had been inspired from travelling the world and acquired some international experience from the projects in Bolivia, he was also very aware that he had no prior experience of driving a large business outside of Denmark. As he negotiated the details with the US business group, he reflected a lot on how to build a business in the US with the type of international attention and high expectations that were bound to follow a Dane trying to make it in New York. In particular, he thought about what elements and processes of the Nordic Food Movement, he would be able to introduce successfully at Grand Central Station – not least what to name the US business venture.
Assignment

In your maximum two-page submission please address either one or both of the following questions:

1. How would you advise Claus Meyer to develop the public profile of social responsibility in his business? Should he use The Melting Pot Foundation’s philanthropic activities as an active brand lever or instead keep a low profile about these activities?

2. Should the company, Claus Meyer Holding, simply transfer the Meyer brand and the concept of the Nordic Food Movement to New York or should it “internationalize” in terms of adapting the concept to a US context? If you decide to transfer the concept, please, consider the challenges and opportunities of bringing Meyer as a local brand to a US context. If you decide to “internationalize” the Nordic Food Movement, please, discuss how you would scale initiatives such as the food movement in a US context and also suggest a name (names) for the new US business units. Please consider if the New York endeavour should be purely commercial or should it include a social commitment such as in the case of Denmark and Bolivia?

Put yourself in the role of a consultant and address your assignment directly to Claus Meyer.

Reference list


Exhibit

CLAUS MEYER HOLDING A/S

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This case was written by Professor Kai Hockerts, Professor Mette Morsing, and Student Assistant Martin Petri Petersen at Copenhagen Business School.

The case is intended to be used at CBS Responsibility Day 2014.