

In-Depth Integrative Case 2

Chiquita's Global Turnaround

Synopsis

On January 12, 2004, Chiquita named Fernando Aguirre as the company's new president and CEO, replacing Cyrus Freidhem, who had held the position since the company's emergence from bankruptcy in March 2002. In his 23 years with Cincinnati-based Procter & Gamble (P&G), Aguirre served in a variety of positions, including president of P&G Brazil and president of P&G Mexico. In his first remarks to Chiquita employees and investors, Aguirre reiterated the importance of corporate responsibility: "In terms of managing businesses and people, while I am profit-conscious, I make decisions first and foremost based on values and principles. In that respect, I'm proud to be joining a company with Core Values that guide day-to-day operations and one where corporate responsibility is an important part of our company culture."¹

Over the past three years, social responsibility has become the watchword of this traditional company with midwestern roots but a checkered history. In 2004, Chiquita scarcely resembled the company that once held a reputation as cold, uncaring, and indifferent, frustrated with mediocre returns, a lack of innovation, and a demoralized workforce. Throughout the 20th century, hostile relationships with its labor unions and employees and a reputation for immorality solidified by the actions of its predecessor company, United Fruit, helped to slow Chiquita's growth. In addition, by the late 1990s, consumption of bananas had declined in major markets, and Chiquita's position in Europe had been compromised by the European Union's preferential import relationships with its members' former colonies in the Caribbean, Africa, and the Pacific. These factors helped push Chiquita to seek Chapter 11 bankruptcy protection in November 2001.

Through a serious and dedicated internal analysis, a thorough reevaluation of its core mission and business principles, and a concerted effort to reach out to some of its primary stakeholders—such as employees—who had become disenchanted and alienated, by early 2003, Chiquita had engineered the beginnings of a turnaround. One of the most impressive aspects of this recovery was Chiquita's success in redirecting and redefining its reputation through a more open and transparent approach to its global operations and to the various stakeholder groups with which it interacted. In addition, Chiquita had substantially reformed its labor practices and relations and initiated a set of projects in sustainable development and community action in its various locations around the world. Both labor unions and non-governmental organizations (NGOs) lauded these steps.

Yet, despite Chiquita's apparent turnaround, lingering problems remained in financial performance, organizational efficiency, and a strategy for the future. How could Chiquita sustain the positive momentum from its turnaround in reputation and employee relations to deliver improved and sustainable business performance in a global industry environment plagued by low margins and intense competition?

Chiquita's Background

Chiquita Brands International Inc. is a multinational producer, distributor, and marketer of bananas and other fresh produce. The company also distributes and markets fresh-cut fruit and other branded, value-added fruit products. Approximately 60 percent of its 2003 revenues of \$2.6 billion came from bananas.² The banana division consists of 19,000 employees, mainly working on more than 100 banana farms in five Latin American countries: Guatemala, Honduras, Costa Rica, Panama, and Colombia. Approximately 45 percent of all bananas sold by Chiquita are from Chiquita-owned farms; independent suppliers in Latin America produce the remainder. Chiquita is one of the global market leaders in banana supply and production (see Table 1). Since Chiquita's exports are often a substantial part of the foreign trade of the Latin American countries in which the company operates, relationships with suppliers, workers' unions, and communities are critical elements for success.

Chiquita sources bananas from many developing Latin American countries, countries that historically have struggled with poverty, literacy, access to affordable health care, and limited infrastructure. The image of the banana industry has long been tarnished by its historical support of the failed U.S. invasion of Cuba in 1961, child labor, unsafe working conditions, sexual discrimination, low wages, and accusations of serious brutality against unionizing

Table 1 Banana World Market Share Leaders, 1999 and 2002

	2002	1999
Chiquita	23%	25%
Dole	25%	25%
Del Monte	16%	15%
Fyfess	8%	8%
Noboa	11%	11%

Source: Banana Link.

workers.³ Chiquita's reputation was damaged by past events, notably those associated with its predecessor company, United Fruit. These included allegations of the company's participation in labor rights suppression in Colombia in the 1920s, the use of company ships in the U.S. government-backed overthrow of the Guatemalan government in 1954, and involvement in a bribery scandal in Honduras in 1975.⁴ In the 1980s and 1990s, Chiquita clearly projected a defensive and protective culture, conveying a closed-door impression of its policies and practices.

Because bananas are produced all year long, local communities are closely tied together by the performance of farms. Many employees live in houses owned by the company, most of which are located on the farms themselves. In many areas, Chiquita provides electricity, potable water, medical facilities, and other basic services.⁵ However, labor relations remained strained throughout the 1980s and 1990s.

Chiquita's Downward Spiral

Although Chiquita improved its environmental procedures throughout the 1990s, many human rights groups, including Banana Link and US/Labor Education in the Americas, organized an outspoken campaign against all banana companies to improve social conditions on their plantations. One morning in early 1998, executives at Chiquita were devastated to see their company splashed all over the newspapers after an undercover investigation into "dangerous and illegal business practices" throughout Chiquita's Latin American operations. This was a watershed moment for the company.

The *Cincinnati Enquirer*, a paper based in the same town as Chiquita's corporate headquarters, printed an exposé contending that Chiquita was guilty of "labor, human rights, environmental and political violations in Central America."⁶ Although the newspaper was later forced to retract the series after it was discovered that a reporter had illegally penetrated Chiquita's voice-mail system, the damage was done. Corporate image was further damaged when the firm emphasized the violation of its privacy instead of addressing the possible validity of the claims made. According to Jeff Zalla, current corporate responsi-

bility officer at Chiquita, the strategy backfired. "It left some people with an unsavory impression of our company," he said.⁷

Damaging media coverage and a renewed desire to evaluate its own ethics performance and gain support for a common set of values and standards for environmental and social performance served as catalysts for the institution of corporate social responsibility policies at Chiquita. After recognizing the need for a complete corporate makeover, Chiquita's then CEO, Steve Warsaw, declared his commitment to leading in the area of corporate responsibility and pledged that the company would do much more than just repair previous damage. Four years later, despite changes in the executive management group, Chiquita's corporate social responsibility programs were a positive example of leading responsibility change in today's multinational business environment.

In January 2001, Chiquita announced that it could no longer pay the interest on its \$862 million debt. The fiercely competitive banana industry, downward trends in prices due to excess supply, EU restrictive trade quotas, poor labor-union relations, and the market view of bananas as a low-margin commodity, all contributed to Chiquita's bankruptcy filing. Chiquita attributed much of the responsibility to the European Union. In 1993, the EU imposed quotas that gave preferential treatment to banana imports from ACP (Africa, Caribbean, and Pacific) countries that were former European colonies, ostensibly to help these former European colonies boost their international trade and commerce. Before the 1993 act, 70 percent of the bananas sold in Europe came from Latin America, and Chiquita had a 22 percent share of the world's banana market.⁸ After the quotas were imposed, Chiquita claimed that its European market share was cut in half, costing \$200 million a year in lost earnings.

Although many of its difficulties were intensified by the EU policy, Chiquita's problems had begun to develop before the 1993 decision. Most important, miscalculations of increases in European demand in the 1990s resulted in an oversupply, leading to depressed banana prices worldwide. Although prices recovered somewhat (see Table 2),

Table 2 Banana Prices: Regional Year-over-Year Percentage Change, 2003 vs. 2002

Region	Q1, 03	Q2, 03	Q3, 03	Q4, 03	Year
North America	3%	-4%	1%	-2%	-1%
European core markets—US\$	11%	12%	5%	18%	12%
European core markets—local currency	-9%	-10%	-9%	0%	-7%
Central & E. Europe/Mediterranean—US\$	4%	-3%	4%	2%	-2%
Central & E. Europe/Mediterranean—local currency	-15%	-22%	-10%	-14%	-19%
Asia—US\$	-7%	0%	3%	12%	0%
Asia—local currency	-18%	-7%	3%	6%	-5%

Source: Company reports.

Table 3 Key Developments in Chiquita's History

1899:	United Fruit Company is created through a merger of fruit companies.
1903:	The company's listed on the New York Stock Exchange; it builds refrigerated ships.
1918:	Thirteen banana ships are lost after being commissioned by Allied forces in World War I.
1941:	Allied forces in World War II commission company ships, and the banana industry nearly shuts down.
1945:	Twenty-seven ships and 275 men on company ships are lost serving Allied forces.
1950:	The company starts massive postwar banana-planting projects.
1961:	Company ships provide support for failed U.S. invasion of Cuba.
1964:	The company begins a large-scale branding program for produce and starts using banana stickers bearing the Chiquita name.
1970:	United Fruit merges with AMK Corp. and becomes United Brands Company.
1975:	United Brands is involved in Honduran bribery scandal, which leads to enactment of U.S. Foreign Corrupt Practices Act. Company stocks plunge, and CEO Eli Black commits suicide.
1990:	United Brands changes name to Chiquita Brands International.
1992:	EU banana regulations cut Chiquita's market share by more than 50 percent. Chiquita begins working with Rainforest Alliance and Better Banana Project.
1994:	Start of the "banana wars" between the EU and WTO. Follows complaints by Chiquita that EU favors Caribbean banana suppliers over Latin American importers.
1998:	Chiquita becomes largest U.S. private-label fruit canner. Becomes first large company to meet with COLSIBA, an affiliation of Latin America banana unions.
1999:	Faces possible auction proposed by large shareholder American Financial Group.
2000:	Adopts expanded code of conduct. All 115 Chiquita-owned farms achieve Better Banana certification.
2001:	Restructures debt after stopping payments on \$862 million loan, cites prejudiced trade pacts by EU.
2001:	Files for Chapter 11 bankruptcy protection.
2001:	Issues first (2000) corporate responsibility report.
2002:	Chiquita shareholders and bondholders support reorganization plan.
2002:	Issues 2001 corporate responsibility report.
2003:	Chiquita reports positive net income under reorganized company.
2003:	SustainableBusiness.com names Chiquita one of the top 20 sustainable stock picks for the second year in a row.

CEO Keith Linder blamed \$284 million in losses in 2001 on a "decline in product quality resulting from an extraordinary outbreak of disease and unusual weather patterns."⁹ Table 3 provides a comprehensive summary of key developments in Chiquita's history.

Dispute over Access to European Banana Markets

Chiquita has long claimed that its recent struggles are a direct result of the 1993 EU decision to put restrictive quotas on imports from Latin American suppliers. Immediately after the decision by the EU in 1993 to extend preferential quotas to its former Caribbean and African colonies, Chiquita took the issue to the U.S. Trade Representative, suggesting violations of free trade. In 1994, a General Agreement on Tariffs and Trade (GATT) panel ruled that the new regime violates GATT obligations, but the EU blocked adoption of the ruling by the full GATT. In 1996, the United States, along with Ecuador, Guatemala, Honduras, and Mexico, challenged the new regime under the new World Trade Organization (WTO) dispute-settlement mechanism, which came into force after the Uruguay Round of GATT negotiations.

In May 1997, a WTO panel ruled that the EU bananas import regime violated WTO obligations under the General

Agreement on Trade in Services and the Agreement on Import Licensing Procedures. In September 1997, the WTO Appellate Body upheld the panel ruling, granting the EU 15 months, until January 1, 1999, to comply with the ruling. In January 1999, the deadline for EU compliance expired, and the United States sought WTO authorization to impose retaliatory tariffs. In April 1999, the WTO Dispute Settlement Body authorized U.S. retaliatory tariffs amounting to \$191.4 million a year—the level of damage to U.S. companies calculated by arbitrators—and the United States immediately began steps to withhold liquidation of European imports, the first step in the imposition of the tariffs.¹⁰

In April 2001, the United States and the European Commission announced that they had reached agreement resolving their dispute. The agreement took effect on July 1, 2001, at which time the United States suspended the retaliatory sanctions imposed on EU imports in 1999. Import volumes of bananas were returned to levels comparable to those prior to 1993, and the EU committed to moving to a tariff-only system in 2006 as part of its overall WTO obligations.

The dispute has taken its toll on the banana trade by creating uncertainty for smaller producers reliant on EU

markets under the quota system, and for large producers such as Chiquita that were forced to expend considerable financial and other resources in the course of the dispute.

Corporate Responsibility

Chiquita had begun to initiate corporate responsibility projects in 1992 when it adopted Better Banana Project standards designed to improve environmental and worker conditions on its farms. Then, after the 1998 exposé in the *Cincinnati Enquirer*, Chiquita management began to conduct a series of broader companywide reviews of its conduct, policies, and internal and external operations and relationships, all designed to integrate corporate responsibility throughout the company's operations.

In 1998, Chiquita initiated several projects aimed at implementing its corporate responsibility efforts worldwide. Two internal groups were formed: the Senior Management Group and the Corporate Responsibility Steering Committee. The former consists of eight top managers of Chiquita's global businesses, including the president/CEO and COO of banana operations. The Senior Management Group is ultimately responsible for providing strategic vision and leadership for corporate responsibility. The Steering Committee, also consisting of eight members, was constructed to help streamline corporate social responsibility policies throughout each operational area of the firm.

In August 1999, Chiquita adopted the four key values that now guide all strategic business decision making worldwide. After a year of discussions, interviews, and debates on the merits of an internal corporate social responsibility policy, Chiquita defined the following four core values:

Integrity: We live by our Core Values. We communicate in an open, honest and straightforward manner. We conduct our business ethically and lawfully.

Respect: We treat people fairly and respectfully. We recognize the importance of family in the lives of our employees. We value and benefit from individual and cultural differences. We foster individual expression, open dialogue and a sense of belonging.

Opportunity: We believe the continuous growth and development of our employees is key to our success. We encourage teamwork. We recognize employees for their contributions to the company's success.

Responsibility: We take pride in our work, in our products and in satisfying our customers. We act responsibly in the communities and environments in which we live and work. We are accountable for the careful use of all resources entrusted to us and for providing appropriate returns to our shareholders.¹¹

In support of the four core values, Chiquita undertook reforms to link its corporate governance and corporate responsibility policies. These reforms included expanding the role of the board's Audit Committee to oversee the

firm's corporate responsibility (CR) mission and to evaluate whether the firm had the right people, policies, and programs in place to properly advance the CR agenda.¹² In addition, in May 2000, Chiquita appointed a full-time vice president and CR officer responsible for all aspects of corporate social responsibility. According to Chiquita, the four core values, supported by the senior management group and CR committee, have helped drive responsibility change throughout the entire organization. Each business decision must be evaluated through the lens of CR policies.

Chiquita also began to realize that a corporate social responsibility platform could mean a competitive advantage in the banana market. Dennis Christou, vice president of marketing—Europe, explained: “Bananas are, by definition, a commodity and U.K. consumers do not generally see fruit as branded. Chiquita is trying to change this. We have a brand because we own certain values and a relationship with consumers. And we communicate with them. They have expectations about Chiquita.”¹³ In particular, environmental and social performance is of keen interest to some leading European customers. In 2002, 56 percent of Chiquita's sales in northern European markets were to customers who had either inspected farms or formally asked questions about environmental and social performance. This was a 5 percent increase—about 13,000 40-pound boxes per week—over the prior year.

Chiquita also strengthened its commitment to the Better Bananas Project. Under this program, external auditors audit all Chiquita farms annually. The Rainforest Alliance has annually accredited every Chiquita farm since 2000. Chiquita also encourages its independent producers, which supply Chiquita with about 50 percent of its bananas, to achieve Rainforest Alliance certification. In 2002, the volume of bananas purchased from certified farms rose from 33 to 46 percent, and farms certified through June 2003 brought the total to 65 percent. Table 4 presents the nine principles of the Better Banana Project. According to insiders, the adoption of third-party standards has helped Chiquita to drive a stronger internal commitment to achieving excellence¹⁴—and to cut costs. In 2003, the Rainforest Alliance estimated that Chiquita reduced production spending by \$100 million as a result of a \$20 million investment to reduce agrochemical use.¹⁵

And Chiquita is receiving increasing recognition for its efforts. In July 2003, SustainableBusiness.com, publisher of *The Progressive Investor* newsletter, named Chiquita to its list of the world's top 20 sustainable stock picks, known as the SB20, for the second year in a row. SustainableBusiness.com identifies its picks by asking leading investment advisers to recommend companies that stand out as world leaders in both sustainability and financial strength. In April 2004, the Trust for the Americas, a division of the Organization of Americas, selected Chiquita Brands as the winner of the 2004 Corporate Citizen of the Americas

Table 4 Better Banana Project Principles

1. **Ecosystem Conservation.** Protect existing ecosystems, recovery of damaged ecosystems in plantation area
2. **Wildlife Conservation.** Protect biodiversity, especially endangered species
3. **Fair Treatment and Good Conditions for Workers.** Comply with local and international labor laws/norms; maintain policy of nondiscrimination; support freedom of association
4. **Community Relations.** Be a "good neighbor," contributing to the social and economic development of local communities
5. **Integrated Pest Management.** Reduction in use of pesticides; training for workers in pesticide use/management/risks
6. **Integrated Waste Management.** Reduction of the production of wastes that contaminate the environment and harm human health; institute recycling
7. **Conservation of Water Resources.** Reduce and reuse the water used in production; establish buffer zones of vegetation around waterways; protect water from contamination
8. **Soil Conservation.** Control erosion; promote soil conservation and replenishment
9. **Planning and Monitoring.** Plan and monitor banana cultivation activities according to environmental, social, and economic measures

Source: Adapted from Rainforest Alliance, *Normas Generales Para la Certificación del Cultivo de Banano*, May 2002, www.rainforest-alliance.org/programs/cap/socios/banana-s.pdf.

Award for Chiquita's Nuevo San Juan Home-Ownership Project in Honduras.¹⁶

Global Codes of Conduct, Standards, and Labor Practices

In late 2001, Ron Oswald, general secretary of the International Union of Food Workers, was asked if he had seen improvements in Chiquita's internal and external corporate policies. He responded, "Yes. It is a company that is totally unrecognizable from five years ago."¹⁷ Clearly Chiquita had come a long way.

Traditionally, relations between Chiquita and labor unions in Latin America were mired in conflict and mistrust. In 1998, after recognizing the need for change in the way it deals with its line, Chiquita began striving to adhere to SA8000, the widely accepted international labor rights standard. Management struggled with the decision of whether to adopt an outside standard or to develop an internal measurement gauge for corporate responsibility. After much deliberation, management concluded that adopting the SA8000 standard would yield the most credibility with external stakeholders, because SA8000 gives detailed requirements for adequacy of management systems for implementation. Having an external standard forces Chiquita to push CR change down through each organizational level so that the firm is able to meet third-party requirements.

In May 2000 Chiquita expanded its code of conduct to include SA8000. Standards now included areas such as food safety, labor standards, employee health and safety, environmental protection, and legal compliance.¹⁸ Recognizing the importance of labor support and its resounding effect on corporate image, Chiquita began an open

dialogue with the International Union of Food Workers and the Coalition of Latin American Banana Workers' Unions (COLSIBA). By June 2001, the firm had reached an agreement with both organizations, paving the way for continuous improvement in labor standards. Management credits this agreement as helping to build a positive image, improving relations with both internal and external stakeholders. In mid-2001, Chiquita published its first corporate responsibility report detailing the firm's future CR strategies and goals. Both stakeholders and media outlets have been impressed with the complete turnaround in the transparency of Chiquita's corporate agenda, which has led to a much more favorable impression of the company.

In order to adhere to the organization's own core values and to the SA8000 labor standard, Chiquita routinely performs internal audits in all of its Latin American operations. NGOs also conduct external audits. After the audits are completed, each local management team plans corrective actions using the firm's code of conduct and core values as decision-making guides. Since 2000, the Rainforest Alliance has certified 100 percent of Chiquita-owned farms annually. In addition, 65 percent of the bananas Chiquita purchased from independent producers in 2003 were Rainforest Alliance-certified, up from 33 percent in 2001. At year-end 2003, independent auditors certified Chiquita's operations in Costa Rica, Colombia, and Panama to the SA8000 standard. Chiquita's operations were the first ever to earn SA8000 certification in each of these countries.

Marketing the Message

Although it would seem advantageous for Chiquita to communicate and leverage the great strides it has made through its corporate responsibility effort, management

seems reluctant to promote its achievements through the typical mass communication vehicles. Instead, the firm has opted for a longer-term marketing strategy based on educating leading opinion-makers and critics alike. According to Dennis Christou, vice president of marketing–Europe, there is a natural suspicion among consumers about commercially driven messages. He believes that customers feel more trust in the message if it's delivered by an external body rather than by the company or by a paid advocate of the business.¹⁹ That is a main reason why the firm is relying on viral marketing tactics and third-party testimonials as the means of spreading its message. Retailers are treated differently: They must be exposed to improvements at Chiquita because they determine which exclusive brand to carry on an annual basis. However, Christou believes that creating brand recognition with consumers is possible through nonobtrusive, reputable means.

Defining and conveying a brand's differences in a commodities marketplace is difficult. Nevertheless, Chiquita believes it can carve out its own niche by distinguishing itself as a leader in corporate responsibility. Instead of positioning itself solely on the basis of price, Chiquita is hoping that its distinctive competency in CR will help it stand out from the pack. The company got a boost in this regard in April 2003, when Chiquita, along with Ben and Jerry's, received the first Award for Outstanding Sustainability Reporting presented by the Coalition for Environmentally Responsible Economies (CERES) and the Association of Chartered Certified Accountants.²⁰

Recent Performance and Future Path

Chiquita has drastically shifted its strategic decision-making models and broader corporate operating principles. During its reorganization, debt repayments and other reorganization costs resulted in significant losses. Chiquita has made great strides in improving its financial performance by cutting costs and streamlining its local and global operations. For 2003, net sales were \$2.6 billion, up from \$1.6 billion the year before. Since its emergence from bankruptcy in early 2002, Chiquita has been profitable.

Chiquita's future financial stability depends, in part, on external market factors such as steady or rising international banana prices and consumer demand. Internally, the company's performance will result from the effectiveness of financial controls on the cost side, and successful marketing, emphasizing differentiation and value-added production, on the revenue side. Although Chiquita has gone to impressive lengths to turn around its reputation and performance, it continues to face a challenging and competitive international business environment and must make continuous progress in its management and operations in order to achieve a healthy and sustainable financial future.

Questions for Review

1. How would you characterize Chiquita's historic approach to global management?
2. Describe Chiquita's approach to human resource management in its global supply chain. What particular

Table 5 Chiquita Brands Balance Sheet as of December 31, 2003, December 31, 2002, December 31, 2001, December 31, 2000

Chiquita Brands International Inc. Balance Sheet as of 12/31/2003 (in thousands)				
	2003	2002	2001	2000
Assets				
Cash and equivalents	—	—	—	26,715
Other current assets	951	810	732	42,375
Total current assets	951	810	732	69,090
Investments in and accounts with subsidiaries	1,035,915	908,404	1,424,961	1,399,708
Other assets	5,607	5,429	15,328	29,872
Total assets	<u>1,042,473</u>	<u>914,643</u>	<u>1,441,021</u>	<u>1,498,625</u>
Liabilities and Shareholders Equity				
Accounts payable and accrued liabilities	17,182	16,541	10,735	86,930
Total current liabilities	17,182	16,451	10,735	125,833
Long-term debt	250,000	250,000	—	772,380
Total liabilities	285,127	285,354	992,427	916,082
Shareholders equity	757,346	629,289	448,594	582,543
Total liabilities and shareholders equity	<u>1,042,473</u>	<u>914,643</u>	<u>1,441,021</u>	<u>1,498,625</u>

Source: Company reports.

Table 6 Chiquita Income Statement, 2001–2003

	Reorganized Company		Predecessor Company	
	Year Ended 12/31/2003	9 Months Ended 12/31/2002	Three Months Ended 3/31/2002	Year Ended 12/31/2001
Net sales	—	—	—	—
Cost of sales	—	—	—	—
SG&A	(38,500)	(30,443)	(6,545)	(31,188)
Equity in earnings of subsidiaries (loss)	170,398	68,822	(368,899)	32,674
Operating income (loss)	131,898	38,379	(375,444)	1,486
Interest income	—	—	—	783
Interest expense	(27,392)	(20,384)	(1,250)	(81,633)
Financial restructuring items	—	—	124,394	(33,604)
Income before income taxes and accounting change	104,506	17,995	(252,300)	(112,968)
Income taxes	(5,300)	(4,800)	(1,000)	(5,800)
Income (loss) before accounting change	99,206	13,195	(253,300)	(118,768)
Cumulative effect of accounting change	—	—	(144,523)	—
Net income (loss)	99,206	13,195	(397,823)	(118,768)

Source: Company reports.

human resource challenges does Chiquita face as the purchaser, producer, and supplier of a commodity?

- Does Chiquita's global corporate responsibility (CR) program create a conflict between shareholders and other stakeholders? Who are Chiquita's main stakeholders in the United States and around the world, and how are they affected by Chiquita's CR program?
- How would you characterize Chiquita's past and present leadership? How does leadership affect a company's overall reputation?
- Do you believe Chiquita would have changed its policies without the presence of damaging stories in the media? If not, what does this say about Chiquita's old management style?
- What challenges does Chiquita's new CEO face in continuing to turn the company around and balance the interests of competing stakeholders?

Exercise

At the 2004 annual stakeholder/shareholder meeting, management, represented by Chiquita's new CEO, is considering input from various groups about its strategic direction

and continued reorganization. Your group represents one of the following interests:

- Shareholders of the previous company who lost most of the value of the shares after the company declared bankruptcy.
- Shareholders in the newly reorganized company.
- Employees and union representatives of North American operations.
- Employees and union representatives of South American operations.
- Representatives of the nongovernmental organization Rainforest Action Network.

Spend five minutes preparing two or three requests to the management team about your group's interests and priorities for the company. Then, conduct an open forum in which you discuss these requests among the different groups.

Source: © McGraw-Hill Irwin. This case was prepared by Professor Jonathan Doh and Research Associate Erik Holt of Villanova University as the basis for class discussion. It is not intended to illustrate either effective or ineffective managerial capability or administrative responsibility. We appreciate assistance from Sherrie Terry and Michael Mitchell of Chiquita International. Any errors remain those of the authors.

