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innocent Drinks: Maintaining socially responsible values during growth (A)

I haven't bought an innocent product since the announcement was made

– Protestor at the 2009 innocent AGM¹

A controversial decision

So began the first person at the 2009 AGM² to question innocent's decision to sell a £30 million minority stake to a company that a vocal group of innocent customers felt had a poor ethical pedigree. innocent's three founders had anticipated a backlash. They had built innocent on strong values. Now, they were being accused by some of selling out.

innocent virtually created the UK smoothies market. Over the preceding eight years they had come from nowhere to being the fastest-growing company in the UK food and drinks industry.³ The brand was an icon of a fresh approach. It reached the growing body of consumers who passionately believed in ethical business. After the announcement of this deal, some of them were downright angry.

The funding decision was taken at a difficult time for innocent. The economic downturn was hitting smoothie sales hard, with the UK market declining 20% in 2008.⁴ Competition had intensified and innocent's UK managing director had just left the company. That same year, innocent made a substantial loss – £9.1m – for the first time.⁵ They needed cash to grow. And they desperately did not need a consumer boycott.

The founders sat forwards and prepared to justify the one of the most important decisions innocent had ever taken.

Celia Moore, Assistant Professor of Organisational Behaviour, London Business School, prepared this case with the assistance of Luis Fischer and Mike McCarthy, with support from the Pears Business Schools Partnership, a collaboration between Cranfield School of Management, London Business School, Said Business School and the Pears Foundation. The purpose of the partnership is to inspire future leaders to make a positive difference to society.

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