BLUE BELL: The Cream Rises to the Top

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wildflower.

104 years, eight managers, and one family turned a down-home creamery in Brenham, Texas, into one of the most respected companies in the region and the country. The name Blue Bell has become synonymous with ice cream, and the little creamery in Brenham now sets the gold standard for ice cream production while retaining the down-home feel that first made the creamery popular among folks in Central Texas. From the original hand-crank freezer to the state-of-the-art facilities today, Blue Bell incorporates the same personal service and care that it did when it started as the Brenham Creamery Company in 1907.

LEADERSHIP



A group of Brenham businessmen established the Brenham Creamery Company as a cooperative to produce sour cream butter and named H. C. Hodde as its manager the following year.

Hodde also wanted to make use of the sweet cream and, in 1911, decided to experiment with producing ice cream. Blue Bell Ice Cream: A Century at the Little Creamery in Brenham, Texas 1907-2007 indicates, the "butter maker at the company laboriously hand-cranked a mixture of cream, sugar, and flavorings in a metal can surrounded by cracked ice and salt set inside a wooden tub." This process produced two gallons of ice cream delivered by horse and buggy to Brenham families who could consume it before it melted. The enthusiastic response led the directors to approve purchasing equipment that enabled them to produce 6,000 gallons of ice cream the following fiscal year.

Management changes and trying financial times led to difficulties for the creamery in the late 1910s. Hodde depart-

ed in 1916, and the company had several managers before the board of directors hired E. F. Kruse in 1919. Although the company minutes do not indicate specifically why the board chose E. F. Kruse, the current CEO and president Paul Kruse, Blue Bell historian Dorothy MacInerney, and public relations manager Bill Weiss all agree that the World War I veteran and college graduate had a "stellar reputation" that preceded him: "E.F. Kruse, being the youngest son of a respected local farming family had, no doubt, earned a reputation as an honest, hard-working individual. Life on the farm was not easy, and the children were generally required to take on chores and become a productive part of the working family at an early age. These requirements taught the value of hard work and responsibility and also built character"all qualities that the board required to lead the company.²

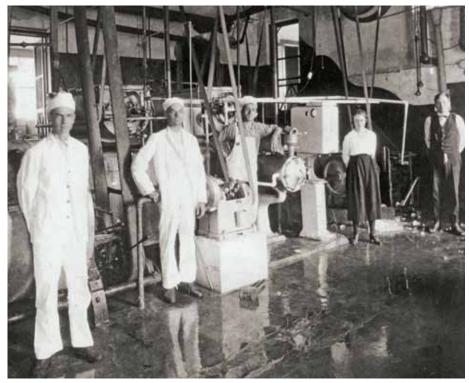
Kruse, a teacher who was also offered the job as superintendent of the nearby Burton schools, evidently chose the creamery position because it "presented more of a challenge—and therefore, more opportunity for reward." This bond was perfect for both the company and the Kruse family.

In 1930, the company changed its name to Blue Bell Creameries after the wild flower which dots the summer Texas landscape. When E. F. Kruse passed away in 1951, his sons, Ed. and Howard Kruse, followed successively in his footsteps to run the company. Current CEO and president Paul Kruse is the third generation family member to head Blue Bell. Others currently at the creamery include cousins and Paul Kruse's daughter, the fourth generation to join the Blue Bell team.

Paul Kruse shared some of his memories growing up in the Blue Bell family and working with his father and uncle:

When we were very young, we would go with our father to do a "plant check" on Sunday afternoons at the original creamery ... just a bunch of barefoot kids. We would get to stand on the conveyor belts but we couldn't go into cold storage (which is where we really wanted to go). He told us our feet would stick to the floor. Needless to say, we don't allow barefoot kids in the plant

One thing we absolutely hated as kids ... Dad would send us around the neighborhood in town to knock on doors to ask for old newspapers. We usually did a poor job. The whole family would go to the plant on Saturdays and wrap pieces of dry ice in the newspaper and then pack it into big green insulated Army bags along with packaged slices of ice cream. These went to Fort Hood in Killeen, and the ice cream was served to the troops out on maneuvers ... in the early 1960's.3



Posing with Brenham Creamery employees in the early 1920s, E. F. Kruse, right, ran the company from 1919 until his death in 1951 and set the standards for which it is known today

Paul Kruse worked at Blue Bell during high school and college. "I started in the production plant 'sleeving' ice cream and also manually palletizing ice cream. For a while I was one of the 'stick guys' at the original plant making sure we got a stick into every frozen novelty bar. I then worked in sales and hauled and cleaned freezer cabinets. One summer I ran a wholesale route and found it to be quite a challenge." No doubt this experience helped him to appreciate the hard work of his employees when he became chairman.

Ed. Kruse had always told his son, "Get your own business." Taking that advice, Paul Kruse established a law practice in Brenham. When his father approached him about working for Blue Bell, Kruse recalls, "I told him no. . . . Several months later he asked me again, and I again told him no. He came back for a third try and said he was getting mad. I reminded him of his advice about getting my own business, and he replied that 'he was probably wrong about that.' . . . Later he said I was the hardest person to hire that he ever dealt with at Blue Bell."

The leadership traditions handed down through the generations remain integral to Blue Bell's success. Paul Kruse worked under both his father and his uncle, now in their eighties. They have influenced his decision-making, and he adds, "I have immense respect for their abilities and passion for ice cream." These traditions help explain why so many customers came to feel a passion for Blue Bell.

PRODUCTION AND QUALITY

Blue Bell's sustained growth rested on two key policies: increasing and streamlining production, and maintaining product quality. During World War II, ice cream was not "top-notch" because many ingredients were hard to obtain. Blue Bell experimented with alternative sweeteners such as honey, syrup, and Karo syrup to make Frozette, but it did not compare to their ice cream. The 1950s, however, marked a new phase in ice cream consumption and Blue Bell's future direction. Paul Kruse explained that "with the innovation of modern conveniences like in-home freezers, it became desirable for Ed. Kruse and Howard Kruse to upgrade the quality of ice cream."

The commitment to quality never faltered as the company grew and added new products. For example, E. F. Kruse refused to produce mellorine, "a frozen dessert made very inexpensively from vegetable oil," because he believed it was an inferior product. However, in 1952,



his son Ed. Kruse successfully created a mellorine that "measured up" in flavor and matched the prices of competitors' products. It remained popular into the 1960s and was a bargain at "\$1 for three or four half gallons." Blue Bell began producing Slenderette in the 1960s, an innovation in low-calorie ice cream. In 1989, they responded to customers' requests for products using Nutrasweet. These came in several flavors and were the nation's first diet ice cream products in half-gallon containers.8

Howard Kruse helped move the production into new areas, and "delighted" in acquiring the latest machinery in the industry. Technology made Blue Bell more accessible



Jane Barnhill takes a tasty treat from a Blue Bell vending machine in Houston in 1961. Vending machines provided the boost that Blue Bell needed to grow into other cities and towns.

to customers. Marvin Giese serviced the vending accounts that turned attention to Blue Bell and caused people to ask for it by name. In 1961, a "boon to Houston sales" occurred when Blue Bell purchased ninety-one vending machines from Sun-Up Ice Cream Company and others from South Texas Vendors. This marked a huge step forward as John Barnhill, the Houston branch manager, had hoped. In 1965, Blue Bell installed its first Vitaline, which automated the manufacturing of frozen snacks. This step toward mass manufacturing allowed Blue Bell to expand to other parts of Texas.

Sales soared, and Blue Bell achieved \$1 million in gross revenues in 1962. By 1968, sales increased by thirty percent from the previous year. The production of ice cream continued to grow as technology developed, and by 1979, Blue Bell was producing ten million gallons of ice cream a year. 10 Plant production again doubled in 1982 when Blue Bell made expansions to the production area of the main facility.11 Although the Brenham creamery remains the only one making all the Blue Bell products, the company has plants in Broken Arrow, Oklahoma, and Sylacauga, Alabama. In 1989, Blue Bell began selling in Oklahoma and Louisiana. During the 1990s, Kansas, Alabama, Mississippi, Arkansas, Georgia, and Tennessee were added to their territory; and in the last decade, ice cream lovers in all or parts of North Carolina, Arizona, Kentucky, Florida, Virginia, Missouri, Indiana, Wyoming, and Colorado began seeing Blue Bell in store freezers.

Blue Bell's emphasis on the cleanliness of its facilities demonstrated its commitment to premium quality. At the end of each day, "Blue Bell employees break down the plant



A tourist's view of the Blue Bell packaging process demonstrates how each employee takes part in the production process.

equipment completely and clean each piece thoroughly." This process, which takes several hours, involves "rinsing each part in very hot water supplied directly from boilers at Blue Bell." The employees then use a cleaning solution to scrub each piece of the equipment before rinsing it thoroughly. At that point the equipment is sanitized. The process insures consumers receive the best-tasting ice cream, which they can eat with confidence.

Even with its attention to technology and quality, Blue Bell likely could not have become the South's leading ice cream producer without the "Driver Salesman." Originally



Shown painting an ad on a storefront window in 1999, John Barnhill joined Blue Bell in 1960 and rose up the ranks. One of his greatest contributions was the marketing strategy emphasizing that Blue Bell made the best ice cream because it came from the "Little Creamery in Brenham."

called route salesmen, the driver salesmen often begin their day as early as 2:00 a.m. to insure their products are fresh. They travel to all the areas Blue Bell services, making sure each store is fully stocked.¹³

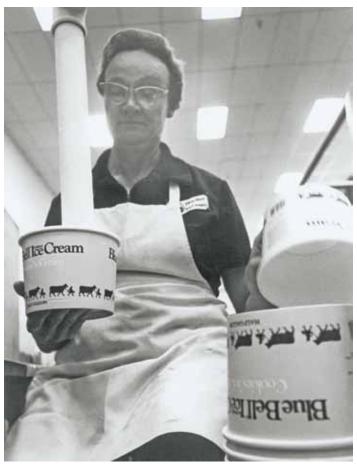
With concern for the environment, Blue Bell recycles as many things as possible—including banana peels used in desserts like Banana Pudding Ice Cream and Fudge Bombstiks. This led to a surprising discovery as told in Blue Bell Ice Cream: A Century at the Little Creamery in Brenham, Texas:

"Doug Middleton, manager of the ingredients processing department, took the time to transport each day's banana peels to a piece of property where he'd bury them in the compost heap. One day he was in a hurry and just dumped the peels – intending to bury them the next day. However, when he returned, all the banana peels were gone. The same set of events occurred the following day. On the third day, when Doug drove up to the compost site, thirty cows came running to his truck. The cows loved eating the banana peels! Blue Bell now has a chute that goes directly from the banana-peeling station to a truck that delivers banana peels to Brenham farmers for their delighted cows." 15

FLAVORS

Over the years, Blue Bell's commitment to providing great products led to the introduction of some interesting flavors; many became successes, but some failed. A few ideas that did not take off included Dill Pickle 'n Cream, a green ice cream with bits of pickle chips in it; Purple Fink Bar, a raspberry ice cream that left the consumer's mouth purple; Peanut Butter; and Macadamia. The successes, however, far outweigh the occasional miscue.

Howard Kruse developed the most popular flavor of Blue Bell ice cream. In 1967, he began contemplating how



Employees like Lee Dell Krause filled cartons manually for years after the facility made technological improvements. This required "almost a juggling motion as an empty carton was placed under the one being filled by a stream of ice cream." She then passed the full carton to the next person for sealing and moved the empty carton under the nozzle (all without spilling!).

to replicate the flavor of hand-cranked homemade vanilla ice cream. Though it may seem simple enough, duplicating that unique flavor was not easy. Howard Kruse struggled for nearly a year, before he "hit upon the right combination of texture and flavor" and "tentatively" asked Ed. to test

it. Thanks to Howard's perseverance, customers can now enjoy the original homemade vanilla ice cream for which Blue Bell is famous. When the company began producing Homemade Vanilla in 1969, "cartons flew out of the grocery store freezers," and it continues to be Blue Bell's biggest seller.16

In terms of knowing flavors, no one can beat Blue Bell's taste testers. Though anyone who works there can become a taste tester, the best of the best can differentiate subtle differences. "These experts easily distinguish between Milk Chocolate mix and Dutch Chocolate mix, Homemade Vanilla mix and French Vanilla mix." Blue Bell explains. "More sophisticated palates" are crucial in discerning the best milk and cream when fresh dairy products arrive from the farms. Taste testers play a role in every stage of the production process from the beginning to the end, and they ensure that every "flavor meets Blue Bell's high standards of excellence in every aspect."17

Regional and rotational flavors emerged that helped Blue Bell maintain community ties at its production points. Dos Amigos, Tres Leches, Dulce de Leche, and Buñuelos are some of the regional creations popular in the Houston area that became rotational flavors throughout Blue Bell's routes. The company introduced Key Lime Pie ice cream in Florida, and the flavor "proved so popular" that Blue Bell offered that "little bit of Florida" to other regions and made it a rotational flavor for the whole company.¹⁸ Rotational flavors come out at certain times of the year. Often these coincide with harvests, for example, to ensure the freshest ingredients.

Blue Bell takes pride in allowing consumers and employees to suggest new flavors. The company conducted a "Taste of the Country Flavor Contest" to celebrate its 100th birthday in 2007. Mary Jane Hegley of Charleston, South Carolina, won the grand-prize for "Southern Hospitality," which has a Homemade Vanilla base enhanced with pineapples, pecans, and a strawberry sauce. Blue Bell customers also submit flavors, and "on a certain date each year, the new-flavor candidates are reviewed, and employees help to decide which ones will appear in grocers' freezers the next year."19 This allows both consumers and employees to take part in the creative process.

COMMUNITY

Over the years, Blue Bell has moved from a simple smalltown creamery to the third largest ice cream provider in the country. Yet it has retained the small-town feel by keeping the employees and consumers involved. Paul Kruse noted, "Historically, Blue Bell has always tried to be a good partner in ways that benefit the communities we are in. Sometimes we find that we can be of help in ways we would have never thought of until an event takes place."²⁰

No truer example could illustrate that point than the story of a young woman who was found at the Grand Canyon

Copy of post card found in Iraq by Jim Boyd in 2004 that reminded him of home, and Texas, and going to the store to buy Blue Bell. Photo courtesy of Richard Korczynski of Victoria, Texas,

and Blue Bell Creameries.



in 1991 with no memory of who she was, where she was from, or how she got there. She only mentioned three things to the sheriff: Delchamps, a grocery chain in the Southeast; a river; and the slogan, "Blue Bell. The best ice cream in the Country." The sheriff called the creamery, and the Blue Bell representative determined the company serviced Delchamps in East Texas and western Louisiana, which were divided by the Sabine River. Area television stations ran the story, which the woman's parents saw and brought their daughter home.²¹

Blue Bell has provided cold treats and ice to rescue workers and offered its trucks for cold storage and transporting supplies following natural disasters. For example, with Brenham on a Gulf Coast evacuation route, Blue Bell along with an electric cooperative provided fresh water to relieve stranded travelers during the evacuation for Hurricane Rita. After the storm blew through, Texas Rangers in Beaumont asked for a refrigerated truck for ice, and within an hour, Blue Bell's Beaumont branch had one on the way.²²

Blue Bell has helped in other ways as well. After Hurricane Katrina, Plaquemines Parish, south of New Orleans, contacted the Slidell Blue Bell branch to help salvage its flooded court records. To prevent mold, "The solution was to freeze the records very quickly and then get them to a place that freeze dries and restores them." Blue Bell loaded the documents, froze them, and through "a lot of coordinated effort" helped save the historical records.²³ In another incident, the director of the Star of Republic Museum contacted Paul Kruse to help with an "insect infestation in a stuffed buffalo." It seemed the bugs could be killed by freezing, then thawing, and refreezing the buffalo. Kruse offered the museum an old refrigerator truck to solve the problem. As a result of these many efforts to be a community partner, Blue Bell has become a favorite for more than just its ice cream wherever it has expanded.

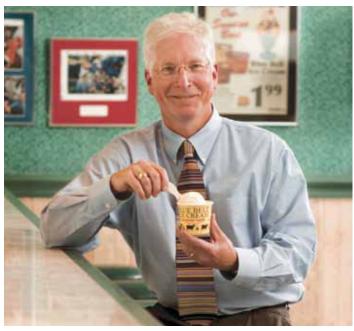
How Blue Bell handles its correspondence illustrates another way it maintains its down-home atmosphere and stays connected to communities. Last year Blue Bell received approximately 4,000 phone calls and letters with a typical day bringing in between ten and forty letters.²⁴ Even though he has many responsibilities, Paul Kruse responds to each letter personally, epitomizing the commitment of the Kruse family to the ideals on which the little creamery in Brenham was founded.

The letters cover many subjects, from suggestions for new flavors to requests to start selling ice cream in new areas. Some of the letters contain surprises, such as the one the company received from someone who had been playing video games with a friend when a tornado siren sounded. The friend dashed off and returned with two spoons and a carton of Dutch Chocolate, which they ate sitting in the bathtub during the tornado.²⁵

Many write in to tell Blue Bell how much its ice cream means to them, such as a letter received in June 2004 from Jim Boyd, AFCAP Ranger in the U.S. Air Force. He found a post card buried in the sand at Camp Taji, Iraq, featuring "a pint container of Blue Bell Homemade Vanilla Ice Cream filled with bluebonnets and the Lone Star flag in the background" with a note that read, "Wish we could send you a case of cool ice cream. Don't think it will make the trip.

Take care and we look forward to your return." Boyd, who kept the card near his bunk, wrote to Blue Bell: "It is hard to put into words the way I felt when I found this postcard from my great home state of Texas. It was lying on the ground in an area totally destroyed by our bombs. ... Each time I looked at the card I was reminded of home and Texas and what it would be like to go to the food store in Austin and buy some Blue Bell Ice Cream. ... I had mixed feelings of being happy and homesick at the same time, but mostly happy."²⁶

When asked about the impact of the letters, Paul Kruse wrote, "We are always amazed of how our products are embraced by our consumers. It really humbles us to know that people take such pride in our products, as if they made it themselves ... they become ambassadors for us. Also, we're reminded that they associate Blue Bell with special times



Going from a "stick guy" making novelty bars to Blue Bell CEO and president, Paul Kruse has followed in his grandfather's, father's, and uncle's footsteps, sharing their passion for ice cream and the little creamery in Brenham.

and memories in their lives. Ex: birthday parties, celebrations and just about any sort of special event is usually a good time for ice cream. We just feel privileged that they pick Blue Bell because we know that there are other choices they could make. The loyalty of our consumers only makes us want to work harder to maintain the same quality going forward, and continue to find ways to improve what we do."

With Blue Bell, the cream has truly risen to the top. Blue Bell is currently finishing up a complete remodeling of the tour and visitors center in Brenham. More new flavors are on the way. As Paul Kruse said, "The fun continues." 27

For tour information, recipes, and more, visit www.bluebell.com.

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