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The scoop: Wells sells to confectioner

Le Mars ice cream maker acquired by owner of Nutella

MASON DOCKTER
mdockter@siouxcityjournal.com

LE MARS, Iowa — Wells Enterprises, the second-largest ice cream maker in the U.S. and the source of Le Mars' ice cream-centric identity, is ending more than a century of ownership by the Wells family.

A merger between Wells, maker of Blue Bunny ice cream, and the Italian confectioner Ferrero, maker of Nutella, was announced Wednesday.

Mike Wells, the CEO and the last remaining member of the Wells family actively involved in the company, will step aside and serve in a somewhat more informal advisory role; Liam Killeen, who was named president of Wells last year, has been named the new CEO.

The transaction is expected to close in January.

Terms of the deal were not disclosed; because both companies are privately held, there is no legal requirement for them to do so. "Not going to disclose financials, it's the beauty of being private" as Wells put it in an interview with The Journal Wednesday.

Mike Wells said that because the companies are not competitors — up until this transaction, Ferrero was not a major player in the ice cream industry — the Federal Trade Commission won't have any objections to the deal. "This isn't an ice cream company buying an ice cream company, this is a candy company buying into a category they don't have presence in," he said.

Wells Enterprises is expected to maintain a high degree of autonomy within the Ferrero organization, and Mike Wells said that all the company's 2,700 Le Mars employees, both white collar and blue, will retain their positions, their pay and their current titles. The Wells name also will be retained.

"When they (Ferrero) purchase companies, they leave them as independent business units," Wells said. "So it will have Wells on the outside of the building, they will utilize all the Wells brands, things like Blue Bunny, Halo Top, Bomb Pop, Blue Ribbon Classics. The management team will have the autonomy to run the business independently. They will report up to an individual inside of Ferrero, but that's the majority of Ferrero's involvement."

Ferrero is known mainly for non-ice cream products like the hazelnut-based Nutella chocolate spread, Ferrero Rocher chocolate candies and Tic Tac mints, which they brought to market decades ago. The company held only one ice cream maker prior to the Wells acquisition, a small Spanish manufacturer.

By way of introduction

The relationship between Wells and Ferrero began in 2019, when Mike Wells went to Europe "on an unrelated business trip," and made his introduction to Ferrero. The two firms became interested in producing ice cream products inspired by Ferrero candies. "They loved the way that we were able to interpret their brands in ice cream," Wells said.



JESSE BROTHERS PHOTOS, SIOUX CITY JOURNAL

Mike Wells, CEO of Wells Enterprises, is shown scooping ice cream at the Wells Visitor Center & Ice Cream Parlor in downtown Le Mars, Iowa on Wednesday. The more-than century-old Wells Enterprises is being acquired by the Italian confectioner Ferrero.



The Wells Visitor Center and Ice Cream Parlor is shown Wednesday. Wells, maker of Blue Bunny Ice Cream, announced Wednesday that the company is being acquired by The Ferrero Group of Italy.

For the past two or three years, Wells, 63, said he has been trying "to find a solution for the business going forward." He's been the sole member of the Wells family actively involved in the enterprise since 2007.

"Since our 100th anniversary in 2013, I've been thinking about what the next 100 years looks like," Wells said. "And how long the family's involvement could stay there, and what the solution would be for the next 100 years. And so that was really the crux of this transaction."

The pandemic slowed down the conversation, but Wells and Ferrero reconnected early this year: "Talked a little bit about their intent, because they'd said they wanted to expand into ice cream."

Wells hosted Ferrero head Giovanni Ferrero during Ice Cream Days in June, and it was around that time that Ferrero asked if Wells would be interested in a sale.

Mike Wells said that he felt "extremely honored" to have found a

succession-plan solution for the company "that respected and honored our employees, our community, our family and now the Ferrero family." Wells, who is active in several community groups and the Siouxland Chamber of Commerce, and wife Cheryl, proprietor of the Habitude Coffeehouse in downtown Le Mars, plan to continue their civic engagement.

"I couldn't be more honored and more happy for the outcome," he added. "A little bit of a bittersweet moment today to announce it and know that it's the end of this chapter for me, and a new chapter for my wife and I as we commit 100

Please see WELLS, Page A4

To WATCH an interview with Wells Enterprises CEO Mike Wells, point your smartphone camera at the QR Code and tap the link.

NEWSVU

Community leaders react to Wells sale

NICK HYTREK AND DOLLY BUTZ
Journal staff writers

Upon hearing the news of Wells Enterprises being acquired by Ferrero, business leaders and political figures from across the region were uniformly positive.

"I want to express my gratitude to Mike Wells and his family for insisting that Iowa remain the home of Wells Enterprises including its facilities, products, and people as the business begins this new chapter," Iowa Gov. Kim Reynolds said in a statement. "I appreciate Mike's continued dedication to the community of Le Mars and look forward to meeting the new leadership soon."



Reynolds

Le Mars Mayor Rob Bixenman said the transaction provides the potential for manufacturing growth in the city, and he had no concerns that the sale could lead to future plant closures and job losses.

"We're very appreciative of Wells searching out this particular buyer because they're not in the ice cream business. We really feel like it's an opportunity for Wells to grow here," Bixenman said.

"We're very appreciative of Wells searching out this particular buyer because they're not in the ice cream business. We really feel like it's an opportunity for Wells to grow here."

Because Ferrero is an international group, the sale opens up international markets for Blue Bunny ice cream and other Wells products. Bixenman was optimistic that could lead to increased sales and production and an expansion of Wells' existing facilities in Le Mars.

Rob Bixenman,
Le Mars mayor

"It puts us on the global stage in ice cream," he said. "Certainly, giving us the opportunity to market our products worldwide now gives us the chance to prove we are the ice cream capital of the world."

Should Ferrero candies or other products become ingredients in Blue Bunny ice cream products, the sale also holds potential that Ferrero may choose to move manufacturing of some of its products to Le Mars, Bixenman said.

Aside from creating jobs at its plants and numerous related supporting industries such as trucking, packaging and cold storage, Wells also has been a philanthropic giant in Le Mars, supporting numerous charities and making donations to several fundraising campaigns over the years. Bixenman said he hasn't met with Ferrero representatives, but said Mike Wells has assured him the new owners would continue to fund Wells' commitments.



McGowan

"I feel very confident it will continue," Bixenman said. "Mike assured me those philanthropic dollars were written into the (sale) agreement. They're very community-minded."

Siouxland Chamber of Commerce President Chris McGowan called Wells "an outstanding corporate citizen for over a century" in a statement provided to The Journal. McGowan noted that he didn't expect that to change in any way.

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THE MINI: We are proud of the Wells and Blue Bunny families and all they have brought to our region over the decades. —Journal Editorial Board

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Wells

From A1

Coffeehouse in downtown Le Mars, plan to continue their civic engagement.

"I couldn't be more honored and more happy for the outcome," he added. "A little bit of a bitter-sweet moment today to announce it and know that it's the end of this chapter for me, and a new chapter for my wife and I as we commit 100 percent of our efforts to our community and community development and things that we've enjoyed doing more on a part-time basis."

Le Mars will retain its ice cream identity, Mike Wells said.

"Based on their plans for continued growth and investment in this business, all Le Mars can look forward to is manufacturing more ice cream, having a greater reputation around being the Ice Cream Capital of the World, and being a great place to work, live and play," he said.

WELLS HISTORY

The Wells ice cream empire began humbly. Family patriarch Fred H. Wells Jr. decided to move his family back to their native Chicago after a drought struck their South Dakota farm in the summer of 1911. En route, the family ran out of money and stopped in Le Mars, where Wells became a hog farmer. Sometime thereafter a cholera outbreak decimated Wells' herd and he needed a new line of work.

The company places its founding-date in 1913, when Fred Wells acquired a horse-and-wagon milk-delivery business in Le Mars. By about 1925, Fred Wells and his sons began producing ice cream and were distributing it to Remsen and Alton, Iowa, by the next year, according to Wells Enterprises.

In 1927, Harry C. Wells joined his brother Fred in a partnership to distribute ice cream in Sioux City.

The following year, the brothers sold that distribution system to Fairmont Ice Cream. As a result, when they decided to sell ice cream again in Sioux City in the mid-1930s, they no longer held the rights to the Wells name.

So the company adopted a new brand name — Blue Bunny, the end result of a "Name that Ice Cream" contest in The Sioux City Journal.

In the late 1950s, Fred H. Wells' nephew, Fred D. Wells, along with Fay Wells and Fay's older brothers, Harold, Roy and Mike, formed a partnership. At the time, Blue Bunny was still a regional brand. Toward the end of 1961, Blue Bunny ice cream products were sold in roughly 1,500 retail outlets across parts of Iowa, Nebraska, South Dakota and Minnesota.

By 1977 Wells Dairy (as it was then called) had absorbed more than 40 small dairies in Northwest Iowa, in the process becoming the largest ice cream manufacturer in the state. At the time it had roughly 350 workers and its distribution area had expanded slightly, to a total of six Midwestern states.

In 1991 Blue Bunny



JESSE BROTHERS PHOTOS, SIOUX CITY JOURNAL

The sign in downtown Le Mars, Iowa, announcing the community as the Ice Cream Capital of the World, is shown Wednesday. Wells Enterprises, maker of Blue Bunny Ice Cream, announced Wednesday that the company is being acquired by The Ferrero Group of Italy.



Mike Wells, CEO of Wells Enterprises, is shown at the Wells Visitor Center & Ice Cream Parlor in downtown Le Mars, Iowa, Wednesday. The more-than-century-old Wells Enterprises is being acquired by the Italian confectioner Ferrero.

products were being test-marketed in Mexico and Japan. At the end of that decade the company was selling its products in all 50 states, plus Puerto Rico and 20 other countries.

The variety of Wells' product lines also broadened during this time period — from roughly 27 frozen dessert products in 1961 to a reported 540 by 1990.

By the 1990s, the company's growth led to Le Mars being designated the "Ice Cream Capital of the World." The company's plant capacity underwent several expansions in the 1980s and 1990s. In 1995, the company's sales reached about \$500 million, half of which was attributed to the Blue Bunny ice cream label.

The company opened an ice cream parlor in Le Mars in 1999. More than a decade later the parlor was moved to its current location, a historic brick building in downtown Le Mars which serves as a sort of public-facing outlet for Wells in the community.

When both retired in January 2001, Fay and Fred Wells turned over day-to-day management to their

sons, the third generation to run the family business.

In 2019, Wells made three major acquisitions, in the process transforming itself into the second-largest ice cream maker in the United States — Fieldbrook Foods, an East Coast ice cream maker, followed by a Nevada plant purchased from rival Unilever and then Halo Top, a low-sugar, high-protein brand of ice cream.

Demand for the company's frozen treats has been white-hot in recent years — in early 2020, Mike Wells said that the company was using nearly all its capacity in Le Mars. With the pandemic came even greater demand.

This spring, the company announced a \$70 million capital investment, adding new product lines and upgrading its equipment in Le Mars. Around the same time, the company announced it would take up half of the storage capacity of a new cold-storage warehouse being built in the Southbridge Business Park.

Who is Ferrero?

Ferrero Executive Chairman Giovanni Ferrero said the combination made a great deal of sense.

"I strongly believe that Wells and Ferrero are the perfect match and would like to thank Mike Wells and the Wells family for entrusting ownership of this great company to us," Giovanni Ferrero said in a statement.

The Ferrero brand was born in Alba, Italy, in 1946, when Pietro Ferrero crafted a cream of hazelnuts and cocoa. Accord-

ing to Giovanni Ferrero, it was a kind of solidified Nutella that had to be cut with a knife. Nutella in its modern form came about in 1964, according to the BBC.

An October 2011 story from The Guardian reported that "For every 100 hazelnuts grown on Earth, 15 end up in a Ferrero product."

When former Ferrero owner Michele Ferrero died in February 2015, international news agency Agence France-Presse noted the company "employs more than 22,000 workers" and "has an annual turnover of more than 8 billion euros."

The Ferrero North America also lists Baby Ruth, Butterfinger, Crunch, Famous Amos and Keebler as additional products it oversees in the U.S. In 2018, Ferrero acquired Nestlé USA's confectionery business. The company initially got a foothold in the American market with Tic Tac in 1969.

To LOOK at photos of the Blue Bunny Ice Cream Parlor, point your smartphone camera at the QR Code and tap the link. NEWSVU

To SEE photos of Wells Enterprises from over the years, point your smartphone camera at the QR Code and tap the link. NEWSVU

A timeline of Wells Enterprises

JARED MCNETT
jmcnett@siouxcityjournal.com

1911

Fred H. Wells, the founder of the business, was leaving his drought-struck South Dakota farm for Chicago. On the way there, the family ran out of money and stopped in Le Mars. Wells tried his hand at hog-farming but cholera destroyed his herd.

1913

Fred H. Wells acquired a horse-and-wagon milk-delivery business in Le Mars.

1925

Fred H. Wells and his sons began producing ice cream and were distributing it to Remsen and Alton, Iowa, by the next year, according to Wells Enterprises.

1927

Harry C. Wells joined his brother Fred in a partnership to distribute ice cream in Sioux City. Fred D. Wells was born in April of that year.

1928

The brothers sold that distribution system to Fairmont Ice Cream. As a result, when they decided to sell ice cream again in Sioux City in the mid-1930s, they no longer held the rights to the Wells name. So the company adopted a new brand name — Blue Bunny, the end result of a "Name that Ice Cream" contest in the Sioux City Journal.

1946

Fred D. Wells joined the family firm.

Late 1950s

Fred D. Wells, along with Fay Wells and Fay's older brothers, Harold, Roy and Mike, form a partnership.

1961

Blue Bunny Ice Cream products were sold in roughly 1,500 retail outlets across parts of Iowa, Nebraska, South Dakota and Minnesota.

1977

Wells Dairy (as it was then called) had absorbed more than 40 small dairies in Northwest Iowa, in the process becoming the largest ice cream manufacturer in the state. At the time it had roughly 350 workers and its distribution area had expanded slightly, to a total of six Midwestern states.

1991

Blue Bunny products were being test-marketed in Mexico and Japan. At the end of that decade the company was selling its products in all 50 states, plus Puerto Rico and 20 other countries. "We have determined that we can manufacture a product, take it long distances, get acceptance in distant markets and make a profit," Fred Wells told Dairy Foods magazine in 1990.

1995

The company's sales reached about \$500 million, half of which was attributed to the Blue Bunny Ice Cream label.

2001

Fay and Fred Wells turned over day-to-day management to their sons, Gary, Dan and Doug, and Mike and Greg, the third generation to run the family business.

2007

Mike became the President and CEO of Wells. The other four Wells family members stepped away from day-to-day management of the business.

2020

Fred D. Wells died at age 93.

2022

Wells announced it had reached an agreement with the Ferrero Group of Italy. A confectionary-focused business, Ferrero owns Nutella, Kinder, Tic Tac and Ferrero Rocher.

Jared McNett is an online editor and reporter for the Sioux City Journal. You can reach him at 712-293-4234 and follow him on Twitter @TwoHeadedBoy98.

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