Hain Celestial Group: Working with Activist Investors (A)[1]

Irwin Simon did not want to pick up the phone. The chief executive and founder of Hain Celestial Group Inc.'s assistant said there was "a guy named Carl Icahn" on the other line. Everything was about to change.

It was 2010, and Icahn had just purchased a 12% stake in the company. "After that, it became like a circus," Simon told *The Wall Street Journal*. "It was kind of like an earthquake went through the company."

highlighting the casual-dining chain's scratch-made food, refining the menu in response to lower consumer spending, cutting costs, and appointing new board members.

Sardar Biglari, owner of about 9% of the company at the time, had other ideas. Biglari believed he could guide the company to success and deserved a seat on the Cracker Barrel board.

To combat the activist investor, Cochran along with her CFO Lawrence Hyatt met with other stakeholders and proxy advisers to promote her plan and keep Biglari off the board.

The strategy worked, and Biglari failed to obtain a seat. But, he bought a larger stake in the

Figure 1: Activist Investors and CEOs

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Figure 2: Number of Activist Campaigns (August 2016)

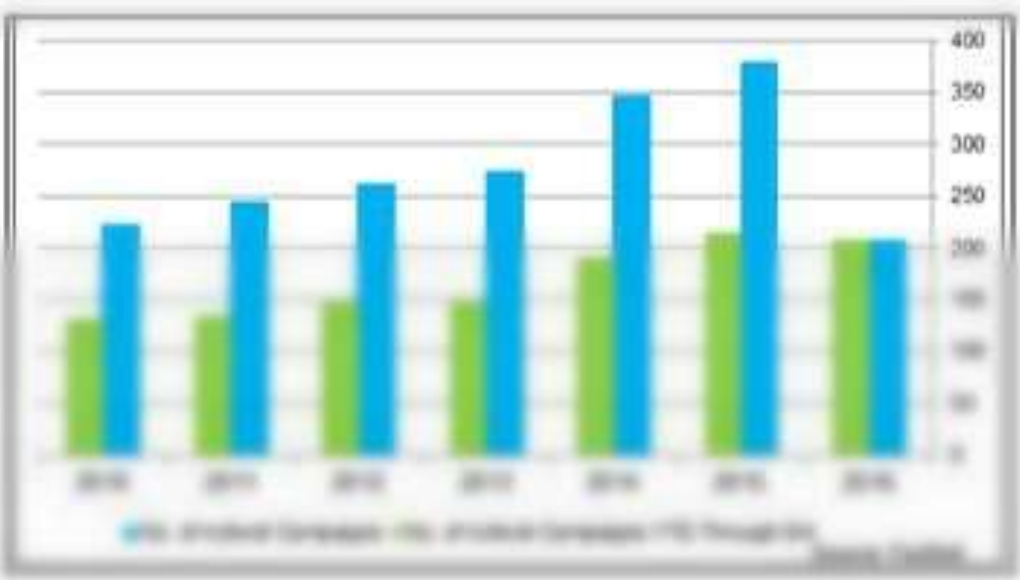

Figure 3: CEO Strategies for Dealing with Activist Investors