

Swot analysis for sara lee

Business



Sara Lee Corporation (research report) Sara Lee Corporation (SLE) is a global manufacturer and marketer of consumer goods like food and beverages, branded apparel, and household products. The company primarily operates in North America, Europe and Asia-pacific regions. It is headquartered in Illinois, the US and employs about 138, 000 people. The company traces its lineage to 1939, when Nathan Cummings acquired C. D.

Kenny Company, a wholesale distributor of sugar, coffee and tea in Baltimore, and created Consolidated Foods Corporation. In 1956 the company bought a company known as Kitchens of Sara Lee, which became one of the company's best-known brand names. In 1985 management adopted the brand name as the name of the corporation as a whole. According the data, the company recorded revenues of \$13, 212 million during the financial year (FY) ended June 2008, an increase of 10. 3% over FY2007.

The operating profit of the company was \$260 million during FY2008, a decrease of 53. 7% over FY2007. The net loss was \$79 million in FY2008, as compared to a net profit of \$504 in FY2007Strengths Sara Lee has reorganized its operations into seven business segments: North American retail meats, North American retail bakery, food service, international bakery, household and body care, and branded apparel. To improve operational efficiency, the company is continuously implementing improvements methods to streamline process, and is also centralizing its procurement and information technology across the organization, ensuring stable revenue growth and providing the company with a competitive edge

over its competitors. A contribution to Sara Lee`s great success as a leading firm in the packaged meats industry has been its management team.

Sara Lee has implemented aggressive strategies in the way of expansion, brand management, and new product introduction. Its intensive acquisition initiative has pushed it to the top of many of its business and has opened doors in the international markets. The company has a strong revenue growth, the company recorded revenue of \$13212 million during the financial year ended June 2008, an increase of 10.3% over financial year 2007. Weaknesses From the analyzing Sara Lee`s financial performance, it is evident that it is not living up to its mission of creating long-term stockholder equity as compared to its competitors.

In addition, the greatest weakness that has placed Sara Lee`s operation and production capabilities has been food safety at its meat plants, products recalled 91500 packages of fat-free Ball Park Franks in 1997, again later, Sara Lee recalled various hot dogs and deli meat products that could possibly be carrying Listeria, a potentially deadly microbe. Limited liquidity position cause the declining market share in sector, overdependence on few customers make it low return on equity. Opportunities Sara Lee maintains majority share in its packaged meats industry through quality brands and the introduction of innovative products that meet consumer demand. Sara Lee`s subsidiaries introduced a number of fat-free food products to meet its customers` demand for healthier products. International markets have and continue to provide that opportunity for many firms, it is therefore necessary that Sara Lee continue to look ways outside of the domestic market to increase their market base and ultimately increase revenue and profit, and <https://assignbuster.com/swot-analysis-for-sara-lee/>

with the advance in computer technology and the obvious advantages of e-commerce, providing products online for purchase is a great opportunity.

In light of its recent misfortunes regarding food safety, Sara Lee can benefit significantly by becoming the industry leader in food safety research, technology and education. Sara Lee has established standards and protocols for production and testing that exceed federal and industry guidelines, enhanced employee training, implemented new product labeling. Threats
The greatest potential threat come from Sara Lee`s issue of food safety in its meat processing plants, it is reported that in 1998, there about 100 illnesses, 15 adult deaths and six miscarriages in nearly dozen states. The implications for such a disaster on Sara Lee`s future sales and rapport with consumers are great. The potential downsides could include loss of customers and market share to competitors.

In addition, Sara Lee`s stock has already felt the effects of the hot dog and deli meat recall as seen by its drop in stock price, this trend could very well continue as lawsuits continue play out. This could hurt the company considerably since it is Sara Lee`s mission to increase stockholder`s wealth. Another possible threats are global economic slowdown and government regulation. As the economic storm last year, the customer`s saving less than before, also spend less . Government could pass down additional regulations, Federal law places a restriction of one to five years on government officials from working for companies it has regulated.