

# Cadbury competitive advantage strategies



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5. What is there about this company's strategy that can lead to sustainable competitive advantage?

The following are several strategies that Cadbury had used to bid and acquire Adams into its confectionery business. Cadbury had created a dedicated M & A team, which is under Stitzer's strategy group, at corporate headquarters to replace autonomous and dispersed work by local businesses. Besides that, Cadbury Schweppes brought in nearly 100 managers from divisions around the world to Waldorf Astoria Hotel in New York City for a two week workshop to refine the model and build commitment to the deal and the planned synergy numbers. Thirdly, Cadbury Schweppes had identified the top tier of Adams management and began making determinations as to who they would like to keep in the event of successful acquisitions. Next strategy is the mantra " Best person, right" to take the most qualified candidate to match the job that best suited him or her. They also assumed the merger as the potentially transformative event. Cadbury Schweppes had developed an exhaustive integration plan in the event of a successful bid for Adams. A steering committee would be set up with integration management team, and enable teams to achieve the full potential of the merger.

Each of these strategies will be evaluated with 4 variables which are value added, rare, hard to imitate, and not easily substitutable. Any of these strategies which had fulfilled all of the four criteria will lead to the sustainable competitive advantage in order to bid Adams successfully from other potential bidders like Nestle, Wrigley, Kraft, Pepsico, Mars, Hershey and Pharma companies. According to the case, Cadbury is estimated ranked

as the fifth in the line of potential bidders which is behind Nestle, Kraft, Mars and Hersheys.

The first strategy is creating a dedicated merger and acquisition team to replace autonomous and dispersed work by local businesses. We evaluated it as rare because not many companies would spend so many times and human capital to build a comprehensive business model of Adam's and also human resources just to make one acquisitions. Besides that, there is a added value behind the team, whereby a team of talented people were gathered to make a strategic business model to bid Adams as they could see the future of Adam's which can make Cadbury a leading confectionary company in the industry. It is also rather hard to imitate because the strategy of mergers and acquisitions were planned by whole department rather than just 5 people unit. This 5 people unit team is non-substitutable, as Cadbury is the first company with the team that already begun a comprehensive of Adam's model of businesses which include detailed information about marketing and sales, list of potential cost and revenue synergies for each of 50 countries and etc. This strategy had proven how well that Cadbury analyzed on Adam's before they make decisions to acquire a company.

Moreover, Cadbury Schweppes brought in nearly 100 managers from divisions around the world to Waldorf Astoria Hotel in New York City for a two week workshop to refine the model and build commitment to the deal and the planned synergy numbers. We do not see this as rare because according to the case, competitors would have higher cost. This strategy has value creations because it has brought in the value of team work and stimulates

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closer relationship between managers from division of around the world. It is rather hard to imitate by many of the companies because, such strategy may require a very large cost by having two week workshop the synergy numbers that they planned in this strategy are easy to substitute because in the case, Stitzer claimed that the synergies were not large enough to support the price necessary to win the deal.

Third strategy whom Cadbury Schweppes had indentified the top tier of Adams management and began making determinations as to who they would like to keep in the event of successful acquisitions. This strategy has value creation because, before Cadbury identified and analyzed their organizational culture and its top management team whether it is suitable with Cadbury's corporate culture to make a successful joint business in future or not. Furthermore, this strategy is considered as rare as it will help increase possibility of becoming the preferred purchaser for Adam's as well Pfizer who is currently the CEO of Adam's. It is also not easy to imitate by competitors, as not many top executives can win the chance to know Adam's detailed corporate information as what Cadbury's do. This strategy would be difficult to substitute by other competitors. For example Nestle, as they do not have much information about Adam especially regarding their corporate culture whether it would culturally fit with them or not, although they have large capitals to bid Adam's over Cadbury.

The fourth strategy with the mantra “ Best person, right job” which means human resources will take the best qualified candidate to match the job that best suited him or her. Added value created by having the most qualified and talented employee to produce the best quality job for the company. Besides <https://assignbuster.com/cadbury-competitive-advantage-strategies/>

that, it is rare, because every company is unsure that it had any of their employees who could lead the large American divisions if Adams is successfully acquired. It is also hard to substitute as many managers did not have the experience to run an integrated business on a global scale. However, the mantra or slogan that Cadbury carry with them are easily imitated by others as every company have the same objectives to employ the best employee in order to help the company to achieve the utmost results as well as to improve productivity.

They assume the merger as the potentially transformative event. This strategy has value added element where it is an opportunity to centralize, transform practices and create more shared services. Besides that, it is also rare that only Stitzer believed that this kind of acquisition may motivate others to accept changes towards better improvement. Furthermore, acquisition on Adam's is something new on both cultural and social on the company itself. With such strategy in mind of every executives is hard and difficult to adapt my every organizations, as not everyone especially the senior executives will accept new changes or new cultural when a company are merged and have to change their rules and organizations which has caused this strategy hard to imitate. However, Cadbury's senior managers foresee the merger and acquisition as an opportunity to restructure a new business model for Cadbury towards achieving leading confectionary company. There is very less substitute as Cadbury who will have a very motivating thinking towards accepting new changes which help the company to achieve sustainable advantage.

Cadbury Schweppes had developed an exhaustive integration plan in the event of a successful bid for Adams. Such plan is rare because, within 90 days, all validation and planning of the synergies has to be complete and new synergy projects that needed to “ Beat the Model” to be identified and mapped out. In addition, the plan is quite hard to imitate, as all the bidding preparation are required to work out within a short time and period whereby there is no other teams or competitors that could work out a successful integration plan in such a short period. Furthermore, we find out that it is quite hard to find another similar merger that could implement an integration will all the detailed work plan as well as synergy projects to be done within 60 days. Within the first 90 days monthly, all the monthly status report about merger integration and applicable synergies will begin in each department of the company itself, which indicated that the Cadbury has added value in terms of building strategic plan to acquire Adams compared to other competitors.

A steering committee would be set up with integration management team and enabler teams to achieve the full potential of the merger. This strategy contains regional value capture teams as well as functional value capture teams which are important to drive the company towards achieving sustainable competitive advantage. This is also rare because it is necessary to prepare huge amount of human resources to manage several teams in carrying out the integration plan. Furthermore, it is not easily imitated by competitors as not many companies would have interest to focus and spend time to organize a huge number of human capital to implement an integration plan just on the acquisition strategy which the company that

acquired are not 100 percent would bring profits for the company itself.

Besides that, Adams will also find hard to find other bidders like Cadbury whom had been making deep analysis and study about the corporate detailed information and there are some business similarities between Cadbury and Adams.

In conclusion, out of so many strategies that Cadbury had implemented, only some of the strategies can lead to sustainable competitive advantage as they had fulfilled 4 criteria, namely added value, rare, hard to imitate and hard to substitute. The strategies are: (1) creating dedicated merger and acquisition team to replace autonomous and dispersed work by local businesses; (2) indentifying the top tier of Adams management and begin making determinations as to who they would like to keep in the event of successful acquisitions; (3) assume the merger as the potentially transformative event; (4) developed an exhaustive integration plan in the event of a successful bid for Adams; and (5) setting up steering committee with integration management team, and enabler teams to achieve the full potential of the merger