

Sara lee corporation essay

Business



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Strengths.

The Sara Lee Corporation has spread its fare far and wide. It has operations in numerous countries, and it markets its products in nearly 200 nations on every corner of the globe. Its foreign sales account for about 42 percent of its annual revenue.

It offers a broad line of consumer goods, whose leading brands include Superior coffee, Hanes, Playtex, Wonderbra, Champion, Kiwi shoe polish and Ambi Pur air freshening products. They have built their brands through imposing their strong identity on their series of different products. The organization is not afraid to take risks in order to improve its position in the market, evidenced by the retrenchment strategy that Brenda Barnes carried out. Weaknesses. Having a diverse portfolio, Sara Lee was unable to leverage each and every one of their business lines and product categories, thus the need for retrenchment. The sheer complexity of the management task has ultimately defeated the best portfolio managers of Sara Lee. As a result of this, another weakness surfaced for the company, in the form of feeble financial performance during 2006 as compared to 2005 (Datamonitor, 2007). Likewise, their centralized operating structure remains a hindrance to their operations in a dynamic external environment which results to the company not being able to meet consumer demands in a personalized approach.

Opportunities. International expansion is always an opportunity to look out for at the Sara Lee Corporation, particularly in the Central and Eastern European markets, as well as in Asia, which are promising markets for

company growth, as a direct contrast to the already inundated markets of USA and Western and Southern Europe. Also, since one of the stronger brands of the company is in their organic products segment, it presents an opportunity for the company since the said segment is one of the fastest emerging groups in the industry of food retailing. Threats. As with any consumer goods company, Sara Lee is susceptible to increasing oil prices which will affect the prices of the raw materials that they use for manufacturing their products, which means that they have to somehow transfer some of this cost increase to the final prices of their product offerings. Consumers may then tend to shift away from the products of the company into goods that are less expensive, thereby decreasing sales revenue for the company. Major Issue One of the major issues within the organization is the retrenchment strategy being implemented by CEO Barnes, in response to the need for focusing the company's efforts into marketing strong brands instead of a dispersed effort to market even weak performing business lines and product categories. This is a major issues because of the costs associated with it in the form of media advertising, promotion and research and development which offsets the perceived savings and generated cash flows.

Major Challenges The major challenges facing Sara Lee as of the time of the case study are to become successful in the multiyear strategic plan rolled out by president and CEO Barnes to transform Sara Lee into a more tightly focused company, and to sustain continued organizational growth through initiatives to boost sales, market shares and profitability of the brands that are not part of the retrenchment. Competitive Advantage Sara Lee, in its

strength of having highly visible global operations, has managed to gain a sustainable competitive advantage in the form of economies of scale, scope and experience. They have also been able to exploit differences in national resources, flexibility and bargaining power from a multinational network of business operations. Clearly, Sara Lee is able to identify market needs and diversify both its product lines and its geographic markets to take advantage of market opportunities.

Nijkamp, Moomaw and Traistaru (2006) asserted that it seems particularly adept at leveraging its core competence in marketing to gain advantages in the markets entered. Marketing to the Public Sara Lee is an excellent marketing company. In fact, marketing is the core competence of the corporation. It uses this core competency in brand marketing to expand into other business segments, lending it an image of a highly diversified company. The organization balances its business over various product groups and geographical areas, which are competitively strong. Further, wholly owning such highly distinct brands and companies such as Hanes and Sara Lee Bakeries whose products are so diverse with their own branded image and identity that they do not even try to link the separate brands together proves an effective marketing tactic for the organization. Key Success Factors Sara Lee's main leverage is through their ability to shape mass consumer markets through strong brand names and local sourcing strategies, and the control of the network value chain. Another key success factor is Brenda Barnes competent leadership of the organization, which stems from the fact that she already held a number of senior executive positions prior to her taking the helm of Sara Lee.

Their supply chain also contributes to the company's success, by moving swiftly into Web-based procurement where the end-to-end process of requisitioning to financial settlement has been digitized. Overall, these key success factors ensure that the company meets its business objectives.

Recommendations The company should aggressively build its in existing markets and extend the geographic reach of its business in order to maximize their efforts at getting in touch with the public. Also, the challenges facing them are what Sara Lee needs to surmount if they are to continue being one of the market leaders in the consumer goods industry.