

Hershey's strategic paper

Business



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BUSTER**

The Hershey Company TABLE OF CONTENTS Page Disclaimer1 Table of Contents2 Industry Summary3 Company Summary7 Mission Statement Analysis/Revised Mission 13 External Analysis Summary 18 Internal Analysis Summary 21 Financial Analysis Summary 24 Alternative Strategies 29 Strategy Recommendation 36 INDUSTRY SUMMARY History of Chocolate
Chocolate is made from cocoa powder, which comes from the cocoa tree's football shaped, melon-like fruit. Cocoa trees grow best in the tropical environments of Africa and South America under the shade of the rainforest canopy.

Inside the pods are the beans, which must be dried and ground to create the cocoa powder. 1 The earliest known mention of cocoa dates back to about 4000 years ago in the Amazon Forest. 1 The first clear use of cocoa was by the Mayan people in Mexico in the Sixth Century, where it was consumed as a cold, unsweetened beverage. The word chocolate actually comes from a Mayan word meaning " bitter water. " The cocoa pod symbolized life and fertility and was considered the god's food. 2 When the Spanish invaded Mexico, they brought the seeds back home to Spain where new recipes were created.

This began the evolution of chocolate in Europe, where the Swiss eventually became known as the premier makers of chocolates. Chocolate production was brought to the United States by Milton Hershey in 1893. Chocolate has since become the favorite indulgence of many Americans. The Chocolate Industry Today Cocoa pods must be harvested by hand. Each fruit contains 20 to 40 seeds or cocoa beans.

The beans are removed from the pods and placed in large piles to ferment, which takes about one week; this develops the rich cocoa flavor. As cocoa beans vary in potency and flavor, most companies purchase a variety of beans to blend for their production.

Approximately 40% of the world's chocolate is grown on Africa's Cote d'Ivoire, with the remaining portion coming from Brazil, Indonesia, and other African countries. ³ While the chocolate industry actively supports economic development in Africa, there are concerns regarding human rights. Some cases of slave labor on cocoa farms has been reported. It is estimated that approximately 300, 000 children between the ages of 9 and 12 work, in sometimes hazardous conditions, on the cocoa farms.

⁴ This is obviously a concern to chocolate products who must not violate labor laws.

Ideally, the cocoa farm is a family enterprise, which should help with the economic progress of poor farmers in these countries. After transport to factories, cocoa beans are roasted, blended, hulled, and milled to produce liquid chocolate liquor. From this point, sugar, milk, and cocoa butter are added, and the mixture is processed through vats and blending machines until it becomes chocolate. ⁵ An obvious advantage to the chocolate industry is that chocolate production is mostly automated and does not require a highly educated labor force. The chocolate industry in America is currently at \$15.

3 billion per year.