



**SWOT Internal Resources**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Strong brand equity</li> <li>Highly skilled workforce</li> <li>Extensive distribution network</li> <li>Strong financial performance</li> <li>Highly innovative R&amp;D</li> <li>Strong customer loyalty</li> <li>Highly skilled management</li> <li>Strong global presence</li> <li>Highly skilled sales force</li> <li>Highly skilled production facilities</li> </ul>	<ul style="list-style-type: none"> <li>Highly competitive market</li> <li>Highly volatile market</li> <li>Highly volatile demand</li> <li>Highly volatile supply</li> <li>Highly volatile prices</li> <li>Highly volatile exchange rates</li> <li>Highly volatile interest rates</li> <li>Highly volatile inflation</li> <li>Highly volatile unemployment</li> <li>Highly volatile government policies</li> <li>Highly volatile environmental regulations</li> </ul>

**SWOT External Resources**

<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>Global expansion</li> <li>Product diversification</li> <li>Strategic alliances</li> <li>Acquisitions</li> <li>Partnerships</li> <li>Joint ventures</li> <li>Strategic investments</li> <li>Strategic acquisitions</li> <li>Strategic partnerships</li> <li>Strategic joint ventures</li> <li>Strategic investments</li> </ul>	<ul style="list-style-type: none"> <li>Global competition</li> <li>Product competition</li> <li>Strategic competition</li> <li>Acquisition competition</li> <li>Partnership competition</li> <li>Joint venture competition</li> <li>Strategic investment competition</li> <li>Strategic acquisition competition</li> <li>Strategic partnership competition</li> <li>Strategic joint venture competition</li> <li>Strategic investment competition</li> </ul>



**Critical Stakeholders**

<b>Customers</b>	<b>Suppliers</b>
<b>Employees</b>	<b>Investors</b>
<b>Government</b>	<b>Community</b>
<b>Media</b>	<b>Competitors</b>



**SWOT Analysis Summary**

<b>Strengths</b>	<b>Weaknesses</b>
<b>Opportunities</b>	<b>Threats</b>

**Executive Summary**

The Heinz Company is a leading global food and beverage company. It has a strong brand equity and a highly skilled workforce. The company is facing a highly competitive market and a highly volatile demand. The company is looking for opportunities to expand globally and diversify its product line. The company is also looking for ways to improve its operational efficiency and reduce its environmental footprint.

**Heinz Performance Analysis**

	<b>Environment</b>	<b>Social</b>
<b>Strong</b>	<p><b>End of Life Product Management</b></p> <p>The company has a strong commitment to reduce the use of packaging material. The company aims to reduce its packaging waste by 75% by 2025 and 100% by 2030 from a 2005 baseline.</p>	<p><b>Human Rights Policies &amp; Systems</b></p> <p>The company has a strong commitment to human rights. The company has a human rights policy that is based on international human rights standards. The company is also committed to human rights due diligence.</p>
<b>Weak</b>	<p><b>Regulatory Compliance</b></p> <p>In recent years, the company has paid moderate environmental fines.</p>	<p><b>Employee Safety</b></p> <p>The company has established an employee safety program. The company is committed to providing a safe and healthy work environment for its employees. The company has also established a process for reporting and investigating safety incidents.</p>



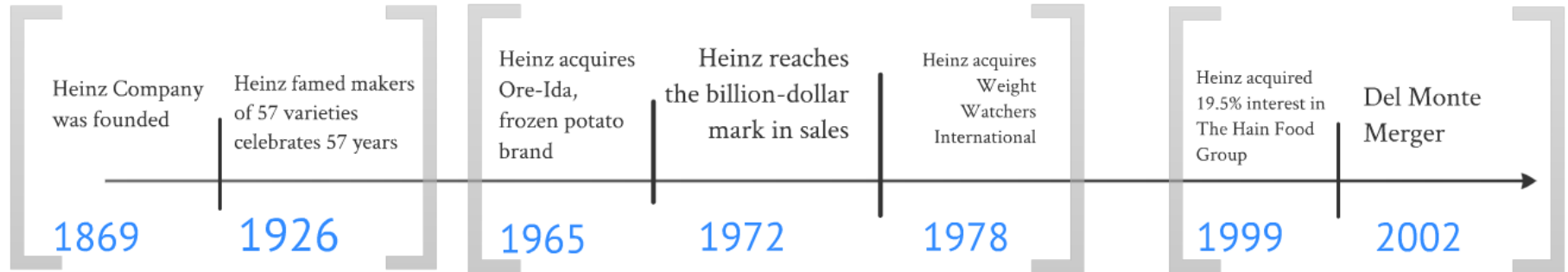


## H.J. Heinz Company

HEINZ COMPANY: THE ADMINISTRATION OF  
POLICY Harvard Case Solution & Analysis

[TheCaseSolutions.com](http://TheCaseSolutions.com)

# Heinz History





## Financial Highlights\*



(1) Amounts are continuing operations, FY06 EPS excludes special items

(2) Operating Free Cash Flow is cash from operations less capital expenditures net of proceeds from disposal of PP&E

(3) CAGR = Compound Annual Growth Rate

(4) Volume plus price

## H.J. Heinz Company and Subsidiaries

	2011	2010
(Dollars in thousands, except per share amounts)	(52 Weeks)	(52 Weeks)
Sales <sup>(1)</sup>	\$10,706,588	\$10,494,983
Operating income <sup>(1)</sup>	1,648,190	1,559,228
Income from continuing operations, net of tax <sup>(1)(2)</sup>	989,510	914,489
<b>Per common share amounts:</b>		
Income from continuing operations <sup>(1)(2)</sup> — diluted	\$ 3.06	\$ 2.87
Cash dividends	\$ 1.80	\$ 1.68
Cash from operations	\$ 1,583,643	\$ 1,262,197
Capital expenditures	335,646	277,642
Proceeds from disposals of property, plant and equipment	13,158	96,493
Depreciation and amortization <sup>(1)</sup>	298,660	299,050
Property, plant and equipment, net	2,505,083	2,091,796
Cash and cash equivalents	\$ 724,311	\$ 483,253

# Executive Summary

Our recommendation is for Heinz to use their strong reputation and innovative culture to enter the growing market of frozen organic foods.

We chose the organic frozen food strategy over our alternative strategy, which is to diversify Heinz's product line to include an herb & spice segment.

# Case Summary

- Largest prepared food supplier to the US food service market
  - Two core businesses: meal enhancers and meal & snacks
- Food service industry-flat growth but is expecting a strong growth in demand
  - Processed food industry- grown significantly
    - 4 Key Initiatives for Growth Strategy



**Current Business  
Level Strategy**

Ketchup & Sauces  
Cost Leadership

Meals and Snacks  
Cost Leadership

Infant & Nutrition  
Focused Cost Leadership

# Current Corporate Level Strategy

## Ketchup & Sauces

Diversification- Operational & Corporate  
Relatedness

## Meals and Snacks

Diversification- Related Constrained

## Infant & Nutrition

Unrelated Diversification