Strategy – Purpose, Context, Process & Content.

A contextual exploration of the current Kerry Foods Corporate Strategy model.

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Abstract

Kerry Foods is a chilled consumer foods business within the FMCG UK and Irish markets. It is a subsidiary of the Kerry Group – other divisions of the Kerry Group include Ingredients & Flavours and Agri-business.

In March 2009 Kerry Foods finally closed the deal on the acquisition of Breeo Foods following a lengthy appeal process against the Competition Authority ruling that blocked the acquisition from initially taking place. Following the High Court ruling in favour of Kerry, the Competition Authority committed to further appeal the ruling to the Supreme Court; though this appeal would have no material impact on the conclusion of the acquisition.

In the intervening year Kerry has pursued the full integration of the Breeo Foods brand portfolio into its existing portfolio of consumer foods products.

This major acquisition by an Irish company of an Irish company servicing the Irish and UK consumer foods markets forms part of the wider strategy of Kerry Foods. This paper undertakes to analyse this wider strategy through the lens of a Generic Corporate Strategy Framework – it will identify and analyse the strategic motivators of the acquisition against the backdrop of the wider purpose of the organisation, the environment in which the acquisition was made, the process which gives rise to strategy development within Kerry and how all these elements are aligned within the overall Kerry Group and Kerry Foods strategies (content).

The literature review, that forms the context for this discussion, and which provides a framework upon which the discussion is structured, will review strategy as a concept, providing various definitions and approaches to it. It will also undertake to review and analyse generic theoretical components of strategy, both internal and external, and will place these components into a broad generic framework.

Findings from the research carried out will be contextualised against the backdrop of this framework towards clarifying, and bringing substance to, the Kerry Foods strategy model.

Contents

2. Introduction

Strategy, as a field of study, has spawned a vast array of literature and theoretical discourse in the area in the past fifty years. This has given rise to various definitions of strategy and what it is all about. Porter proposed strategy as being fundamentally about generating sustainable competitive advantages, Mintzberg argued strategy was as much an evolutionary process as being based on rationality through "a pattern in a stream of decisions" (Mintzberg & Waters, 1985, P.257), James Quinn provides the incrementalist approach, amongst several others.

This literature and discourse has, in turn, given rise to "schools of thought" pooling together around some perceived commonality in approach. Whittington, for example pooled 'schools of thought' into four broad categories including Classical, Evolutionary, Systemic and Processual (2001), while Mintzberg pooled together 'ten schools of strategic thought' ranging from design, planning, positioning, through to configurational.

This suggests that not only is there some discussion as to what strategy is all about, there also exists discussion on which theory fits into which 'school' and which is the correct categorisation of schools from the outset.

This ongoing theoretical dialogue is useful towards building up a broad and completer understanding of the concept of strategy and providing to the student and strategist alike alternative approaches and challenges to normalised thinking.

The intention of this paper is to present just some of the definitions provided by theory, detail self-axiomatic components of strategy and present these in a structured framework that will be useful towards exploring a real business case of strategy in action.

This paper undertakes to analyse the Kerry Foods strategy model, using the Breeo acquisition as an example of the execution of a strategy instance within that model, through the lens of a Generic Corporate Strategy Framework, and the layers within same.

The paper will commence this exercise in Section 3 by discussing strategy as a concept through providing varying theoretical definitions and major debates within the area. This section will introduce a theoretical structure, developed from various academic works in the field of strategy discourse, that may be applied to strategy and the component elements, or dimensions, therein – including context, purpose, process and content. This generic framework for Corporate Strategy will provide a theoretical and graphical context against which organisations, and their activities, including acquisitions, may be understood.

Section 4 will review the methods of primary and secondary research that have been used towards building up in detail the elements of the Kerry Foods strategy model;- using the acquisition of Breeo Foods as an example of a strategy instance within this strategy model. Also the underlying justifications for selecting the employed research methodology will be outlined.

Section 5, Findings, will detail findings from the research carried out - overlaying the actual strategy model, and the process of acquisition within that model, onto the theoretical framework already discussed. Furthermore the purpose, process, content and context of the strategy driving the acquisition will be examined using interviews with senior managers

from within Kerry Foods. In essence therefore this section will discuss how the structure of the multi-layered components of strategy within Kerry Foods – using the acquisition of Breeo as a practical problem to be resolved within the context of that strategy – fits onto the theoretical framework provided.

Section 6, Conclusion, will complete this paper with a summary of the content, structure and outcome from the work carried out in delivering this paper.

3. Literature Review

This section of the paper undertakes to discuss, at a high level, some theoretical definitions of strategy as a concept and to draw attention to some major debates within its field of study.

This section further undertakes to analyse the theoretical components of strategy and demonstrate how these components can be pulled together into a broad framework that will act as an aid towards isolating and understanding the construct of strategy. While this framework is prescriptive in its outline of the general components within strategy as a concept, it should be noted that in reality, and this will be demonstrated through the case study of Kerry Foods, these components are often not so clearly demonstrable. This is not to say that these components do not exist in reality – rather that they overlap, enmesh and are not usually as conspicuously present as the framework may suggest.

This should not discourage the strategist or the student from undertaking to understand the broad concept of strategy and its inherent place within organisations; nor indeed the multi-layered nature of strategy. When one can visualise the overall position within this framework, it leads to increased potential for better results.

In summary therefore the overall intention of this paper is to demonstrate strategy not as a one dimensional exercise on paper but as a multi-dimensional concept operating across the conceptual X and Y axes (whilst also retaining depth) which ultimately pervades all elements of the organisations decision processes, activities and direction and to demonstrate this through the review of a real example of strategy in action.

3.1 Strategy as concept.

Strategy is a much argued concept that both academics and business leaders alike have sometimes struggled to agree upon in terms of its meaning and parameters. This has given rise to much study and discussion in the field of strategic management and also to many varying definitions.

Johnson et. al. define strategy within strict parameters. They define it as....

"...the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations" (2008, P. 3).

Porter outlines "...the essence of strategy is in the activities – choosing to perform activities differently or to perform different civilities than rivals. Otherwise strategy is nothing more than a marketing slogan that will not withstand competition" (Porter, in Segal-Horn, 1998, P.78). He further goes on positing that "Strategy is the creation of a unique and valuable position involving a different set of activities" (Porter, in Segal-Horn, 1998, P. 83).

Gallagher, in the Irish context, defines strategy as...

"...a term used to describe the actions of a company. In essence, it is about the long-term direction of an organisation. It takes into account its vision and mission, its interaction with the world around it, looking at the company's current situation, deciding where it needs to go from its present position, and how it is going to get there. Ultimately, the chosen strategy

should result in better company performance and a sustainable competitive advantage" (2009, P. 1).

...and Frery argued that "strategy comprises three objectives; creating value, handling imitation and shaping a perimeter"(Frery, 2006, P. 71) and "whether applied to existing business or to new entrants into the competitive envoirnment, one thing is constant; True corporate strategy resides only at the cross roads of all three dimensions" (Frery, 2006, P.75).

This small selection of diverse approaches gives some indication as to the discussion within the field of study of strategic management. Henry Mintzberg acknowledged the variety within this discourse when he suggested that....

"Human nature insists on a definition for every concept. But the word *strategy* has long been used implicitly in different ways even if it is traditionally been defined in only one. Explicit recognition of multiple definitions can help people manoeuvre through this difficult field. Accordingly, five dimensions of strategy are presented here-as plan, ploy, pattern, position, and perspective..." (Mintzberg, et. Al. 2003, P. 3).

From this point Mintzberg goes on to define strategy as a concept from each of these starting points – in other words to broadly detail each of the "implicit" ways in which we understand strategy. He argues that....

"By explicating and using various definitions, we may be able to avoid some of this confusion, and thereby enrich our ability to understand and manage the process by which strategies form" (Mintzberg, et. al. 2003, P.9).

In addition to the debate that has arisen towards defining strategy as a concept from the outset there is also much debate as to the means by which strategy emerges – whether that be through some form of planned process or alternatively presenting itself from circumstance – a sort of emergent process to deal with a changing envoirnment. This, in essence, therefore gives rise to the need to address the concept of strategy as a juxtaposition of sub-headings included in which are both planned and emergent strategy concepts.

Lynch defines an emergent strategy as "one whose final objective is unclear and whose elements are developed during the course of its life, as the strategy proceeds" (2009, P. 17). This approach therefore views strategy as an evolving concept within the organisation moving with the envoirmment within which it exists.

An alternative view approaches strategy as a more finite concept set out as it is in advance with the view to achieving specific outcomes. In this view strategy, as *intended or prescriptive*, has objectives that have "been defined in advance and whose main elements have been developed before the strategy commences" (Lynch, 2009, P. 16).

Both these positions in relation to strategy are compelling when applied to organisational strategy universally. In other words, clearly there are examples throughout the business world where it would appear an organisation's strategy is clearly planned out, or "prescribed" in advance and more instances where strategy would appear to be more of an "emergent" nature. So which of these approaches is a best theoretical match for what happens in reality?

Henry Mintzberg, the seminal Professor of Management Studies, resolved this apparent dichotomy when he explained....

"The popular view sees the strategist as a planner or a visionary, someone sitting on a pedestal dictating brilliant strategies for everyone else to implement. While recognising the importance of thinking ahead and especially for the need for creative vision in this pedantic world, I wish to propose an additional view of the strategist – as a pattern recogniser, a learner if you will – who manages a process in which strategies (and visions) can emerge as well as be deliberately conceived. I also wish to redefine that strategist, to extend that someone into the collective entity made up of the many actors whose interplay speaks an organisation's mind. This strategist *finds* strategies no less than creates them, often in patterns that form inadvertently in its own behaviour" (Mintzberg, in HBR, 1987, P. 73).

Mintzberg uses the metaphor of the potter to develop and clarify this thesis on strategy – he evokes the vision of the potter at the wheel moulding a creative work – in this metaphor he proclaims;- "managers are craftsmen and strategy is their clay. Like the potter they sit between the past of corporate capabilities and a future of market opportunities. And if they are truly craftsmen, they bring to their work an equally intimate knowledge of the materials at hand. This is the essence of crafting strategy" (Mintzberg, in HBR, 1987, P. 66).

Therefore, taking all of these views into consideration, a generic formula for the process of strategy development and evolution would read as follows....

'(IS + ES) – US = RS'.

...where IS = Intended Strategy as "an expression of a desired strategy as deliberately formulated or planned by managers (Johnson, et. al. 2008, P. 401), ES = Emergent Strategy as the result of "everyday routines, activities and processes in organisations leading to

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decisions that become the long-term direction of an organisation" (Johnson, et. al. 2008, P. 408), US = Unrealised Strategy as the part of intended strategy that is not executed or is put aside and RS = Realised Strategy as the strategy "actually being followed by an organisation" (Johnson, et. al. 2008, P. 420).

Figure 1 (adapted from Mintzberg & Waters, 1985, P.258) graphically portrays this formula. The poles on the continuum of strategy are intended as generalisations in reality as they rarely exist in perfect form. In their work "Of Strategies – Deliberate and Emergent", Mintzberg and Waters stated that "we would expect to find tendencies in the directions of deliberate and emergent strategies rather than perfect forms of either. In effect, these two form the poles of a continuum along which we expect real-world strategies to fall" (1985, 258-259). In essence therefore, Mintzberg concluded that strategy is a "pattern in a stream of decisions" (Mintzberg & Waters, 1985, P.257).

Intended Strategy   Deliberate Strategy   Realised Strategy

Unrealised Strategy   Emergent Strategy
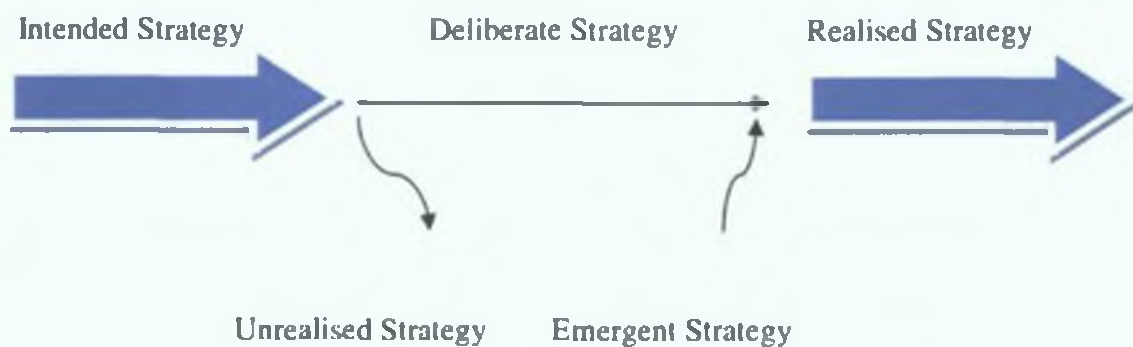
Figure 1; Types of Strategy (adapted from Mintzberg & Waters, 1985, P.258)

3.2 Strategy Components – a Generic Strategy Framework.

This section of this paper undertakes to set out the components of strategy using the graphical representation of these within an overall framework – Figure 2 – and a subsequent

examination of each of these components as detailed throughout the literature. This framework then will form the backdrop against which an examination of Kerry Foods strategy will be undertaken.
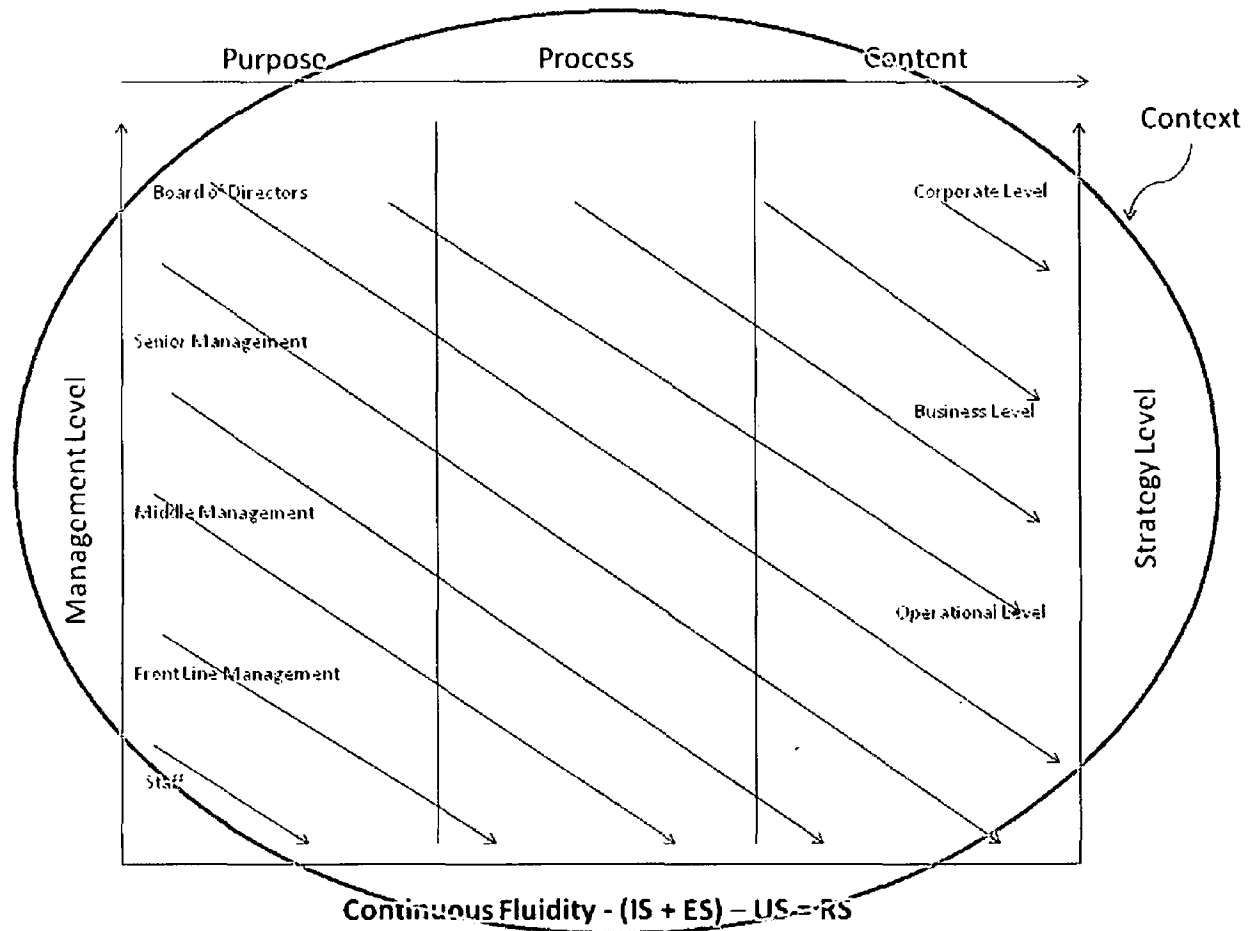
Figure 2; Generic Strategy Framework (see also Appendix 2).

While this framework prescribes the components of strategy along an X and Y axis it should not mislead the reader to the notion that strategy is two dimensional and static. Rather the purpose of the framework is to provide context and structure to strategy and to provide a collated format for the dimensions therein.

De Wit and Meyer presented the view that there "are three dimensions of strategy that can be recognised in every real-life strategic problem situation" (De Wit & Meyer, 2004, P. 5).

These dimensions are made up of strategy process, strategy content and strategy context. In specifying these dimensions De Wit & Meyer also stated that....

"It cannot be emphasised enough that strategy process, content and context are not different parts of strategy, but are distinguishable dimensions. Each strategic problem situation is by its nature three dimensional, possessing process, content and context characteristics, and only the understanding of all three dimensions will give the strategist real depth of comprehension. In particular, it must be acknowledged that the three dimensions interact" (De Wit & Meyer, 2004, P.5).

This theory of the multi-dimensional nature of strategy forms the cornerstone of this paper – it is the contention (as it was De Wit and Meyer's) that through a complete understanding and grasp of these dimensions and their interplay within the milieu of strategy, that one can come to a clearer and deeper understanding of the concept from the outset.

De Wit and Meyer include Organisational Purpose in Context – this paper splits out the two towards bringing increased clarity to each dimension. Furthermore it is a contention of this paper that Organisational Purpose is a starting point for strategy development and is a constant point that the strategist will refer to to ensure consistency with purpose, or indeed, even to challenge purpose. Context forms the broader backdrop to strategy and will act as an influencer – purpose defines the motivation. Therefore in referring to Purpose this paper defines that as Corporate Mission, Vision and Values, and in referring to Context this paper defines that as organisational, industry and international contexts.

However the earlier made point still remains salient – these two – Context and Purpose, as with Process and Content, do not represent parts of strategy, but "distinguishable dimensions" (De Wit & Meyer, 2004, P. 5) whose ongoing interplay and overlap bring form to strategy as concept.

Therefore through bringing purpose into the strategy equation as a separate dimension, meaning is brought to the framework more clearly – this is a development of Mintzberg's 'Potter' metaphor where she sits on her stool in her studio (context), having received training and long years experience in the moulding of pots (process), experienced in the skill of moulding pots and with a vision of an end result in the form of a pot (content) and the primary motivation for commencing the exercise from the outset is her desire and aim to make a pot (purpose), or indeed, some other vessel made of clay. Therefore within the collated framework developed from theoretical discourse in the field of strategy, the author includes Purpose – as the primary reason for undertaking the exercise of strategy from the outset and provider of a vision or target to be achieved in the future.

The following sections will examine each of these four dimensions in the context of the framework provided. This examination is at the core of the intent of this paper – an understanding of the nature and structure of strategy, the components therein and the necessarily fluid nature of strategy on an ongoing basis.

3.3 Context.

"The strategy context is the set of circumstances surrounding strategy making – the conditions under which both the strategy process and the strategy content are formed. It could be said that strategy context is concerned with the *where* of strategy – where (i.e. in which firm and which envoirnment) the strategy process and strategy content are embedded" (De Wit & Meyer, 2004, P. 420).

As portrayed in the Generic Strategy Framework in Figure 2, Context is represented by the oval enveloping the three other dimensions. Context is the backdrop against which each organisation operates and is unique in terms of its different implications for different organisations.

For example, the macro-envoirnmental context of a recession has negative implications for public houses while it has positive implications for the off-license trade as consumers move from expensive public house consumption of alcohol to less expensive at home consumption of alcohol. Therefore, in this example, the same macro-envoirnmental situation forms a different context for different industries, and even for different segments within the same industry. This gives rise therefore to the unique nature of context across, and within, industries and across all organisations as a whole.

Furthermore Context is continuously changing and evolving – Figure 3 graphically represents the layers within context – context acquires depth as an inherent characteristic as a result of the existence of these layers. At each layer it will become apparent upon further discussion, that envoirnmental changes at each layer – whether that be internal or external to the organisation – represent constant challenges to the organisation to remain

consistently relevant and viable and therefore should form the backdrop to any strategy development process.

Figure 3: Layers of the Strategy Context (adapted from De Wit & Meyer, 2004)

• Organisation Context.

At the innermost layer of the strategy context, outside the manager, is the organisational context. This layer is made up of all those organisational characteristics and factors that are inherent to the very being of that organisation. These characteristics will include culture, history, demographic profile of workers, size of organisation, SOPs and policies, politics, etc. Vast volumes of literature have been written researching and analysing organisational context – Morley et. al. seek to "describe and examine the complex work organisation from a behavioural perspective" (Morley, et. al., 2004, P. 1), Bacharach et. al. undertake to

examine "the assumption that organisational life is dominated by political interactions; politics in organisations involve the tactical use of power to retain or obtain control of real or symbolic resources" (Bacharach et. al., 1980, P.1) and Brown "aims to provide a coherent overview of the principle ideas and frameworks for understanding culture, how and why culture changes, and the linkages between culture, strategy and performance" (Brown, 1998, P.1). These academic works, and their areas of research and discussion, represent only the very tip of the iceberg of the field of study into organisational context. A discussion of this area is beyond the remit of this paper.

However in acknowledging the extensive nature of the field, it becomes apparent that internal to each and every organisation there is a context unique to it and this has far-reaching implications for strategy development. Furthermore this context will always be changing and fluid.

- Industry Context.

At the next layer of context is industry context. An industry is made up of "a group of firms producing products that are close substitutes for each other" (Johnson, et. al. 2008, P. 59). Therefore, using this definition of industry, an understanding of this contextual layer will incorporate a comprehension of key factors within that industry including competitive forces, technological trends, dispersion, life cycle, market segments, etc. Comprehension of these key factors will also be integral to strategy development as it provides to the strategist a broader outlook to the more insulated view provided within the confines of organisational context review.

- International Context.

The outmost layer of context is international context and this layer represents one that is becoming increasingly important for all organisations – whether they operate domestically or on an international stage. This arises due to the growing phenomenon that is globalisation. Economic globalisation, as a concept within the wider theory of globalisation, refers to the increasing economic interdependence of national economies across the world through a rapid increase in cross-border movement of goods, service, technology and capital. Furthermore it comprises of the globalization of production, markets, competition, technology, and corporations and industries.

Therefore the international context will include all of those factors on an international stage that have implications for business in general and specifically, the organisation. Using this approach therefore it becomes clear that this context is not only relevant to the international organisation but also for the local organisation and as such scanning of the international context is useful towards expanding on the more immediate elements within the organisation and industry contexts.

3.4 Purpose.

Purpose defines the reason – it is represented by the 'Why?' of organisations – in other words 'Why does the organisation exist from the outset?'. De Wit & Meyer state that "Where managers have a clear understanding of their organisation's purpose, this can provide strong guidance during processes of strategic thinking, strategy formation and

strategic change. The organisational purpose can function as a fundamental principle, against which strategic options can be evaluated" (2004, P. 590).

Therefore, and as per Figure 2 in the Strategy as Concept section earlier, where context forms the backdrop to an organisation and provides parameters within which the organisation operates, purpose provides a starting point from which all strategic processes and decisions may emanate. This should not mislead the reader to conclude that purpose represents a static point of reference to turn to for direction – rather purpose commences as the fundamental scope and direction of the organisation and, over time, and through the strategy process, may incrementally transform in accordance with the pressures, demands and requirements coming through from stakeholders, external agents and wider envoirnmental factors within the contexts as discussed in the previous section.

Broadly there are two theoretical positions on purpose – each defined by the perspective they each bring to the overarching concept of purpose.

The first of these perspectives is the shareholder value perspective that progresses on the basis that "Corporations are instruments whose purpose it is to create economic value on behalf of those who invest risk-taking capital in the enterprise. This clear purpose should drive companies, regardless of whether they are privately or publicly held" (De Wit & Meyer, 2004, P. 601). This perspective is specifically defined therefore by the accumulation of shareholder wealth as the pre-eminent purpose of any organisation.

The second, alternative, perspective takes account of a broader consideration of dependant parties involved in, and with, the organisation. In the stakeholder value perspective the

purpose of the organisation is seen as deriving from the requirement to increase the overall wealth of all participating parties immediately to, and tangentially to, the organisation. In this view "a company should not be seen as an instrument of shareholders, but as a coalition between various resource suppliers, with the intention of increasing their common wealth" (De Wit & Meyer, 2004, P 604).

- **Mission Statement and Strategic Vision.**

These broad perspectives deal with generic theoretical conceptualisations of the primary purpose defining all organisations. Corporate Mission and Strategic Vision are just two statements that provide practical substance to organisational purpose and may be expressed within an organisation through the mission and vision statements. Johnson, et. al. defines a mission statement as aiming to "provide employees and stakeholders with clarity about the overall purpose and raison d'être of the organisation" (2008, P. 164). A vision statement is "concerned with what an organisation aspires to be" (Johnson, et. al., 2008, P. 164).

The integral importance of the Mission Statement primarily manifests itself in the direction and scope it provides to the overall organisation – it defines the 'reason we come to work everyday'. Peter Drucker, the foremost pioneer on management theory, set out five self-assessment questions that organisations should ask of themselves from the outset towards creating foundations for success – Question 1 was "What is our Mission?" (Drucker, et. al., 2008, P. 11). Collins goes on to explain that "Your core mission provides guidance, not just about what to do, but equally what *not* to do". (Drucker, et. al., 2008, P.18).

A practical and relevant example of a Mission Statement – pertaining to the Kerry Group reads as follows....

"Kerry Group will be;

-a world leader in food ingredients and flavours serving the food and beverage industry,

and

-a leading supplier of value brands and customer branded foods to the Irish and UK markets.

-Through the skills and wholehearted commitment of our employees, we will be leaders in our selected markets – excelling in product quality, technical and marketing creativity and service to our customers

-We are committed to the highest standards of business and ethical behaviour, to fulfilling our responsibilities to the communities which we serve and to the creation of long-term value for all stakeholders on a socially and environmentally sustainable basis".

(Kerry Group, 2010).

A further practical and relevant example – in this case of a Vision Statement of the Kerry Group (outlined for each of its two main divisions) reads as follows....

"-Ingredients & Flavours: Creating layers of advantage;

1. *Leveraging Kerry's technology based ingredients, flavours and integrated solutions in global food and beverage growth markets;*

2. *Re-alignment of the Group's ingredients, flavours and bio-science businesses around core technology platforms and end-use market applications;*

3. Unique 'Kerry Integrated Approach' to customer specific innovation and product solutions driven by global technology, market application, culinary and sensory teams.

-Consumer Foods: Exploiting Kerry Foods' category leadership, marketing expertise and consumer understanding;

- *Continued investment in added value meat, dairy, convenience and food-to-go categories;*

- *Capitalising on Kerry Foods' strong customer listings and route to market;*

- *Supported by:*

    o *Significant brand and marketing investment;*

    o *Lean manufacturing and shared services.*

(Kerry Group, 2010).

It is clear therefore that the Mission Statement provides to an organisation clear direction as to the intent, or purpose, from the outset thus representing the "Why?" The Strategic Vision sets out broad parameters as to how the why will be achieved thus representing an aspiration for how the business will achieve success.

A useful metaphor to bring meaning to these two concepts is the football team lining out on a Sunday afternoon – their simple Mission Statement reads "Lets win this game lads!" with hurrahs all around and pumped up applause. The Strategic Vision reads from numbers 1 to 15 – each player being assigned a position on the field of play – aspiring to deliver the win through the teamwork of the fifteen players (and with contingencies set out on the substitutes bench!).

- Analysis tools – 6 Questions.

Large amounts of theoretical discourse on strategy and strategy management make limited reference to organisation purpose – seeming to assume that organisation purpose is universally accepted as profit maximisation. This leads to a limited range of tools being provided through the literature that will aid the organisation in establishing and communicating clearly its purpose. An exception is Richard Lynch who outlines six main questions that "will shape the purpose of the organisation" (Lynch, 2009, P. 221) – these read as follows....

1. What is our area of activity – and what should it be?

2. What kind of an organisation do we wish to be?

3. What is the relative importance of shareholders and stakeholders?

4. Do we want to grow the organisation?

5. What is our relationship with our immediate envoirnment and with society in general?

6. How do we bring all these considerations together?

(Lynch, 2009, P. 221).

These questions clearly deal with organisational scope, direction, the shareholder value vs stakeholder value perspectives debate, growth and interaction with envoirnment and as such provide a valuable template towards establishing organisational purpose.

3.5 Process.

The Strategy as Concept section of this paper has dealt extensively with varying definitions of strategy that appear throughout theoretical discourse and has also alluded to broad strategy development characteristics. This section seeks to delve deeper into the process of strategy which is essentially defined by the Strategy Development Process.

Towards bringing clarity to this exercise it is worth re-introducing the conceptual flow diagram detailing "Types of Strategy" that has already been discussed.

Intended Strategy   Deliberate Strategy   Realised Strategy

Unrealised Strategy   Emergent Strategy
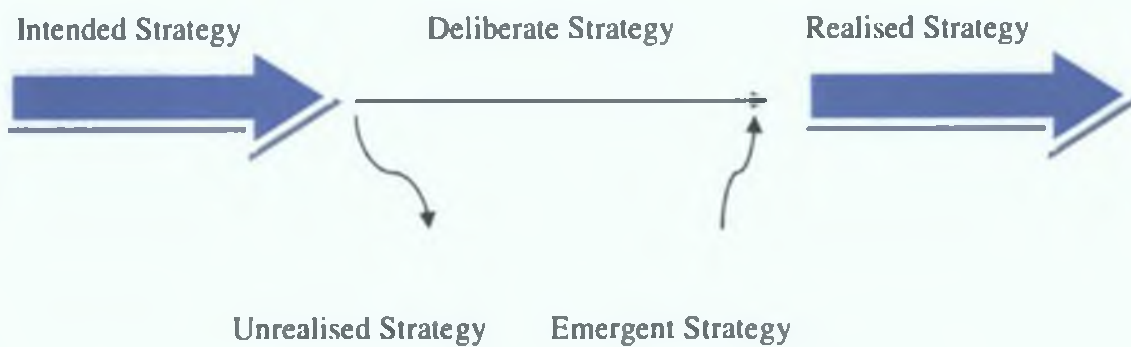
Figure 1 Types of Strategy (adapted from Mintzberg & Waters, 1985, P.258)

The flow diagram shown in Figure 1 graphically presents the essential elements of strategy and the means by which these elements evolve. In other words, as much as it defines a generic formula for stategy, it also defines a generic, and very broad, means by which strategy develops. This therefore gives rise to the notion of the validity of both emergent and planned stategy concepts in the reality of organisational existence. This idea echoes what Mintzberg discussed in his paper 'Crafting Strategy' where he remarked that the "strategist finds strategies no less than creates them" (Mintzberg, in HBR, 1987, P. 73) and also finds voice in the work of James Quinn and his theory of Logical Incrementalism.

- Logical Incrementalism.

James Quinns work on strategy development processes in organisations is based on a study of 10 major companies. In this study Quinn undertook to "document the dynamics of actual strategic change processes" (Quinn, in De Wit & Meyer, 2004, P. 132) within these 10 major companies and to determine from this work an over-riding strategy development process theory applicable to all organisations. From these extensive studies Quinn concluded that...

"The full strategy is rarely written down in one place. The processes used to arive at the total strategy are typically fragmented, evolutionary, and largely intuitive. Although one can usually find embedded in these fragments some very refined pieces of formal strategic analysis, the real strategy tends to evolve as internal decisions and external events flow together to create a new, widely shared consensus for action among key members of the top management team. Far from being an abrogation of good management practice, the rationale behind this kind of strategy formulation is so powerful that it perhaps provides the normative model for strategic decision making, rather than the step-by-step 'formal systems planning' approach so often espoused" (Quinn, in De Wit & Meyer, 2004, P. 131).

Though this notion of strategies aggregating over time in an apparently random fashion may irk those who seek to define and encapsulate strategy and the strategy development process within prescriptive parameters, Quinn argued that the traditional prescriptive formalised approach still plays a part in the reality of strategy development. However he also concluded from his studies that the formalised planning systems approach provides an incomplete definition of what happens in reality.

In other words formalised strategy planning systems form part of this high level theory of logical incrementalism and are complimented by other 'emergent' strategy developments within an organisation's strategy. This complimenting of apparently alternative processes also defines a normative approach that may be applied to any organisation. Quinn allayed the protests of those in the prescriptive school by arguing that...

"Such incrementalism is not muddling. It is a purposeful, effective, proactive management technique for improving and integrating both the analytical and behavioural aspects of strategy formulation" (Quinn, in De Wit & Meyer, 2004, P. 132).

3.6 Content.

The final dimension of strategy is Content – this is represented in Figure 2 'Generic Strategic Framework' as the fourth element as an output from the preceding three – context, purpose and process. However this does not confine content to an end, only deriving from context, purpose and process - as each dimension overlaps and enmeshes, content influences, and interacts with, the preceding three over time. As a result, as content is implemented it will shape the organisation in terms of its position within the envoirnment, its success, its capabilities, etc. and, as such, will influence and alter the other three dimensions. This is fundamental to the understanding of strategy as concept as a fluid and changing dynamic, with its inherent dimensions fluxing and transforming over time.

The content dimension of strategy deals with the "what" of an organisation – it outlines "what should be the course of action the firm should follow to achieve its purpose" (De Wit & Meyer, 2004, P. 228). Furthermore it must be aligned to both internal scope and

capabilities and external pre-requisites – De Wit and Meyer refer to these as the "internal consistencies" and "external consonances" (2004, P. 228). This idea of alignment is integral to the potential for success emanating out of the implementation of strategy.

For example, at a very crude level, an international alcohol drinks company undertaking a strategy of internationalisation through an entry into Middle East markets must consider the external consonance posed by strict and rigorous government regulation of alcohol consumption in specific regions of that market. If this consideration is not factored in, the strategy is misaligned to the external consonances and, as such, is likely to fail in its implementation.

Figure 2 'Generic Strategy Framework' shows strategy content as operating on three levels – corporate level, business level and operational level – in this way content too acquires depth. Also it places these strategy levels opposite the approximate management level from which they most usually derive as well as identifying the 'trickle down' nature of these strategies. In other words corporate level strategy derives from the most senior level of the organisation and is passed down, and implemented, through the levels beneath – the same may be said for business level and operational level. By necessity therefore the business level strategy must align to the corporate level strategy and operational level with business level as internal consistencies.

- Levels of Strategy.

The extent to which strategy is layered within an organisation will be determined by the size and scope of the organisation in question. In large organisations a layered approach is required in order to give meaning to all levels of the organisation while in smaller more compact organisations a single layer may be adequate as each function within the

organisation is sufficiently close to the top level to connect with, and draw meaning from, the top level single strategy. This section will proceed on the basis of a three-layered strategy approach though this may vary from one organisation to the next.

As per Figure 2 'Generic Strategy Framework' at the upper most level of strategy is corporate level. Johnson et. al. define Corporate Strategy as "concerned with the overall purpose and scope of an organisation and how value will be added to the different parts (business units) of the organisation" (2008,P. 7). De Wit and Meyer define it as "about selecting an optimal set of businesses and determining how they should be integrated into the corporate whole" (2004, P. 297). At this level therefore the overall direction of the organisation is set out providing parameters within which strategies at lower levels may be constructed.

At the next level down is business level strategy – De Wit and Meyer remark that "How firms go about creating a (sustainable) competitive advantage in each business in which they operate is the central issue concerning managers engaged in business level strategy" (2004, P. 231). Michael Porter, University Professor from the Harvard Business School and regarded as one of the foremost thinkers in the field, defined competitive strategy – the means by which competitive advantages are developed – as "the search for a favourable position in an industry, the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition" (Porter, in De Wit & Meyer, 2004, P. 258). One of the central issues to be addressed with the business level strategy is therefore sustainability.

Finally at the lowest level of strategy in action within the Generic Strategy Framework is the operational strategy. This is concerned with "how the component parts of an organisation deliver effectively the corporate and business-level strategies in terms of resources, processes and people" (Johnson, et. al., 2008, P. 7). This level therefore may be regarded as the engine driving performance towards achievement of the higher level strategies.

4.   Research Methodology

The purpose of this section is to provide the reader with an understanding of the research processes and techniques supporting this paper. Towards achieving this section 4.1 will restate the research problem. Within this the objectives of the paper will also be outlined. Sections 4.3 to 4.7 will examine the research methodologies employed, the protocols and limitations attaching to same as well as the justification for the techniques used.

4.1 Research Problem and Objectives.

From the outset this paper has undertaken to set out the four theoretical dimensions of strategy and the layers to these dimensions, and to structure these within a Generic Strategy Framework as outlined in section 3. Furthermore it has undertaken to advance the Kerry Foods Strategy Model as a case study of strategy in action.

The objectives of the paper are therefore clear....

- Outline and examine a theoretical Generic Strategy Framework.

- Outline and examine the practical Strategy Framework of Kerry Foods.

- Align theoretical with practical as a means of providing a practical structure to a practical example of strategy in action.

4.2 Research Design.

The task of this paper has been set out on through the presentation of theoretical discourse around the four dimensions of strategy and alignment of these theoretical dimensions to a practical example of strategy in action towards bringing real and actual substance to the theoretical dialogue. This underlying task has been supported through the extensive use of both primary and secondary research mechanisms.

4.3 Secondary Research.

The secondary research undertaken is a review of selected sections of literature that is available from theorists who have discussed the subject of strategy. It is not intended to provide the researcher with the answers or conclusions to the problem being addressed by this paper but represents a solid source of background information that brings deeper understanding to the area of study. Furthermore this secondary research enables increased clarity of understanding to the research problem definition through the provision of a collated Generic Corporate Strategy Framework drawn from various theorists in the area and therefore informs insights into the information that is derived from the primary research process.

The researcher is keenly aware of the limitations of the secondary research and has been mindful to ensure that the sources and information are of relevance to the subject under scrutiny. Furthermore the researcher is also aware of the necessity of establishing the credentials and academic credibility of the theorists examined. This then provided a basis

upon which secondary research data could confidently become a prerequisite to the collection of primary data. In the case of this paper, the secondary research provided the author with a rich background knowledge on the area of strategy and this helped to establish the area of research and to formulate a research methodology that was appropriate to the research problem posed.

4.4 Primary Research.

The primary research undertaken in this paper was intent on the gathering of new information in the field of strategy applicable to Kerry Foods – in this way the information gathered specifically addresses the research objective in question.

Primary Research can be gathered using either quantitative or qualitative techniques. The decision of whether to use quantitative or qualitative techniques, or a combination of both, depends on the research objectives. While quantitative techniques focus on a number of specific defined attributes across a large sample and subsequently seeks to quantify the attained data through statistical analysis, qualitative techniques focus on exploratory methods based on a small sample in order to understand such attributes as motivation, reasoning and structure, amongst others.

The quantitative technique has been, in the past, the preferred technique as it is fast and economical and provides distinct results. This has been popular as it satisfies researchers with what Mintzberg regarded as the natural human insistence on a definition for every concept (Mintzberg, 2003).

Latterly however researchers have more commonly favoured quantitative techniques as the flexibility of this option provides opportunity to the researcher to look at cognitive nuances, personal motivation, impact of tradition and culture and to build up theoretical frameworks for practical problems.

Hussey and Hussey provide that...

"In exploratory research the focus is on gaining insights and familiarity with the subject area for more rigorous investigation at a later stage" (1997, P. 10).

As a result, and arising out of the overall objectives, this paper utilises the qualitative interview instrument as a means of exploring the practical realities of the Kerry Foods Strategy Model.

4.5 The interview – as an instrument, protocol and schedule.

In-depth interviews have been identified as one of the most powerful qualitative methods. They are used to go beneath the surface of respondents' ideas, thus uncovering greater insights on the subject. Questions are used to steer the discussion and this enabled the researcher to obtain rich information from those directly involved in the subject area. Interviews allow for an intimate relationship to develop between the researcher and the subject. This enables the interviews to flow in a conversational manner which allows the introduction of new themes relating to the topic and relevant to the respondent.

Quantitative data tools such as questionnaires were deemed unsuitable as they were too rigid bearing in mind the research objectives associated with this research question. This is due to the structured and standardised nature of the research instrument. Questionnaires offer little flexibility to the respondents in relation to their response. The researcher felt this approach would not be conducive to the exploratory style of the study which relates to potential alignment of a practical model to that provided through theory. The researcher felt that personal interviews would be a best approach given the sensitive nature of the subject matter. Accordingly the researcher felt that in-depth interviews alone would be adequate for undertaking this research.

4.6 Interviewees Profile.

The researcher undertook two interviews with senior Kerry Foods management team members – a deeper profile of the individuals involved is developed through the interviews themselves as provided in the appendices. One interview was held face to face while a second was conducted over the telephone by way of speaker. The interviewees were chosen on the basis of the extent to which they could potentially provide insights into the research problem and objective – interviewee 1 was directly involved in the Breeo acquisition process and the development of Kerry Foods strategy in a more general sense and interviewee 2 is deeply involved and directly concerned with the ongoing strategy model and development process within Kerry Foods. The researcher believes that these two key people give a deep practical insight into the research problems and objectives as to provide illuminating outcomes.

4.7 Limitations of Research Techniques employed.

The limitations of the research techniques employed in this paper have been identified as follows....

- *Literature limitation* – the researcher has identified that, owing to the nature of the research purpose and objectives, literature on the specific strategy model of Kerry Foods is limited to what can be 'deduced' from corporate literature provided through the Kerry Group website.

- *Interview biases* – the primary research technique of the interview that is employed is prone to biases – both from the interviewer and interviewee. The interviewer invariably brings bias in the form of presumed outcomes and subjectivities. The interviewee imparts opinions to the questions posed and while these may be insightful towards informing the outcomes to the overall objectives of the paper these opinions are also laden with subjective analyses of the area in question.

- *Number of Respondents* – for a complete overview of the strategy model within Kerry Foods, interviews would have been held with the full senior management team and supported by focused discussion groups with that team around the topic. This was not possible with business pressures at play. This may be regarded as a limitation to the research though the author argues that the interviews held have been conducted with senior management members that provide ample insight as to adequately inform the research objectives and outcome.

- *Business sensitivities* – the researcher has ever been mindful of business sensitivities that will inevitably be a concern when seeking to understand specific apparatus' within an ongoing business entity. Therefore the research, and the techniques

deployed therein, has been designed as to provide a 'helicopter view' of the theoretical concepts and actual realities of the research objectives.

4.8 Concluding Remarks.

The author is satisfied that the research methodologies employed for this paper are appropriate for the research objectives. The secondary research has provided a comprehensive analysis of literature pertaining to the broad dimensions within strategy as a concept -- this has helped in delineating the research question and preparing the author for primary research. The use of in-depth interviews was appropriate for the exploratory nature of the study, allowing the primary research to successfully inform the research question.

5.   Findings

This section is intended as a presentation of the findings derived from the research undertaken towards illuminating on the research problem as outlined. The author's aim is to provide a meaningful review of the strategy model within Kerry, placing it within the Generic Strategy Framework as detailed in sub-section 3.2 of section 3.

This section is divided into four sub-sections – each sub-section representing one of the dimensions of strategy as alluded to within the Generic Strategy Framework. Each sub-section will use findings from primary (interviews – see Appendix 1) and secondary (literature review) research carried out and place them into each dimension towards illuminating on the overall strategy model within Kerry. This outcome will then be overlayed onto the theoretical Generic Strategy Framework – this provides a means of examining for 'fit'; where practical is overlayed on theoretical.

5.1 Context.

Context provides the backdrop to all organisational activity and therefore envelopes all of the other three strategy dimensions as outlined in Figure 2 of section 3. Towards examining the strategy model of Kerry Group, and its subsidiary Kerry Foods, this paper has discussed the multi-layered nature of context in both theoretical and practical terms – secondary research detailed each of these layers and the primary research carried out has given insight into both the top level context, that being the macro or international context, and the lower level context, that being industry context.

The macro - context of Kerry Foods at the time of the Breeo acquisition is most notably marked out by a single broad defining factor – global recession on the horizon. This demonstrated itself in a number of key ways for Kerry Foods....

- Declining consumer confidence.

- Weakening sterling.

- Increased cost base pressures.

- Propensity for market maturity and consolidation.

These areas of challenge gave impetus to Kerry to ensure its ongoing strategy was aligned such that it could deal adequately with the pressures deriving from the macro-envoirnment. These challenges were augmented by forces within the industry context around....

- Increasing pressure from retailers.

- Increasing union pressures.

- Increasing threat from Own Label.

The interviews carried out demonstrate that the Kerry Foods organisation, at the time of acquisition, was acutely aware of these downward pressures – furthermore it is clear that cognisance of these pressures played a part in the continuing strategy development of Kerry and played a significant role in the decision to acquire Breeo Foods in the first instance.

5.2 Purpose.

As discussed in section 3.4 organisational purpose provides a cornerstone to all organisational strategy and strategy development. In terms of Kerry Foods organisational purpose, the interviews conducted demonstrate unity of purpose at a senior level in outlining what the Kerry Foods business is intent on from the outset – two primary purposes are identified....

- To fill every fridge in the UK and Irish markets with Kerry Branded products and thus become the best producer of fridge foods in those markets.

- In becoming the 'best fridge company' Kerry Foods is intent on delivering a doubling of profitability over the next five years.

This unity of purpose provides to the organisation the fundamental principles underlying all of its activities. De Wit and Meyer outline that such purposes will "provide strong guidance during processes of strategic thinking, strategy formation and strategic change" (2004, P. 590) to any organisation. Therefore, in the context of organisational purpose (and in several other contexts), the Breeo acquisition provided to the Kerry Foods organisation the opportunity to enhance its potential of delivering on purpose. Through bringing in additional brands to its already substantial portfolio the organisation was better equipped within a maturing market towards 'fighting the battle that Own Label represented' (see interview number 2).

Furthermore this unity of purpose for Kerry Foods is deeply embedded into the wider Kerry Group purpose of 10% profit growth in the next five years.

As alluded to in section 3.4 mission and vision statements also define the purpose of an organisation – providing as it does guidance on what to do, as well as what not to do (Drucker, 2008). The Kerry Group mission and vision statements (see section 3.4) give clues as to the perspective that the organisation holds up as pre-eminent principles of the organisation – therefore while the company pursues profitability and growth this should be achieved through "the highest standards of business and ethical behaviour" (Kerry Group, 2010) and through "fulfilling our responsibilities to the communities which we serve and to the creation of long-term value for all our stakeholders on a socially and envoirnmentally sustainable basis" (Kerry Group, 2010).

Therefore the purposes of profitability and growth are set out as intentions within the constraints that stakeholder well-being may apply. As a result the Kerry Group, and its subsidiary Kerry Foods, operates on the basis of a stakeholder perspective. In other words, its purpose not only derives from a desire for profit growth (which will deliver value to shareholders) but also derives from a desire to deliver such growth in a socially and envoirnmentally responsible and sustainable manner.

5.3 Process.

From the interviews conducted there is much commonality between respondents with regard to the purpose, context and content dimensions of the Generic Strategy Framework. What is initially surprising is the 'apparent' divergences of views with regard to the process dimension – respondent 1 stating that *"The strategy undertaken by Kerry Foods is very much the result of a planned out strategy"* (see interview 1 in Appendix 1), while respondent 2 refers to the informal element of the strategy development process within

Kerry Foods *"As well as the formal approach to strategy development invariably there is also the informal – ultimately people make decisions and these decisions will inevitably have within them some bias – through our formal processes we will try to eliminate bias but at the end of the day it is impossible to completely avoid"* (see interview 2 in Appendix 1).

These responses may initially seem at odds – however when the responses are analysed at a deeper level some commonality comes through. Respondent 1 develops his thoughts around the strategy development process within Kerry Foods by referring to the unforseen opportunitites that may arise that may ultimately become part of the broader Kerry Foods strategy. This integration of opportunitities into strategy will derive from a review process whereby the opportunitites that are presented to the business are interrogated and scrutinised for 'fit'. Respondent 2 refers to strategy re-engagement that may result in altering or discarding some elements of the original strategy outline. This gives credence to James Quinn's assessment of pure formal strategy planning processes, supported by rigorous tools...

"While this approach is excellent for some purposes, it tends to focus unduly on qualitative factors and to underemphasise the vital qualitative, organisational, and power-behavioural factors that so often determine strategic success in one situation versus another. In practice, such planning is just one building block in a continuous stream of events that really determine corporate strategy" (Quinn, in De Wit and Meyer, 2004, P. 131).

Two points of interest and parallel arise from this quote....

- The idea of a "continuous stream of events" echos to a large extent the notion as put forward by Henry Mintzberg in his analysis of strategy as "a pattern in a stream of decisions" ((Mintzberg & Waters, 1985, P.257).

- The idea that such planning – the use of formal planning systems – is just a building block within the broader concept of corporate strategy.

In the case of Kerry Foods the tool that provides the construct of this building block of formalised planning is Argenti. What, or who, is Argenti? Argenti are the providers of a strategy planning tool – their website makes the following assertion...

"We are the designers of a strategic planning process which, over the past four decades, has been used by 2000 companies and NPOs around the world. Many of them have since become world class performers" (www.argentisys.com).

This tool therefore represents, within the Kerry Foods organisation, the 'formal' part of the strategy development process – its output being the intended strategy as detailed in Figure 1 in sub-sections 3.1 and 3.5.

What comes through strongly from both interviews is the idea of strategy review and development on an ongoing basis – with portions of the original intent changing or being discarded. This may be regarded as the unrealised element of strategy.

Finally what also comes through strongly from the interviews conducted is that the emergent element of strategy derives from the internal decisions made by employees and the external opportunitities that the envoirnment presents. The prospect of acquiring Breeo Foods presented itself as an opportunity external to the Kerry Foods organisation – based on internal review and planning the decision to acquire became integrated into the broader strategy as an emergent element.

The combination of these three elements sum up the in broad terms the strategy development process within Kerry Foods – in other words *deliberate* strategy derives from a clear formal process supported by a rigorous strategy planning tool, business changes and envoirnmental opportunitites give rise to *unrealised* and *emergent* strategy elements and the combination of these three result in the *realised* strategy. These three component elements of realised strategy must, by necessity, sit together – as James Quinn outlines....

"Unlike the preparation of a fine banquet, it is virtually impossible for the manager to orchestrate all internal decisions, external envoirnmental events, behavioural and power relationships, technical and informational needs, and actions of intelligent opponents so that they can come together at any precise moment" (Quinn, in De Wit and Meyer, 2004, P. 137).

The combination of these three elements are therefore framed into the broad concept of Logical Incrementalism.

5.4 Content.

As already outlined in sub-section 3.6 content detailes "what should be the course of action the firm should follow to achieve its purpose" (De Wit and Meyer, 2004, P.228). Section 3.6 has also discussed the extent to which strategy content will be layered dependant on the size and scope of the organisation. In the case of the Kerry Group, of which Kerry Foods is a subsidiary, strategy content has three layers (at least). At the uppermost layer is the Kerry Group Corporate Strategy. This paper has focused largely on the Foods subsidiary of Kerry Group and the strategy at this layer is representative of a business level strategy.

The interviews provide insightful illumination of the broad busines level strategy employed by the Kerry Foods business – furthermore there is a high degree of commonality from both respondents culminating in the following broad strategy content components.....

- Establishment of centres of excellence.

- Investment in Brand Development through continuous Research & Development.

- Cost efficiency and business excellence generation through execution of Lean and Business Enablement inititatives.

- Maximising efficiencies that may generate from acquisition and acquisition opportunitities.

These four primary content components provide a meaningful basis from which a profitable and sustainable position may be established within the industry, as discussed by Michael Porter (in De Wit and Meyer,2004), towards achieving and maintaining unique competitive advantages.

Furthermore these business strategy content components filter down to operational strategy level to provide direction to sites and functions towards meeting operational and business level targets. Therefore at an operational level for example, sites will form, as part of their operational strategies, plans for delivery of cost eficiencies, through Lean and Business Enablement inititatives, and centres of excellence, through concentration on core competencies. This level of operational strategy will therefore drive performance through implementation from the bottom up within the organisation.

5.5 Kerry Foods – Current Strategy Model consolidation.

The four sub-sections above have examined each of the four strategy dimensions of the Kerry Foods organisation – these examinations are now 'pulled together' within the template of the Generic Strategy Model Framework as developed in section 3, and sub-section 3.2 specifically, to provide a 'helicopter view' of the current Kerry Foods strategy model. The consolidation of these dimensions is graphically represented in summary form in Figure 4.
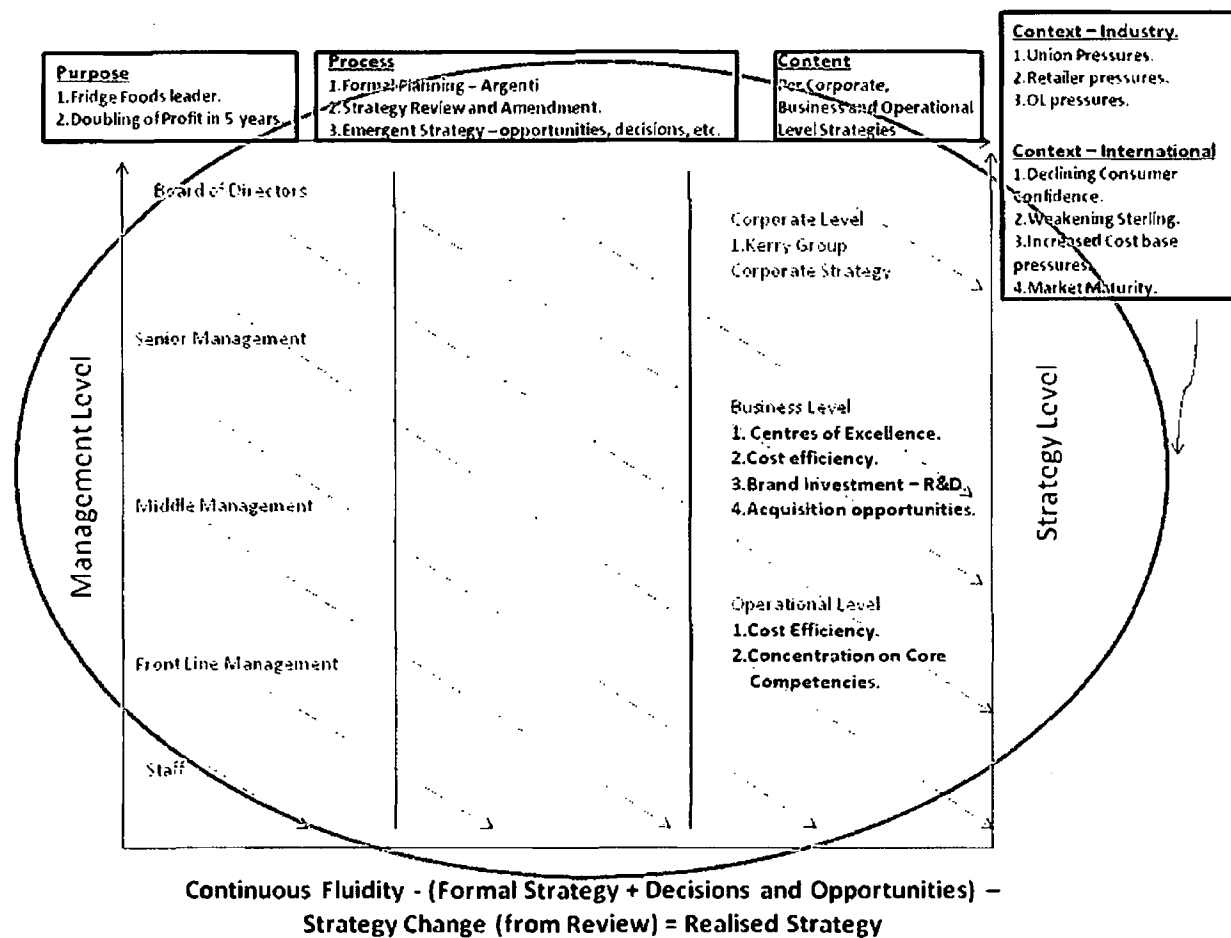

Continuous Fluidity - (Formal Strategy + Decisions and Opportunities) –
Strategy Change (from Review) = Realised Strategy

Figure 4; Kerry Foods – Summary of Current Strategy Model consolidation (see also Appendix 3).

As discussed in section 3 the four integral dimensions of strategy provided within the framework above interlink, overlap and converge. In other words they do not form in the continuous sequence as outlined in Figure 4 nor are they finite as the graph suggests. The purpose of the framework is purely to demonstrate the multi-dimensional nature of strategy – what the graph does not, and cannot, show may be as important as what it does – depth and continuous change or, what this paper has called, fluidity.

In summarising the outcomes from the findings it is clear that the current Kerry Foods Strategy model is impacted, and formed by, all of the dimensions of strategy as provided by theoretical study in the field of strategy.

-The **purpose** of the Kerry Foods organisation, within the larger Kerry Group, is founded on a stakeholder value perspective, is based on a consensus that defines the remit and provides a focal point of reference in strategy development.

-The **context**, layered as it is from international down to organisational, informs, and sets parameters for, strategy direction.

-The **process** of strategy development is made up of three elements – intended, unrealised and emergent – and is best encapsulated and embodied in the theoretical concept of Logical Incrementalism. This process leads to the output of content.

-The **content** is similarly layered as the other dimensions being made up as it is of corporate, business and operational level strategies.

6. Conclusion

From the outset this paper has sought to analyse the strategy model within the Kerry Foods organisation against the backdrop of a Generic Strategy Framework derived and developed from theoretical discourse in the field of Strategy study.

The introduction has served to set out the parameters within which the entire subsequent paper will sit.

The Literature Review in section 3 has reviewed a variety of theory within the field of strategy commencing with an overview of strategy as concept. The dimensions of strategy as provided within the academic study of strategy have been framed within a Generic Corporate Strategy Framework towards furnishing the paper with a backdrop against which research is undertaken.

Theoretical discourse on each of these dimensions has been discussed with the paper arguing that the concept of strategy has breath, width and depth and is in a continuous state of change and flux.

Section 4 has detailed the research methodologies deployed towards addressing the research question that this paper has posed. This is supported with clarification on the form of the research methodologies along with justifications for the use of same.

Section 5 has discussed the findings from both the primary and secondary research carried out. This section has discussed in detail the original findings from the primary research and

overlayed these onto the Generic Corporate Strategy Framework as provided by the

secondary research.

Appendices

Appendix 1 –

Interviews

Interview with; Michael Doyle

Position; Managing Director - Meats & Savoury

Held on; 19-March 2010

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1. Can you explain to me your role within the Kerry Group management structure.

My role within the Kerry organisation is within the Foods division. I am MD of the Meats & Savoury division within Foods. This role involves overall responsibility for the workings and profitability of Meats & Savoury and includes seven manufacturing sites within Ireland and the UK.

2. Did you have any involvement in the Breeo acquisition process and if so, can you explain briefly your involvement.

I was responsibility for the management of the Breeo acquisition process. I was responsible for putting the case forward for the acquisition of Breeo, subsequent negoatiations of the purchase agreement, the legal proces with the Competition Authority and the integration of the Breeo business into Kerry.

3. Can you outline and explain the purpose of Kerry Foods and how this fits into the overarching purpose of the Kerry Group.

The purpose of the Kerry Foods organisation is to fill every fridge in the country with Kerry branded products and this will drive a doubling of profitability in the next five years. Strands to delivering this target are establishment of centres of excellence throughout the business in terms of inputs and cost bases and achieving world class standard at what we do. Furthermore we will continue to invest heavily in product development through establishing a pipeline for new product development. Investment in brands will be key and this will be supported by marketing excellence. Acquisition continues to remain a viable possibility where that acquisition is seen to fit with the overall strategies and synergies within the Foods business.

The Foods business very much operates as a seperate entity within the Kerry Group – in other words Ingredients and Foods operate independently. However the Foods mission is very much alligned to the Group mission towards delivering a doubling of profits in the next five years.

4.   How is Kerry Foods strategy developed?

The strategy undertaken by kerry Foods is very much the result of a planned out strategy. The current evolution of that strategy has come about as a result of two concurrent exercises...

a.   Third Party Consultants healped us complete a PEST analysis through research carried out with consumers, competitors and customers.

b.   An internal review of processes, brands, operational excellence (mainly around Lean principles), structure and possibility of acquisition.

5.   Is there a process of strategy review and if so, does this lead to any strategy changes?

We constantly review everything we are doing – at the end of the day we must be open to ongoing change within the marketplace. This is achieved through investment into consumer insight research – from this we take information on trends in the marketplace and feed that back into our business.

Also from time to time other businesses will come along that fit in for acquisition – that is very much dependant on current position. In essence it was not part of a grand plan to acquire Breeo – it came along as an opportunity – it came up for sale and at that point we engaged in our review of the possibility of acquisition.

6.   Is there a formal Strategy Development process within Kerry Foods and if so, how is it structured?

We have in place an annual planning process which is supported by Argenti. This is updated yearly and is forecast five years out. It is made up of SWOT analysis, current situation analysis, forecasting business five years out, GAP analysis, stategies to fill any apparent gaps in our business and also looking at alternative strategies outside of existing business norms.

We also have annual budgeting proces and twice yearly forecasts. We have monthly review meetings and 18 month plans for the Brand that sit within an overall 3 year plan.

7.   Can you outline and explain the business level strategy of Kerry Foods?

As I have outlined the business strategy of Kerry Foods is about investment in brands, product development, operational excellence using Lean principles, developing centres of excellence within our business and of course acquisition is always a posibility when the right opportunity comes along.

8.   Have there been any changes in the envoirnment of Kerry – both internal and external – that have led to new strategies being developed?

The Breeo acquisition was very much an opportunity that came to us. It presented the right synergies, had strong brands and we had available capacity within our business to integrate the manufacturing of these brands. The big issue to be addressed was that presented by the Competition Authority.

9.   How did the acquisition of Breeo fit into the overall strategy of Kerry Foods?

Very much it emerged as an opportunity and fitted nicely into our overall strategy – in aiding the preparation for the acquisition we brought in an economist to analyse and advise on what the Breeo brands portfolio would bring to our business.

10.   What were the key macro-envoirnmental factors that formed the context to the strategy to acquire Breeo Foods?

The key factors within the overall consumer market and beyond in January 2008 – the time the opportunity to acquire initially came along – was loss of consumer confidence where essentially people were buying less. Also the impact of a weakening sterling meant that our

exporting businesses into the UK were taking a 30% hit to revenue. Cost base pressures were under continuing attack with unions demanding more and more pay increases. Also Mutiples wre under increasing pressure from decling foot falls and this presure to some extent was being passed onto the supply base.

Sites within our business had to continue to offset these negative pressures and those that were unable were going out of business – the Breeo acquisition offered a pool of Brands with strong recognition that fitted into our overall capabilities and therefore brought some stability to our existing portfolios.

Interview with; Fliss Cox

Position; Kerry Foods Director of Strtegy

Held on; 21-March 2010

_____

1. Can you explain to me your role within the Kerry Group management structure.

I hold the position of Kerry Foods Director of Strategy reporting into the CEO. My role involves the facilitation of the formation of Kerry Foods strategy and I monitor, on an ongoing basis, our progress on delivery of the agreed strategy.

2. Did you have any involvement in the Breeo acquisition process and if so, can you explain briefly your involvement.

I was not directly involved in the process of acquisition. My involvement was to the extent that I was, and am, involved in the development of a strategy of consolidation within key markets and the Breeo acquisition plays an important role in that strategy.

3. Can you outline and explain the purpose of Kerry Foods and how this fits into the overarching purpose of the Kerry Group.

The Kerry Foods business seek to communicate a vision as opposed to a mission. Our vision is to become the best fridge foods company in the UK and Irish markets – this will deliver a doubling of our profitability over the next five years. This fits into the overall Group Mission of 10% growth in earnings over the next five years through becoming the most significant international player in ingredients and bio-science and in the UK and Irish markets the most significant player in chilled consumer foods.

4.   How is Kerry Foods strategy developed?

Our current way of developing strategy is changing.Historically we had six SBUs within the Foods business and each one of those had their own distinct strategies. We are not operating within a new structure of commercial units where for example there is a single entity in Ireland and a counterpart entity in the UK. There are also three technology units clustered around common technologies. Becuase of this new structure strategy development has become more centralised.

Currently we are undertaking situational analysis – which is essentially a SWOT exercise where we are identifying our current position versus our vision. This process will identify any gaps between these two points and also identify issues that are creating this gap – this will place us better to make best use of our capabilities to overcome these issues.

There are also a series of strategic initiatives at a high level including Lean, Business Enablement, Marketing Programme (providing to us deeper consumer insight), Innovation initiatitve that will encourage new product development through a continuous pipeline and HR initiatives towards identifying and harnessing the capailitities of our people through focused development and training.

As well as the formal approach to strategy development invariably there is also the informal – ultimately people make decisions and these decisions will inevitably have within them some bias – through our formal processes we will try to eliminate bias but at the end of the day it is impossible to completely avoid. There is no black box for strategy creation where you put inputs in one end and strategy pops out the other!

5. Is there a process of strategy review and if so, does this lead to any strategy changes?

We operate on the basis of a broad calendar approach – largely speaking we formulate in the first half of the year and we have a robust strategy review process whereby we continually review our current strategy and challenge our actual performance versus planned. If we are not meeting targets set through our strategy we either re-engage with our strategy implementation to ensure continued validity or alter the strategy should the need arise to better meet our targets.

6. Is there a formal Strategy Development process within Kerry Foods and if so, how is it structured?

The tool we use to develop strategy within a formal structure is Argenti. This tool is a very much around a perscriptive step-by-step approach to strategy development and as we are not an overly bureacratic organisation we sometimes find this difficult to follow through. This has led us in recent years to review this tool to come up with something better that would reflect the culture and needs of our organisation.

While this has yielded some improvements we have re-engaged with the idea of developing a better strategy development tool which has led us to employing external consultants to help us. What is key to this is agreing how prescriptive we want the process, to what extent do we want a step-by-step tool, how do we document the outcome from the process and how do we want to police it more effectively.

7. Can you outline and explain the business level strategy of Kerry Foods?

The strategy of Kerry Foods is to grow ahead of our markets through taking advantage of consumer insight research carried out within our business. We will also seek to take cost out of our business through Lean and Business Enablement initiatives and where some of this cost will fall to the bottom line in increased profits some will also be re-invested into marketing and acquisition where we sit appropriate acquisitions available to us.

This strategy is intended to consolidate and strengten our position within the market.

8. Have there been any changes in the envoirnment of Kerry – both internal and external – that have led to new strategies being developed?

Externally the credit crunch and particularly the recession in Ireland has underlined the need for us to take cost out of our business.

This has led us to seeking out a step change within our business in terms of overall performance and we have identified as key to this the performance of our employees. A first step to achieveing this was through the employment of industrial psychologists to get this higher performance and a integral output from this was a need to align our employees with the business vision. This in turn led us to review the attitudes of our employees towards

creating a sense of purpose that would drive profitbility. As I've said we see as a first step to achieveing this is aligment of all our people to the business vision.

9. How did the acquisition of Breeo fit into the overall strategy of Kerry Foods?

The Breeo business represented a perfect bolt-on to our current business. Essentially we could drop the sales generated into our existing sales structure and manufacturing would also largely fall into our existing manufacturing sites and this extra volume could be manufactured and sold at relatively low investment costs from the outset.
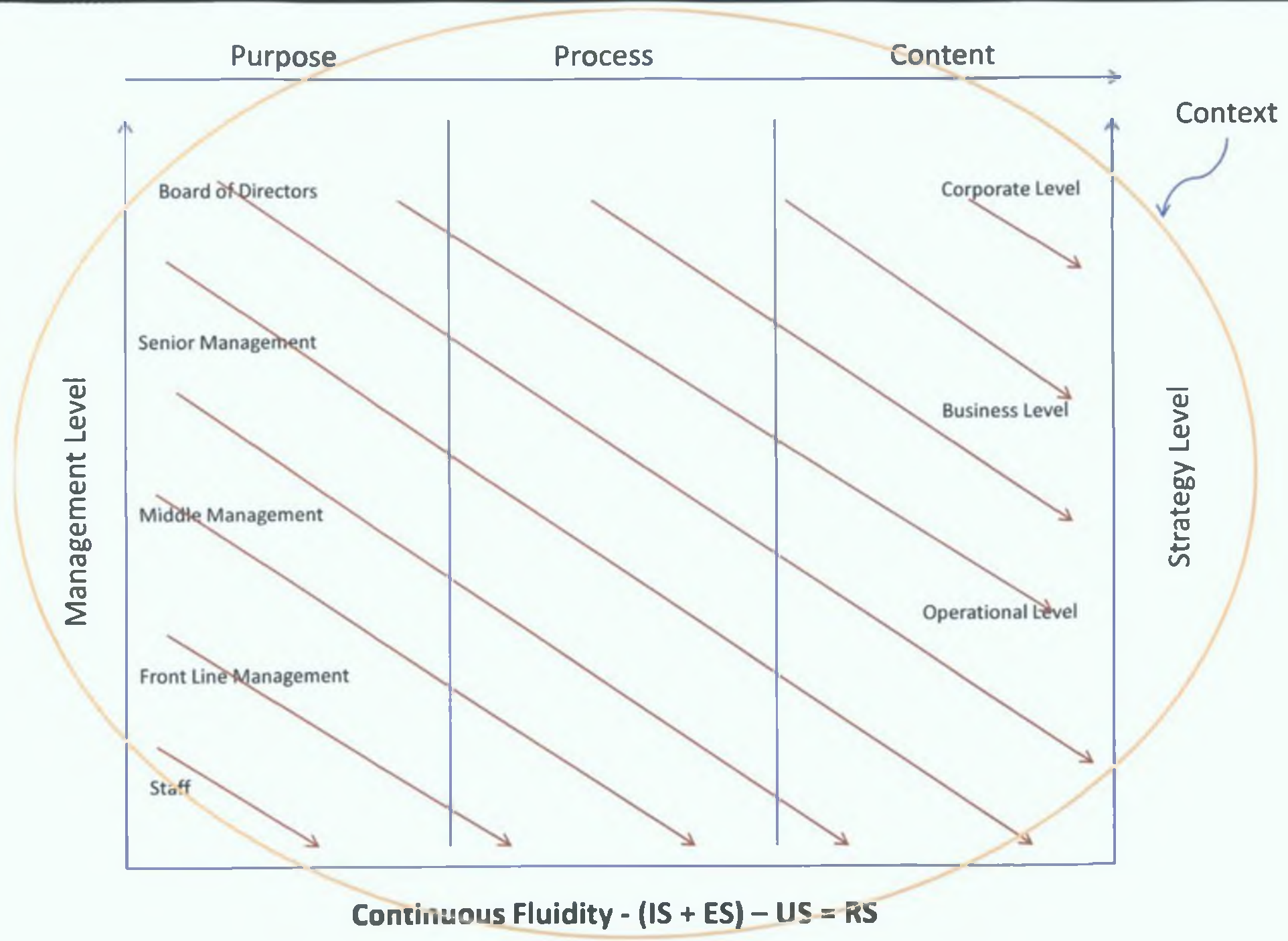
This therefore improves our position towards achieveing a doubling of profitability over the next five years.

10. What were the key macro-envoirnmental factors that formed the context to the strategy to acquire Breeo Foods?

The acquisition process was commenced pre-recession. There was an acute awareness that retailers, most significant amongst these being Tesco, would continue to develop and bring to market Own Label consumer food offerings and this represented a significant threat to our business. We were also cognisant of the increasing maturity of the Irish market in line with the Uk market where more and more consumers are moving towards Own Label offerings. Therefore fighting the battle that Own Label represented meant we needed to incorporate another significant brand into our portfolio – this would enable us to better deal with the challenge that Own Label represented in that rather than having to do battle with Own Label and another significant brand we effectively reduced the lines on which we had to fight.

At a higher level we were also conscious that as markets mature consolidation of players tends to happen – in other words fewer players remain within the market. Extensive research carried out by the business schools provides significant evidence of this phenomenum. We were determined to be one of those players.

Appendix 2 –

Generic Corporate Strategy

Framework

Purpose   Process   Content

Context

Management Level

Strategy Level

Board of Directors

Senior Management

Middle Management

Front Line Management

Staff

Corporate Level

Business Level

Operational Level

Continuous Fluidity - (IS + ES) – US = RS

Appendix 3 –
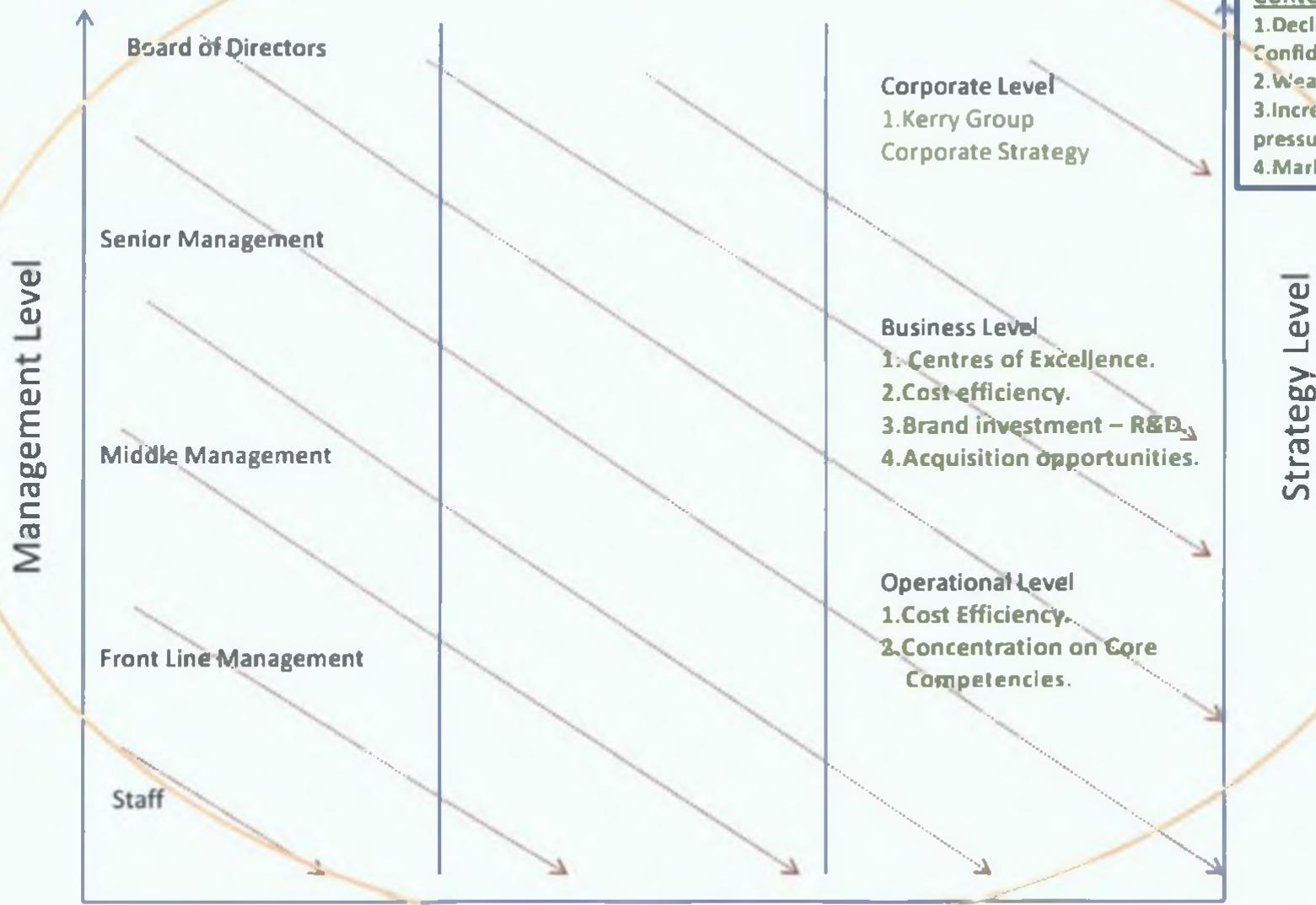
Kerry Foods Corporate Strategy

Framework

Purpose
1. Fridge Foods leader.
2. Doubling of Profit in 5 years.

Process
1. Formal Planning – Argenti
2. Strategy Review and Amendment.
3. Emergent Strategy – opportunities, decisions, etc.

Content
Per Corporate, Business and Operational Level Strategies

Context – Industry.
1. Union Pressures.
2. Retailer pressures.
3. OL pressures.

Context – International
1. Declining Consumer Confidence.
2. Weakening Sterling.
3. Increased Cost base pressures
4. Market Maturity.

Management Level

Board of Directors

Senior Management

Middle Management

Front Line Management

Staff

Corporate Level
1. Kerry Group Corporate Strategy

Business Level
1. Centres of Excellence.
2. Cost efficiency.
3. Brand investment – R&D
4. Acquisition opportunities.

Operational Level
1. Cost Efficiency.
2. Concentration on Core Competencies.

Strategy Level

Continuous Fluidity - (Formal Strategy + Decisions and Opportunities) – Strategy Change (from Review) = Realised Strategy

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