

Kelly Gervin

Kelly Gervin had a solid professional marketing management background. Prior to joining the MLF organization, Gervin had been North American director of marketing for Moulinex, a French appliance manufacturer. She had joined Moulinex after graduating from the University of Toronto with a bachelor of science degree in microbiology. She decided to leave Moulinex after it became apparent that her opportunities for professional growth were stagnating.

Gervin first applied for a job with MLF in 1996 in response to a newspaper advertisement. Always one to embrace a challenge, she jumped at the opportunity to join an organization she could grow with. She initially accepted the position of category manager within Consumer Foods and then spent five years in sales and 18 months in purchasing where she was presented with the opportunity to take over her current position as senior marketing director. Reporting directly to the vice-president of marketing, Gervin had responsibility for overseeing all marketing decisions (product, price¹, promotions, packaging and marketing communications strategies) for Maple Leaf's lines of hot dogs, sliced meats and meat snack products. While success in all categories was critical, hot dogs represented by far the largest portion of the portfolio of products over which Gervin was responsible.

Recent Developments

From 1995 through 1999, MLF went through a period of reorganization of the meats business, refocusing on vertically co-coordinating both its pork and poultry protein value chains. By 2000, Consumer Foods had a new president and vice-president of marketing. The president, Rick Young, had built a very successful career in sales and general management while working within the Maple Leaf Companies. The vice-president, Pat Jacobs, had just arrived at Maple Leaf Consumer Foods, having built a marketing career in the packaged goods industry. During 2000, Young focused on strengthening the management team while Jacobs concentrated on organizing a strong marketing team. As 2001 approached, it was becoming clear to Young that the team was not coming together, and he began to pay increasing attention to the marketing operations. In 2001, Young came to the conclusion that marketing needed additional changes in leadership. It was through this decision that Gervin arrived in her new role.

In Gervin's mind, the market share reports that had come to Jacobs' attention unquestionably reflected the lack of stability in the packaged meats group. Although she knew MLF's hot dog business was struggling, she was hoping that additional market analysis and customer survey data would provide her with the information needed to make appropriate decisions. On her first morning as the new marketing director, she was troubled to find many of the data she needed were simply not available. During the late 1990s, considerable research had been carried out on brands culminating with the introduction of Top Dogs. But the individual who conducted this research had since been promoted and transferred out of the IOC. The data were now a couple of years old and had not been updated. In addition, there was essentially no consumer research relating to what drove consumers to buy MLF's hot dog products.

In addition to segment sales numbers and market share data refereed to by Jacobs, Gervin found two notes of interest. One was written by the previous marketing director, suggesting that his group had been working diligently to become the low-cost producer in the value segment. On this matter, Gervin did a couple of quick calculations and realized that they weren't even close to

¹ Pricing responsibility also fell under Category Management which set price in consultation with Gervin.

achieving this goal. The second document of interest was a hand-written note from an unidentified source that indicated growing concerns over recent losses in market share in the adult segment. That was it.

To complicate matters, the group did not seem to have a business plan. Being new to the team, Gervin was unsure of the backgrounds, skills and commitments of her direct reports. Also, she could sense that morale was low — not surprising, given the recent declines in market share and changes in staff. Beyond the organizational concerns, MLF hot dogs were having real problems in the marketplace. Earlier in the morning, Gervin had placed a call to a major grocery retailer to get a sense of what that customer thought of MLF's hot dog products. The retailer was surprisingly cool to Gervin and offered the following observation: "MLF has an uncompetitive product portfolio. Quite frankly, some of your hot dogs taste lousy." Gervin had no idea whether these sentiments were shared across all of MLF's retail customers, whether this retailer was dissatisfied for other reasons, or whether the retailer was, in fact, satisfied but was playing games with her to win later concessions on price or service.

In organizing a business plan, Gervin knew that she would have to work within the constraints of the broader Consumer Foods organization. As senior marketing director, she had full profit and loss accountability for hot dogs. But, others in the organization were also responsible for various determinants of profit. For example, the sales team in the field — account managers, directors, and the vice-president of sales for the IOC — was in part measured by hot dog profits. Manufacturing also had a stake in the game. So, while she was responsible for profits, people outside her direct control impacted how far she could go and whether her overall approach would succeed.

Decisions

As soon as Jacobs left her office, Gervin closed the door and put her phone on voice mail. She needed time to think. There was clearly good news and bad news in what she had learned on her first day on the job. The bad news was MLF's hot dog business was a mess in almost every sense of the word, and if not handled deftly, the business could go from bad to worse. The good news was that Gervin felt the business could be turned around and that it had huge up-side potential for growth and profitability. She knew this, and she believed that Jacobs and Young also believed in the huge up-side potential in hot dogs. Reversing the negative trends and moving MLF to a leadership position in the marketplace would have positive spill-over effects on the entire Consumer Foods product line and would almost certainly capture the attention of the broader MLF organization.

As the challenges of turning the hot dog business around were becoming more and more apparent, Gervin recognized the need for short-term "fixes" and a clear strategy for the future. She pulled out a pen and scratched down two questions: (1) Which hot dog segments do we most want to be in? and (2) How are we going to grow the business in these segments?

While these were simple questions, the answers would be much more difficult. As Gervin contemplated her next steps, additional questions came to mind. Should MLF even "make" hot dogs? Gervin was aware that an increasing number of companies like Nike, IBM and Matsushita were contracting all or part of their manufacturing over to others. Should hot dogs be any different? She also wondered whether the fact that MLF was Canada's largest supplier of pork and poultry products should influence a decision on the composition of hot dogs and their overall positioning in the marketplace. Gervin was also uncertain how the positioning of hot dogs might influence other products manufactured and sold by Consumer Foods. For example, how might an emphasis on the value segment affect the sales of branded lunch meats? Finally, she wondered what role brands

should play in growing hot dog sales in a chosen segment? Should she emphasize a national brand or brands, and if so, what impact might national branding have on existing regional brands?

The more Gervin thought about the challenges she faced, the more questions came to her mind. She had no idea how to answer them, but she knew that a number of senior executives were waiting to hear what she had to say.

Exhibit 1: Maple Leaf Foods Core 7 Principles

Maple Leaf Foods' broad strategic direction is shaped by the Core 7 strategic principles. Continuously evolving, these seven principles are strongly grounded in the Maple Leaf culture and provide the guiding framework for the planning and execution of the company's corporate and competitive strategies.

1. Build high potential leadership.
2. Focus on markets and categories where we can lead.
3. Develop brand equity.
4. Create customer value with Six Sigma processes and products.
5. Be the lowest cost producer.
6. Execute with precision and continuous improvement.
7. Think global.

Source: Company files.

Exhibit 2: Canadian Market Share Analysis (as at June 5, 2001)

Company	Share in Weight	Latest 52 Weeks		Share Point Change in \$
		Share point Change in weight	\$ Share	
MLF	19.3	-1.6	22.9	-2.1
Hub Larsen	5.0	-0.1	4.0	0.0
JM Schneider	22.6	2.7	28.2	2.9
Fleetwood	1.4	0.2	2.2	0.3
Freybe	0.8	0.2	1.5	0.3
Grimms	0.6	0.0	1.2	-0.1
Harvest	1.0	0.2	1.4	0.2
Fletchers	1.7	0.0	2.1	0.0
Lafleur	3.6	0.0	3.4	0.1
Lesters	0.4	-0.2	0.4	-0.1
Lilydale	0.2	-0.2	0.4	-0.1
Maple Lodge	4.2	-1.5	2.7	-0.7
Mitchells	3.9	0.8	5.0	1.1
Olymel	1.3	-0.2	1.3	-0.2
Control Label	32.3	-0.3	22.9	-0.2

Source: Company files.

Exhibit 3: Maple Leaf Foods Hot Dog Product Line (segmentation)

	Family (Wieners)	Adult (Franks & Sausages)
Premium(>\$3.50)	<ul style="list-style-type: none"> • Top Dogs Singles (450g) 	
Mainstream (\$2.50 to \$3.50)	<ul style="list-style-type: none"> • Top Dogs (Reg. & BBQ) • Lean 'n Lite (Reg. & Beef) • Beef Dogs • Shopsy's Beef 	<ul style="list-style-type: none"> • Maple Leaf 100's • Overlander • Shopsy's Original Recipe
Value (\$1.89 to \$2.50)	<ul style="list-style-type: none"> • Maple Leaf Original (& BBQ) • Burns (Reg., Beef, & 6+6) • Hygrade (Reg. & Beef) • Shopsy's (Reg. & BBQ) 	
Economy (<\$1.89)	<ul style="list-style-type: none"> • Control/Private Label 	

Source: Company files.

Exhibit 4: Canadian Hot Dog Market Review (as of June 5, 2001)

	Total	Family	Adult
Last 52 Weeks	Category: +2.5% ML: -5.0% JMS: +18.2%	Category: +0.7% ML: +0.7% JMS: +14.5%	Category: +11.2% ML: -44.8% JMS: +35%
Last 12 Weeks	Category: +3.2% ML: -8.8% JMS: +9.6%	Category: +2.6% ML: -4.9% JMS: +10.0%	Category: +1.0% ML: -38.4% JMS: +15.5%
Last 4 Weeks	Category: +4.0% ML: -9.3% JMS: +10.6%	Category: +3.1% ML: -6.5% JMS: +10.4%	Category: -1.0% ML: -30.5% JMS: +16.4%

Source: Company files.