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Question 1

Kraft Heinz's strategic decision to expand into plant-based cuisine through its collaboration with NotCo has a significant impact on various stakeholders. Each group influences the company's direction and is, in turn, affected by this move.

Consumers are at the forefront of this strategic shift (Kraft Heinz 2023). Their growing demand for sustainable and healthy food options has pushed Kraft Heinz to diversify its product offerings. This consumer interest directly influences the company's decisions, while consumers benefit from a wider selection of sustainable and health-conscious products. Health-conscious and environmentally aware individuals are particularly likely to favor the new plant-based options, reinforcing their preference for Kraft Heinz's innovative approach (Kraft Heinz 2023).

Investors play a crucial role in this scenario. They seek out companies that are not only profitable but also innovative and sustainable. The expansion into plant-based products aligns with these priorities, making Kraft Heinz an attractive investment. This move is expected to enhance the company's stock value and attract further investment, as investors prioritize enterprises that are trendsetting and ecologically responsible (Kraft Heinz 2024).

Employees within Kraft Heinz are also significantly impacted. Those involved in research and development, as well as marketing, are key to the successful development and promotion of new plant-based products. This strategic shift may create new job opportunities and require new skill sets, potentially leading to workforce expansion and offering employees growth opportunities in areas related to sustainability and innovation (Kraft Heinz 2024).

Suppliers are another critical stakeholder group. Their ability to meet the demand for plant-based ingredients is essential for the successful implementation of Kraft Heinz's new product lines. Existing suppliers might need to adapt to new requirements, while new suppliers specializing in plant-based ingredients could see increased business. This adjustment in the supply chain is pivotal for maintaining product quality and availability (Kraft Heinz 2024).

Retailers influence consumer access and sales through their decisions on which products to stock and promote. By offering Kraft Heinz's new plant-based products, retailers can attract more customers and increase sales, benefiting from the growing trend of health-conscious and

environmentally friendly food options (Kraft Heinz 2024). This, in turn, enhances their product range and market appeal.

Environmental groups are likely to view this strategic move positively. These groups advocate for sustainable practices and can significantly influence public perception and regulatory policies. Kraft Heinz's (2022) shift towards plant-based products aligns with environmental goals, potentially boosting the company's reputation and gaining support from these influential organizations.

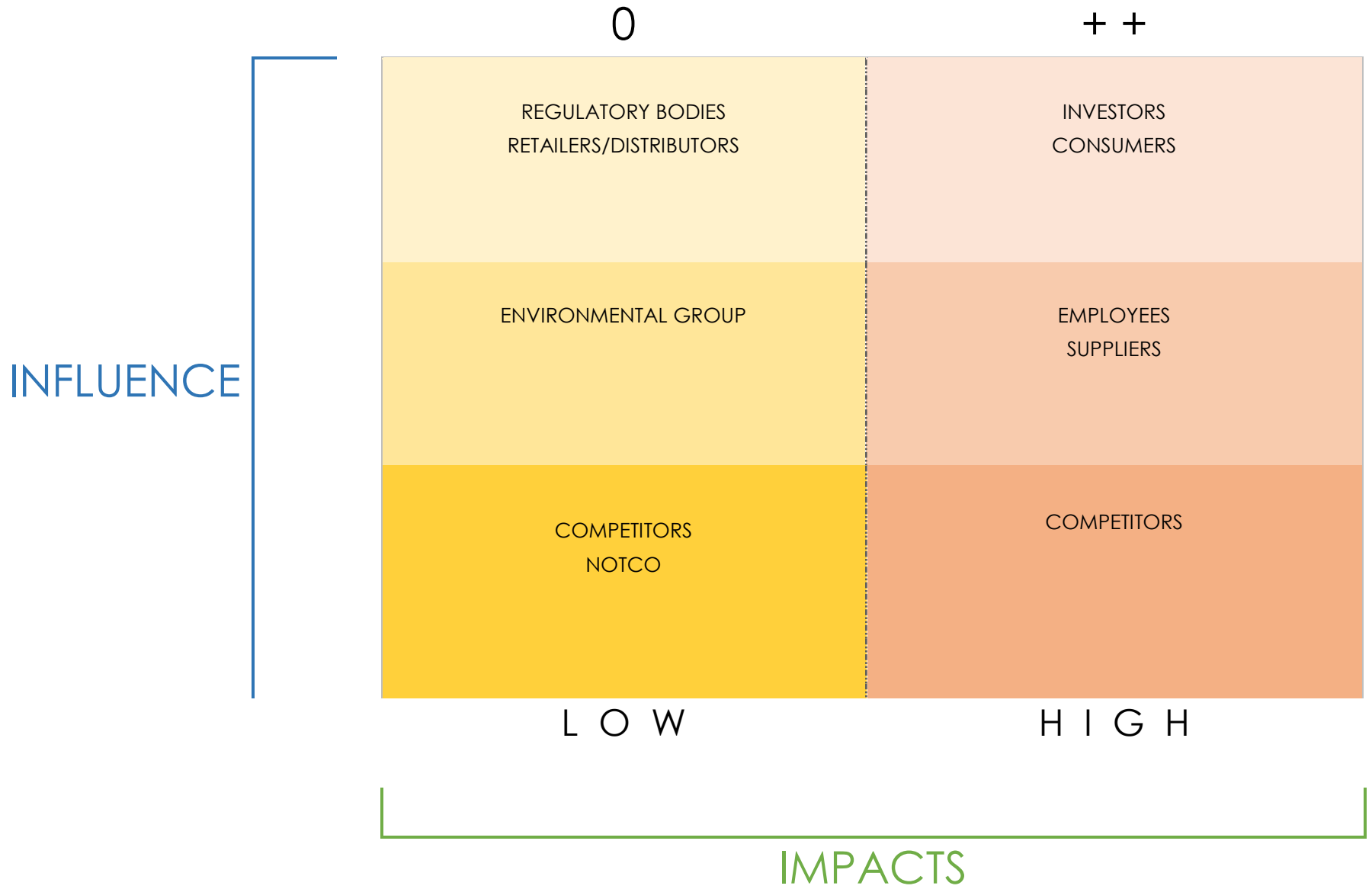
Regulatory bodies set the standards and regulations for food production and labeling, impacting the viability of new products. They will monitor and ensure that Kraft Heinz's plant-based offerings comply with food safety and labeling laws. Positive alignment with regulations can ease market entry and facilitate expansion, benefiting the company by providing a smoother path to market.

Competitors are inevitably influenced by Kraft Heinz's strategic decision. The entry into the plant-based market pressures them to innovate and expand their own product lines, intensifying market competition. This dynamic can lead to overall market growth but also presents challenges as companies strive to maintain their competitive edge (Kraft Heinz 2024).

The Kraft Heinz Company itself is deeply impacted by its strategic choices. The leadership's decisions drive the company's direction and performance, influencing overall market positioning. The successful implementation of the plant-based strategy promises increased market share, enhanced brand reputation, and financial growth, reinforcing Kraft Heinz's standing in the industry (Kraft Heinz 2023).

Lastly, NotCo is a crucial partner in this venture. Its technology and expertise in plant-based products are vital to the collaboration's success. This partnership not only enhances NotCo's market presence and credibility but also opens up mutual growth opportunities and fosters innovation in the plant-based sector (Kraft Heinz 2024).

In conclusion, Kraft Heinz's strategic expansion into plant-based cuisine, supported by its collaboration with NotCo, has multifaceted impacts on its stakeholders. Each group influences and is influenced by this decision, highlighting the interconnected nature of business strategy and stakeholder engagement.



Question 2

Kraft Heinz's strategic decision to expand into the market of sustainably produced and healthy food products carries various risks that can disrupt the process. These risks can be broadly categorized into strategic, operational, financial, and compliance risks, each with its own set of challenges and potential impacts.

Strategic Risks

One of the primary strategic risks is market acceptance. Despite the growing trend towards plant-based diets, there is no guarantee that consumers will prefer Kraft Heinz's new products. According to a survey by the International Food Information Council (2022), while 36% of consumers reported actively trying to incorporate more plant-based foods into their diet, taste and familiarity still play significant roles in purchasing decisions. If Kraft Heinz's new products fail to meet consumer taste expectations, it could lead to poor sales and damage the brand's reputation.

Additionally, competitive risk poses a significant threat. The plant-based food market is becoming increasingly competitive, with major players like Beyond Meat and Impossible Foods already well-established. These companies have secured substantial market share, with Beyond Meat reporting a 14% increase in net revenue in 2022 (Beyond Meat 2023). Kraft Heinz will need to differentiate its products effectively to compete against these established brands.

Operational Risks

Operationally, supply chain disruptions are a critical risk. Sourcing high-quality plant-based ingredients can be challenging, especially given the volatility in agricultural production. In 2022, the global supply chain faced significant disruptions, with costs increasing by an average of 10-20% for raw materials (Reuters 2023). Such disruptions could lead to production delays, increased costs, and potential shortages, impacting the company's ability to meet market demand.

Innovation and development challenges also loom large. Creating plant-based products that meet consumer expectations in terms of taste, texture, and nutritional value is technically complex. Kraft Heinz must invest significantly in research and development to produce competitive products.

According to the company's financial reports, R&D expenses increased by 15% in 2022, reflecting the ongoing need for innovation in this space (Kraft Heinz 2023).

Financial Risks

From a financial perspective, managing costs effectively is crucial. Transitioning to plant-based products involves high initial costs for R&D, new production processes, and marketing. If these costs are not managed well, they could strain Kraft Heinz's financial resources. In 2022, the company's operating expenses rose by 8%, highlighting the financial pressures associated with such strategic shifts (Kraft Heinz 2023).

Moreover, economic downturns present a financial risk. During economic recessions, consumer spending on premium or non-essential products often declines. The plant-based food market, though growing, could be vulnerable to such downturns. For instance, the global plant-based food market grew by 6.7% in 2022, but this growth could be hampered if economic conditions deteriorate, affecting sales and revenue projections (Kraft Heinz 2023).

Compliance Risks

Compliance risks also pose significant challenges. Navigating the complex landscape of food safety regulations, labeling requirements, and sustainability standards can be difficult. Non-compliance can lead to fines, product recalls, and damage to the brand's reputation. In 2022, food and beverage companies faced over \$10 million in fines related to regulatory non-compliance, underscoring the importance of adhering to regulatory standards (Jonathan 2023).

Intellectual property issues are another compliance risk. There is a risk of infringing on existing patents related to plant-based food technologies. Legal disputes over intellectual property can be costly. For example, the average cost of patent litigation in the food industry can range from \$1 million to \$3 million (SEC 2021). Kraft Heinz must ensure thorough due diligence to avoid such disputes.

Risk register

RISK DESCRIPTION	IMPACT DESCRIPTION	IMPACT LEVEL	PROBABILITY LEVEL	PRIORITY LEVEL	MITIGATION NOTES
Market Acceptance Risk	Low sales performance, damage to brand reputation	5	3	15	<p>Conduct extensive market research</p> <p>Use focus groups and pilot programs to test new products</p> <p>Develop marketing campaigns to educate consumers on the benefits of plant-based products</p>
Competitive Risk	Erosion of market share, reduced profitability	5	5	25	<p>Perform competitive analysis</p> <p>Differentiate products through unique selling propositions</p> <p>Invest in branding and marketing to strengthen market position</p>
Supply Chain Disruptions	Production delays, increased costs, product shortages	5	4	20	<p>Diversify supplier base</p> <p>Establish robust supply chain management practices</p> <p>Maintain buffer stock of key ingredients</p>
Innovation and Development Challenges	Subpar product quality, failure to meet consumer expectations	4	3	12	<p>Increase investment in R&D</p> <p>Collaborate with experts and leverage NotCo's technology</p> <p>Implement continuous product improvement cycles</p>
Cost Management	Strain on financial resources, reduced profitability	4	3	12	<p>Seek cost efficiencies in production and supply chain processes</p>

Risk mitigation

To mitigate these risks, Kraft Heinz can take several steps. For strategic risks, conducting thorough market research and testing new products with focus groups can help ensure market acceptance. Competitive analysis and strategic differentiation will be crucial to standing out in a crowded market. Operational risks can be mitigated by building robust, diversified supply chains and investing in continuous R&D to address development challenges. For financial risks, implementing strict cost control measures and developing contingency plans can help manage expenses and mitigate the impact of economic downturns. Finally, compliance risks can be managed by staying updated with regulatory changes, ensuring all products meet local and international standards, and conducting thorough intellectual property due diligence to avoid infringement issues. By addressing these risks with appropriate strategies, Kraft Heinz can better navigate the challenges associated with expanding into the market of sustainably produced and healthy food products, aligning with consumer demand and sustainability goals while ensuring long-term success.

Question 3

Kraft Heinz is developing an in-house generative artificial intelligence application, called KraftGPT, to provide staff with rapid insights into many aspects, such as product sales. The application functions similarly to a 'Ask Me Anything' application. Employees have the ability to inquire about matters such as the reason for the high sales of bacon. or "What is the reason for its sudden surge in popularity?" What is occurring? The startup is collaborating with CPGs like Colgate-Palmolive and Johnsonville to create genAI copilots for their own organizations (Lisa 2024). The application demonstrated different methods in which consumer products businesses and retailers are use data science and artificial intelligence to enhance their supply chains.

Kraft Heinz's primary focus at the moment is the development of an autonomous supply chain (Kraft Heinz 2024). This involves the implementation of technology that enable firms to anticipate when a production line will cease operation, as well as incorporating these predictions into their forecasts to gain a deeper understanding of customer data. On top of this data, there is a "cognitive decision layer" that is generating a digital replica of each individual in the supply chain and

responding in a manner consistent with their behavior when making decisions like relocating products or adjusting production timetables (Sheryll 2024). All of that is occurring with a high degree of autonomy. This enables the organization to promptly and independently respond to the shifting demands of consumers. Furthermore, Kraft Heinz is engaging in more strategic discussions with its retail partners to discuss the enhanced forecasting insights it can offer. Additionally, the company is taking steps to ensure that these insights are communicated to its farmers. The company is successfully advancing in establishing a comprehensive system that links its retail shop shelves with its farmers, resulting in complete visibility (Ben 2023). For instance, in the event that a rival has depleted their inventory, they are striving to enhance the speed at which they can transmit the signal throughout their supply chain (Kraft Heinz 2023). This is done in order to engage in appropriate discussions with their retail partners, as stated by the speaker.

Patricio highlighted a collaboration with Microsoft and its Azure cloud service as one of the initiatives to modernize its supply chain. The supply chain control tower is designed to offer immediate visibility into plant operations and automate distribution across all product categories of Kraft Heinz. According to a news statement from last April, the program is one of the food company's most significant technology expenditures. Kraft Heinz has created a trade management system that allows management to have immediate access to more than 10,000 promotional events, in response to the company's anticipation of more discounting in the market (Ben 2023). The solution additionally offers the organization digital tools and data analytics that deliver straightforward insights and recommendations regarding price promotions.

Question 4

Recommendation 1: Enhance Stakeholder Engagement with KraftGPT

Utilize KraftGPT to create tailored dashboards and insights for key stakeholders, including investors, suppliers, and retailers. This AI tool can provide real-time data on market trends, product performance, and supply chain status, allowing stakeholders to make informed decisions. By offering transparent and actionable insights, Kraft Heinz can strengthen trust and collaboration with its partners, address concerns proactively, and demonstrate a commitment to innovation and sustainability.

Recommendation 2: Implement Predictive Analytics for Risk Management

Leverage AI and data science to enhance predictive analytics capabilities in the supply chain. This includes anticipating production issues, optimizing inventory levels, and predicting market demand fluctuations. By integrating these predictive insights into operational strategies, Kraft Heinz can reduce exposure to supply chain disruptions, manage costs more effectively, and ensure a seamless supply chain that adapts to market changes swiftly, thereby minimizing operational risks.

Recommendation 3: Develop a Collaborative AI Ecosystem

Create a collaborative AI ecosystem involving key partners such as Colgate-Palmolive, Johnsonville, and Microsoft. This ecosystem should focus on sharing best practices, AI advancements, and data insights to foster mutual growth. By aligning AI development efforts, Kraft Heinz can accelerate innovation, enhance its autonomous supply chain capabilities, and improve overall market responsiveness. This collaborative approach ensures that AI integration is not only efficient but also scalable, benefiting all stakeholders involved.

Question 5

Kraft Heinz's Corporate Social Responsibility (CSR) policy on human rights ensures that the company's decisions are ethical and foster sustainable global partnerships. By adhering to internationally recognized human rights standards such as the United Nations Guiding Principles on Business and Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, Kraft Heinz establishes a robust ethical framework for its operations and supply chain management (Kraft Heinz 2023).

The policy's prohibition of child and underage employment, trafficking, forced labor, and all forms of abuse and discrimination ensures that Kraft Heinz and its partners maintain ethical labor practices. This commitment to ethical standards is reflected in the company's rigorous due diligence processes and audits, which are integrated into supplier selection and contracting

procedures. By doing so, Kraft Heinz not only ensures compliance with local and international laws but also sets a standard for ethical behavior that extends throughout its global value chain.

The formation of a taskforce on the Duty of Vigilance and Modern Slavery underscores Kraft Heinz's dedication to transparency and accountability (Kraft Heinz 2023). This taskforce, which includes senior representatives from various departments, coordinates the company's response to environmental and human rights risks. Regular monthly meetings and the future publication of the Kraft Heinz Global Vigilance Plan and Modern Slavery Statement further enhance transparency. These actions demonstrate a proactive approach to identifying and addressing potential human rights violations, thereby fostering trust and collaboration with stakeholders.

Kraft Heinz's policy emphasizes the importance of building strong alliances with suppliers, nonprofit partners, and global employees. By working closely with these stakeholders, the company promotes a culture of mutual respect and shared values (Kraft Heinz 2023). This collaborative approach not only strengthens relationships but also ensures that all parties are aligned in their commitment to ethical practices and human rights.

The CSR policy of Kraft Heinz aligns closely with Sustainable Development Goal (SDG) 16, which aims to promote peace, justice, and strong institutions. Here's how Kraft Heinz's decisions reflect the principles of SDG-16:

Promoting Justice and Reducing Inequality

By prohibiting child labor, forced labor, and all forms of abuse and discrimination, Kraft Heinz supports justice and reduces inequality within its supply chain. This aligns with SDG-16's objective of promoting inclusive societies and ensuring equal access to justice for all.

Strengthening Institutional Integrity

Kraft Heinz's commitment to ethical business practices and transparency strengthens institutional integrity. The due diligence processes, regular audits, and the work of the taskforce on the Duty of Vigilance and Modern Slavery ensure that the company's operations are conducted with honesty

and integrity. These measures contribute to the establishment of strong institutions that are accountable and transparent, in line with SDG-16.

Fostering Peaceful and Inclusive Societies

The recognition and respect for workers' rights, including freedom of association, collective bargaining, and fair working conditions, contribute to more peaceful and inclusive work environments. By ensuring that all workers have access to clean water, adequate sanitation, and safe working conditions, Kraft Heinz promotes the well-being of its employees and their communities, fostering a more peaceful and just society.

Question 6

Kraft Heinz's Diversity, Equity, Inclusion, and Belonging (DEI&B) initiative is a comprehensive strategy aimed at promoting equality and respect for diversity within the company (Kraft Heinz 2024). By committing to diverse hiring, retention, development, and advancement, Kraft Heinz fosters a workplace where everyone feels valued and respected. The company's recognition in several prestigious indices and lists, such as the Corporate Equality Index and the Bloomberg Gender Equality Index, underscores its dedication to these values.

The DEI&B strategy encompasses various programs and actions to promote an inclusive environment. For instance, the company aims to have women fill 50% of its global management positions and to have 30% of its salaried U.S. employee population identify as people of color by 2025 (Kraft Heinz 2023). Progress in these areas, currently at 41% and 28% respectively, highlights Kraft Heinz's commitment to achieving gender and racial equity.

Kraft Heinz's DEI&B initiatives contribute positively to human rights by ensuring that all employees are treated with dignity and respect, irrespective of their background. These efforts align with global human rights standards and contribute to a more equitable workplace. The company's prohibition of discriminatory practices and its promotion of fair working conditions and equal opportunities are essential components of human rights advocacy.

The company's initiatives, such as the Management Accelerator and Executive Leadership programs for people of color, and the Women's Empowerment Network accelerator program, demonstrate a commitment to developing a diverse talent pipeline. These programs create opportunities for underrepresented groups to advance their careers, thereby addressing historical inequities and promoting social justice within the corporate structure.

The effectiveness of Kraft Heinz's DEI&B initiatives can be measured by its achievements and recognitions. The company's consistent 100% score on the Corporate Equality Index and inclusion in the Bloomberg Gender Equality Index reflect its successful efforts in promoting an inclusive workplace (Kraft Heinz 2023). Additionally, Kraft Heinz's internal engagement scores, which have improved in key inclusion drivers such as "Opinions Count," "Belonging," and "Inclusive Leaders," indicate positive employee reception and engagement with these initiatives.

However, continuous improvement is necessary to maintain and build upon these successes. The establishment of the Global Inclusion Council, chaired by the CEO, ensures ongoing accountability and governance of DEI&B efforts. By regularly collecting data and feedback, Kraft Heinz can identify areas for further improvement and develop strategies to address them, ensuring that the company remains a leader in diversity, equity, and inclusion.

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