The Hershey Company (Hershey’s) is a snacking power house and one of the largest chocolate manufacturers in the world, with revenue in excess of $8 billion. Having been in business for more than 125 years, today it sells more than 90 brands in over 60 countries.

Challenge

To succeed in today’s world, you have to deliver the best value for your organization at all times, and you need to be able to pivot quickly when those value equations change. That applies to all industries, and Hershey’s knew it needed to make its information systems function more nimble and better able to adapt to the challenges that modern businesses face.

Add to that the impact of the COVID-19 pandemic, which not only disrupted Hershey’s supply chain, but also virtually eliminated one of the largest annual sales drivers in the form of Halloween. Hershey’s had to find innovative new ways to engage its customers. Of course, predicting the behavior of those customers was also difficult given that they were themselves being heavily disrupted.

Solution

Hershey’s created a PMO Center of Excellence and tasked it with implementing value stream management, or VSM, to deliver that optimized value and the ability to pivot with minimal disruption when that value shifts to different needs and investments. They took a very pragmatic view of VSM, viewing it as an iterative process that would grow with Hershey’s as they learned to leverage the concepts more. As Emma Terzian, Manager PMO Tools puts it, “VSM allows us to do better as we know better and when we’re ready to do better”.

ValueOps from Broadcom Software has been fueling this ability. Hershey’s began their VSM journey by mapping their current state processes, understanding where departmental silos or channel barriers were hurting their ability to deliver value, and then adjusting quickly. That provided them with insight into the current challenges and allowed them to prioritize areas where the most benefits could be delivered and where significant progress could be made.
Next came the identification of where they wanted to get. Hershey’s recognized the benefits of ultimately reaching a product funding model, but were realistic enough to know that they may not ultimately get there. However, they don’t need to; they can deliver significant benefits simply by approving of where they are rather than simply focusing on what they call the “utopian end state”.

The third part of the VSM planning was to develop a prioritized transformation plan to shift from the current state to a point closer to the utopian end state. For the PMO COE, the North Star for that plan was to ensure complete alignment with the organization’s overarching strategies. The ValueOps from Broadcom solution was critical in ensuring that alignment was maintained and performance optimized at every step of the way from portfolio management to resource allocation and execution.

Benefits

The ValueOps platform, combined with Hershey’s commitment, paid dividends quickly. Working with partners to create new ways to embrace Halloween at a time of social distancing was tremendously successful, resulting in an almost 38% growth in sales in August alone. In the past, this would have been a massive strain on the supply chain, but with the ability to pivot and develop innovative solutions, Hershey’s and their partners were able to take it in stride. It also created healthy competition to ensure that each element of the business (along with their partners) was able to focus on value and pivot as well as every other.

Beyond that one spike in the annual business cycle, the PMO COE has been able to leverage VSM and ValueOps from Broadcom to support a more optimized flow of work through the entire Information Systems function. By focusing on value, all of the stakeholders were able to share a common goal, ignoring any preexisting silos around job functions and making it easier to prioritize and execute on the work that actually delivered optimal value.

Mapping work through ValueOps, iterating plans to optimize performance, and working together to apply the concepts at larger scale quickly shifted the focus of work onto initiatives that really made a difference and allowed for priority items to be delivered consistently. Since the platform is also the tool used to report to the executive team, there is trust and belief in the information—and an incentive for teams to maintain the data effectively.

“ValueOps allows us to effectively manage our prioritized strategic initiatives.”

EMMA TERZIAN - MANAGER, PMO TOOLS, THE HERSHEY COMPANY
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