Chapter 3
Historical Background of Heinz International

H.J. Heinz Company is a renowned global player in the food processing industry category. It occupies first or second position among food processing companies of more than fifty countries in the world. It has been certified by ISO-9002. The company was started by Henry John Heinz who was a born salesman, Entrepreneur and business genius with roots in post-war in Pittsburgh, where iron steel and glass factories were forging Industrial America. He was a pioneer in food processing and products marketing. In 1869, H.J. Heinz and a friend Noble launched the enterprise named Heinz and Noble. In a span of 133 years Heinz grew from an American dream to a Global brand. Today Heinz markets more than 5700 varieties in over 200 countries and territories. It enjoyed global sales of 9.4 billion in 2001. Heinz is the company known as "Good place to work since 1869 and is still known by this name. Heinz follows "Good Manufacturing practices'.

The year 1994 was a significant year in the life of Heinz company, it marked the 125th anniversary of the company when it took the running business of Glaxo India Ltd. to launch its operation on the land of India.

By U.S. standards the Heinz company at 133 is an old Company. Henry John Heinz with age and tradition was the only person whose concern, out of 63 firms which were
making food in 1873, was the only one which survives. "HEINZ" by any standards is remarkably distinguished and successful company, genuinely loved by the citizens of its hometown as well as loyal employees and customers round the globe.

Henry John was different; "He treated his factory as his mother's spotless kitchen, giving importance to hygiene and cleanliness". He insisted on the best ingredients and clear jars to display the purity of Heinz products. In the words of H.J. Heinz "quality is to product what character is to man". He also treated his employees as though they were members of his family. He believed that if you treat your people fairly and decently, they would be motivated to increase productivity.

Of course, like any family Heinz has gone through ups and downs: it successful ventures, inspire ideas, lucky accidents, missed opportunities, fiascos and funny stories. However, its devotion to quality products and people has never wavered or as Tony O'Reilly, the non-family leader, has said, "Brana and brains made the company in past."

The history of America's great companies are more than mere chronicles of personal or corporate achievement. They are also revealing portraits of nation's evolution inspired by American ethos stimulated by new
technology and sustained by a diverse, expanding infrastructure. Legendary entrepreneurs helped define United State and shaped up its destiny in the late 19th and early 20th centuries. Some of the enterprises they created have had a lasting presence, achieving international stature and influence as the new century approaches.

H.J. Heinz company, in the course of 133 years has grown from an American dream to a global brand. The achievement is treatment to the universal appeal of the Heinz, ideal of pure food and healthful, affordable nutrition. It is also a tribute to the tenacity, inventiveness and dedication of generation of Heinz employees around the world. As a new generation of consumer enters a widened world market place, the appeal of Heinz remains unceasingly durable and filled with promise.

**Heinz Vision**

The vision of Heinz International is:
Delivering High Quality Products.
Adhering to Standards.
Satisfying customer needs.
Be a company with a strong, motivated and committed workforce and
To become renowned in commercial as well as social market.
Heinz Culture

World's No.1 or 2 food products company in more than 50 countries, Heinz has conducive environment which not only integrates and motivates all the employees towards achieving high standards but also makes sufficient room for everybody's growth. People are valuable assets at Heinz. The main emphasis is on task. Efforts are towards satisfying the customers and expanding the market share. A good blend of behavioral and skill development programme provides stimulus for growth and career development. Over the years Heinz has concentrated on development of internal relationships to enhance external relation.

Product Profile of Heinz

Today Heinz markets more than 5700 varieties in over 200 countries and territories. Nearly half of company sales come from non. U.S. operations, and nearly 70 per cent of sales are from product without the Heinz brand name. Nearly 90 per cent of Heinz sales come from top 10 global business. In its product profile the company has Food service, sauces, tomato products, baby foods, tuna, pet foods, frozen potatoes and vegetables, frozen meals and desserts, soup, beans and pasta. The following is the profile of different products of Heinz international which are supplied world over because of their high quality and standards.
(1) **Tomato Ketchup**

Heinz is world’s largest tomato processor after a century in U.S. supermarkets, Heinz, thick, rich ketchup claims over more than half the ketchup market, recently Heinz introduced “EZ Squirts” Blastin Green and it is available in traditional red as well with an easy grip, squeezable bottle designed for smaller hands and a thin nozzle that enable children to draw and write on their foods. The share of ketchup, condiment and sauces in the global sales of Heinz is 27 per cent.

(2) **Pet Foods**

Heinz pet foods sale is over one billion dollar per annum, 9-liver canned cat food leads its market whereas the other products in this segment are meaty bone, jerky treats, pounce, pup-peroni etc. The share of pet foods sale in the total global sales of Heinz is 12 per cent.

(3) **Frozen Foods**

Frozen food sales worldwide is also one billion dollars annually. Ore-Ida, the world’s most profitable branded potato processor, has a retail market share of 55 per cent, ore-Ida sells a host of partas, snacks and vegetable to grocers and restaurants. The share of Frozen foods is 21% in the total global sales of Heinz.

(4) **Sea Foods**
Sea food accounts for one billion dollars in the total sales of Heinz products, its share in U.S.A. market is 45% besides U.S. seafood business, Heinz operates canneries in the pacific and Indian Ocean, in Africa and in Europe where it sells the John west brand, Marie Sardies and Petit Novive canned fish. The share of sea foods is 11% in the total global sales of Heinz.

(5) Baby Foods

World wide, Heinz sells almost one billion dollars annually in Jarred baby foods, cereals, Formulas, Juices and biscuits. Heinz have about 90% of the Jarred baby food market in Italy, Canada and Australia and over 60% in the U.K.

Heinz Brands which have sales more then 100 million dollars.

- 9-Lives cat food (U.S.)
- Heinz baby food (US)
- Heinz Beans (UK)
- Heinz ketchup (central Europe)
- Heinz ketchup (U.S. food services)
- Heinz ketchup (U.S. grocery)
- Heinz soup (U.K.)
- Heinz soups (U.S. food service)
- Kibble n Bite dry dog good (U.S.).
- Ore-Ida frozen potatoes (U.S. retail)
- Plasman biscuit (Italy)
- Plasman strained baby food (Italy)
- Private Label soups (U.S.)
- Starkist light meat tuna (U.S.)
- Starkist light meat tuna (U.S.)
- Tegel chicken (New Zealand)
- Watties food products (New Zealand)
- Weight watcher frozen entrees (U.S.)

Sales Volume of Heinz: The sale of Heinz from all units spread world over have shown an increasing trend (see table 3.1.). The following is an account of sales by geographical distribution and by category.

**Sales by Geography**

More than half of the sales are accounted for by America which has a share of 56 per cent of total sales followed by Europe and Asia that is 29 per cent and 12 per cent in the total sales of the company. Others accounts for only 3 per cent of total global sales of Heinz.
Sales by Category

It will be observed that 27 per cent of the sale comes from ketchup, condiments and sauces, followed by frozen which contribute 21 per cent in the total sales, 13 percent of sales is from the sale of soups, Beans and Pasta Meals. The share of Pet products sale is 12 per cent, Tuna accounts for 11 per cent of company's total sale, The share of infant / Nutrition foods is 10 per cent and the others share is 6 per cent.
In terms of sale Heinz has made tremendous success over the last one decade as shown in table 3.1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in billion dollars)</th>
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<tbody>
<tr>
<td>1991</td>
<td>6.64</td>
</tr>
<tr>
<td>1992</td>
<td>6.58 (-0.90%)</td>
</tr>
<tr>
<td>1993</td>
<td>7.10 (7.90%)</td>
</tr>
<tr>
<td>1994</td>
<td>7.04 (-0.84%)</td>
</tr>
<tr>
<td>1995</td>
<td>8.08 (14.7%)</td>
</tr>
<tr>
<td>1996</td>
<td>9.11 (12.7%)</td>
</tr>
</tbody>
</table>
Table 3.1. shows that the sales of the company show fluctuating trends. In the year 1992, 1994 and 1998 the sales growth of company was marginally negative whereas, in the year 1995 and 1996 there was supernormal growth which was the result of some major acquisition during these years and of course the factor of market condition was also there. The sales of the company have increased 42 percent in the last one decade.

Global Environmental and Safety Standards in Heinz International

The H.J. Heinz Company has tradition of leadership in product purity and safety. Heinz is similarly committed to protecting the quality of the environment in which its facilities operate and also the safety of the people who work in those facilities around the world. This commitment is global, encompassing the environmental and safety policies and practices of every Heinz affiliate in every country wheresoever it does business. As with product quality, environmental and safety standards need to be
uniformly high and rigorously applied. That is why Heinz is making important progress around the world in the adoption and implementation of a global Environmental Management System (EMS) and Key Elements Safety Process. Heinz affiliates are complementing their current standards and practices with auditing and training programmes to help them reach truly world-class status in these most critical disciplines.

**Environmental Policy of Heinz Company**

- Each affiliate is required to establish an Environmental Management System (EMS).

- Compliance with applicable legal requirements is the minimum standard for operating performance.

- Annual Environmental Management System (EMS). Objectives and targets must be set to drive continuous improvement in environmental performance, manufacturing efficiencies and shareholder value.

- Environmental impact must be decreased by the efficient use of energy, raw materials, water and packaging.
• Employee awareness of their role in environmental control must be ensured through training and employee meetings.

• Each Heinz affiliate must ensure that suppliers and contractors understand the potential environmental impact of their operations and work in partnership with Heinz to identify and reduce any such environmental impacts.

• Heinz continually assesses environmental management and performance policies and procedures.

Heinz International is operating its business in America, Europe and Asia/Pacific. The study is confined to assess the human resource management in Heinz India (Aligarh) which falls in the region of Asia. Therefore it would be worthwhile to study the work environment in Heinz Asia.

At the Heinz Wattie’s and Tegel Foods plants in New Zealand and Australia, environmental management is underway, with a two-year timetable for factory-specific goals and accountabilities. The Environmental Management System (EMS) will be aligned with ISO 14001 requirements. Environmental audits have been completed, and all factory
environmental managers received rigorous training on development with review set for completion during financial year 2002.

All of Heinz Asia’s thirteen factories (across India, China, Korea, Philippines, Thailand and Indonesia) have established a two-year time table to implement Environmental Management System (EMS). To begin this process a certified ISO14001 auditor will complete all reviews, and all factory environmental managers will participate in this process.

- Tomona, New Zealand – eliminated the use of freon refrigeration units.

- Aligarh, India- installed air emissions control devices on a second boiler and on an incinerator to reduce air pollutants.

- Surabaya, Indonesia – investigated methods to convert soy sauce-brewing by-product into a high protein animal feed.

**Water & Electrical**

Heinz constantly strives to reduce utility usage in its food processing operations. Two key parameters are used to
measure utility usage: water and electricity used per pound of finished product.

**Waste to Landfill**

Some waste materials generated in the production of food products cannot be reused or recycled. These non-toxic wastes are disposed of in several ways, including incineration, composting and landfill. This is an area that will receive additional focus from Heinz in the coming years.

**Fuel**

Fuels (primarily natural gas and oil) are used in Heinz's processes to cook and sterilize food as well as to provide heat to work areas. As with other utilities, Heinz constantly strives to reduce the amount of fuels used per pound of finished product.

**Heinz Corporate Safety Policy**

The commitment requires that all employees perform duties in a safe manner at all times. In order to fulfill its commitment, management comply with all laws that regulate safety in the workplace and safest design and construction of all operation and facilities. A safe and healthful working environment is directly tied to efficient production. In order to make safety process successful, each employee must act conscientiously to try to identify and eliminate unsafe working conditions and procedures.
Heinz Corporate Safety Approaches

In building upon the safety model’s core values, the company has a strong belief that each of its safety professionals must continue to obtain and expand their
knowledge of the safety process, industry best practices, and new regulations that may effect the business. In order to ensure that each Heinz facility is abreast of forthcoming changes and is positioned to proactively deal with any change, the company annually focuses on the following:

**Safety Qualification Process**

Each manufacturing location employs a dedicated safety professional who participate in the Heinz safety qualification process to improve his/her knowledge of safeguarding, regulatory compliance, industrial hygiene, behavioural safety, and record keeping.

**Ergonomics**

Every Heinz facilities has developed an Ergonomic Plan that focuses on employee involvement, the development of ergonomic teams, recognition of hazards, the implementation of control measures and proactive prevention activities, medical management, training, and a complete review and evaluation process. The goal of these ergonomic activities is to continue to deliver success in injury/illness reduction at all locations.

**Occupational Health Key Elements**

The company is also aggressively moving forward with an Occupational Health Key Elements Process that places an increased focus on employee health and is in addition to the current health management requirements already included
with the Key Elements Safety Process. On-site Occupational Health Care Professionals manage the Occupational Health Key Elements. Upon implementation each location has developed one of the most comprehensive safety and health management processes in the industry.

Table 3.2
Showing Trends of Employment in Heinz from 1991-2001

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employee's</th>
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<tbody>
<tr>
<td>1991</td>
<td>34100</td>
</tr>
<tr>
<td>1992</td>
<td>35500 (4.10%)</td>
</tr>
<tr>
<td>1993</td>
<td>37700 (6.19%)</td>
</tr>
<tr>
<td>1994</td>
<td>35700 (-5.35%)</td>
</tr>
<tr>
<td>1995</td>
<td>42200 (18.2%)</td>
</tr>
<tr>
<td>1996</td>
<td>43300 (2.60%)</td>
</tr>
<tr>
<td>1997</td>
<td>44700 (3.2%)</td>
</tr>
<tr>
<td>1998</td>
<td>40500 (-9.35%)</td>
</tr>
<tr>
<td>1999</td>
<td>38600 (-4.6%)</td>
</tr>
<tr>
<td>2000</td>
<td>46900 (21.5%)</td>
</tr>
<tr>
<td>2001</td>
<td>45800 (-2.34%)</td>
</tr>
</tbody>
</table>

Source: Annual Report, Heinz.
The table 3.2 shows fluctuating trends in the employment of labour. In the years 1994, 1998, 1999 and 2001 there has been a decrease in the employment provided at Heinz International whereas in the remaining years the employment of manpower shows a positive trend. It is because of the various acquisitions and restructuring programmes which are organised by the company from time to time. For example in the year 2000 the company announced the restructuring plan called "streamline". The highlight of that plan are as follows:

A worldwide organisational restructuring aimed at reducing overhead costs;

- The closure of the company’s tuna operations in Puerto Rico;

- The consolidation of the company’s North American canned pet food production to Bloomsburg, Pennsylvania (which results in ceasing canned pet food production at the company’s Terminal Island, California facility; and

- The divestiture of the company’s U.S. fleet of fishing boats and related equipment.
Streamline is expected to save an estimated $25 million pretax in Fiscal year 2002 and an estimated $40 million a year beginning in Fiscal year 2003. Non-cash saving is expected to be less than $6 million per year. Management estimates that these actions will impact approximately 2700 employees.

The above study of profile of Heinz International leads to the conclusion that the H.J. Heinz Company is one of the world's leading marketers of branded foods through retail and foodservice channels. Heinz has number-one or number-two branded business in more than 50 world markets.

Among the company's famous brands are Heinz (a global mega-brand approaching $3 billion in annual sales), Ore-Ida, Smart Ones, Begal Bites, Watties, San Marco, 9-Lives, Kibbles 'n Bits, Pounce, Farley's, Plasmon, BioDieterba, StarKist, John West, Petit Navire, Greenseas, UFC, Orlando, ABC, Honing, Hak, De Ruijter, Olivine and Puddliszki. Heinz also uses the famous brands Weight Watches, Boston Market and Linda McCartney under license.

Heinz provides employment opportunities for approximately 45,800 people on full-time basis, plus
thousands of others on a part-time basis and during seasonal peaks.

It has also been observed that the company had total sales to the tune of $6647118 thousands in 1991 which went up to $9430422 thousands during 2001 registering a sharp increase of approximately 42 per cent over a short span of time i.e. a decade. As a whole there is all round improvement in the profitability. So far as human resource management is concerned, the company being world’s No. 1 and 2 food company in more then fifty countries has always taken extra care of its human resource. The company has conducive environment which not only integrates and motivate all the employees towards achieving high standards but also makes sufficient room for everybody’s growth. People are valuable assets for the company. A good blend of behaviour and skill development programmes have always been initiated for the growth and career advancement of the employees of all categories in all the factories of the company. The organisation at the world level is operating as model employer leaving no room for the dissatisfaction of the employees. The next chapter entitled “Human Resource Management in Heinz India Pvt. Ltd (Aligarh) is a case study of human resource management in one of the units of Heinz international Co.
References
