HYSTER COMPANY

Americas Division

SUBJECT: 2007 S.W.O.T.S. Analysis

ACCOUNT: HERSHEY FOODS

BACKGROUND:

Hershey Foods is a confectioner based in Hershey, PA. They have approximately 300 fork trucks in fleet and these are primarily in Eastern PA. They have 5 distribution facilities throughout North America and the word is they are consolidating these facilities. The end result is more will be required in each warehouse and racking will be extended upwards.

Hyster has had a good presence with Hershey Foods through Modern Handling. Although fleet is small, they use primarily Hyster for all candy production. The distribution side is 100% Crown. Hyster either did not have the product or were not seen as a player when the facilities were planned.

Although you would not be able to tell from stock price, Hershey has disappointed US investors. It is flat over last 2 years and recently, they announced two items. First, they are raising wholesale pricing and secondly, they are expanding in Asia thru acquisitions in India. Hershey is primarily a US player today.

Corporate had an exclusive contract with Hyster. We have since discovered it was in name only but nevertheless, they saw Hyster as the production answer in Pennsylvania. Last year, the entire corporate buying group was eliminated and now decisions are made at local level. There is no sponsor within Hershey identified today.

STRENGTH:

- Good dealer presence in Eastern Pennsylvania.

WEAKNESS:

- Corporate sponsorship for agreement with Hyster weak.
- Hyster dealers not known at distribution locations.
- Perception that Crown knows distribution and Hyster is a bit player in food sector that makes big trucks.

OPPORTUNITY:

- Previous corporate team felt that they were being taking advantage of by Crown. They wanted a second player.
- Without corporate sponsor, if we win favor at one distribution facility we should be able to leverage. If corporate was correct, and they are paying huge premium for Crown, we will be able to capitalize on the cost conscious distribution team. Remember, distribution is a cost center, not a revenue producer. They are constantly under review for productivity and cost containment.

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THREATS:

- Being marginalized by Crown could backfire on Crown if we deliver gains. They threat we face is Crown is very strong, has put in years of development, and are firmly established.
- Specifications. Crown has lots of workarounds in place and our survey has to be on the money. We miss the first one, we will not get a second chance.

STRATEGY:
Seek out a corporate sponsor while attempting to work a demo, providing Hershey is receptive. I am not concerned about stand and drive or Walkie/Rider combinations for I think if we get in, we can unseat Crown. We beat Crown with old B80Z at Kraft and I am confident we can do the same here. I will be seeking buy-in from Modern Handling to work their local opportunity before we attempt to branch into less favorable locations. We do not know remote locations and this is too risky. Modern knows what expectations are at plants and are more than equipped to handle distribution side of equation. I would like to pull this off in quarter 2, depending upon reception of Hershey and availability of properly equipped Double Reach Truck.

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