Addition, Subtraction, Division

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Food processing mergers and acquisitions can be rough water to navigate, especially for plant floor employees and plant managers who initially might seem immune to the effects of such high-level corporate decisions. Recent changes at Kraft Foods Group and others can be instructive for those undergoing corporate changes in their own companies.

In late 2009, Kraft Foods Inc. made a hostile bid for Cadbury PLC, angering UK citizens and worrying consumers across Europe, fearful that their favorite chocolate treats would take on a new Americanized taste.

The consolidation was smooth from this side of the Atlantic, but months after the acquisition, Kraft closed a facility in Keynsham it had offered to keep open, and according to news reports at the time, about 400 people lost their jobs.

Of course, before the Kraft buyout, Cadbury itself had been finalizing plans to close the facility. Despite the fact that Kraft couldn’t be blamed for slashing Keynsham jobs already planned for elimination, the company’s original offer to keep the facility open was seen by many in the UK — industry-watchers, food industry workers and average citizens — as a disingenuous offer.

Fast forward three years, and Kraft has just completed one of the largest spinoffs in NASDAQ history. On October 2, the company successfully spun its international snack business — now called Mondelez International — into its own company, with the remaining U.S. grocery business, Kraft Foods Group, maintaining Kraft Foods’ recognizable branding.

On the day of the split, Tony Vernon, CEO of Kraft Foods Group, began the day at the company’s Northfield, Ill., headquarters and announced, “Our strength is in our people. We are 25,000 strong and together we will make the new Kraft.”

The photo-op on the plant floor and verbalized commitment to Kraft’s workers are likely good signs for Kraft’s employees hoping to continue to grow with the company.

Meanwhile, Mondelez has hit the ground running. Heading up the new company, Kraft Foods Chairman and CEO Irene Rosenfeld has promised an aggressive growth strategy for the new snack giant. On the day of the split, she said, “This is a very special day. We’re making our debut as Mondelez International and unleashing a global snacking powerhouse that’s uniquely positioned to delight consumers. We’re the world’s greatest start-up. Out of the gate, we have $36 billion in revenue and leading positions in every market in which we compete. What’s more, our brands have been loved by consumers around the world for generations.”

And it didn’t take long for the innovations to start rolling out. Less than a week after its spinoff, Mondelez launched a new candy bar in the UK — Cadbury Dairy Milk with Oreo. The candy bar combines flagship products from the pieces of the old Kraft brand claimed by Mondelez and the new(ish)ly acquired Cadbury line.

As Kraft and Mondelez both put forward aggressive growth strategies market watchers are heralding the split as a great move for both and are almost uniformly encouraging investors to stake a claim in either company. Aggressive growth and positive earnings reports can only mean good news for food industry workers.

What’s your take? Please feel free to comment below or email krystal.gabert@advantagemedia.com *[1].*