

Hershey To Spend \$300 Million On Plant Modernization

Marc Levy, Associated Press Writer

HARRISBURG, Pa. (AP) — Chocolate maker The Hershey Co. said Monday it will spend \$250 million to \$300 million to modernize several facilities and cut costs as part of a plan that is intended to save \$80 million a year and could mean big changes for the company's hometown.

Hershey made the announcement after its board unanimously approved the plan. Union members paved the way for the move 10 days ago by approving a contract that will lead to hundreds of layoffs and move production out of the century-plus-old factory in Hershey, Pa., that company founder Milton Hershey built.

Facing rivals that are merging to create bigger international footprints, Hershey said its "Next Century" project is necessary if it is to keep pace.

"Our investment will create a highly flexible, cost-effective manufacturing facility that will enable us to remain competitive with global players while satisfying the needs of retail customers and consumers," president and CEO David J. West said in a statement.

Maker of Hershey's chocolate Kisses, Reese's peanut butter cups, Mr. Goodbar and other candies, the company will spend \$200 million to \$225 million to modernize and expand the newer of its two West Hershey factories, which was built in 1992.

That facility will become the new work place for some of the employees from the older plant at 19 E. Chocolate Ave., which will lose its production lines. The company has said the Chocolate Avenue plant's unwieldy layout, low ceilings and narrow column spacing make it inefficient to operate and troublesome to upgrade.

It also will spend \$50 million to \$75 million upgrading distribution and administrative facilities in Hershey, including developing the Chocolate Ave. plant into offices.

The company expects the project to save it \$80 million a year by 2014. About 500 to 600 employees are expected to lose their jobs in the transition.

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