Rick Lenny, president, chairman and CEO of the Hershey Company, visited UC Davis last fall to discuss his experiences at the confectionery and snack products giant and share insights into management that he has gained over a stellar 30-year career in the packaged goods industry.

The breakfast conversation, moderated by Robert Lorber, president of Lorber Kamai Consulting Group and chair of the Graduate School of Management’s Dean’s Advisory Council, drew more than 100 of the School’s Business Partners, alumni, faculty, staff and MBA students.

Before joining Hershey in March 2001, Lenny served as president of the Nabisco Biscuit Company. His career includes leadership positions at Kraft Foods, Inc. and Pillsbury, North America. Lenny has received many honors and accolades during his career. In March 2005 Barron’s named him one of the 30 of the “World’s Most Respected CEOs.” Founded in 1894, the Hershey Company has annual revenues of more than $4 billion and more than 13,000 employees worldwide.

Below are excerpts from the informal and off-the-cuff conversation:

**Robert Lorber:** How did you come to lead the Hershey Company?

**Rick Lenny:** I am the first CEO brought in from the outside in the company’s 114-year history and only its eighth or ninth CEO ever. In hiring me, the board had a clear idea of what they wanted—there are reasons why they didn’t look within the company, even though this had always been part of the culture. Among other things, they wanted an outsider’s perspective. It’s been a very interesting time—close to six years now.

**Lorber:** How did you assess Hershey, its strengths and weaknesses?

**Lenny:** When you’re interviewing for CEO or CFO or president you can’t simply go in and talk with people. And just as very few at Hershey came from the outside, there were not many people at Nabisco or Kraft who had worked there and could give me some insight. It was like bowling with a bed sheet hiding the lane. I read the annual reports, learned what Wall Street said, but it was difficult to learn much about Hershey’s culture. The board almost became my lifeline.

**Lorber:** How would you characterize your early interactions with Hershey’s leadership team?

**Lenny:** I think it was a shock to both our systems. I am Hershey’s first CEO who did not come up through the finance side. My background is marketing and brand management. I’m more externally oriented, more focused on winning in the marketplace, meeting consumers’ needs. I gave my rules for engagement, for lack of a better term—how we would operate. I wanted to demystify myself. Because between the time I was announced and the time I showed up, they had called everyone they knew trying to find out the good, the bad and the ugly.

The most difficult challenge and important task of any new CEO is to assess the leadership situation and quickly make changes. You can’t wait six or nine months; people start to make relationships with you or gain a false sense of security. I announced a new executive team less than three months after I came on board.

**Lorber:** Share a little about how you lead, both philosophically and on a day-to-day basis.

**Lenny:** I would characterize my leadership style as player-coach, less from a controlling perspective but because I enjoy building a business. The hard thing is to know when to steer and when to drive. When business isn’t going well, we tend to want to drive. You have to be careful about that.

We have a saying at Hershey that “great people build great brands.” My leadership style is more collaborative than not. I spend 50 percent of my time on people issues; I’ve been characterized as a very good listener. A lot of people have better ideas than I might, and they deserve to be heard.

**Lorber:** How do you ensure that you have great people?

**Lenny:** In his book Good to Great, Jim Collins says that you don’t motivate and discipline people—you hire self-motivated and self-disciplined people. That’s an interesting perspective. It’s hard to change people’s behavior—so (at Hershey) we need to hire bright, talented people who work well together.
The Candyman Pays a Visit

A CONVERSATION WITH HERSHEY CEO RICK LENNY

For leadership positions I look for smart people who have a great degree of humility, who are as quick to discuss what hasn’t worked out as they are to comment on their successes. And the higher level the position, the more important the commonality of values. Can they share your philosophy? It’s easy to figure out if they’re competent to do the job. It’s harder to predict if they will fit in.

Finally, it’s important to recognize and reward. How do we keep 13,000 people motivated, challenged and engaged? We have an executive leadership program, incentives, cross groups, cross-functional assignments. We do a lot to enhance our people, especially through work-related assignments and opportunities.

Lorber: Talk about integrity—and implementing Sarbanes-Oxley.

Lenny: Since I became CEO at Hershey, we’ve had WorldCom, Enron, Tyco, Hewlett-Packard. There’s been a loss of trust. And one can’t blame the press for the criticism that business overall is getting and for (the scrutiny of) the position of CEOs. Sarbanes-Oxley gives us all not just the opportunity to review but to make important changes to our controls and procedures. You can’t legislate integrity, but SOX does create a new lens through which to look at things. If there are bad apples, SOX will help weed them out. But it can never be a substitute for judgment and the right level of aggressiveness in the marketplace.

Lorber: What are the most challenging issues facing Hershey today?

Lenny: The new product lifecycle is the shortest I’ve seen in 30 years. We’re running rapidly to bring innovations to the marketplace, but what we see as innovative, consumers see as just another variety. Our brand equities and brand franchises are not nearly as elastic as we think. Just 10 percent of Hershey’s business is outside the U.S., which pales in comparison with our competitors. (So, another of our big challenges is:) How do we take the company global?

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—Rick Lenny on becoming the first CEO brought in from the outside in Hershey’s 114-year history

View the full video of Rick Lenny’s conversation @ www.gsm.ucdavis.edu/multimedia