

Hershey's Future: A Case on CEO Selection and Integration

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Abstract. The purpose of this case is to facilitate the learning, reflection, and discussion of CEO succession planning including both the selection and integration processes. This case provides a real context in which students can learn, analyze and discuss succession planning in a real-world context. More specifically, students are introduced to best practices in successful CEO searches and subsequent CEO integration. This analysis is done in the context of The Hershey Company's search for a new CEO. By providing a real context and framework for succession planning, the reader is not only able to learn the best practices of succession planning, but consider those practices in the context of a specific scenario.

Keywords: succession planning, chief executive officer, board of directors, executive search, integration planning.

1. Introduction

Michele Buck was ready to retire. She worked at Hershey, the company famous for its chocolate, for 20 years. Since 2017 she had been the CEO. She loved the company, but the job of CEO continued to grow more challenging as the price of chocolate skyrocketed and executives departed. She had discussions with the Board of Directors for years about the timing of her retirement, but the moment never seemed to be right. This time, she was ready to make it official. But she also didn't want her departure to create new problems for Hershey. Hershey's next CEO would face a new set of challenges. The environment had been characterized by historically high coca prices, uncertainty in tariffs, and reduced foot traffic in pharmacies and convenience stores where their products were heavily represented. Volatile prices for their key ingredient and a decline in one of their most important market segments were tremendous risks for the company. How the next CEO handled these challenges would define the future of the company. She and the Board President had a challenge before them: How could they plan Buck's retirement in a way that set Hershey up for continued success under a new leader?

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2. The Hershey Company

Milton Hershey was an entrepreneur and a risk taker who first established the Lancaster Caramel Company in 1886 after selling homemade caramels out of a pushcart in Lancaster Pennsylvania, USA. This success and his growing dedication to chocolate led him to found The Hershey company in 1894 with its first chocolate bar sold in 1900. The company has grown from its modest beginnings to include over 90 brands distributed across approximately 80 countries worldwide. Today, the company produces both salty and sweet treats, with brands such as Jolly Rancher, Twizzlers, and Cadbury. The company had a global workforce of over 20,000 employees and annual revenues of \$11.2 billion in 2023.

Much of the success of Hershey's growth and success in recent years could be attributed to their CEO, Michele Buck, who had carried on the entrepreneurial spirit of the company's founder. By greatly expanding the scope of Hershey's product lines beyond chocolate, Buck helped Hershey respond to the evolving tastes and wants of the customer.

3. Michele Buck, CEO

Buck came to Hershey with a strong track record in the snack business. She worked over 20 years doing branding and marketing at Frito Lay, Kraft, and Nabisco. When she arrived at Hershey she moved through positions such as Chief Operating Officer and Chief Growth Officer. She was named Hershey's 12th CEO in 2017. In that role she helped the company expand beyond chocolate and is considered a key architect of Hershey's expansion to include salty snacks.

During her tenure as CEO Buck oversaw the purchase of SkinnyPop popcorn, Pirate's Booty cheese puffs, and Dot's Homestyle Pretzels. However, while the company diversified its brands, its stock only grew 46% since she took over as CEO, compared to an increase of 147% in the S&P 500 over the same time period. However, Hershey's performance was quite good in comparison to one of their closest competitors, Nestle, whose stock grew approximately 10% between 2017 and 2024. In 2024 the Hershey Trust Co., which holds approximately 80% of the voting shares, rejected a takeover offer from competing confectioner Mondelez.

Buck was widely praised for her leadership at Hershey. As the only woman leading a food company on the S&P 500 Index, she was included on *Fortune's Most Powerful Women* list. The former Hershey Chief of Research and Development under Buck explained, "Michele knows that business inside out and backwards.... It's going to be hard to replace her."