
人力资源管理学习摘要

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以下是学习摘要作业:



Organizational Analysis



Table of Content

Executive Summary	3
Company Overview	4
Organizational Strategies	5
□ <i>Vision</i>	5
□ <i>Mission – Good Food, Good Life</i>	5
□ <i>Porter’s Competitive Forces and Strategies</i>	6
□ <i>Miles and Snow’s Strategy Typology</i>	8
Organizational Design and Structure	9
□ <i>Organization Structure</i>	10
□ <i>Organization Chart</i>	11
External Environment	12
□ <i>Political</i>	12
□ <i>Economical</i>	13
□ <i>Socio-cultural</i>	13
□ <i>Technological</i>	14
Internal Environment	14
□ <i>Strong brands recognition</i>	14
□ <i>Organizational decentralization, differentiation and localization</i>	15
□ <i>Large investment in R&D and innovation</i>	15
□ <i>Corporate shared mission and values</i>	15
□ <i>Strong financial performance</i>	16
Organizational Design for an International Environment	17
Products	18
Information Technology and Control Systems	19
Organization Size, Life Cycle, and Possible Decline	21
□ <i>Size</i>	21
□ <i>Life Cycle</i>	22
□ <i>Possible Decline</i>	23
Organizational Culture	24
Corporate Ethical Values	24
□ <i>Corporate Code of Conduct</i>	24
□ <i>Creating Shared Value</i>	25
Innovation and Change	26
□ <i>Research & Development</i>	26
Decision Making Processes	28
Conflict, Power and Politics	29
Recommendations and Conclusion	30
□ <i>Strategic expansion in big emerging markets</i>	30
□ <i>Organizational revitalization in strategy and structure</i>	31
□ <i>Product diversity and enrichment</i>	31
□ <i>Corporate social responsibilities</i>	32
References	33

Executive Summary

Nestlé is widely known as the world's largest multinational food and beverage company, with a 148-year history and operations in virtually every country in the world. Nestlé was founded in the year 1866 by Swiss pharmacist Henri Nestlé in Vevey, Switzerland. With successful product expansion and business strategies, Nestlé now employs roughly 339000 people and has factories or operations in almost every region. Nestlé owns a variety of major consumer brands such as Nescafe, Kit-Kat, Carnation, PowerBar and so forth that has a dominant position in a variety of markets. The industry leadership of Nestlé largely depends on the company's Research and Development (R&D) networks and activities. This enables Nestlé to provide high quality, safe and healthy food and beverage categories for worldwide consumers on a continuous basis.

Aiming to become the food industry leader in nutrition, health and wellness, Nestlé is committed to promote corporate common goals and create shared values within a decentralized organizational model. The company typically implements differentiation and low-cost leadership strategies to occupy or retain the target markets. They also established a global hybrid or mixed structure that empower regional managers, who report back to the headquarters, to have autonomy for their specific business operations and decision-making processes. Although Nestlé has certain competitive advantages for persevering in the market, the company still faces challenges due to external environments and internal factors in today's dynamic and high velocity global markets.

With a general understanding of Daft's (2009) concepts, this report attempts to discuss the organizational theory and design through the business stories of Nestlé. We will start with the company overview, followed by a thorough analysis of organizational strategies and structure, as well as the external and internal environments that will affect Nestlé's business operations. We will also examine what and how Nestlé is doing in the area of product portfolio, technology and innovation, control systems, corporate cultures and politics. In the end, this paper will summarize

Nestlé's experience and conclude with a few strategic recommendations to the company on how to sustain a solid position with robust development in the global market.

Company Overview

Nestlé S.A., headquartered in Vevey, Switzerland, is the largest global food and beverage company in the world. It is well recognized for its efforts in becoming a world leader in Nutrition, Health and Wellness.

Founded in 1866 by Henri Nestlé, the company developed significantly during the First and Second World Wars, and expanded its offerings beyond its early condensed milk and infant formula products. In order to enlarge its product portfolio and business scope, the company has made a number of corporate acquisitions through the years of 1950 to 2007.¹

Nestlé owns a wide range of brands and manufactures abundant products in a number of markets, including coffee, bottled water, milkshakes and other beverages, breakfast cereals, infant foods, performance and healthcare nutrition, seasonings, soups and sauces, frozen and refrigerated foods, and petcare. Among these products, Nestlé's best-known brands, for instance Nespresso, Nescafé, Kit Kat, Smarties, Nesquik, Stouffer's, Vittel, and Maggi, generate annual sales of over 1 billion Swiss francs (about \$1.1 billion). Each year, the company invests around CHF 1.5 billion in Research and Development, aiming to continuously provide better quality products to shrewd customers in global markets.²

As the world's largest food and beverage company, Nestlé has 465 factories operating in over 150 countries, and employs around 339,000 people worldwide. Based on the statistics of *Financial Times*, Nestlé was listed No. 1 in the Fortune Global 500 as the most profitable corporation in the world in 2011. And with a market capitalization of \$233 billion, Nestlé ranked No. 9 in the FT Global 500 2013.³

¹ [Http://en.wikipedia.org/wiki/Nestl%C3%A9](http://en.wikipedia.org/wiki/Nestl%C3%A9).

² [Http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf](http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf).

³ [Http://im.ft-static.com/content/images/67c810a4-ae5b-11e2-bdfd-00144feabdc0.pdf](http://im.ft-static.com/content/images/67c810a4-ae5b-11e2-bdfd-00144feabdc0.pdf).

Organizational Strategies

- **Vision**

Since its inception, Nestlé has been increasingly aware that food and beverage choices can

impact quality of life, so they are committed to make their products tastier and healthier and to provide more options for global consumers. The backbone of a diverse product portfolio is Nestlé's unmatched R&D capability, nutrition science and innovation, as well as high standard of food quality. With this in mind, we can see that Nestlé employs a team of scientists, engineers, nutritionists, designers, regulatory specialists and consumer care representatives. This group of talented individuals makes every effort to earn consumers' trust by creating and delivering safe products of the highest quality. Thus, thanks to the corporate financial health and solid trust from all its stakeholders, Nestlé can reach its goals of becoming the world leader in Nutrition, Health and Wellness.

- **Mission – Good Food, Good Life**

Clearly, the objective of Nestlé is to become a leading Nutrition, Health and Wellness company in the world, while promoting a common value in nutrition and protecting the environment in which their businesses operate. Nestlé believes that size and behavior contribute to leadership in the industry. They acknowledged that trust is built over time through continuous promises. The company's mission and conduct are embedded in the term "Good Food, Good Life", which summarizes the corporate ambitions. In order to support these goals, Nestlé is committed to encourage their people to deliver a high level of performance, and to build the far-reaching and short-term entrepreneurial action by constant inspiration.⁴

⁴ [Http://www.nestle.com/aboutus/strategy](http://www.nestle.com/aboutus/strategy).



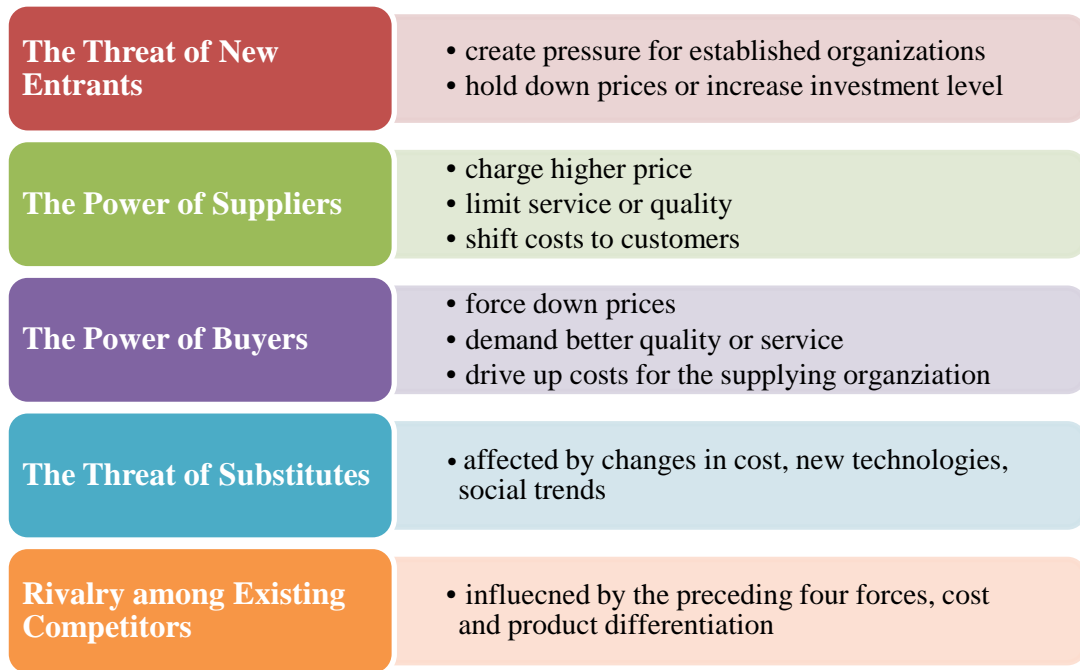
The above chart derived from Nestlé’s official website is the company’s Road Map, which has clearly shown the driving forces of Nestlé’s growth and development.⁵ Nestlé firmly believes that it takes decades to build real competitive advantage. This largely comes from a blend of irreplaceable strengths throughout the product value chain, strong R&D, the broadest geographic coverage and entrepreneurship, great people and strong corporate values. In alignment of the mission of Good Food, Good Life, Nestlé aims to provide consumers with the best nutritional product categories, to guarantee the sustainable development of their financial and environmental operations and behaviors.

● **Porter’s Competitive Forces and Strategies**

Studying a number of business organizations, Michael E. Porter (1979) found five forces that determine a company’s position vis-à-vis competitors in the industry. He suggested that “managers can formulate a strategy that makes the organization more profitable and less vulnerable in the industry environment” (Daft, 2009, p109).⁶

⁵ [Http://www.nestle.com/aboutus/strategy](http://www.nestle.com/aboutus/strategy).

⁶ Richard L. Daft, Theory and Design of Organization, 10 ed., Cengage Learning, 109.



According to Porter, a company can adopt one of three strategies to cope with the competitive edges within five forces. The three strategies include differentiation, low-cost leadership and focus.⁷ In the case of Nestlé's business principles and strategies, the analysis reveals that the company typically uses differentiation and low-cost leadership strategy to set itself apart from the competition in the industry.

A differentiation strategy focuses on marketing its products in a way that is clearly distinguishable from others in the marketplace (Daft, 2009). Nestlé creates solid customer value by offering various and high-quality products at a premium price. As the largest food and beverage producer in the world, Nestlé has adequate capabilities and resources to support its R&D to deliver innovative, good quality and nutritious products. Nestlé also distinguishes its products from others in the industry by taking advantage of its creative employees, advertising campaigns, distinctive product features, exceptional services and new technology. For example, when entering Chinese markets in the early 1990s, Nestlé took advantages of blister light box, sidewall, bodywork and subway advertising to target customers who are at the age group of 13-34 for Nescafe instant coffee. In the past decades, Nestlé's customer base has been increased by three times, while the promotion expenditure has only

⁷ Richard L. Daft, *Theory and Design of Organization*, 10 ed., Cengage Learning, 111.

been doubled. These various kinds of advertising campaigns have proved to be very successful in Chinese market. Moreover, the differentiation strategy helps Nestlé reduce the rivalry with competitors and fight off the threat of substitute products, because customers are loyal to the company's brands.

It is reported by a management consulting firm that Nestlé acquires competitive advantages through the low-cost leadership strategy. The company tries to produce and to market its products by keeping costs low compared to competitors. This can be achieved simply because Nestlé is able to achieve economies of scale in raw materials, production and marketing. In many developing countries, Nestlé promotes a wide range of products at affordable lower prices to grasp the market share and build consumers' loyalty.⁸ For instance, Nestlé learnt that people in Brazil prefer shopping on a daily basis but are less willing to buy food or beverage in supermarkets because of the high price. Taking this local consuming pattern into consideration, Nestlé employed over 8000 women to distribute the company's products to local neighborhoods, from which Nestlé boosted its sales dramatically.

- **Miles and Snow's Strategy Typology**

Based on Miles and Snow's strategic typology, organizations try to adapt by applying internal organization characteristics and, corporate strategy, as well as realignment to the external environment by four strategies – the prospector, the defender, the analyzer and the reactor.⁹ Each strategy has different characteristics as below.

⁸ [Http://www.chinadaily.com.cn/bizchina/2010-07/01/content_10044435.htm](http://www.chinadaily.com.cn/bizchina/2010-07/01/content_10044435.htm).

⁹ Richard L. Daft, *Theory and Design of Organization*, 10 ed., Cengage Learning, 114.

Prospector

- innovate, take risks, seek out new opportunities and growth
- suited to a dynamic, growing environment with a strong focus on creativity

Defender

- concerned with stability, internal efficiency and control, hold on current customers,
- suited to a declining industry or a stable environment

Analyzer

- maintain a stable business & innovate on periphery
- balance efficient production for current product lines with creative development of new products

Reactor

- respond to environmental threats and opportunities in ad hoc fashion
- meet immediate needs

Upon study and research, we found that Nestlé fits the characteristics of an analyzer strategy. In worldwide markets, some of Nestlé's products, for example Nestlé Water and Coffee, are targeted toward stable markets in which Nestlé designs an efficiency strategy to keep the current customers. On the other hand, some newly-developed products, such as advanced formula cereals and healthcare nutrition products, are targeted toward new and more dynamic markets, where huge growth is possible. Apparently, Nestlé balances efficient production of their current product portfolio with the creative development of new product lines.

Organizational Design and Structure

“Organization effectiveness is a totality of organizational goodness, and a sum of elements such as production, cost performance, turnover, quality of output, profitability and efficiency”. (Katz and Kahn, 1966). It is the ability of an organization to achieve its objectives and to meet the needs of its various stakeholders (Khandwalla, 1995).¹⁰ According to the official website of Nestlé, the company's stakeholders include its employees, customers, suppliers and distributors, partners,

¹⁰ Katz D, Kahn RL (1966). The social psychology of organizations. New York: Wiley. P. 168
Khandwalla PN(1995): “Management Style”. New Delhi: Mc-Graw Hill. P. 387.

investors and shareholders and regulatory authorities, and so forth.

- **Organization Structure**

“In today’s global business environment, many international firms apply a global hybrid or mixed structure, in which two or more different structures or elements of different structures are used” (Daft, 2009, p180).¹¹ Generally, Nestlé presents distinct characteristics of a global matrix structure.

On the one hand, Nestlé has its own local companies in most countries. The Group is managed by geographies (Zones Europe; Americas; Asia, Oceania and Africa) for most of its food and beverage business, except for globally managed businesses, which includes Nestlé Waters, Nestlé Nutrition, Nespresso, Nestlé Professional and Nestlé Health Science.¹²

As the largest branded food company in the world, Nestlé rejects the idea of a single market and uses a geographic structure to focus on the local needs and competition in each country. Nestlé puts great emphasis on the autonomy of regional managers who know the local culture. Local managers have the authority to decide a product’s flavoring, packaging, portion size, or other elements. Many of the company’s 8000 brands are registered in only one country.¹³

As a result of the company’s well-established product lines and advanced technologies, Nestlé uses global geographic structure to divide the world into geographic markets, wherein they can seek low-cost manufacturing within diverse countries, and meet different needs across regions for marketing and sales.¹⁴ With a full control of functional activities, each regional division is accountable for reporting to the CEO.

Typically, the headquarters in Switzerland work together with each geographic

¹¹ Richard L. Daft, *Theory and Design of Organization*, 10 ed., Cengage Learning, 180.

¹² http://www.oneworldtrust.org/component/docman/doc_view/94-2006-gar-accountability-profile-nestle?tmpl=component&format=raw.

¹³ Richard L. Daft, *Theory and Design of Organization*, 10 ed., Cengage Learning, 177.

¹⁴ http://www.nestle.com/asset-library/Documents/Library/Documents/Corporate_Governance/Corp_Governance_Report_2013_EN.pdf.

division, and sets an overall strategy that directs Zone Management and the Strategic Business Units (SBUs). Geographically, Nestlé's three Zones work closely with the local markets and the SBUs. Their primary role as business enablers is the liaison between the market and the business centers. With a shared vision, Nestlé's global employees understand the direction, and how to fulfill the collaboration with common tools, strategies and values. In addition, the SBUs who specialize in a particular category, for example Coffee and Beverages, PetCare, or Chocolate, work with Research and Development (R&D) so that every food or beverage produced by the company meet consumer expectations and latest innovation. They also help the markets to achieve the business and brand objectives.

On the other hand, Nestlé has established joint ventures such as Cereal Partners Worldwide and Beverage Partners Worldwide, while owning Alcon, a pharmaceutical company that is the world leader in eye care. The company also has a significant share of L'Oréal, the world leader in cosmetics.¹⁵

Based on the above facts, Nestlé's global matrix/hybrid organizational structure allows the company to work effectively and efficiently. This is best exhibited when product standardization and geographic localization are balanced and when effective coordination of resource allocation is achieved.

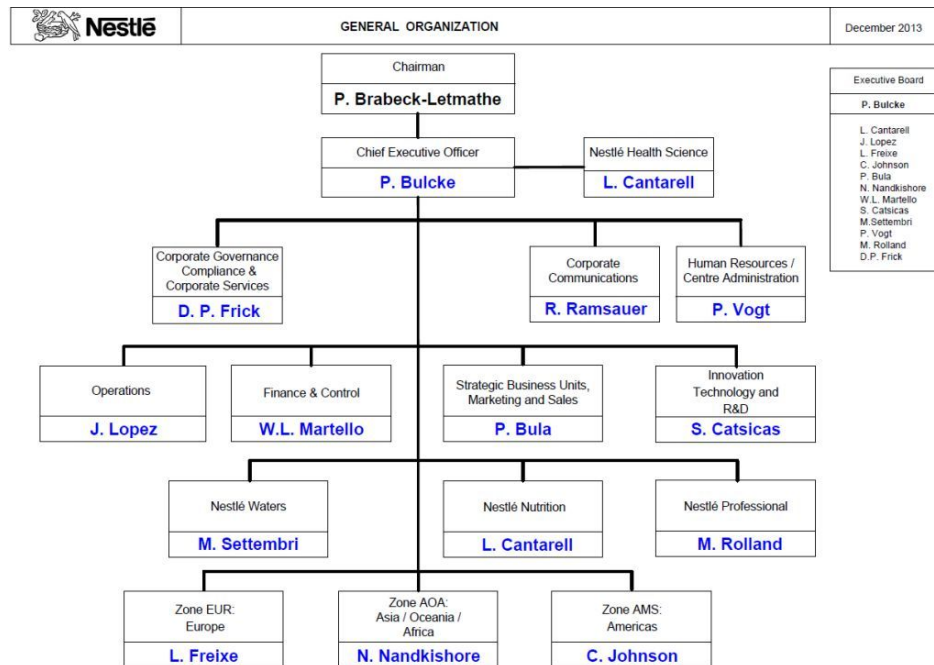
● **Organization Chart**

Similar to most global companies, Nestlé's management is the Annual General Meeting of Shareholders (AGM). According to the official website of Nestlé, the company's executives are the Board of Directors. The Chairman of the Board and Chief Executive Officer lead the company's operations. There are four committees that support the Board of Directors in corporate governance, including Chairman's and Corporate Governance Committee, Compensation and Nomination Committee, Audit Committee, and Finance Committee. Led by Chairman Peter Brabeck-Letmathe, the Board has 14 members to handle different parts of the global business. Nestlé's

¹⁵

http://www.oneworldtrust.org/component/docman/doc_view/94-2006-gar-accountability-profile-nestle?tmpl=component&format=raw.

Executive Board consists of company executives and department heads that manage the company's business operations and implement strategies and policies initiated by the Board of Directors.¹⁶ Below, the chart gives an overview of Nestlé's management structure.



External Environment

An organization's strategic analysis usually starts with an external environment analysis. The purpose is to identify the possible opportunities and threats to the whole industry. PEST analysis is one of the macro environment analyses that investigate the external environment in political, economic, socio-cultural and technological aspects.

● Political

Political issues are one of the major concerns for global companies to operate internationally. Political stability, bureaucratic regulations and taxation policies play a vital role in international business operations. In one aspect, with the political stability in one country, Nestlé can generate steady sales in targeted markets. In another aspect, government laws and regulation in certifying natural and safe raw materials, public financial disclosure, bribery or fraud highly influence every phase of Nestlé's organizational life and strategic planning. As far as Chinese market is concerned,

¹⁶ [Http://www.nestle.com/aboutus/management](http://www.nestle.com/aboutus/management).

Nestlé has greatly enjoyed the preferential policies and treatment that are given to large multinational companies by central or municipal government, for example lower corporate tax rates. This helps to explain why Nestlé has grown and expanded so quickly in the region of Greater China in the past 20 years.

- **Economical**

Economic condition varies from country to country. The economic component is related to policies, regulations and changes in a wider economy, such as economic growth, interest rate, exchange rate, and inflation rate, which will impact the business strategies and decision-making processes. For one, Nestlé is greatly benefited from the rapid economic development and the improvement of investment environment especially in developing countries. For another, Nestlé has taken consumers' income level and purchasing power into consideration when entering a new market or launching a new product in a specific region. With operations around the globe, Nestlé has adjusted for variations in consumer's demand and price sensitivities. According to a recent study of global food industries, Nestlé is gradually shifting the company's business emphasis from America and Europe to Asia-Pacific and Middle East markets, in view of the growing numbers of the middle-class and an increasingly higher level of disposable income in these economies.

- **Socio-cultural**

Generally, there are lots of issues that need to be considered by the company when doing international business out of the home country. These issues include demographics, language and education, tradition, religion and aesthetics, consumer living and diet habit, preference, and consumption patterns. Nowadays, the change in life style, urbanization and globalization have increased people's acceptance of new different products. Therefore, with a clear picture of socio-cultural environment, Nestlé can capture the consumer behavior in order to plan out good and effective business strategies in worldwide markets. Here is an example of Nestlé's success of respecting the socio-culture in African countries. The chicken bouillon cube produced by Nestlé is widely used to increase dish flavor in developed countries, however, people directly mix the cube with rice to eat in low-income countries in Africa.

Therefore, in accordance with local consumption habits and storage conditions, Nestlé has introduced small package of bouillon cube that people can easily have one piece for an individual in a meal.

- **Technological**

Greatly benefiting from the availability and capacity of strong research centers and associations, Nestlé owns the largest R&D network of any food company in the world. This enables the company to continuously produce nutritious and healthy food. Advanced technologies also create opportunities for new product lines, current product improvement, and new marketing promotion strategies, such as e-commerce and online stores. By gathering all the research and development resource available in the countries where it operates, Nestlé expects to use this competitive advantage to become a world-class leader in food and beverage industry.

Internal Environment

Nestlé's effective performance in terms of R&D, learning and growth serves as a foundation to help achieve excellent internal business processes. "Excellent business processes enable the organization to achieve product diversity, high customer service and satisfaction, and thus to realize its financial goals and optimize its values to all stakeholders" (Daft, 2009, p207).¹⁷

- **Strong brands recognition**

Nestlé is one of the most recognized and renowned brands in the world. Nestlé's logo depicts a loving mother feeding and nurturing her young with rich and healthy nutrition. The company emphasizes this message through communicating with consumers, launching promotions and marketing campaigns, and building and improving public relations. For instance, Nestlé carried out a project of "Nestlé Healthy Kids Global Plan" in China, which covered five cities and four rural areas with about 60 primary schools. More than 60,000 students and their parents, teachers, and Public Health Administration have proactively involved in the project. This

¹⁷ Richard L. Daft, Theory and Design of Organization, 10 ed., Cengage Learning, 207.

social activity significantly improved the brand recognition of Nestlé in Chinese market.

- **Organizational decentralization, differentiation and localization**

Nestlé's decentralized structure makes it possible for each business unit to become decision-makers for their specific business operations. The fact that Nestlé's products are diverse and can satisfy customers' need will prevent competitors from entering the unoccupied markets. Nestlé perseveres in learning about local customers through market research. This enables the company to develop new product lines with local adaptation and distinct features. Business units are also able to evaluate any possible market opportunities and to try to make successful long-term projects in local contexts.

- **Large investment in R&D and innovation**

It is estimated that approximately 98% of Nestlé sales come from international markets.¹⁸ All these achievements are derived from continuous innovation in new product lines, R&D development and marketing strategies. As a result, Nestlé gains tremendous competitive advantages. The company claims that carefully planned brands will allow the company to stay competitive in the market. For instance, Nestlé invented the manufacturing method of instant coffee in the year of 1938. This unprecedented innovation made coffee open a broader market in the world. Product innovation and diversification equip Nestlé to capture as much of the market share as possible.

- **Corporate shared mission and values**

Nestlé is conscious of the fact that corporation success is a reflection of the professionalism, the ethical conduct and the responsible attitude of its management and employees.¹⁹ Nestlé's objective is to become the industry leader in health, nutrition and wellness by competitively and innovatively manufacturing and marketing its products in global markets. The corporate values ensure that Nestlé employees around the world know how to act, and have a very strong sense of values

¹⁸ [Http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf](http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf).

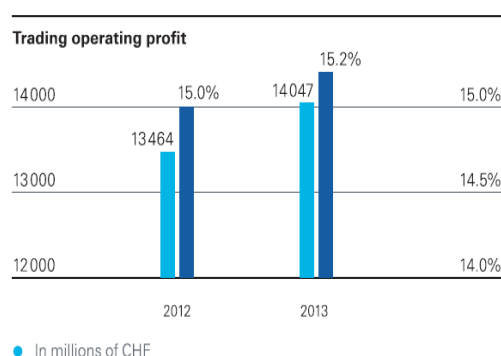
¹⁹ [Http://en.wikipedia.org/wiki/Nestl%C3%A9](http://en.wikipedia.org/wiki/Nestl%C3%A9).

and a clear framework for fast decision-making.

In regards to ethical values, Nestlé continues to maintain its commitment to follow and respect all applicable local laws in each of its markets.²⁰ While ensuring the highest standards are met throughout the organization, Nestlé is also an active advocate for environmental sustainability. They firmly believe that organizations have heavy responsibilities for the environment and ecosystem protection, and that modern development should not sacrifice the resources and environment for future generations.²¹

- **Strong financial performance**

In 2013, Nestlé achieved outstanding performance, and shareholders received a satisfactory dividend. Nestlé is expected to continue to be disciplined in driving its performance in line with the company's model of profitable growth and resource efficiency.²² Nestlé is committed to make its 2014 performance similar to 2013. Compared to the second half of 2013, Nestlé outperformed the market, with a growth of around 5% and improvements in margins, underlying earnings per share in constant currencies and capital efficiency. Below two graphs showed that Nestlé has reached excellent performance in the past few years.²³ The stable and healthy financial performance will provide strong assurance for Nestlé's development in the future.

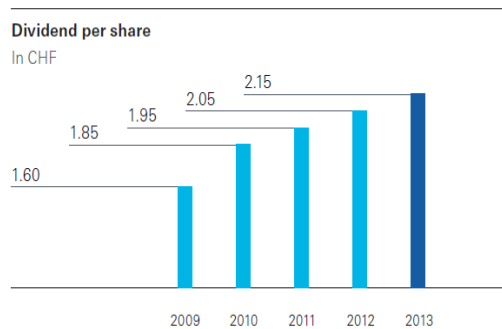


²⁰ [Http://www.nestle.com/csv/human-rights-compliance](http://www.nestle.com/csv/human-rights-compliance).

²¹ [Http://www.nestle.com/csv/environmental-sustainability](http://www.nestle.com/csv/environmental-sustainability).

²² [Http://www.nestle.com/asset-library/documents/library/documents/annual_reports/2013-annual-report-en.pdf](http://www.nestle.com/asset-library/documents/library/documents/annual_reports/2013-annual-report-en.pdf).

²³ [Http://storage.nestle.com/Interactive_AR_2013/index.html#58/z](http://storage.nestle.com/Interactive_AR_2013/index.html#58/z).



Organizational Design for an International Environment

As far as every multinational company is concerned, international markets have been instrumental in today's competitive consumer product markets. Given the fact that 98% of Nestlé's revenue is generated from outside of Switzerland. Nestlé has established a global geographic organizational structure to expand rapidly and proactively be involved in international business. Nestlé has mature product lines and stable technologies, so they can find low-cost manufacturing within countries, and meet different needs across countries for marketing and sales. Under this kind of structure, Nestlé is able to customize their products to meet specific needs and to develop closer relationships with customers. As noted in previous section, Nestlé has been strategic in the design of its international business.

Nestlé operates in nearly 150 countries across the globe. Daft (2009) argues that "inter-organizational linkages provide a safe network that encourages long-term investment, information sharing, and risk taking".²⁴ As early as 1950s, Nestlé merged with the manufacturer of Maggi seasonings and soups, and acquired Crosse & Blackwell who is the British manufacturer of preserved and canned foods.²⁵ Throughout the following decades, Nestlé implemented a number of acquisitions and mergers. In 2001, Nestlé established a joint venture with Coca-Cola or Beverage Partners Worldwide (BPW global beverage partner company) in 2001.²⁶ Their strong

²⁴ Richard L. Daft, *Theory and Design of Organization*, 10 ed., Cengage Learning, 183.

²⁵ [Http://en.wikipedia.org/wiki/Nestl%C3%A9](http://en.wikipedia.org/wiki/Nestl%C3%A9).

²⁶

[Http://www.nestle.com/asset-library/documents/investors/mergers-acquisitions/2001/nestle-and-coca-cola-joint-venture-to-tap-rapidly-growing-beverage-segments.pdf](http://www.nestle.com/asset-library/documents/investors/mergers-acquisitions/2001/nestle-and-coca-cola-joint-venture-to-tap-rapidly-growing-beverage-segments.pdf).

alliance planned to develop the black tea and green tea beverage business. Coca-Cola is mainly responsible for product distribution and production, while Nestlé is in charge of product planning, design, development and brand support. This collaboration has already proved to be very successful. In 2002, Nestlé acquired Chef America, Inc. who was U.S.-based hand-held frozen food product and business, while establishing a joint venture with Dairy Americas.²⁷ To a large extent, Nestlé has been able to achieve a higher level of innovation and excellent performance, since they learned to shift from an adversarial to a partnership mindset in the industry.

Products

Clearly, Nestlé's objective is to produce high-quality products with innovation and first-class technology. The company's propaganda does not exaggerate that Nestlé's products win a high reputation with its consumers. Nestlé's portfolio covers almost every food and beverage category that gives consumers tastier and healthier products. As stated earlier, Nestlé owns nearly 8,000 brands in its target markets and sells over a billion products every day.²⁸ Especially, among lower and middle class in many developing countries and emerging markets, Nestlé is promoting a wide range of products at reasonable and affordable prices. Although Nestlé tries to keep cost low, they provide a balanced diet by compensating for local dietary deficiencies, and combine good taste with convenience and nutrition. Here is a brief overview of Nestlé's product and beverage categories and brands.²⁹

²⁷

[Http://www.nestle.com/asset-library/documents/investors/mergers-acquisitions/2002/nestle-spurs-growth-us-frozen-food-business-through-acquisition-of-high-margin-growth-company.pdf](http://www.nestle.com/asset-library/documents/investors/mergers-acquisitions/2002/nestle-spurs-growth-us-frozen-food-business-through-acquisition-of-high-margin-growth-company.pdf).

²⁸ [Http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf](http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf).

²⁹ [Http://www.nestle.com/aboutus/ourbrands](http://www.nestle.com/aboutus/ourbrands).

Baby foods	Cerelac, Gerber, Gerber Graduates, NaturNes, Nestum
Bottled water	Nestlé Pure Life, Perrier, Poland Spring, S.Pellegrino
Cereals	Chocapic, Cini Minis, Cookie Crisp, Estrelitas, Fitness, Nesquik Cereal
Chocolate & confectionery	Aero, Butterfinger, Cailler, Crunch, KitKat, Orion, Smarties, Wonka
Coffee	Nescafé, Nescafé 3 in 1, Nescafé Cappuccino, Nescafé Classic, Nescafé Decaff, Nescafé Dolce Gusto, Nescafé Gold, Nespresso
Culinary, chilled and frozen food	Buitoni, Herta, Hot Pockets, Lean Cuisine, Maggi, Stouffer's, Thomy
Dairy	Carnation, Coffee-Mate, La Laitière, Nido
Drinks	Juicy Juice, Milo, Nesquik, Nestea
Food service	Chef, Chef-Mate, Maggi, Milo, Minor's, Nescafé, Nestea, Sjora, Lean Cuisine, Stouffer's
Healthcare nutrition	Boost, Nutren Junior, Peptamen, Resource
Ice cream	Dreyer's, Extrême, Häagen-Dazs, Mövenpick, Nestlé Ice Cream
Petcare	Alpo, Bakers Complete, Beneful, Cat Chow, Chef Michael's Canine Creations, Dog Chow, Fancy Feast, Felix, Friskies, Gourmet, Purina, Purina ONE, Pro Plan

Information Technology and Control Systems

Under the guidance of the company's Quality Policy, Nestlé tries to build trust by offering products and services that appeal to consumer expectation and preference, and complying with all internal and external food safety, regulatory and quality requirements.³⁰ Since quality is a company-wide objective, Nestlé has designed and established a common technology infrastructure and control systems to integrate all of its businesses.

According to Daft (2009), Information Technology influences organizational design and management in four aspects, smaller organizations, decentralized organization structures, improved horizontal coordination, improved interorganizational relationships and enhanced network structures.³¹

In the early stage of business operation, Nestlé allowed each local subsidiary to conduct business independently and separately. However, Nestlé gradually found that local differences caused inefficiencies and extra costs and prevented Nestlé from competing effectively in the market due to the lack of standard business processes.

Therefore, Nestlé initiated the company-wide installment of SAP enterprise resource planning (ERP) software to integrate material, distribution, and accounting

³⁰ [Http://www.nestle.com/aboutus/quality-and-safety](http://www.nestle.com/aboutus/quality-and-safety).

³¹ Richard L. Daft, Theory and Design of Organizations, 10 ed., Cengage Learning, 412.

applications. The Enterprise Resource Planning (ERP) system helped Nestlé collect, process and provides information about the company's entire operation, including order processing, product design, purchasing, inventory, manufacturing, distribution, human resources, receipt of payments, and forecasting of future demand.³²

On the basis of Nestlé's official report, Nestlé has also built five computer centers to focus on enterprise finance, business planning, and production and supply chain management to boost the company's growth and expansion. These integrated systems not only standardize the entire company's information systems and business processes, but also uses advanced IT to enable close coordination with suppliers, customers, and partners.

Moreover, Nestlé uses a cause-effect control technique, known as strategy map, to pursue the company's objectives. As Daft (2009) explains, "a strategy map provides a clear framework of the driving forces of an organization's success and shows how to interrelate specific outcomes in each area. This is a powerful way for managers to see the cause-and-effect relationships among various performance indicators".³³ Nestlé 4x4x4 Roadmap is a fundamental guideline for building a strong alignment within the company and developing a deep understanding of the company's strategies and how to execute them.

Furthermore, Nestlé has a very tight, strong and effective internal control system. For example, behavior control is a commonly used way by large companies that enable managers to observe employee actions and to see whether or not the individual follows desired procedures and performs tasks as instructed (Daft, 2009, p400).³⁴ Quality management system is another platform that is adopted by Nestlé to guarantee globally high quality raw materials, food safety, and compliance with quality standards. Nestlé also utilizes clan control with strong corporate cultures to emphasize shared values and trust among its employees with different cultural background. Under clan control, employees are often hired because they are highly committed to

³² Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 405.

³³ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 399.

³⁴ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 400.

the organization's objectives.³⁵

Organization Size, Life Cycle, and Possible Decline

● Size

Obviously, Nestlé is a mega-sized organization. By the end of 2013, there are approximately 465 factories in 150 countries, with about 339,000 employees in the company.³⁶ As Mark Hurd, former CEO of Hewlett-Packard put it,

*“If you don't have scale and you don't have leverage, you won't be able to give the customers what the customer wants”.*³⁷

Companies in all industries strive to acquire the size and resources needed to compete on a global scale, to invest in new technology, and to control distribution channels and guarantee access to markets.³⁸ Found by many executives, large size enables companies to stay economically healthy and to take risks that could ruin smaller firms. As a marketing-intensive company, greater size makes Nestlé a vibrant and exciting place that attracts and keeps high quality employees, so as to increase corporate revenues.

Through over a hundred years of development, Nestlé has grown into the world's largest food and beverage company, bringing tremendous influence in the industry. Therefore, huge resources and economies of scale are required for the company to compete globally. Similar to other large organizations, Nestlé has hundreds of functional specialties within the organization to perform multifaceted tasks and to produce varied and diverse products. In addition, the company's extensive scope makes Nestlé attract and retain talented employees. When the workforce increases, Nestlé will be more capable of seizing opportunities for development and advancement.

According to Jack Welch who is retired Chairman and CEO of General Electric,

³⁵ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 442.

³⁶ [Http://www.nestle.com/asset-library/documents/library/documents/annual_reports/2013-annual-report-en.pdf](http://www.nestle.com/asset-library/documents/library/documents/annual_reports/2013-annual-report-en.pdf).

³⁷ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 422.

³⁸ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 422-423.

he suggested an organization to adopt the “big-company/small-company hybrid” model that combines a large corporation’s resources and reach with a small company’s simplicity and flexibility (Daft, 2009, p426).³⁹ As far as Nestlé is concerned, the company keeps consistency in product quality, strong R&D capacities and corporate ethical values. At the same time, the company’s structure is decentralized to empower each business zone to focus on market specifications and consumers’ needs and preference in different regions and areas.

In today’s fluid and competitive markets, it is much likely that Nestlé will expand its business scale in the future. However, the company should put specialized development a priority, instead of only relying on diversification. With this in mind, Nestlé is able to penetrate into the market to increase market share and obtain a larger customer base.

- **Life Cycle**

Life cycle is a useful way to think about organizational growth and change. Organizational structure, leadership style, and administrative systems follow a fairly predictable pattern through each stage in the life cycle.⁴⁰ There are four major stages to describe an organization movement. Nestlé is now in the elaboration stage of the life cycle. The company is attempting to develop a team orientation within the company, while focusing on innovation, R&D and corporate reputation.

In Nestlé, power centralization and hierarchy are limited throughout the organization. Managers are encouraged to develop their skills of problem-solving and cooperation. Nestlé’s common values and conduct code reduce the need for additional formal controls. In order to achieve extensive collaboration and to maintain the autonomy and independent decision-making of regional executives and managers, Nestlé’s teams are built and organized across functions or divisions of the company.⁴¹

Nestlé’s challenge at its elaboration stage is the need for revitalization. Daft (2009) argues that “after the organization reaches maturity, it may enter periods of temporary decline. The organization shifts out of alignment with the environment or

³⁹ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 426.

⁴⁰ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 427.

⁴¹ [Http://storage.nestle.com/Interactive_AR_2013/index.html#12](http://storage.nestle.com/Interactive_AR_2013/index.html#12).

perhaps of streamlining and innovation”.⁴² Therefore, as Nestlé grows and expands its business in global markets, the company has to be able to refresh the corporate business principles and strategies, invigorate the organization structure, upgrade the information networks and R&D infrastructures; otherwise it could restrict the company’s continuous growth.

● **Possible Decline**

“Organizational decline is often associated with environmental decline in the sense that an organizational domain experiences either a reduction in size or a reduction in shape” (Daft, 2009).⁴³ Three factors are considered to cause the organizational decline, which includes organizational atrophy, vulnerability, environmental decline or competition. As Nestlé grows more mature or the external environment has less capacity to support the organization in some markets, they have to either scale down operation or shift to another domain to overcome insufficiencies.

According to Nestlé’s 2013 Annual Report, the traditionally well-established markets, like the United States and Europe, are becoming saturated and beginning to shrink. However, emerging markets in Greater China and Southeast Asia have been growing rapidly. Based on the statistics taken from McKinsey, in some regions, Nestlé lost some market share to Kraft and Starbucks in coffee market, and the sales of infant milk powder fell behind its main competitors – Dumex and Abbott. Therefore, Nestlé has to explore new ideas and implement effective market strategies to capture the market and get rejuvenated.

Sales by geographic areas			
	Differences 2013/2012 (in %)		in CHF
	in CHF	in local currency	millions
By principal markets			2013
United States	+0.3%	+1.5%	23334
Greater China Region	+29.3%	+27.6%	6618
France	+0.7%	-1.4%	5578
Brazil	+1.2%	+12.9%	5116
Germany	+3.6%	+1.4%	3321
Mexico	+0.3%	-1.4%	3179
United Kingdom	+3.5%	+6.1%	2824
Philippines	+17.0%	+19.0%	2410
Italy	-3.3%	-5.3%	2098
Canada	-3.6%	+0.8%	2064

⁴² Richard L. Daft, Theory and Design of Organizations, 10 ed., Cengage Learning, 430.

⁴³ Richard L. Daft, Theory and Design of Organizations, 10 ed., Cengage Learning, 444.

Organizational Culture

We found a very strong organizational culture in Nestlé. The same as other European companies, Nestlé typically adopts a decentralized organization approach in which international divisions have a high level of independence and decision-making autonomy. Each division focuses on its local markets to meet diverse needs. Nestlé also relies on a strong mission, shared values, and informal personal relationships.

Nestlé runs their businesses with strong characteristics of effectiveness, reliability, diligence and innovation. In compliance with the headquarters' guidelines and budget control, regional managers are completely independent in making respective plans and strategies that fit to local markets. Through systematically organizing its intellectual properties, Nestlé makes great efforts to foster a corporate culture of continuous learning and knowledge sharing. For example, every year Nestlé provides employees with various training programs, and R&D and innovation programs.⁴⁴

Making human capital a high priority, Nestlé cares about their employees and focuses on team work. As the Director of Human Resource and Training Department for Greater China Yunque Chen says that,

“Employees are the most important assets, the soul and carrier of Nestlé’s spirit and the most precious wealth of Nestlé” (Staffers, 2011).⁴⁵

In Nestlé, there is an open and close working atmosphere existing among top management and factory-floor employees. People are encouraged for upward communication and effective coordination and cooperation. Nestlé also addresses the importance of employee safety and work-life balance.

Corporate Ethical Values

● Corporate Code of Conduct

⁴⁴ [Http://www.nestle.com/csv/our-people/training-learning](http://www.nestle.com/csv/our-people/training-learning).

⁴⁵ [Http://live.china.com.cn/2011-01/10/content_3948535.htm](http://live.china.com.cn/2011-01/10/content_3948535.htm).

Since its inception, the Nestlé Corporate Business Principles have been the basis of the corporate culture, and reflects the ideas of fairness, honesty, and a general concern for people. Nestlé's code of conduct specifies certain non-negotiable minimum standards of behavior in key areas.⁴⁶

➤ Nestlé's mission to pursue a leadership position in Nutrition, Health and Wellness. The

corporate slogan 'Good Food, Good Life' shows that the company encourages a healthy lifestyle by continuously offering tastier and healthier food and beverage choices to its customers.

➤ Nestlé has a strict requirement and standard of quality assurance and product safety to

guarantee its promise to worldwide consumers.

➤ Nestlé commits to build and maintain good relations with suppliers and customers, and

creates reliable communication channels wherein everyone is empowered to express his or her concerns about health and nutrition. For example, Nestlé has its presence in a variety of mainstream social networks and utilizes Apps to interact with customers, except for the traditional "Ask Nestlé" section in the company's official website.

➤ Putting a strong emphasis on human rights, Nestlé treats their people with respect,

honesty and fairness. The company encourages employees to promote a sense of responsibility and provides equal opportunities for their career development and advancement.

➤ By using natural and renewable resources efficiently, Nestlé makes continuous efforts

on environment sustainability whenever and wherever its factories and business operation centers exist.

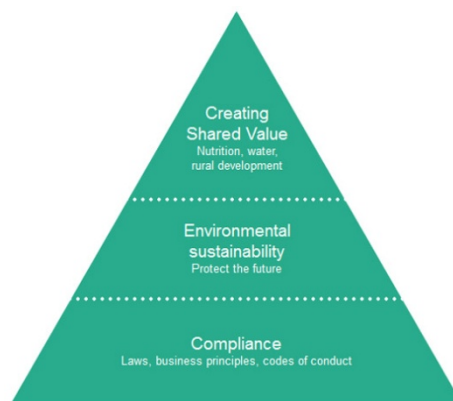
● **Creating Shared Value**

Aiming to achieve leadership and satisfy consumers' expectations, Nestlé creates

⁴⁶ [Http://www.nestle.com/aboutus/businessprinciples/code-of-business-conduct](http://www.nestle.com/aboutus/businessprinciples/code-of-business-conduct).

a shared value that the company's behavior, strategies and operations are key driving forces to create long-term sustainable value for shareholders, communities, business partners, and importantly consumers.⁴⁷

To ensure the financial and environmental sustainability, Nestlé makes large investment in their behaviors and operations of product advancement, R&D and technologies, people development and brand-building. Without sacrificing for the sustainable development of future generations, Nestlé's objectives are to meet today's needs and to ensure profitable growth for its shareholders and society over the long-term.



Innovation and Change

● Research & Development

As part of Nestlé's culture, innovation and change are the core attributes of continuous improvement and development in Nestlé. The company used to position itself as a technological food and beverage company; however, at the beginning of the 21st century, Nestlé strategically decided to become the world-class leader in Nutrition, Health and Wellness driven by market, research and development.

As below graph shows, Nestlé has the largest R&D network compared to any food company in the world, with 34 R&D facilities (3 Science & Research Centers and 31 Product Technology Centers and R&D Centers worldwide), and over 5000 people involved in R&D in Switzerland, France, Germany, the United States and

⁴⁷ [Http://www.nestle.com/csv/what-is-csv](http://www.nestle.com/csv/what-is-csv).

China.⁴⁸ Working with product and technology departments, Nestlé's research centers act not only as the catalyst for improving and innovating the main products, but also as a liaison between local technology and global markets. There are four pillars in Nestlé's R & D system: research and development center, product and technology centers, research centers and application sectors. Complementing each other, these four pillars continuously promote research and development needs of consumers and popular products. Each year, Nestlé Group invested approximately CHF 1.5 billion R & D projects.⁴⁹



According to the official website of Nestlé, the Research Center in Switzerland is a major idea pool, where new thoughts and scientific knowledge of all Nestlé products are constantly developed. It covers over 100 different professional areas, to name a few -- nutritional sciences, ingredients and production processes. The continuous innovation of new products and renewal of existing products enable Nestlé to develop and enhance hundreds of its products, particularly in the aspect of the nutritional benefits.

Nestlé Technology Co., Ltd. is also a special institution of Nestlé that provides the latest technology in terms of food and nutrition for all operating divisions. They conduct research work in different research fields of materials research and the impact of stimulus features. The institution is committed to develop new products and

⁴⁸ [Http://www.nestle.com/randd/ourvision](http://www.nestle.com/randd/ourvision).

⁴⁹ [Http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf](http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf).

improve existing products. Nestlé Technology Co., Ltd. is also widely perceived as one of the world's largest and most advanced food research institutions.⁵⁰

Decision Making Processes

According to Daft (2009) theories, today's dynamic changing environment has increased the number and complexity of decisions and created a need for new decision-making processes to large international organizations. The reason why Nestlé can keep a leading market position is that the company makes decisions based on the following principles: knowing customers, a long-term vision, product extension and innovation, production efficiency, quality control, multi-brands, and the autonomy of regional managers.⁵¹ These principles help Nestlé constitute a programmed decision-making system.

Nestlé uses management science, for example established rules, procedures and prior experience, as an excellent device for organizational decision-making when problems are analyzable to be identified and measured. Programmed decisions can be made generally based on clear criteria of performance, good information about current environment, specific alternatives, and relative certainty of a successful alternative (Daft, 2009).⁵² As a food and beverage company, Nestlé is taking advantage of mathematical formulas to precisely study customer data and make decisions about which new products to develop and how to market them.

When it comes to non-programmed decisions, a number of factors can affect the processes by which decisions are made in the organization, especially the organization's internal structures and the external environment.⁵³ Because non-programmed decisions are specific and poorly defined, and requires bargaining and conflict resolution. As far as Nestlé is concerned, the company uses a combination of the incremental and Carnegie Models for decision-making when identifying problems is uncertain or solving problems is difficult. To overcome

⁵⁰ [Http://en.wikipedia.org/wiki/Nestl%C3%A9](http://en.wikipedia.org/wiki/Nestl%C3%A9).

⁵¹ [Http://storage.nestle.com/Interactive_AR_2013/index.html#58/z](http://storage.nestle.com/Interactive_AR_2013/index.html#58/z).

⁵² Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 278.

⁵³ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 287.

individual biases, Nestlé tracks its organizational information on a daily basis to develop a deep and intuitive understanding of the business operations and seek advice from experienced and senior employees during a major decision. In order to integrate the overall strategic direction of the organization, Nestlé usually brings multiple alternatives that involve everyone in the decision-making process to reach a consensus.

Conflict, Power and Politics

In a global organization, there are bound to be the common conflicts between regional managers, or between geographic divisions and headquarters, because of the complexities of international business.⁵⁴ According to Daft (2009) theories, resources of organizational conflicts mainly include goal incompatibility, differentiation, task interdependence and limited resources.

Under the global matrix structure, the organizational conflicts are unavoidable within Nestlé. For example, Nestlé's marketing and manufacturing departments may have potential conflicts. This is because marketing tries to extend the product lines to meet customer tastes, whilst manufacturing has to undertake higher production costs. In addition, the differences in values, attitudes, and standards of behavior within the company also lead to conflicts at different levels. In order to avoid organizational conflicts, Nestlé released three important documents -- "Package Design Manual", "Labeling Standards" and "Branding Strategy" to ensure that the organization has consistency in branding, marketing and product categories.⁵⁵ It has also implemented the Business Conduct Code of Ethics to balance the interests, power and influence in different departments and divisions.

Nestlé has a decentralized organizational structure, wherein the power distribution reduces the potential uncertainty, increases the cooperation, ensures resource allocation, and copes with strategic contingency. Nestlé gives a certain level of authority to its business divisions in different countries. The headquarters usually

⁵⁴ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 241.

⁵⁵ [Http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf](http://www.nestle-family.com/our-company/english/assets/downloads/The-World-of-Nestle.pdf).

expect desired outcomes and great performance for the whole organization. On the other hand, the use of power in a large organization requires both skills and tactics. In Nestlé, there are about 5,000 management positions directly controlled by the headquarters. Many of the middle-top staff are selected by the headquarters to serve in a number of countries.⁵⁶ Nestlé's top management are often more willing to hire, transfer, and promote its people who are able to bring the expertise and innovation to the organization so as to achieve shared goals. The company tries to accumulate their experience and abilities, enabling them to become the pillars of the company, helping to achieve company strategies (Business Critics, 2010).

Recommendations and Conclusion

- **Strategic expansion in big emerging markets**

With the rapid economic development and increasing purchasing power of big emerging markets, for example BRICS, Nestlé should keep seeking its competitive advantages with differentiation to satisfy targeted customers. Nestlé official website shows that the company's sales from Asia, Oceania and Africa only amounted to 28% of its 2013 annual revenue, while 28% came from Europe, and 44% from America.⁵⁷ Obviously, there is big market potential in developing countries, especially China and India. Announced by Nestlé's CEO Paul Bulcke, China is the 2nd largest market to Nestlé as of 2013, and will be given great attention in the company's strategic planning. In doing so, Nestlé can grasp a larger market share in these big emerging markets and stay ahead of its competitors. It is highly suggested that Nestlé's top management allocate more professional and experienced middle-level managers or senior executives to support the function of product localization and innovation, marketing promotions, staff training and quality control. Meanwhile, Nestlé should also put more priority on business expansion by launching innovative products with local preference and recruiting local talented candidates who are familiar with the

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<http://www.nestle.com/asset-library/documents/library/documents/people/management-leadership-principles-en.pdf>.

⁵⁷ http://storage.nestle.com/Interactive_AR_2013/index.html#58/z.

specific markets.

- **Organizational revitalization in strategy and structure**

Through developing functional departments, Nestlé needs to stress stringent control on product quality, production technology and purchasing of raw material. As stated earlier, Nestlé adopts a global matrix structure in which business units and corporate headquarters contact each other by special modes, instead of administrative channels. Sometimes, the individual business might be out of control in product quality or ethic compliance because of profit-seeking in the short-term.

Nestlé should invest in replenishing, augmenting and upgrading the company's resource base. It is suggested that Nestlé identify and classify its resources within the three primary categories: physical capital, human capital and organizational capital. Compared to its key competitors -- Unilever, Kraft, Group Danone and General Mills, the management team has to evaluate and select a strategy or collection of strategies which best exploits the firm's resources and capabilities related to external environment. This situation is especially evident in developing countries where government policies or economic situations are ambiguous and uncertain.

- **Product diversity and enrichment**

As a key driving force, continuous innovation has helped Nestlé achieve outstanding performance in the past 140 years. In today's fiercely competitive market, consumers' living standards have been greatly improved; they are also easily exposed to a wider selection for daily consumption. In this sense, it is necessary for Nestlé to maintain its competitive advantages by providing a wide range of diverse products with different unmatched utilities. This competency can be achieved by Nestlé's constant investment in the development and innovation of healthy and nutritious products. While retaining the current product lines with a stable market share and lower price, such as water, coffee and dairy products, Nestlé has to develop new product lines to enlarge its customer base and enter into unoccupied markets by cross-industry alliance or acquisition.

- **Novel marketing promotions and distributions**

In addition to the advancement of organizational structure and investment in

product innovation to cope with international market demand, Nestlé should also break through the traditional ways or modes of marketing and explore the synergies between its brands to reduce marketing risks, while streamlining and optimizing distribution channels that facilitate targeted customers. For example, Nestlé can vigorously market its branded products by introducing the nutritious and health food packages to aging people or home care patients in developed regions. The company can also build cooperation and partnership with local Food and Drug Administration, Ministry of Agriculture, Ministry of Health, Administration for Industry and Commerce to promote the brand image of food quality and safety, as well as a healthy diet and lifestyle.

- **Corporate social responsibilities**

Today, water scarcity, food safety and trust issues are some of the big challenges for the food industry, especially in developing countries.⁵⁸ Many multinational corporations are involved in issues of food safety challenges. In view of this phenomenon, Nestlé should implement tactical strategies to maximize resource utilization. For example, the company is suggested to offer small recycled packaging of its products, and try to ensure quality control and upgrade internal censorship system by strengthening effective coordination and cooperation of functional departments. To build customer's trust and loyalty, Nestlé could take advantage of customer relationship management (CRM) systems. "It will help large companies track customers' interactions with the firm and allow employees to review a customer's past sales and service records, outstanding orders, or unresolved problems" (Daft, 2009).⁵⁹ In this way, a long-term solid relationship will be established between the organization and its customers. And Nestlé can eventually realize the corporate social responsibilities as it has been promising to the public.

Based on the above discussion, we can easily draw a conclusion that opportunities and challenges exist simultaneously to Nestlé. On the one hand, Nestlé could use its

⁵⁸ <http://www.reuters.com/article/2013/02/25/idUSnHUGPkmDna+1e4+ONE20130225>.

⁵⁹ Richard L. Daft, *Theory and Design of Organizations*, 10 ed., Cengage Learning, 409.

advantages of unmatched product and brand portfolio, extensive geographic presence, strong R&D and innovation capability to retain the existed markets. With a mindset of thinking globally and acting locally, Nestlé should penetrate into the existing markets and develop new markets by offering customized healthy and nutritious products and launching attractive marketing campaigns to increase the customers' awareness and brand loyalty. On the other hand, Nestlé has been challenged by its inability to provide consistent quality in food products in some countries, and the weak implementation of the corporate CSR. In other words, only through ethical business activities will Nestlé increase its market share and leverage the brand value in the long run. To put it simple, how to maintain the capacity of constant innovation and the company's performance in new emerging markets will be the decisive factors for Nestlé to hold a leading position in the prospective markets.

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