

Nestles corporate structure and social responsibility management essay



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Henri Nestle in Switzerland established Nestle in 1966. Its initial stage was originally making baby food. After the Second World War, the government contracts dried up and consumers switched back to fresh milk (Gov Paper, 2012). Therefore, through the Nestle's managers' quick response by streamlining operations, then based on their strict management, underwent continuing exploration, it expended incessantly to be the biggest food manufacturers and one of the biggest transnational corporations in the world today. It has around 450 factories, 32 million staffs and operates in 86 countries, with the annual sales revenue reaching up to 910 billion franc per year (Wikipedia, 2012). It is famous for chocolate bars and instant coffee. Since the its beginning as a small firm, the company is well-known in almost every country in the world today. The successful management mode of Nestle is worth referencing for managers to control their own companies. This report will outline the Nestle's Corporate Structure and Social Responsibility.

Corporate structure

Nestle, as the biggest food manufacturer and one of the biggest transnational corporations in the world, owns a strict management organizational structure, and has made strict rules in regards to production technology, brand, quality control and main raw materials (Carla, 2012). As Nestle's corporate structure has become more global, complex and hierarchical, the leaders who are the administrators of branch companies have rights to decide the final form for each production, based on the different situations and demands of different countries. It means that the

company not only should keep the method of decentralized management but also should pursue greater consistency. (Brabeck, 2011)

2. 1 Board of Directors

The Board of Directors is the utter governing body of the company. It is responsible for the ultimate supervision of the group. (Corporate Governance Report, 2011) Nestle's board of directors consists of the Chairman (Peter Brabeck-Letmathe), the CEO (Paul Bulcke), the two Vice Chairman and other eleven members. All members of the Board of Directors are non-executive members, except Paul Bulcke,. Peter Brabeck-Letmathe is the active Chairman and has particular responsibilities for the orientation and control of the company including the Nestle Health Science Company and Nestle's engagements. (Corporate Governance Report, 2011)

2. 2 Committees of the Board of Directors

The rights and responsibilities of every Committee are based on the current Committee Charter, which is authorized by the Board. Each Committee is qualified for outside affairs. (Corporate Governance Report, 2011)

2. 3 Chairman's and Corporate Governance Committee

It is made up of the Chairman, the two Vice Chairmen, the CEO and other members elected by the Board, and acts as a role of consultant between the Chairman and the full Board of Directors in order to promote the handling of the business when necessary.

2. 4 Compensation Committee

It determines the salaries of the members in the Board and submits them to the Board for approval, and supervises the remuneration for the whole company and the group.

2. 5 Nomination Committee

It establishes the criterions for the selection to the Board and selects candidates for election or re-election to the Board. It also gives some suggestions to the decision made by the Board.

2. 6 Audit Committee

It gives assistance to the Board of Directors in its supervision on financial controls through a direct link to KPMG (external auditors) and the Nestle Group Audit (corporate internal auditors).

2. 7 Executive Board

The Executive Board is in the charge of the CEO and its members have the necessary powers to carry out their responsibilities, with the limits ruled by the Executive Board's Regulations.

2. 8 Divisions

Nestle has three divisions as of 2012: Products, Functions and Zones. Among these, the Division of Functions includes four parts: Operations, Finance and Control, Strategic Business Units, Marketing and Sales and Innovation Technology. They work together to control strictly key process and points, in order to ensure normal operation of the company.

Therefore, Nestle's corporate structure is essentially the layout of the Board, various divisions, and committees that interact to direct the business of the company, and the success of Nestle is an example relying on a successful corporate structure to some extent.

Social responsibility

Nestle, as a worldwide company, plays a crucial role in the society shouldering the responsibility of social harmoniously development. Its social responsibilities are not only the charity but also the basic part of Nestle company's management principles.

3. 1 World Cocoa Foundation

In 2000, Nestle and other chocolate companies formed the World Cocoa Foundation (WCF), which was set up specifically to help farmers to deal with problems they are facing, including the ineffective farming techniques and poor environmental management. The WCF concerns about facilitating farmers' income, encouraging sustainable development of farming techniques, and setting up environmental and social programmes (" World Cocoa Foundation", 2012).

3. 2 Sustainable Agriculture Initiative

Nestle founded the Sustainable Agriculture Initiative (SAI) with Danone and Unilever in 2002 to promote sustainable agriculture. The main purpose of SAI is to manage: 1) Quality and safety problems in the food supply chain which is really refer to security of consumers. 2)With the growing income and expect for nutritious food, the demand for quality food is growing at the same time (Peter, 2011).

3. 3 Creating Shared Value (CSV): The Cocoa Plan

CSV encourages businesses to create economic and social value. In 2006, Nestle became one of the first organizations to adopt the CSV approach, which they insist was their original intention. The company has focused its Creating Shared Value efforts and investments on three areas - nutrition, water and rural development, which are cores of their basic industrial principle (Creating Shared Value at Nestle, 2012). Their target is producing 1 million high quality, disease-resistant cocoa plantlets a year before 2012. The aim is to replace old, less productive trees with healthier new ones (Blas, Javier. 2012). In September 2011, Nestle introduced ' The Cocoa Plan' in the Netherlands to improve the livelihoods of cocoa farmers." (The Cocoa Plan, 2012) Better quality cocoa plants, train farmers, chain management, improved social circumstances and cooperation with partners" are the main aims. KitKat is the first product in the Netherlands, which carries the logo of The Cocoa Plan on pack, that means Nestle will product with meeting KitKat's demand and it has certified by UTZ Certified (a certification program for agricultural products that claims to be the largest coffee certifier in the world) (KitKat , 2011).

3. 4 Expending Business in Health Care Nutrition

In September 2010, Nestle claimed that they would invest more than \$500million to develop the health products to prevent the diseases like diabetes, obesity, cardiovascular disease and Alzheimer's (Saltmarsh, 2010).

3. 5 Member of Fair Labor Association (FLA)

In 2011, the Nestle Company started cooperating with FLA to improve the condition of the work. On 29 February 2012, Nestle become the first food company to join the FLA (Join, 2012).

Conclusion

Nestle is successful due to its perfect system, serious management, reasonable distribution and correct guidance. Therefore, it can survive adversity, able to develop rapidly and as a result, becomes a well-known enterprise. Nestle created a commercial miracle and made great contribution to the community. It gave much needed help for the people through charity and sponsorship (Sponsorship of Charity Organizations, 2012). It makes people taste outstanding delicacy, which is not only has positive psychological effects on people but also physical benefits. In addition, Nestle's spirit affect generation after generation, its management at the same time is worthy for people to emulate. Because of these advantages, Nestle will increase in a variety of product and further satisfy people's needs.