

Managing change innovation research



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Introduction

The current business world is highly competitive, and business organizations are quickly embracing new technologies to remain abreast of their competitors. This has prompted organizations to make a change in their operations or culture to cope with the new trends. However, organizations respond differently to change, with some being quick to change while others being adamant to change. It is in this regard that this research paper seeks to examine and explore in the change management of the Nestle Company. Different aspects of change management will be analyzed.

Brief Overview of the company

Before looking into the change management issue, it is prudent to have a brief overview of the company. The company is no doubt among the leading companies in the world and has gained global recognition. It is an international company serving different global markets. Essentially, Nestle is a multinational corporation headquartered in Switzerland. It was founded in 1905 by the page brothers (Nestle 2014). The company from its inception has grown over the years to its current global stature. Some of its globally renowned brands include milk, confectionary, chocolate, bottled water and pet food. The company focuses on the production of beverages, milk and nutrition, chocolates and confectionaries, cooking aids and prepared dishes. Furthermore, the company focuses on value creation to create a long-term relationship with its consumers, employees and other business partners. The company understands the significance of its customers and thus places a lot of precedence on their well-being and ensuring that their needs and wants

are met and exceeded. This has played an important role in harnessing customer loyalty and believing in the companys beliefs, behaviors and actions and the brands. Furthermore, their success is also gained from their expression of professionalism, their transparency in dealing with clients and integrity. Moreover, they are keen in creating collaborations to be trained and to facilitate others. Overall the companys operations are based on three models; high involvement, high performance and high commitment. The company also has a strong organizational culture that strongly believes in teamwork. It is based on these factors that the company has been able to grow and become the world leading largest food company with over five factories that are operating in eighty countries. Currently the company has more than 200, 000 employees with a annual net income of more than \$4. 5 billion. It is being

Change management issues at Nestle Company

Despite the company being among the leaders companies in the world, just as other companies the company has been faced with some change issues that negatively affected the company in one way or another. The following section will highlight some of the change management issues facing the company, diagnosis of the underlying issue and assessment of the success attained.

Child labor issue

Need for change

The Company has faced a lot of criticisms from people claiming that the company is using child labor in the production of cocoa. The children are mainly induced to work in the firms due to their prevailing economic conditions. A majority of them are stuck in poverty and do not go school since they cannot afford or also due to lack of schools. Use of children in cocoa production is against labor regulation and also a violation of the child labor law. There have also been reports of child slavery and child trafficking. The child labor issue has been a major issue for the company and has brought in a lot of bad publicity to the company. Some of the loyal customers, due to the growing negative publicity have shifted to the use of other products. They have literary boycotted the use of the products to teach the companys management team a lesson of not to use violate children rights, but instead, they should comply with labor regulations other than opting for cheap labor.

Main Objectives

The main objective of the company was to develop clearer standards to address the child labor issue.

Diagnosis of the issue

The Company in a bid to regain its public image has had to implement some change processes. The first action the company undertook was the introduction of the Nestle supplier code. It has also started monitoring of all its participants in its supply chain. It has also developed clearer labor standards, and stun actions are always taken to suppliers that go against the

set standards. Furthermore, the company has embarked on a campaign on giving special training on how to address the child labor issue.

Assessment of the success achieved

Based on the child labor issue the recommendation I can give is that the company needs to monitor all its recruitment processes to ensure there is no recruitment of children in any stage of the company's production process. The company can also collaborate and harmoniously work with the government.

Image of change

It is no doubt that this issue has greatly tainted the company's brand image. The brand manager had to come up with Nestle Supplier code that would act as a guide as well as sustain its relationship with its suppliers.

The change process at Nestle Company

For the company to accrue the best benefits from its change management processes it has to adhere to the change process. The change needed in this case is averting the ethical concerns regarding the use of children in the cocoa productions. Typically, the change management will comprise of three major aspects these include an adaptation of change, controlling for change and effects of change. Essentially, organizational change involves the processes that are aimed at improving the current way of operations. For the Nestle Company to succeed in the market, it has to embrace change and practice ethical behaviors. The change will be tailored to meet the specific needs of the Nestle Company. The Nestle Company will formulate a

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structured methodology to attain the set change objective. The company will also evaluate the change available options and select the best option to pursue that will result in the needed outcomes. It will also have to examine the possible impacts of the change in the overall business operation. The change must positively impact the company and should also not be against the objectives and goals, vision and ethics of the business. In this situation the selected change option must ensure full eradication of child abuse within the Company.

Change conceptual tools for the Nestle Company

This section will analyze the Nestle company change management process in a bid to eradicate the child labor issue. The McKinsey 7S framework will be used to analyze the change management process. Typically, 7S framework was developed by Waterman and Tom Peters. They primarily developed the framework to help in creating strategic visions for teams, companies and business organizations. The framework places a lot of precedence on seven factors. The factors include strategy, structure, systems, style, shared values, skills and staff. Based on the assessment of the current operations at Nestle Company with regard to child labor issue it can be deduced that the company to a large extent embrace the 7S framework to guide its change management process (Hansen, Nohria & Tiernet, 1999). Nestle Company will use the model to analyze and monitor its internal position. The main reason Nestle uses this model is because it is more flexible as it can suit any change. This model has been applied in doing its restructuring, merging up, new processes, change of leadership, initiating new systems such as the

DMS that the company successfully implemented. The model is the most preferable for the implementation of change in the child labor issue.

Strategy: Nestles management team understood the significance of devising effective strategies to overcome the child labor management issue. Some of the strategies that the company has implemented to avert the child labor issue include the formulation of regulations that burs use of children in the cocoa plantations.

Structure: in the past, the company had a rigid organizational structure and mainly relied in traditional and hierarchical organizational structures; however, after an extensive analysis the management found that it had a negative impact on change management (Nonaka & Takeuchi 1995).

Currently, the company embraces democratic organizational structure where it involves all its stakeholders in the change management processes.

Involving all its stakeholders in the change management processes has been instrumental in enhancing a smooth flow in the implementation of the child labor issue. Furthermore, this has helped in enhancing trust and loyalty among the stakeholders with regards to the child labor issue.

Systems: Nestle has come up with better systems to manage the child labor problem. Nestle Company identified a need to improve the issue, it thus had to its current system to make it congruent to the new the change.

Furthermore, the change is analyzed to ensure it does not have dire ripple effects on the overall operations of the company (King, 2009). Some of the systems that the company has implemented to improve the child labor issue is engaging in extensive public relations to improve on the current public

image which has been tainted as a result of child labor abuse issue. This will involve engaging in corporate social responsibilities of the children to show they care for the wellbeing of the child.

Shared values: In the case of Nestle, it has a strong organizational culture that is founded on strong values, beliefs and attitudes. One of the key values of the company is to produce best quality products that meet and exceed customer needs. However, they had lagged on some of the values especially the child care thus it has to place a lot of precedence on child care in order to avert the child labor issue. This will play an essential role in enhancing the company's outlook.

Style: Nestle will have to integrate different leadership styles to harness the best change process for the child labor issue. It will use both the democratic leadership style and hierarchical leadership styles. The democratic leadership styles have enhanced the level of transparency within the Nestle Company. Furthermore, involving employees have made them feel valued and trusted thus they put their full energy into their work and easily give in to any change initiated by the management (Mason & Pauline, 2003). This has helped the company to smoothly implement child labor issue initiatives without a lot of difficulties.

Staff: the capabilities inhibited by the employees are also integral in the child labor issue change management process. This is because an organization can have the best change initiatives, however, when it lacks the requisite human resource with the needed skills to implement the change then the change will not be implemented as needed and may only be detrimental

than the positive influences it can bring. Nestle company understands that the greatest asset it can have as an organization has the best talent to manage its operations. It thus places a lot of precedence and focus on the recruitment and selection processes. This has enabled it to bring on board the best talent in the company (Liebeskind, Liebeskind & Brewer, 1996). Specifically, the Nestle Company formulated a select committee that is skilled and knowledgeable with issues child labor management to formulate strategies to manage the issue. The ripple effect on this has been overwhelming. Increased innovation and creativity, as well as increased productivity, have also been experienced.

Skills: this directly relates to the staff brought on board. As earlier highlighted the company thrives on bringing the best talent on board with the requisite skills to complete the change initiatives. However, on the child labor issue none of the employees was well versed with it. It was therefore forced to source for external human resource. This was because the change initiatives was a short term and it could be costly to employ an employee on long term basis yet the change initiative is a short term project. Thus hiring labor is relatively cheaper as compared to hiring on a permanent basis.

Integrating knowledge management, knowledge tracking and knowledge migration in change management at Nestle Management