

# Business technology centre essay sample

[Technology](#), [Innovation](#)



\* PROBLEM IDENTIFICATION 2, 30, 000 employees and 500 facilities in 80 countries to support the decentralized strategy it has 80 different information technology units that's runs nearly 900 ibm as/400 mid range computers , 15 main frames , and 200 Unix system despite its size the company has had no corporate computer center local difference created inefficiencies and extra costs that could prevent the company from competing effectively in electronic commerce. the lack of standard business processes prevented it from obtaining lower prices for its raw material. at first project decide not to use sap's supply chain software because that module was brand new and appeared to be risky the staff that would be directly affected by the changes were not included in the key stake holder team. the lower level worker did not understand how to use the new system and also did not understand the changes , nobody was prepared for the new ways of doing things. Turnover among the employees who were to use the Manugistics software to forecast product demand reached 77 percent. Those who remained found it easier to use their familiar spreadsheets. the simultaneous installation of the y2k changes also caused some trouble.

### Organization Chart

#### A Decentralized and Aligned Organization

As a decentralized organization, Nestle pragmatically implements the following organizational principles: \* Being as decentralized as possible to optimally respond to the needs of consumers, within the framework defined by our fundamental policies, strategic directions and operational efficiencies. \* Ensuring collaboration of all Nestle businesses and compliance with Nestle principles, policies and standards. \* Building and maintaining a structure

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which assures operational speed, with a strong focus on results and removing unnecessary obstacles. \* Establishing flat and flexible organizations with minimal levels of management and broad spans of control, which also enable people development. \* Setting a shared vision and common goals to leverage the strength of people and organizational alignment. \* Defining clear levels of responsibility. Teamwork does not affect the manager's duty towards his/her people and business results. A team must always have a leader who assumes full responsibility. [Source: Management and Leadership Principles by Nestle]

#### Knowledge Management in Nestle

Nestle has a unique advantage in its extraordinary Business Technology Centre (BTC), located in Switzerland. This is at the heart of the famous GLOBE business excellence programmes, with best-in-class operating methodologies and systems. GLOBE is a key element in Nestle's massive R&D investment. It develops the technology behind the way Nestle do its business to ensure that the company identify best practices and can replicate them throughout all businesses. GLOBE offers a Best Practice Business Process and custom developments. Implementation takes into account the specific local needs. Having eight Product Technology Centres (PTC) illustrate the success of Nestle's drive for R&D efficiency, leaders in product, process and system development. Before their creation, Nestle's geographically dispersed R&D Centres often worked mainly for their local market.

This was inefficient. Two or more centres could be working independently on the same project. The Nestle PTCs changed this with a simple principle. You get there faster with a multi-centre team rather than having small teams competing to see who gets there first. Today, each PTC is responsible for category-specific innovation aligned with one or more of the Nestle Strategic Business Units and Global Businesses. This gives a global/local framework for multi-centre and multi-market projects. The PTC drives the projects by drawing on the wealth of experience in Nestle Research Centre (NRC). The other R&D Centres and the Application Groups bring in their additional skills as required. This gives efficiency and vitality in the innovation drive. A powerful network for collective knowledge management

Efficient networking is critical for communication within Nestle. Equally so with the outside world to drive open-innovation. Based on the collective knowledge in R&D, a number of expert networks operate globally. These formally link R&D units and markets worldwide on a continuous basis. They can thus benefit from each other's experiences. Four networks are shared by the whole of R&D and Nestle Operations: the Quality & Safety, Nutrition, Sensory & Consumer Preference and Food Science & Technology Networks. These cover aspects of science and technology that are common to every Nestle product category and even every product. They provide Nestle with a standardized way of working in day-to-day operations. For example, using standard methods for Sensory Preference tests means that a result from anywhere in the Nestle world can immediately be interpreted everywhere else. Similarly, the Nutrition Network shares nutrition expertise across every R&D facility and into every market. This common language of

standardization is critical in assuring consistent quality of all Nestle finished products coming out of every factory. [Source: Innovating the Future by Nestle]

\* Refer to article “ basic nestle management and leadership” \* GLOBE KM system?

\* To facilitate cross cultural and KM functions, and to standardize products \* GLOBE is a business re-engineering program being carried out by Nestlé. Its primary goals are to implement a series of Business Excellence initiatives, re-align data standards and data management on a global level and to standardise working practices through the implementation of SAP. The implementation of mySAP. com includes Workplace, SAP R/3, BW, APO, CRM, EBP and Knowledge Warehouse. It is currently the largest SAP project and will result in the roll out of mySAP. com to Nestlé’s 150, 000 employees. \* GLOBE SYSTEMS & NESTLE GLOBE (Global Business Excellence) Its objective is to improve the efficiency of performance of the businesses on a global scale The GLOBE programme is based on three main principles: Good Practice. Standardisation of Data and Management. Information Systems and Common Technologies. facilitate better cross functional communication and knowledge management and help in standardizing products

\* Dario Mangano is Head of Knowledge Management at Nestlé Nespresso, based at Nestlé Nespresso Headquarter in Lausanne Switzerland. \* In this role, he leads the Business Intelligence, Enterprise Content Management and Global Data Services departments. Driven by the motto “ From Data, To Information, To Knowledge, To Actions!” he is responsible for defining and

implementing the strategy to transform internal structured and unstructured data into meaningful information and knowledge to support strategic decision-making. \* Dario Mangano holds a Master's degree in computer sciences and a license in group dynamics. He is also the founder of the Swiss Network of Business Intelligence Professionals. \* SAP Project (refer to articles)

\* Marketing information systems:

\* Marketing information systems Divided into four subsystems:- Internal accounting systems- Order shipping-billing Marketing intelligence systems- A user oriented system Marketing research systems- improving timeliness of sales reports Analytical systems- Horizontal Marketing Ex. Collaboration of Coke and Nestle \* Marketing and Nestle Marketing strategy? Core Marketing Units? Nutrition Chocolate and confectioneries Dairy Coffee and beverages Food Pet care \* Marketing and Nestle Nestle uses the World Wide Web/Intranet/Extranet Nestle – E-commerce- Increased Efficiency Nestle- Interactive Marketing Nestle- EIS Nestle implemented six -SAP modules- purchasing, financial, sales and distribution , accounts payable, accounts receivable and advanced planning and optimization.

\* Integrating Internet Strategy Looks after buying of raw materials such as cocoa to producing, marketing and selling products such as Kit Kat chocolate biscuits and instant coffee, every business process of the organisation has seen change. Since July 2000, store owners in the US order Nestle chocolate and other products at NestleEZOrder. com – Helps slash order processing costs and cut inventories. Example:- Sainsbury and Tesco \* Integrating

Internet Strategy Within 2 years, 20 %of annual advertising budget will be spent on the Web. It will be used to fund sites such as VeryBestbaby. com, which offers articles about parenting and baby nutrition, as well as banners advertising baby foods. Nestle also has a site for coffee lovers, and a Club Buitoni site, for lovers of Italian food. These sites will help Nestle discover more about their consumers, a practice which may further help to kick start innovation when it comes to marketing. \* Nestle Net Enterprise

Servers:

\* Net Enterprise Servers Nestlé now is using the Internet to collect and leverage information about consumers and drive new marketing initiatives. The flexibility of the Microsoft platform allowed Nestlé to develop component-based Web architecture—the Nestlé Internet Resource Framework (NIRF). Standardization of the platform is allowing Nestlé to gather consumer information – Enables nestle to know about common trends for marketing initiatives. \* Benefits:- Increased productivity – Helps eliminate tedious and repetitive tasks associated with campaign planning and execution Reduced costs – Has given companies insight into campaign effectiveness, so they can abandon unsuccessful initiatives before they drain financial resources. Enhanced flexibility – Has made marketing teams more agile; react instantly to changing marketplace conditions and shifting communication strategies. Advanced intelligence – It provides timely, valuable information that can be analyzed to determine what works, what doesn't, and most importantly, why. Improved personalization – marketing teams have the tools they need to launch initiatives based on the specific

needs and wants of a target audience, so content is more targeted and more relevant.

## Knowledge Creation and Generation

### Research & Development (R&D) through Innovation

R&D is one of Nestle's strengths. Innovation is the pillar of corporate strategy with Nutrition, Health and Wellness as core value. Being faster and closer to the consumer through R&D considerably strengthens Nestle's leadership in Nutrition, Health and Wellness, where the body of world knowledge grows continuously. Insights like subtle biochemical markers, makes the science of nutrition the prime mover in health maintenance and disease prevention. More and more consumers, in developed and developing countries alike, want to benefit from products and personal solutions through foods and beverages that contribute to their health and wellness. To intensify business excellence in the consumer-food relationship, Nestle R&D works more and more in an "open innovation" mode, by actively involving scientific and technical expertise from many external sources.

Nestle R&D's role includes the knowledge management needed in the multidisciplinary sciences and technologies that form the basis of innovation in Food, Nutrition, Health and Wellness. Nestle "innovating the future" leadership strategy is based on: \* Continuous improvement in consumer insights which translate to innovative products built on superior science and technology; \* Harnessing the vast expertise in unmatched research and development network; \* Working closely with leading universities and outside partners on cutting-edge science and technology; \* Recruitment of



open-minded and passionate innovators who can bridge science, technology and business needs; \* Bigger pioneering innovations that hit the “ innovation sweet-spot” where best-in-class science and technology combine to deliver precisely targeted Nutrition, Health and Wellness benefits that lead to significant business success. For Nestle, safety and quality are nonnegotiable. R&D plays a key role in ensuring the best in products and processes. The further Nestle moves along the road towards the Nutrition, Health and Wellness Company, the more this role becomes important.

[Source: Innovating the Future by Nestle]

#### Technology as an Enabler for Knowledge Creation

Nestle R&D has a long tradition of building its own machines based on extensive in-house engineering experience. Today this is being actively supplemented by looking to get the best out of the outside world as well as from inside, and gaining competitive advantage by personalizing commercially available industrial equipment. Proprietary technological claims in all product categories help Nestle to maintain or improve its position as market leader. Nestle’s continuous “ technology watch” is a valuable tool for R&D. It allows quick identifying so as to be the first to hear about new opportunities from academia and start-up companies all over the world. It opens up opportunities to work with them as partners when there is a potential for Nestle. Nestle has committed more than CHF 1.5 billion over the next 10 years to investments in start-up and growth-phase companies within the broad sectors of Food, Nutrition, Health and Wellness. Some investments come through Nestle’s Venture Capital network, and some directly from Nestle itself. Together, these investments open the doors to the

most promising innovations and to bring them on board when an appropriate business case exists. It also allows us to track external innovation, enhancing to our open innovation models. [Source: Innovating the Future by Nestle]

\* Develop R&D network:

\* Develop R&D network > 3, 500 scientists work on improving existing products and creating tomorrow's nourishments Two thirds of company's R&D activities are dedicated to renovating existing products, the remaining third is reserved for radical product innovations. Improve on operational level A number of organizational changes. \* Vision?

\* Our in-house fundamental research takes place in four centres: \* Nestlé Institute of Health Sciences provides and translate biomedical research into personalized science based nutrition. \* Nestlé Research Centre provides the scientific knowledge and research base for product renovation and innovation. \* Clinical Development Unit provides medical expertise and manages clinical trials for the company, worldwide. \* R&D Tours provides scientific expertise in plant science. \* <http://www.nestle.com/randd/globalnetwork>

\* <http://www.nestle.com/randd/innovations/future>

\* How nestle collect information

\* EIS database

\* How nestle manage information

\* Culture, team-based, standardize practice, training and mentoring programs

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\* Strategy on merger and acquisition

\* Acquisition Reaching a critical mass in terms of market share + the acquisition of Dreyer's + the acquisition of Ralson Purina + the acquisition of Jenny Craig Gain expert knowledge for further expansion into new product segments. + Life Ventures fund + The Nestle Growth fund \*

Knowledge Transfer and Sharing

People Development

Literacy Training

Programmes are introduced to for workers to cope with increasingly sophisticated production techniques. As the level of technology in Nestle factories steadily raised, the need for training has increased at all levels. Such programmes focus on on-the-job training to develop the specific skills to operate more advanced equipment. Beside the new technical abilities that are required, new working practices are also required. For example, more flexibility and more independence among work teams are sometimes needed if equipment is to operate at maximum efficiency. Apprenticeship

Programmes

As Nestle began to experience strongly accelerating growth rates, it was clear that they would have to rely more and more on locally trained people at all levels. Apprenticeship programmes were introduced to close this gap, conducted mostly in developing countries. The trainers were either from Nestle in-house or in collaboration with local vocational schools. Local

Training Programmes

The local training programmes are a continuation training for ex-apprentices who have the potential to become supervisors or section leaders, and continues through several levels of mechanical, electrical and maintenance engineering as well as IT management. The degree to which factories develop specialists varies considerably, reflecting the availability of trained people on the job market in each country. Outside of the factories, on-the-job training is also a key element of career development in commercial and administrative positions. Most courses are delivered in-house by Nestle trainers but, as the level rises, collaboration with external institutes increases.

#### International Training

International training comprises of management courses and executive courses. For management courses, the intention is to develop a real appreciation of Nestle values and business approaches focusing on internal activities, absorbing corporate values and understanding corporate priorities. For the executive courses, the focus is on developing the ability to represent Nestle externally and to work with outsiders. It emphasizes industry analysis and threat analysis.

#### Transfer of Scientific Knowledge

Nestle R&D consists of a unique network of centres on four continents, all contributing to developing new products and renovating existing products. Within this interactive network the Nestle Research Centre (NRC) in Lausanne plays a central role by generating basic scientific knowledge to fuel the Nestle science and technology pipeline for all Nestle foods. In addition to the NRC, Nestle have eight Product and Technology Centres and

eight R&D Centres. NRC is a thriving scientific community, full of innovation and creativity. Almost every day there is a scientific conference of some sort or another with new findings/discoveries being shared. With over 250 outside contracts, some 200 publications and 35 patents in the year 2001, NRC is very much part of the international scientific community. It is rated as one of the top research organizations in the world and provides a stimulating environment, both academic and business-oriented, with challenging career opportunities. NRC has a permanent staff of 570 as well as some 70 temporary positions for doctoral students, postdoctoral employees and trainees coming from over 400 countries. The research organization also works with outside institutes. For example, a project in China is being run in conjunction with the University of Berne, Switzerland. Students from the university are sent out to develop methods of assessing sustainability. This has the double benefit of training local people in the market as well as developing valuable tools that may be applicable elsewhere.

Technology Transfer to Agriculture and Industry [People Development Review Pg38] Education in the Community [People Development Review Pg46] EcoLink [People Development Review Pg50]

- \* Distributed Architecture, hierarchy
- \* To response to market fast – speed to market
- \* Staying close to the market, aware of specific product demand \*

Coordination between different division

- \* Strategy to share knowledge
- \* Incentives, motivate and compensate

\* WHATS AN ERP? Enterprise Resource Planning (ERP) systems seem to be the silver bullet for every company's problems. Enterprise Resource Planning is MIS that integrate and automate many of the business practices Attempts to integrate all departments and functions into one computer system A system that standardize and coordinate Information systems \* ERP AT NESTLE In 2000 Nestle SA signed a \$200 million contract with SAP to roll out an ERP system. Nestle SA also committed to an additional \$80 million to be spent on consulting, maintenance, and upgrades. Keeps track of customer orders reduce overstocking Enables group buying of materials data sharing among subsidiaries \* Social Media?

#### Knowledge Application and Use

\* Contributing to health and education

\* External environment and society

\* Through best practice

\* <http://www.nestle.com/Media/NewsAndFeatures/UN-climate-change> \*

<http://www.food-scp.eu/>

\* Collaboration

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[http://www.nestle.com/csv/CreatingSharedValueCaseStudies/AllCaseStudies/Pages/Nestl](http://www.nestle.com/csv/CreatingSharedValueCaseStudies/AllCaseStudies/Pages/Nestl%C3%A9-Apprentice-Programme-Colombia.aspx)

[com/csv/CreatingSharedValueCaseStudies/AllCaseStudies/Pages/Nestl](http://www.nestle.com/csv/CreatingSharedValueCaseStudies/AllCaseStudies/Pages/Nestl%C3%A9-Apprentice-Programme-Colombia.aspx)

[%C3%A9-Apprentice-Programme-Colombia.aspx](http://www.nestle.com/csv/CreatingSharedValueCaseStudies/AllCaseStudies/Pages/Nestl%C3%A9-Apprentice-Programme-Colombia.aspx) \* Auditing, reflection?

\* <http://www.nestle.com/Jobs/Graduateprograms/Pages/NestleAuditGroup.aspx>

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## Extending to the emerging market

Nestle's unique brand portfolio presents a range of products that offer consumers Nutrition, Health and Wellness every day throughout their lives. Emerging consumers are no exception. Nestle create this line of product called Popularly Positioned Products (PPPs), that are full-quality products made affordable by challenging our business models, formats and formulations. In short, doing what is needed to reach these important consumers. PPPs bring specific development challenges for Nestle PTCs, R&D Centres and markets. They demand a deep understanding of target consumers, a clear definition of the value proposition and a significantly different business model and cost structure to developed markets. Nestle aim to meet the basic food needs of their emerging consumers, with good tasting, nutritious products that compensate dietary deficiencies and, at the same time, offer the right cost and convenience. This means adapting products and packaging to suit local trade channels, store configurations and in-home needs.