Managing global systems

[Business](), [Marketing]()

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Question 1: Analyze Nestle using the competitive forces and value chain models. What challenges did Nestle face?

Answer:

The competitive forces that affect any business are described as the threat of new entrants, the bargaining power of the buyers, the bargaining power of suppliers and the threat of substitute products. IN the case Nestle was not suffering from any explicit threats of new entrants or from the threat of substitute products, however the company was facing challenges from the buyer markets and the suppliers. The international operations of Nestle each hosts a different, customized product offering for the customers. This does not make way for standardization and gives immense power for bargaining to the customers in their local markets. Similarly although the suppliers of the business worldwide were the same, the operations in the international markets were making their own deals with the suppliers. The suppliers in turn were able to sell their pitches individually and had power over the global operations as the suppliers could name their own price for the raw materials.

Analysis of Nestles operation worldwide through the value chain model shows that all the operations of the business in the international markets were given free reign to conduct business as they saw fit. This made the firm infrastructures, the human resource management, technologydevelopment and procurement for each market different. Similarly the inbound logistics, operations, outbound logistics, the marketing and sales and the service offered by Nestle in each individual market was customized even though the basic format of providing the service was somewhat standardized. This posed a challenge to Nestle when it set out to standardize the operations in 2000. Although such a feat is possible it would take some time to take affect in all the markets.

Question 2: What type of global business and systems strategy did Nestle adopt? Was this strategy appropriate for Nestle's business model?

Answer:

Nestle sought out to integrate its business world wide and standardize all the operatsion. For this purpose the company decided to run all the operation on a similar platform i. e. the GLOBE enterprise resource management system. This was an appropriate decision for the company as the headquarters in Switzerland would not be able to monitor international operations as well as forecast revenues and expenses instantly.

Question 3: What management, organizational, and technical challenges did Nestle have to deal with to standardize its business processes and systems?

Answer:

When Nestle set out to standardize its operations world wide it encountered problems from the management it self in the local markets for the countries. This was because the management in the international markets was not willing to relinquish authority and decision making power to the parent company. They were not opposed to standardization as long as the rules being set were the ones they were following in their local market. This was a cause for a lot of conflict in the business operations.

The technical challenges in the process of standardizing the business operations arose when the new system for enterprise management was to be implemented in all international markets. The rollout of this software meant that employees would be having no experience on this system and would have no time to train as well. Aside from this the time difference in the countries made the time of rollout to be the same unfeasible for the operations. This prompted an organizational flaw in the proposed strategy.

Nestle also had to develop new business process to provide for the new system being proposed and set up. The employees of the company had no experience with these processes and therefore there was no time to perfect the use of the processes in the short time available for rollout.

Question 4: What strategies did Nestle management use to deal with these challenges? How successful were these strategies?

Answer:

The company sought out to solve their management problem by creating the policy that if Johnson was unable to do standardize operations on a global scale then the other country managers would be handed this job. The country managers did not relish thisresponsibilityand decided to concede with the parent company for standardization

In order to deal with the technical and organizational challenges, Nestle was able to appoint a steering company which was able to manage, organize and oversee the rollout of the new proposed enterprise management system and the implementation of the new business processes for global standardization. The company proposed leaving little room for the customization of business operation in the international markets. This was apparent when they were able to provide its operations in Canada with extra storage space and processing capability for their marketing operations. By using these strategies the company was effective in standardizing 30 percent of its operation and bringing them aboard the GLOBE program by 2005.

References

Five Competitive Forces Model – Porter, Value Based Management. net, available at: http://www. valuebasedmanagement. net/methods_porter_five_forces. html

Michael Porter's Value Chain Model, Value Based Management. net, available at: http://www. valuebasedmanagement. net/methods_porter_value_chain. html