

Nestle case wk3

Business, Management



Case Study: Nestle Case Study: Nestle Did Nestle undergo either first-order and/or second-order change according to the case? Answer listing examples of types of change from the above story.

According to the case, Nestle went through first-order and second-order changes as proven through various examples:

a. First order Change

Selling only through agents to countries outside home market;

Purchasing local subsidiaries in foreign markets;

Acquires several existing factories in the United States;

Transfer of many executive offices from Switzerland to the United States;

b. Second order Change

Became a major shareholder in L'Oreal, a cosmetic organization;

Purchase of Alcon Laboratories, Inc., a U. S. manufacturer of pharmaceutical and ophthalmic products;

Purchase of Carnation;

Restructuring processes: overhauling of executive board

2. Brabeck-Letmathe emphasizes the need for an incremental approach to change. Do you agree that this is what he has done? Discuss the differences and similarities between his view and your view of what has occurred at Nestle, both historically and in recent times.

An incremental approach to change is mostly first order change where there are adjustments in systems, processes, and structure but not in fundamental core strategies, core values and core identity. Technically, using the definition, Brabeck-Letmathe has implemented the incremental approach but with a flair for restructuring (a second-order change). He completely

overhauled the executive board and believed in restructuring as a continual process. However, his contention that when the organization is doing well, change should be justified. I therefore agree with what he did. By identifying the 'untouchables' where the organization's core competencies and strengths are retained and enhanced, Nestle remains to project a solid brand and image associated with dairy food products. Recent times have indicated that Nestle created Nestlé Nutrition, a global business organization designed to strengthen the focus on their core nutrition business – manifesting the same belief in Brabeck-Letmathe's philosophy for organizational change.

3. What implications for change managers would apply specifically to Nestle? Outline how the Nestle management team may have reacted to each implication.

The implications for change managers that apply specifically to Nestle are: (1) that care needs to be taken in assessing and implementing organizational change (whether using an incremental or transformational approach); (2) incremental changes are less risky and therefore more appropriate; and (3) that change affects multiple types of changes simultaneously. Nestle management, particularly under the direction and navigation of Brabeck-Letmathe has understood the thrust of their organizational leader and steered the organization into unprecedented heights. By focusing, reinforcing and sustaining Nestle's strengths instead of changing them, the strategy continue to work towards achieving global leadership in the food and nutrition market.

4. Find three examples of lessons from the front line that are evident in the Nestle case. How could these issues be overcome?

The lessons from the front line emphasize that: (1) downsizing is not always the most appropriate method to restructure; (2) implementing technological changes is not always straightforward; and (3) producing successful acquisitions are always a managerial challenge. These issues can be overcome with open communication, identifying causes of resistance and barriers and aligning decisions to organizational goals. As evidenced from the Nestle case, there have been organizational changes that were met with different reactions from stakeholders but the success of implementing change was due to management's ability to manage it and tailor the change to the defined goals, mission and vision of the organization.