

Nestle

Business



**ASSIGN
BUSTER**

Nestle Case Study

A. First-order change is a scenario where an organization seeks the ways of improving what is already in order in an attempt to make it more efficient. Second-order change, on the other hand, entails coming up with modern ways of doing business; this type of change requires an organization to have an overhaul in thinking.

From the case, Nestle underwent numerous second-order changes beginning with the acquisition of stake in L'Oreal, in 1974 (Baxamusa, n. d.). It was the company's first venture outside the food industry that had been its sole area of operation for years. Purchase of Alcon Laboratories Inc. was another second-order change undertaken by Nestle.

First-order change, on the other hand, took place when Helmut Maucher, the company's CEO in the 1980s, decided to pursue the path of financial improvements through divestitures and extension of strategic acquisitions that saw Nestle purchase Carnation in 1984. This continued restructuring through to the 1990s, when Nestle transformed into a more flexible company (Baxamusa, n. d.). B.

According to the case, Brabeck implemented an incremental change by initiating a restructuring process that has come with an annual cost of \$300 million (Baxamusa, n. d.). He began the process by overhauling the executive board that was, however, dramatic and not in line with the spirit of the incremental change. From the case, he questions the need to manufacture the dramatic change and asks why that should be so

mentioning that logical thinking should always accompany this change. Thus, he replaced the executive board all at once.

Incremental change began with changing the work of the departments. In my opinion, this is what Brabeck should have done. Success in these departments was then gradually replicated in other areas, and over time, the entire organization was changed. However, I do not agree with incorporating new ways like technology. Technology has today become central to all business operations and its inclusion in an organization should not be as gradual as other change agents (Leban ; Stone, 2008). In my opinion, the new technology that aids efficient operations should be quickly embraced.

C. The main implication is a decline in productivity. The management should have come up with a proper transition between the new and old ways of doing things by having the two run side by side before a final switch to the new changes. Such a measure will provide further productivity during the change process as employees will gradually come to terms with the new ways of work (Leban; Stone, 2008). Withdrawal of valued employees, bringing to focus the heavy costs of lost contribution and replacement is another implication.

If employees make contribution to the intended changes, they will not have a reason to leave as their input will make them stakeholders to the change process. The management should allow them to take lead in the change process. Employees are left wondering why the change is taking place. With the initial dramatic overhaul of the executive board, people may not understand the reasons for such changes. To ensure this implication is

avoided, the management should have proper communication channels that will keep all the people informed. This will ensure that everyone is mentally prepared to the unfolding change events (Leban ; Stone, 2008).

D. The debt status of an organization should be examined. The issue of debt can be overcome by undertaking an extensive audit of all debts. The stakeholders should be informed about this before making conclusion concerning such deals. Incremental change should not be dramatic. The challenges should be regarded as new ways that are gradually adopted by the entire organization.

Restructuring comes with immense costs; thus, adequate resources should be allocated for this purpose.

Conclusion

Organizational change will only be successful, if the people involved make a contribution to the process. If employees and not management drive the changes, minimal resistance and reduced costs in adopting the new ways of doing business will be gained.