

THE EVOLUTION OF PROFESSIONAL COMMITMENT IN NESTLÉ¹

“Respect is a word with a special and powerful meaning in Nestlé. It has a profound influence on the way we work and how we manage our business.”

Nestlé Purpose and Values

Paul Bulcke had been CEO of Nestlé since 2009 and Chairman since 2017 and knew that Nestlé was successful thanks to the people who had worked and were working in the company. At the end of his tenure as CEO, before he had been proposed and appointed Chairman, Bulcke had worked on a document that clarified the culture and, more importantly, the values of the company. It could all be summarized in the word Respect; respect for oneself, others, and society.

However, he was aware that new technologies, the incorporation of women and young people - with their new scales of values - into the labor market, the acquisition of companies in China, etc., shaped a different environment. Nestlé needed to lead the change that was necessary to ensure that the people in the company maintained their commitment and skills, which was essential to keep driving the industry and remain competitive.

There had been many changes in the Human Resources structure until 2018. Peter Vogt, in charge of the department since 2013, was retiring in July after 38 years with Nestlé. Chris Johnson succeeded him in August, taking the wheel of the departments of Human Resources and Business Excellence. Chris had joined Nestlé in 1988 after working at Carnation (which Nestlé had bought). However, he held that position for

¹ This is a case of the Research Division of San Telmo Business School, Spain. It has been written by Professor Antonio García de Castro and research assistant Rocío Reina Paniagua from San Telmo Business School and is intended as a basis for class discussion only and not to illustrate any judgment on the effective or ineffective management of a specific situation.

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only five months. When Wang Li Martello left after seven years in the company, Chris became head of the Asia, Oceania, and Africa Zone. Beatrice Guillaume-Grabisch, who had started to work at Nestlé in 2010 after having held several positions at L'Oreal and Coca Cola and had been responsible for the German market until then, succeeded him in January 2019.

The new initiative had been launched in the first countries in November 2018, involving 70,000 people. Beatrice had arrived at a time of change in Nestlé's Human Resources function. Following the wake of Business Excellence, the company had begun to transform the way the department worked in order to make it more efficient and effective and providing a better service for the organization, which needed to become agile and flexible. It was now time to see how everything unfolded. Nestlé wanted to be in a position to realize what Paul Bulcke had said:

"We have the strategies, we have the structures and, above all, we have the people. Their commitment, perseverance, and alignment with our strategy will ensure the achievement our common goal: to continue making Nestlé the world's leading nutrition, health and well-being company."

PEOPLE IN THE INCEPTION OF NESTLÉ

From its inception, the senior management at Nestlé recognized the importance of having leaders that were capable and committed. When Henri Nestlé sold his company, the new owners began to hire professionals capable of growing an increasingly international and decentralized company.

In May 1922, they hired management expert Louis Dapples, who gradually gathered a professional management team. This management team comprised young men who had matured professionally within the company. From the beginning, Nestlé opted for managers who had spent their entire professional lives in the organization. There were hard times during the Second World War. However, the flexibility of Nestlé's operation, the company's moral strength, which was even more crucial than its financial strength, and the dedication of its personnel, made it possible for it to endure and survive the war.

Nestlé had called many of its executives to perform new functions away from headquarters. Upon their return, these men from Switzerland and abroad, who were in their best years, had become active and experienced individuals who had already stood out in managerial positions in various countries. From this moment on, international experience became a highly valued professional development mechanism at Nestlé. Expatriation as a way to train managers and disseminate Nestlé's business culture became a key factor in Nestlé's success at managing people.

Pierre Liotard-Vogt was appointed CEO in 1968. He said: *"At the center of all companies there are people first, then products, and then methods."* This is why the

company created an International Training Center called Rive Reine under his leadership. Nestlé provided several reasons why it had built that center in Switzerland: first, because they would do more than teach marketing and work techniques in that school: they would create and develop the company's character and style, based on devotedness and enthusiasm.

Moreover, the center was built in Switzerland because the desired results could not be attained in any other country. In Switzerland, students could experience the country, its culture and environment and, in that way, they could better grasp what it meant for Nestlé to be Swiss. This was all very important for qualitative training. Also, building the school in Switzerland would provide attendees with the opportunity to visit Nestlé's headquarters and get to know its management team. Managers and specialists from all over the world took part in the seminars, brought back a tangible image of the company and its senior management, and exchanged experiences.

PEOPLE MANAGEMENT IN THE TIME OF MAUCHER (1981-1997)

The Maucher era was characterized by the oral transmission of the company's culture. Procedures were regarded as straitjackets for the management, and products, brands, and people were prioritized over systems and processes.

Every action should follow the Group's culture; all employees, at any level and anywhere in the world, were governed by the same principles. Aiming to maintain Nestlé's true spirit, and in order to promote the relationship between employees and the Senior Management and Vevey, Maucher started a robust expansion in Rive Reine, the international training center near Vevey. There were twelve training centers around the world, but Maucher firmly believed that bringing together managers from all geographies, at different times in their careers, to spend one or two weeks in Switzerland, would help employees to better understand the culture of the company.

Maucher also reexamined the long-standing policy of assigning managers' different responsibilities periodically, especially in the marketing area. Marketing managers traditionally moved from one product to another and even from one division to another as they climbed the pyramid. This sometimes led to a lack of continuity in some of the brands. For this reason, Maucher ensured that professional evolution would take place within the same product group to encourage higher career specialization.

Recruitment and selection policies, evaluation, professional development, compensation, training, etc., were managed nationally under each country's Chief of Market almost entirely. Only the senior management, those who worked at the Center, and expats were managed from headquarters in Switzerland. At the same time, the company worked to strengthen its culture and values.