

What can we learn from the world's most admired company?

BY

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The company – Nestle, Switzerland

- Biggest producer of food in the world
- In No.1 spot in Fortune Most admired cos since 1998 – all but one year!
- Revenue 2009 –close to \$100 Billion
- Employees: 278,000
- Age: 140 years!
- Factories: 450
- Rank on Global 2000 –Forbes: 36
- Daily no. of people who buy its products: 1.2 Billion
- World's biggest producer of Halal Food for Muslims

Look at its latest performance -HY 2010 results

- Sales of CHF 55.3 billion,
 - 6.1% organic growth,
 - 4.6% real internal growth
- EBIT of CHF 8.4 billion,
 - +13.6%;
- EBIT margin 15.1%,
- +80 bps¹,
- +70 bps in constant currencies
- Earnings per share up 13.5% to CHF 1.60

Gained market share in recession

- In most business segments!
- How?
 - Scope of product offerings- very diverse product portfolio
 - Offerings at every price point
 - Tailors products to local taste
 - ‘Glocal’ approach
 - Huge range of foods catering to sub groups like Hispanics in USA

Brands!

- 6000 brands
- 28 of them sell over 1 Billion CHF!
 - 75% of sales from them
- Largest selling brands:
 - Nespresso : \$2.8B
 - Gerber: \$2.1B
 - Kitkat: \$1.7B

Innovation

- Like Nescafe with creamer and sugar included
 - For places lacking refrigeration
- Renovation
 - Refreshing existing brands
- Wants its customers to prefer its products over its competition in 6 out of ten times and wants them to have added nutrition!

Empowered employees

- Employees make decisions as close as possible to the markets

R&D

- Spends \$2B on R&D
- Helps locate trends well ahead of competition
 - Like health and nutrition
 - Products like Probiotic yogurt

What the CEO says on Jun 10 performance:

- **Paul Bulcke, Nestlé CEO:**
 - **“The Group’s very successful first-half performance is due to the excellent execution of our proven strategies in all parts of the world, covering the full range from premium brands to value-priced offerings, combined with the ongoing successful implementation of Nestlé Continuous Excellence.**
 - **We have increased investment in our brands, people and capabilities and have prepared the company for a more challenging second half, which allows me to reconfirm our earlier full-year guidance for Food and Beverages: organic growth of around 5% combined with an increase in EBIT margin in constant currencies.”**

Sources

- Fortune Jul 5, 2010
- Nestle website
 - <http://www.nestle.com/>