

Principles of Management

PRACTICAL SESSION 2

ISEG – FALL 2019

Agenda



Reminder for Group
Creation



A Management report: Nestlé 2018
Deloitte Football Money League



Industry 4.0: videos and discussion

Case Studies

- ▶ Some groups are still missing, if so, send the email me ASAP
- ▶ Cases next week:
 - ▶ 4.3.1 Case 1-B: Managerial Skills of Athletic Coaches (p. 30)
 - ▶ 4.3.2 Case 1-A: Big Hopes at Olive Garden, Red Lobster and LongHorn Steakhouse (p. 110)

Final Group Presentation

Students must choose and describe a company regarding the following aspects:

- ▶ General characteristics such as its origins, sector of activity, location, or size
- ▶ Business strategy
- ▶ International operations
- ▶ Structure and organizational culture
- ▶ Ethics and social responsibility



Nestlé 2018 Report

- ▶ Nestlé is the world's largest food and beverages company and growing

We focus on capturing premiumization opportunities, offering affordable, high-quality nutrition and adding value to our brands and products through meaningful differentiation and innovation

Number of employees	Number of countries we sell in
308 000	190
Total group salaries and social welfare expenses (in CHF)	Corporate taxes paid in 2018 (in CHF)
16 billion	3.6 billion

Group sales (in CHF)	Organic growth*	Real internal growth*
91.4 billion	3.0%	2.5%
Underlying trading operating profit* (in CHF)	Underlying trading operating profit margin*	Underlying trading operating profit margin*
15.5 billion	17.0%	+50 basis points
	Constant currency	Constant currency
Trading operating profit* (in CHF)	Trading operating profit margin*	Trading operating profit margin*
13.8 billion	15.1%	+30 basis points
		Constant currency
Earnings per share (in CHF)	Earnings per share	Underlying earnings per share*
3.36	+45.5%	+13.9%
		Constant currency
Operating cash flow (in CHF)	Free cash flow* (in CHF)	
15.4 billion	10.8 billion	
	50.8% of net financial debt	
Proposed dividend (in CHF)	Proposed dividend increase	
2.45	+4.3%	

Results

What we sell (in CHF billion)

Powdered and
Liquid Beverages



Nutrition and
Health Science



Milk products
and Ice cream



PetCare



Prepared dishes and
cooking aids



Confectionery



Water

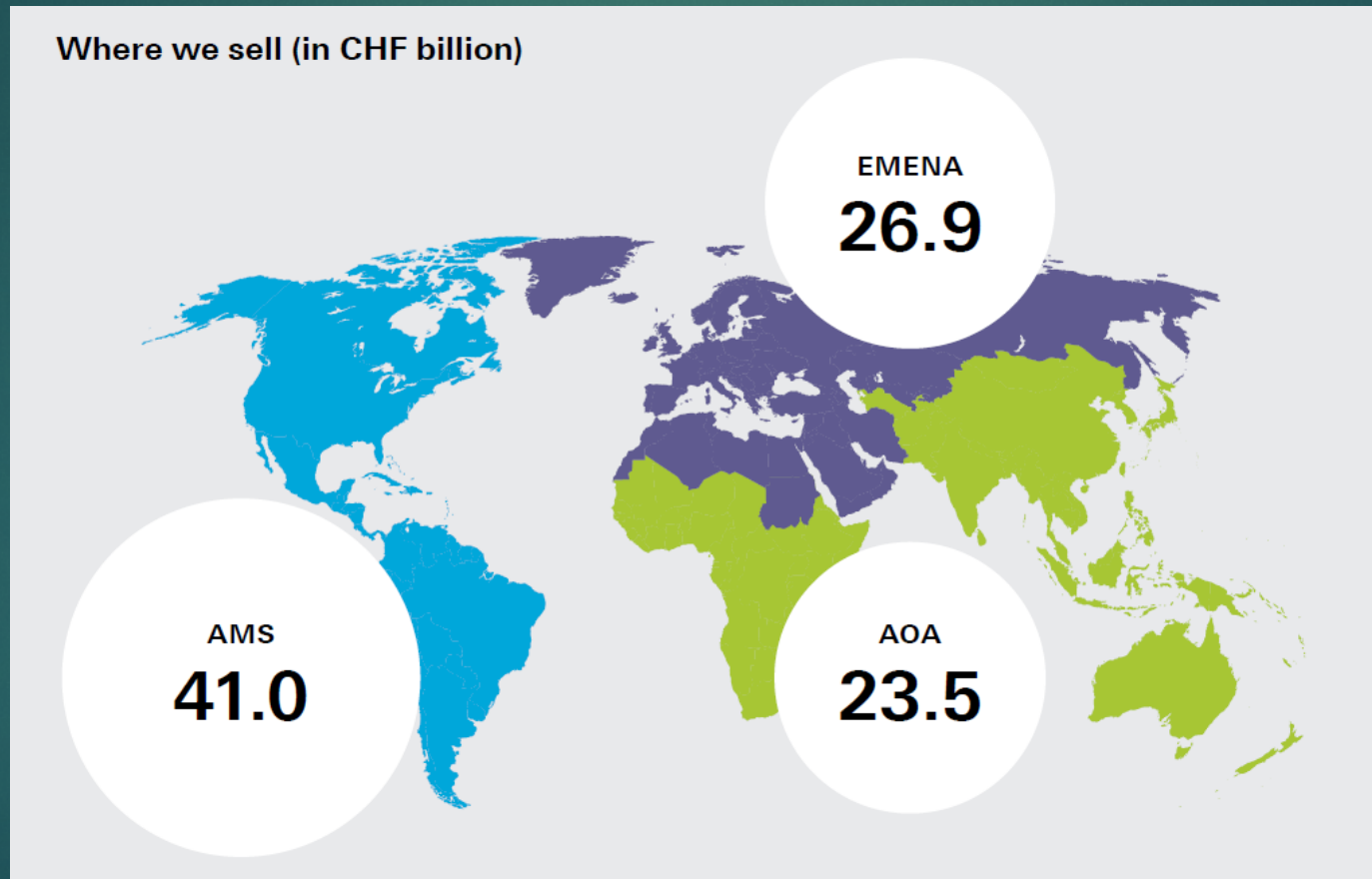


Revenue Breakdown by Product

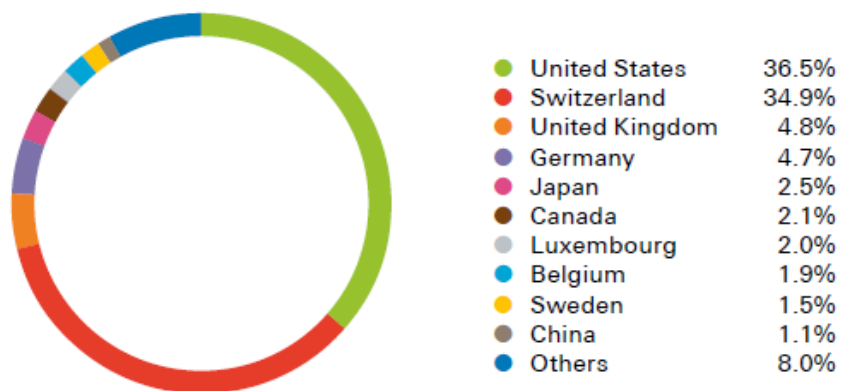
Strategy

- ▶ Innovation:
 - ▶ Over 1,300 new products launched in 2018
 - ▶ Shorter development life-cycles (KitKat, Perrier & Juice, Garden Gourmet, etc.)
 - ▶ Reduction in artificial colours in products
 - ▶ Focus on healthier alternatives with 170 million vegetable portions added to products
- ▶ Growth:
 - ▶ 3% organic growth driven by U.S.A. and China
 - ▶ Acquisition of Starbucks perpetual license for Nespresso products
- ▶ Operational Efficiency
 - ▶ Cost reductions in administration, procurement, and manufacturing
 - ▶ Aggregated purchasing agreements, 5 p.p. fall in overheads

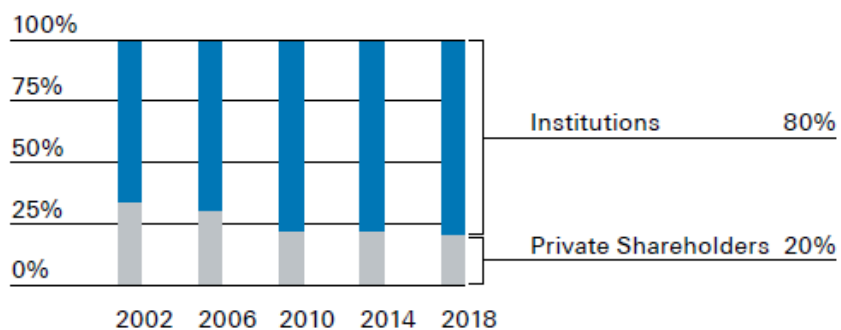
Internationalization



Share capital distribution by geography



Share capital by investor type, long-term evolution ^(a)



(a) Percentage derived from total number of registered shares.
Registered shares represent 57.6% of the total share capital.
Statistics are rounded, as at 31.12.2018.

Structure: investors



Renato Fassbind



Ruth K. Oniang'o



Kimberly A. Ross



Ursula M. Burns



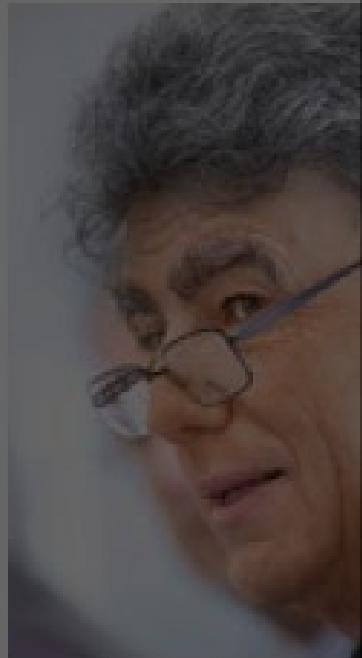
Eva Cheng



Jean-Pierre Roth



Ann M. Veneman



Patrick Aebischer

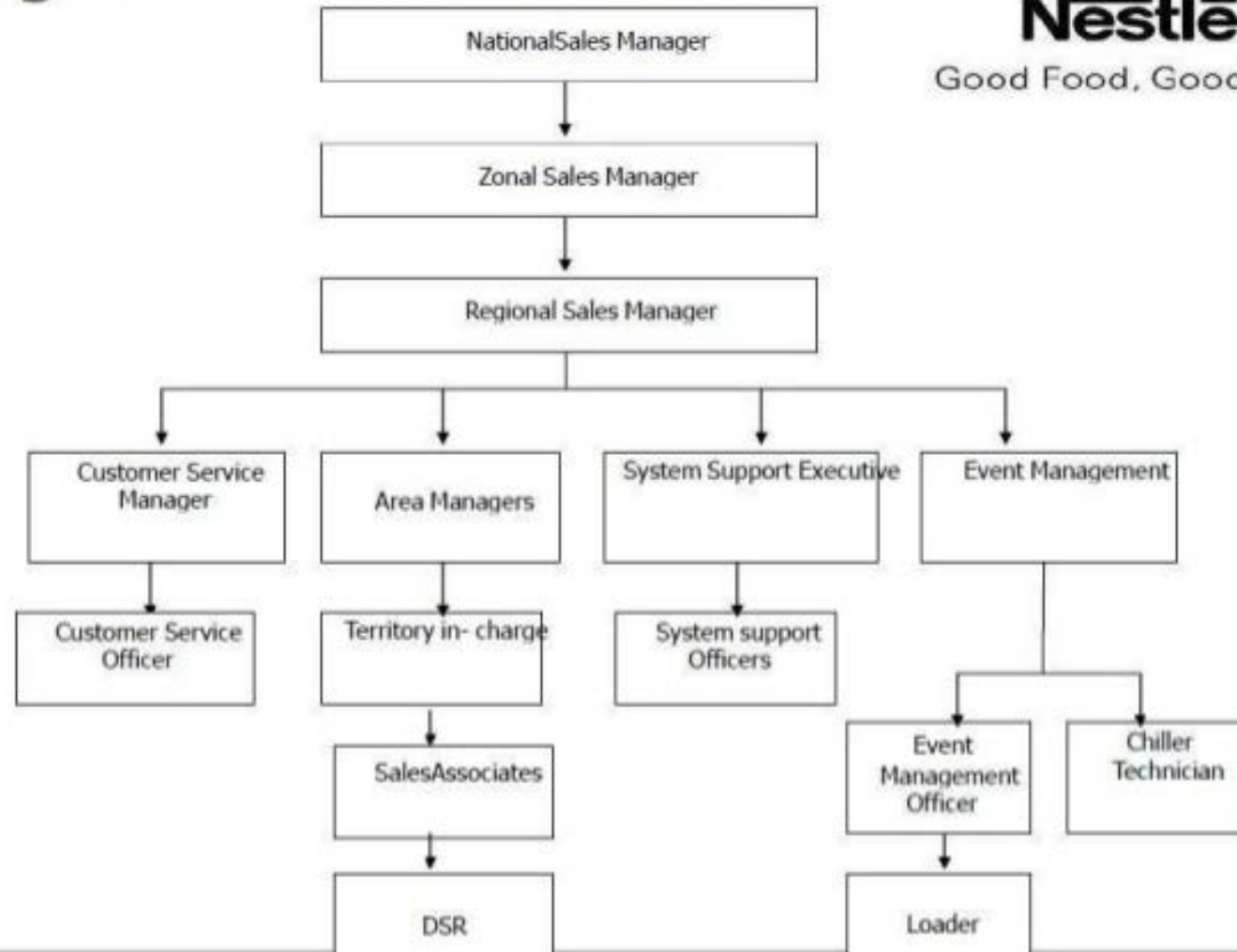
Board of Directors

Organizational Structure



Nestlé

Good Food, Good Life



Corporate Social Responsibility: 2030 goals

- ▶ Creating shared value
- ▶ Healthy products
 - ▶ Improve 30 million children's lives
- ▶ Developing local communities
 - ▶ Improve 30 million livelihoods
- ▶ Environmental concerns
 - ▶ Zero impact

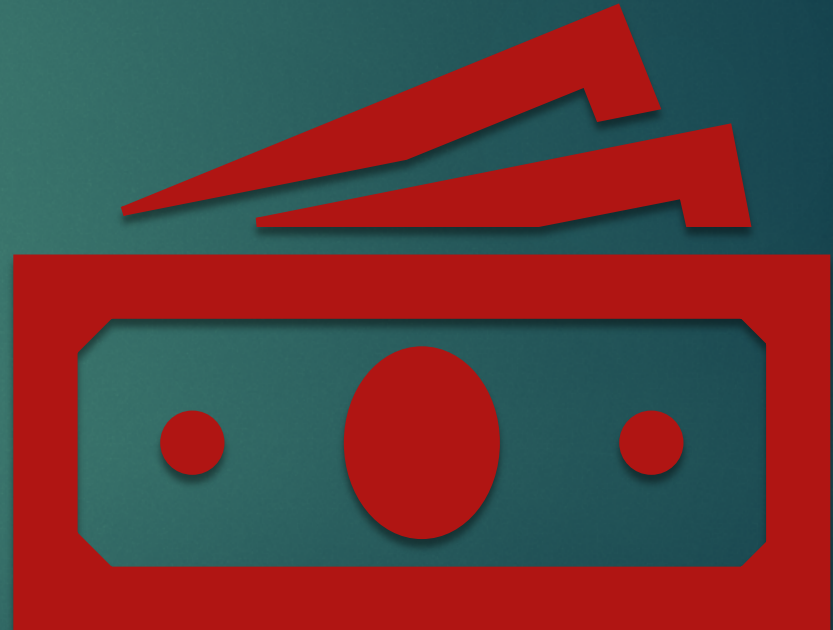
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Nestlé CEO U. Mark Schneider with students of the Kouadiolangokro bridge school in rural Côte d'Ivoire. Built in partnership with the Jacobs Foundation, bridge schools provide access to education and help prevent child labor.

Deloitte Football Money League

- ▶ <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/sports-business-group/deloitte-uk-deloitte-football-money-league-2019.pdf>



Industry 4.0

- ▶ https://www.youtube.com/watch?v=gUc5oN_ffRo
- ▶ <https://www.youtube.com/watch?v=aR5N2JI8k14>

