Strategic Plan

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The strategic plan of a company is a document, which helps it in establishing the direction. It involves mission, goals, and core values, internal and external analysis, industry trends, and long-term objectives on the company based on that analysis.

Nestle has a mission to make people's lives better by providing them with good food. Nestle has the vision to bring safe consumer goods of high quality and to provide the optimal nutrition that could meet the physiological needs. Besides nutrition, health, and wellness, Nestle has the vision to bring the vital ingredients of taste and pleasure in their products. Nestle believes that creating value will make the company successful in the long run. They do their business on the principle of Creating Shared Value, which aims at creating value for both shareholders and society (“Creating Shared Value | Nestlé Global,” n.d.). Their company values are rooted in respect for themselves, for diversity and for the future.

The internal environmental analysis shows Nestle strengths, weaknesses, opportunities, and threats. It enjoys excellent brand equity and value and has a global presence with an extensive distribution system. Social activities and CSR has enhanced the excellent reputation of the company. However, much of its sales depend on a few brands, and it is criticized for excessive water use, child labor, and contaminated food. Nestle has the opportunity to make acquisitions, and it can increase market share. Growing ready to drink coffee and tea market is also a good opportunity. Nestle faces fierce competition from Unilever and Danone foods, and substitutes brands are also increasing. Economic recession and controversies can reduce global sales.

External analysis of the company reveals the political, economic, environmental, and legal factors that can affect its operations and it is referred to as PESTEL analysis (Policy, 2016). As Nestle is, a global corporation political instability and dynamic rules and regulations in some of the countries can influence operations. The company is liable to political jurisdictions as well as international quality standards such as ISO 9000.

Economic downturns and setbacks are unavoidable events. Inflation and economic stability of the countries in which Nestle is operating can also affect its operations and demand of its products. Nestle can achieve and maintain the competitive advantage of employing its resource capital. Consumer attitudes are also changing towards healthy and organic products free or preservatives. Consumers are becoming knowledgeable, and they are very much concerned about the ingredients of products they are consuming especially eatables. In addition, ready to drink tea and coffee market is also flourishing. Social media is a key tool for customer interaction and advertisement.

Technological improvements are a crucial factor to survive in changing business environment. E-commerce is the most crucial business development platform. Nestle must enhance its research and development considering the technological advancements and to enhance the process efficiency and capabilities. In addition, rules and regulations are changing globally. Every country has its own food standard evaluation agencies, and hence Nestle has to adhere to global food regulations across international markets. The company needs to have astute legal capabilities to operate globally exclusively in new markets it seeks to enter.

Increased environmental concerns and attention towards environmental stability demands the company to align its objectives with the environment and people safety. Nestle has to give more attention to corporate social responsibility. It has to effectively implement the principle of creating shared value for its people, shareholders and society and environment.

Nestle is already facing trouble due to the lawsuit in the US for using child and slave labor for its chocolate brand (Wijesinghe, 2018). Nestle has to make sure that the labor employed for the production of products do not encounter any discrimination. Labor unions and equal employment laws are becoming stronger in most of countries. Consumers of products are also concerned about the labor employed to create the product. Hence, the company has to make sure compliance with all the laws and regulations, related to labor and employment trends.

Trends towards natural and organic foods are increasing, and new generation only consumes food, which provides clean recipes. Parents are also concerned about what they feed their children. Nestle must plan to make its products more natural and organic as it is the opportunity for the company as well. "Free-from" is a new trend; gluten-free products is also a new growing market, which Nestle has to consider. Sugar-free, also falls in the same category as modern consumers are also becoming diet conscious; hence, the company must lessen its artificial sweeteners in the products. High protein diet is also the concern of the body builders and health-conscious consumers, and plant-based diet also has the focus of most of the modern consumers. All these new emerging trends must be the key focus of the company to sustain a competitive edge.

Nestle claims that its strategic objectives are based on nutrition, health, and wellness or its consumers. The principal objective of Nestle is to provide quality foods and beverages. Its portfolio is already positioned for growth. Nestle aims to invest in high growth categories, and for 2020, its target is mid-single digit organic growth. They are looking forward to achieving this by focusing on base business and high growth categories. The company is also committed to margin efficiency and the operating profit margin of 18.5% by 2020 (“Strategy - Nestlé Roadmap to Good Food, Good Life | Nestlé Global,” n.d.). Nestle must look forward to achieving its strategic and financial objectives by considering the market, consumer and labor trends globally.

# References

Creating Shared Value | Nestlé Global. (n.d.). Retrieved February 25, 2019, from https://www.nestle.com/csv/what-is-csv

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