

Maucher and Malik on Management

Maxims of Corporate Management - Best of Helmut Maucher's Speeches, Essays and Interviews

von

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Leseprobe

Good Management -

Good Food, Good Life

Global company Nestlé and the name of Helmut Maucher are inextricably linked together. Within only two decades Helmut Maucher, with breathtaking dynamism, made Nestlé into the largest and greatest food company in the world and at the same time into one of the few truly global corporations.

Under Maucher's management Nestlé's sales tripled and in fact it would have risen even more but for negative currency effects. The stock market price, ex dividend, increased more than 15 times compared to when Maucher took over. He developed promising new product lines which proved to be successful, acquired and successfully integrated a total of 250 companies, effected some of the largest acquisitions ever and opened up a great number of new markets all around the globe. Even more significant is the fact that not only was Maucher highly successful in managing this huge expansion but that in doing so - as is generally acknowledged - he did not make any mistakes.

All this was made possible by the exemplary management which Helmut Maucher established at Nestlé. Good Food, Good Life is the company's motto and Maucher's Good Management made Nestlé what it is today.

Today, management continues to be misunderstood what frequently has dangerous results. For example, it is often primarily seen as a means of becoming rich, famous and powerful. Then there is the misunderstanding, that companies are first and foremost machines for maximizing profits. Indeed, companies can always be abused if one is so inclined, but in that case management and the economy cannot be seen as responsible and sustainable.

I regard management in the following way: management is the profession for ensuring proper functioning. So, it is management that enables social organizations to function or fails to do so and therefore, management is one of the key functions of modern society. Managers are the very people who practice management as seen in this way - as a profession at the various levels of the organization.

Consequently, almost entirely everything that is most precious to us as members of modern societies and that makes life in them also worth living - from economic prosperity to a high level of education and from health, science and research, and the strength of innovation and creativity and finally to the quality of life - depends on the competence and quality of management.

Thus management is the social function that enables everything else to function. It is also the

function that transforms economic and social resources into results and value for society.

In order to achieve this, management has to be carried out in the right way and it has to be done well. It has to be right and good management. Much of what is termed management up and down the country fails, to a large degree, to meet both these requirements or complies very badly with them. The prevalent understanding of management is a minefield of errors and false doctrines. That was why the crises which threaten our affluence today were able to arise, crises which were and are largely due to wrong and bad management.

Consequently, with Nestlé and Helmut Maucher's unique management performance as examples, this book is intended to show what right and good, and even excellent management is in practice and what this can achieve. It was for that very reason that I recommended that Helmut Maucher should publish his speeches and writings as a collection, should place them in the context of the significant challenges facing us today and in the future, and thus provide present and future generations of managers with a universally valid navigation aid.

The book presents Helmut Maucher's management philosophy and management practice in his original texts, placed, within the framework of this introduction, in the context of my own management theory. It illustrates why Maucher's management is right and why this enabled him in his position as Nestlé's CEO to be so successful for so many years.

Helmut Maucher's management performance, which is exceptional in many respects, is to become apparent to readers far beyond those with only an immediate interest in this subject matter. Moreover, the book is to demonstrate what it was about his person in the many decades of his career right to the highest position in Nestlé that distinguished him from other top managers.

Maucher's approach not only stands for an extraordinary management performance in the past but - which for today is more important - as a template for a new future of socially responsible, right and good management. This is of the utmost importance because the economy and society are in the midst of one of the greatest transformations there has ever been. For some time I have been calling this the "Great Transformation 21", which means the global change of the 21st century. In a sense it is comparable with the change from an agricultural to an industrial society about 200 years ago but it is much larger and more profound due to its staggering proportions.

It is no exaggeration if this transformation is seen as the transition to a new world parts of which can already be seen quite clearly whereas others are still unknown and where much will be radically new and revolutionary. The current crises can be understood far better, above and beyond mere economy, as the birth pangs of this new world. The "Great Transformation 21" is already confronting the structures of every society, and first and foremost their organizations and their management with enormous challenges.

At this time, over and above revolutionary technologies, right management, as can be seen so clearly in Maucher's success at Nestlé, will be the key to a peaceful, organic and human change. The power of right management today is founded and manifoldly reinforced by innovative change management tools and completely new methods for mastering enormously complex and dynamic challenges.

This book affords a unique insight into the thoughts and work of one of the most successful business leaders ever. It shows how with his management, governance and leadership Maucher transformed Nestlé, which at that time lagged considerably behind its competitors, into the largest and most successful food company in the world within a period of only two decades. Moreover, he also saw to it that the company remained successful and dynamic after he stepped down from office upon reaching retirement age and that it was able to build considerably on his success.

Helmut Maucher became the Delegate (CEO) of the Board of Directors in 1981 when he assumed overall management of Nestlé. This was the first time that a non-Swiss national became head of the largest company in Switzerland; in many respects this was a novelty, the full significance of which can only be assessed by those with a profound knowledge of Switzerland. In 1981, Nestlé generated a turnover of around CHF 28 billion, made a net profit of just under CHF 1 billion and had 146,000 employees. As of 1990, Maucher was both Delegate and Chairman of the Board of Directors until 1997. Peter Brabeck-Lethmate with an excellent team of top managers succeeded him as Delegate in 1997. Helmut Maucher continued in his position as Chairman of the Board of Directors until 2000, when he was succeeded by Rainer E. Gut, a long-standing member and Vice-Chairman of the Nestlé Board. Helmut Maucher has been Honorary Chairman since then.

When Helmut Maucher stepped down from his position of Chairman at the annual general meeting in 2000, turnover for the business year 1999 amounted to almost CHF 75 billion; net profit was almost CHF 5 billion and the company had a good 230,000 employees.

Maucher's successors took over the helm with great vigor and continued the success of the company without any further ado. In the business year 2011, Nestlé generated a turnover of around CHF 84 billion, a net profit of almost CHF 10 billion and had 328,000 employees. The company has around 500 factories in more than 80 countries and with almost 100 international brands is present in almost every country in the world.

We may also ascribe some of this continuing success to Helmut Maucher himself on two counts: firstly, some of the conditions necessary for the lasting business success were created early in the period when he was running the company; in particular these included the strategic expansion of the product portfolio and of the company's presence geographically. Unlike those managers who aim primarily at maximizing the annual results, Maucher possessed the rare courage of rejecting the reporting of short-term results in order to make the company all the stronger in the long term. Maucher's guiding principle for this was notion of the "healthy company", which goes beyond

short-term or even mere financial results.

Secondly he had successors, especially the new CEO, Peter Brabeck-Lethmate, and his former long-standing members of staff and pupils, who, for many years, had been effectively prepared under his direction to succeed him. As a result they even acquired the ability to surpass their predecessor when changed circumstances and opportunities made this necessary. One of the noblest achievements of successful leadership is having pupils who become even better than their master.