1. Organization’s Vision, Mission, Core Values

Mission

“At PepsiCo, we believe being a responsible corporate citizen is not only the right thing to do, but also the right thing to do for our business.”

The mission at Pepsi Cola is to the world’s premier consumer products company focused on convenient beverages. Pepsi seeks to produce financial awards to investors as they also provide opportunity for growth and enrichment to its employees, business partners, and the communities in which they operate. In everything that Pepsi does it strives for honesty, fairness, and integrity.

Vision

“PepsiCo’s responsibility is to continually improve all aspects of the world in which we operate-environmental, social, economic-creating a better tomorrow than today.”

The company vision at Pepsi-Cola is through programs and a focus on environmental stewardship put into action activities to benefit society. They pledged a commitment to build strong shareholder value by making Pepsi a truly sustainable company.

Core Values and Company Philosophy

“Our values and philosophy are a reflection of the socially and environmentally responsible company we aspire to be. We are the foundation for every business decision we make.”

Sustained Growth is fundamental to motivating and measuring the company’s success. Their pursuit for sustained growth stimulates innovation, places a value on results, and
helps Pepsi understand whether today’s actions will contribute to the company’s future. It is about the growth of people and company performance.

*Empowered People* means that Pepsi Cola has the freedom to act and think in ways that will get the job done, while adhering to processes that ensure proper governance and being mindful of company needs beyond its own.

*Responsibility and Trust* forms the foundation for healthy growth. Pepsi Cola holds themselves both personally and corporately accountable for everything they do. They must earn the confidence others place in them as individuals and as a company. By acting as good stewards of the resources entrusted to them, they strengthen that trust by walking the talk and following through on their commitment to succeeding together.

**Commitment**

Pepsi is committed to delivering sustained growth through empowered people acting responsibly and building trust.

**Pepsi’s Guiding Principles**

Pepsi Cola makes every effort to uphold its commitment though six principles that act as a guideline. The company feels it must always strive to:

1. *Care for our customers, our consumers and the world we live in.*
   The intense, competitive spirit of the marketplace drives Pepsi, however this spirit is directed towards solutions that benefit both the company and its constituents. The success depends on thorough understanding of consumers, customers, and communities. To foster this spirit of generosity, Pepsi goes the extra mile to show they care.

2. *Sell only products we can be proud of.*
   The true test of standards is Pepsi’s ability to consume and personally endorse the products they sell without reservation. Their confidence helps ensure the quality
of its products, from the moments ingredients are purchased to the moment it reaches a customer’s hand.

3. *Speak with truth and candor.*
   The whole story of the company is told, not just the parts that are convenient to its individual goals. In addition to being clear, honest, and accurate, they are responsible for ensuring communication is well understood.

   Pepsi weighs the short-term, long-term, and benefits of every decision that is made. Maintaining this balance helps sustain the company’s growth and ensures its ideas and solutions are relevant both now and in the future.

5. *Win with diversity and inclusion.*
   Pepsi embraces people with diverse backgrounds, traits, and ways of thinking. Its diversity brings new perspectives into the workplace and encourages innovation, as well as the ability to identify new market opportunities.

   Mutual success depends on mutual respect, both outside and inside the company. It requires people who are capable of working together as part of a team or informal collaboration. While our company is built on individual excellence, it also recognizes the importance and value of teamwork in turning its goals into accomplishments.

2. Organizational Culture and Design

Organizational Culture and Design is one of the most important factors in creating a successful company and quite possibly the most important aspect of an organization’s internal environment. With the leadership and ideas instilled in the company by our founder, Donald M. Kendal, as well as our chairman and CEO, Indra K. Nooyi, the company has developed core values, beliefs, and attitudes that accurately reflect the vision of improving all aspects of the world. Their vision of “creating a better tomorrow than today,” encompasses their improvements in how they operate and how they can improve environmentally, socially, and economically.

   Every business decision we make originates from our values and philosophy. With nearly 300,000 employees it may seem difficult to maintain continual growth and
sustainability. This can be difficult, but we have a lot of trust in both our commitments and our employees. By empowering people to act responsibly, we are able to deliver sustained growth. This sustained growth is one of our motivational techniques as well as our measurement of success. With the common understanding and responsibility, employees are free to pursue their work in ways they know will lead to future success. Our employees are granted freedom and are encouraged to be innovative and mindful when dealing with the company’s needs and ideas for the future. Every action we make is a sum of individual decisions working together. This process is based upon responsibility and trust, granted we hold ourselves corporately and personally responsible on every action we take. Ultimately we act on the power entrusted in us and this is what shapes our company. This is what builds our united success.

As an organization, together we have designed six guiding principles, which we use to uphold our commitments. None of which are more important than the next. The first is the care we have for our customers, consumers, and the rest of the world. Even though we are driven by competition in the market, we search deeper for an understanding of where our product is going. But we don’t stop there. We go even further to show our appreciation. The second guiding principle states that we only sell products we are proud of. Our confidence is very important to the consumer and this begins with our product ingredients. We also speak with truth and candor. This is our third principle. It is a responsibility to be clear, honest, and accurate with every communication and interaction. Our fourth guiding principle is balancing short-term and long-term. This includes both benefits and risks. Having this balance allows us to use our creativity and continue to grow. As a company we strive to embrace people of diverse backgrounds,
traits, and minds. This diversity encourages innovation and helps us further understand opportunities that may present themselves within the market. This outlines our fifth principle, which is to win with diversity and inclusion. Our sixth is how we respect others and succeed together. It is a common understanding that our success depends on our respect both inside and outside the company. No matter how much emphasis we place on individuality, we also identify the crucial value in teamwork and execution.

3. Leadership

In order to have long lasting success as a corporation you must have stable leadership. For decades, Pepsi has been able to prosper in the consumer products industry and this is due to a strong, established way of leadership that starts with the “senior leaders.”

The senior leadership is made up of CEO’s from each sector of the world along with the chairman of the company, Indra K. Nooyi. The chairman overlooks the whole organization while each individual CEO is in charge of their sector. John Compton is the CEO of PepsiCo Americas Global Food & Snacks Group, Albert Carey is the CEO of PepsiCo Americas beverages, Zein Abdala is the CEO of PepsiCo Europe and Saad Abdul-Latif is the CEO of PepsiCo Asia, Middle East and Africa. By dividing the world into sectors, PepsiCo’s leadership is not put on the shoulders of a single person. With talented individuals in charge of each sector of the world the leadership and workload is delegated. This makes PepsiCo’s leadership more diverse, and much stronger.

Aside from the senior leadership, another reason that PepsiCo is such a strong company is because they have created a vision that all the employees follow and believe
in. PepsiCo’s vision, as stated on their website is: "PepsiCo's responsibility is to continually improve all aspects of the world in which we operate - environment, social, economic - creating a better tomorrow than today." Creating a vision enables all employees to not only follow, but further develop the vision. This is not leadership in the form of hierarchy, but the vision of the company is a form of leadership because employees believe, and follow the vision that was created by the top managers of the company. The vision statement of PepsiCo drives and controls the actions of the company.

PepsiCo’s leadership also consists of a board of directors and corporate officers. The board of directors oversee the business strategy and affairs of the company. The board is made up of one executive director along with twelve other outside directors. The outside directors have input on aspects of the company such as nominating and corporate governance, audit and compensation.

Another aspect of the company that makes PepsiCo so strong is their mission statement. In PepsiCo’s mission statement it is written: “… And in everything we do, we strive for honesty, fairness and integrity.” These are principles of the company that guide the actions of the company. PepsiCo prides themselves on being an ethical company.

The leaders of PepsiCo are charismatic leaders. The company does not waiver when it comes to these principles stated in the mission statement and this makes the leadership that much stronger. Because the leaders of the company stick to these principles so strictly, they are able to act consistently with their vision and mission statements. This not only makes them more of an ethical company but it also makes communication throughout the company easier. By sticking to their vision and giving
speeches throughout the world about their company and its purpose the leaders of PepsiCo have formed a strong relationship with their employees and followers. Furthermore, the leaders at PepsiCo are ethical charismatics as opposed to unethical charismatics. Meaning, the leaders at PepsiCo develop opportunities for employees, are open to feedback, share information throughout the company and possess moral standards that are for the good of the organization as a whole. By staying true to their vision and mission statements, the leaders of PepsiCo are able to direct the actions of the employees and ensure that PepsiCo continues to prosper in the consumer products industry long into the future.

4. Ethics and Social Responsibility

In 2010, PepsiCo created the Global Sustainability team, whose role is to develop, implement and enforce standards to ensure consistency and quality in the organizations sustainability reporting and ultimately accelerate the Performance with Purpose mission through. While a great deal is being done to implement measurement processes for all sustainability efforts, Pepsico has already made significant progress to date and believes they have laid a very substantial foundation for success. The framework for Pepsico’s standards have been developed around three key areas:

1. Governance and Decision Making
Accountabilities are assigned to individuals/teams to set strategy, prioritize activities and facilitate decision-making needed to advance the sustainability agenda.

2. Metrics, Tracking and Reporting
Specific, measurable, time-based targets—defined and standardized for tracking progress—are implemented. Reporting obligations are defined and protocols are in place to ensure compliance.

3. Establishing New Practices to Facilitate Integration
Functional accountabilities and cross-plank (i.e., performance, human, environmental and talent) considerations are defined and built into daily operations in such a way as to advance our sustainability agenda.

Pepsico’s determination to lead as an example of a prospering and sustainable global company, has refocused many of the organizations efforts towards local communities. Pepsico supports and invests in the local communities where they operate, by hiring local people, creating products designed for local tastes, and partnering with local farmers, governments and community groups. Staying true to its mission of Performance with Purpose by delivering sustainable growth by investing in a healthier future for people and our planet.

The PepsiCo Foundation established in 1962 has also expanded its mission to foster healthy, vibrant and self-sufficient communities worldwide through global partnerships that improve the quality of life across communities in areas of great need. The foundation has evolved its goals to reflect the needs of global communities with underserved populations through nutrition and activity, safe water and water usage efficiencies, and education and empowerment. The PepsiCo Foundation has been a huge supporter to those who also serve underserved global populations through community involvement. The Foundation is partnered with organizations such as the YMCA, United Way, Secondary Education Assistants, and the Foundation’s Matching Gifts Program. In 2010 alone, The PepsiCo Foundation contributed $25.9 million dollars towards charitable causes.

5. Human Resources
PepsiCo is a globally based company with many different branches and areas of production. Because of this, human resource and design departments around the globe work differently from place to place.

The human resource department starts with its employees. PepsiCo markets themselves and job opportunities through various social media sites. They are active on Twitter, Facebook, LinkedIn and more. By advertising and getting their name out there through assorted media they are able to attract a diverse group of potential employees. After receiving applications, the selection process ensues. Hiring staff at PepsiCo will review applications. They look at previous work experience, education and credentials to see if each applicant is a fit for the job. They also look at culture. To make a smooth transition, having a similar culture is key. Having someone need to relocate or work outside of a comfort zone when hired can make the transition and training process much more difficult. They try to match a person to a job that is not only qualified but that will work well with others already in the company.

Once a new employee is selected, they must be trained. PepsiCo relies on early responsibility to train its employees. By giving new employees responsibilities early on in their career at PepsiCo, they are given a sense of self worth and that they are doing something worthwhile for the company rather than wasting time doing insignificant tasks. PepsiCo believes in the idea of stretch assignments as motivation for productivity. This is the theory that an employee should be given the chance to work on assignments that are beyond their job description or above and beyond normal tasks. This challenges current skills to develop new and innovative skills. Having this available is a benefit when trying to hire from within the company. If a person is interested in moving up in
the company, they have ample opportunities to show their hard work and abilities. This is shown when looking at the statistic that “eighty percent of our executive team was promoted from within” (Training & Development).

Performance appraisals are going on continually whether it be personal performance reviews, checking on products being distributed to see if they meet standards, or through checking in with customer surveys to see if customers are satisfied with how the company is doing. These appraisals allow teammates and leaders to see how everyone is doing and to make corrections if needed in a performance.

PepsiCo has established a program called Healthy Living and Healthy Money programs. These programs provide assistance to employees and their families when dealing with personal health, individual wellness, and personal financial plans. Not only are these resources and tools given to all employees, employees also receive health and insurance benefits for their work. They have options to customize plans in medical, dental, vision and different insurances like life and disability. Work/Life benefits also include adoption assistance, family leave, commuter reimbursements and child and elder care and support. When it is time for an employee to separate from the company, retirement plans are also in place to help with the process. 401(k) plans and stock purchasing options are all available.

6. Strategic Planning

With 19 different product lines each generating more than $1 billion in annual retail sales, we must be doing something right. PepsiCo, Inc. has grown exponentially since it’s founding in 1965. Former president and CEO Donald M. Kendall founded
Pepsi-Cola in the late 1890’s. Mr. Kendall was a young pharmacist at the time of his cola discovery. He used carbonated water, sugar, vanilla, rare oils, pepsin, and cola nuts. This discovery became known as “Brad’s Drink.” The name changed to “Pepsi-Cola,” in 1898. Pepsi-Cola had many ups and downs during its initial years but became very popular as a long-run beverage company. In 1965 the merger of Pepsi-Cola, and Frito-Lay, initiated the company, PepsiCo, Inc. At this time newly founded PepsiCo reported sales of $510 million and had only 19,000 employees. As years proceeded, PepsiCo, Inc., expanded to more than 200 countries with approximate revenue of $60 billion and nearly 300,000 employees.

This sustained growth began with our vision. Each and every employee believes it is, “PepsiCo’s responsibility to continually improve all aspects of the world in which we operate – environment, social, economic – creating a better tomorrow than today,” (PepsiCo.com). We hold our vision close to us each day and every second we are performing our job. We use our vision to focus on environmental stewardship. We use it to benefit society through our activities. We also use it to help build shareholder value. This is what helps us to be the sustainable company we are today and will continue to be in the years to come.

We then began to focus on our mission to be the world leader in consumer products with the focus on convenient foods and beverages. We strive to provide rewards to investors, and opportunities to our employees, partners, and communities in which we operate. Bottom line, we push for honesty, fairness and integrity in every task we attempt.

We seek performance with purpose. We always strive for superior financial results. We are able to manage this by investing in innovation, growth, acquisitions,
research and development, and emerging markets, while committing time to balancing short and long-term goals. Ways in which our middle managers can aid in the strategic objective is by innovating and executing specific goals that deal with the budget, resources, and people. As a middle manager he or she is responsible for first-level managers as well.

Our first-level managers are in charge of operational plans. These types of managers deal directly with operational employees and occasionally with customers. As a manager on the first-level, he or she is responsible for day-to-day planning which directs employee behavior, effort, priority, and attitude. This type of manager is extremely important in PepsiCo because these operational employees are the ones who directly interact and communicate with customers, consumers, and the community in which we operate. Operational plans consist of single-use plans, standing plans, and budgets. Standing plans are frequently used and are recurrent while single-use plans are one time only plans. Budgeting determines how money can be allocated according to the first-level managers’ decisions.

Overall we have become very successful as a company, According to the 2010 reports, we generated a 33 percent increase in net revenue, a 23 percent increase in our core division operating profit, and we were able to return $8 billion to our shareholders. Because of our excellent strategic planning, we lead the industry by innovating more nutritious and locally relevant products while maintaining the same great taste and convenience.

7. Performance Accountability and Outcomes
When it comes to PepsiCo, the way that they have their company organized is a direct reflection on the positive growth of their company over the many years since it started. In order for the employees to be held accountable, they need to abide by PepsiCo’s World Wide Code of Conduct. This says that PepsiCo and its employees are committed to “Performance with Purpose.” They succeed using tactics like working responsibly and holding themselves to high ethical standards. Each employee is held accountable by these standards and by that they are able to stay on track and keep the business successful. PepsiCo believes that in order to become successful they have to do what is good for the world and by doing what is good for the world then they are doing something that’s good for their own company. Because of that view and standpoint it comes back to employing accountable staff. In order to find out what is beneficial for the world, Pepsi Cola employees must figure out the basic needs and wants of the people they are providing products for. For example, they have seen and realized a big gap was between the purchases of Diet Pepsi, no calories, and regular Pepsi, 100 calories. Many people would see that there is no problem, but since Pepsi Cola’s employees are held accountable to make the world a better and healthier place they wanted to bridge the gap between the two sodas and create one that will affect and create positive growth in the community. They have developed Pepsi Max in attempts to bridge this gap. They see the needs and wants of the customers and strive to make a product that will From the people who are in the “C suite” of PepsiCo to the night guards of the factories, everyone is held accountable for what they do. In order for
PepsiCo to keep growing they need to be able to keep providing products that satisfy all customers throughout the world.

For the employees to keep working at their peak, keep producing the best products, and to keep working for Pepsi, the employees need to know that they are being treated the best out of any of their competitors and they need to have some incentives to work towards and to accomplish. Working for PepsiCo, you are receiving all around benefits that will help support your living in every way. Medical, dental, vision, life insurance, and disability insurance are just some of the few outcomes that these employees get from working at Pepsi. But for some employees its not just about the benefits that they receive from working there, sometimes it about the awards that they give out. The reason that Pepsi decides to give out awards is to acknowledge the outstanding work that a few people have shown over the year and to show their appreciation for them, it is an honor to receive these awards for the employees. Each employee wants to receive these prestigious awards at the end of the year; so in order for one of them to be recognized and to receive it they, the employee, are put into this perfect competition between other workers and whoever works the hardest, gives back to the company, and is the most accountable will come out on top. Pepsi is able to grow as a company every year because what they do for their employees; they give them all the tools they need to succeed, they give them space to work in order for them to help out the community, they give them full benefits in order for them support themselves and their family and they give them a welcoming place to work so they can create a better future for the world.
8. Legacy and Succession Planning

“At PepsiCo, we're committed to achieving business and financial success while leaving a positive imprint on society - delivering what we call *Performance with Purpose*”.

The statement above represents Pepsico’s vision to become a truly sustainable company through programs and partnerships that focus on environmental stewardship, activities that benefit society, and a commitment to build shareholder value. The *Performance with Purpose* movement was started in 2008, and has been thriving ever since by expanding its mission and going above and beyond set goals. The company’s current managers believe in leaving a legacy that is sustainable and compatible with future generations. *Performance with Purpose* means delivering sustainable growth by investing in a healthier future for people and our planet. PepsiCo pride’s itself as being one of the most innovative brands in the world and wants to be constantly changing in order to be continue its legacy of superior leadership and sustainability. Performance with Purpose means delivering sustainable growth by investing in a healthier future.

Sustained growth is a fundamental role to motivating and measuring PepsiCo’s success. The company’s quest for sustained growth stimulates innovation, places a value on results, and helps understand whether the organizations actions today will contribute to the company’s future. It is about the growth of people and company performance. It prioritizes both making a difference and getting things done because a healthier future for all people and our planet means a more successful future for PepsiCo. The tradition to build a portfolio of enjoyable and healthier foods and beverages, find innovative ways to
reduce the use of energy, water and packaging, and provide a great workplace for our associates will be a driving force behind the company’s legacy and succession planning.

**Sustainability Governance Chart**

9. **Recommended Company Improvements**

Known throughout the world for quality products and customer care, Pepsi Co should make no major strategic changes to its plan. However, like in any business situation there are areas that Pepsi Co can improve upon. Some of the recommendations are as follows.

Drive local market success. Pepsi Co, an American company since its inception, continues to expand into developing markets while maintaining its major stronghold of the United States. To drive domestic market success, Pepsi Co has three main sub-objectives:

1. To compete locally

2. To be a “small” company within a big company, insuring that the company remains maneuverable, and not a stagnant giant and,

3. To have visible community leadership.
Pepsi Co continues to be a client centric company, focusing on this objective now more than ever. One of the main lacking components of PepsiCo’s values is their employee. Of the many concerns they have about the consumer and clients, little is said about the way employees are treated and what expectations and responsibilities are towards them. Programs exist that help employee’s take part in the community, and also future employees by offering school programs and scholarships. However, little effort is directed towards the responsibility of the company to employees. Coinciding with their values, objectives, and commitment, employees are left out of the grand scheme and may even be considered a means to an end. The limited focus on employees may be a problem in the long run due to retention issues and resulting lack of quality.

Pepsi also could use a lot of improvement in the area of employee relations. In light of the various discrimination lawsuits, the company has been faced with the task of how to improve from within, thus portraying a more positive external image. Their mission clearly their dedication to client satisfaction through the integration of all employees on an equal opportunity playing field. This mission has to be carried out more effectively in the future for them to be able to progress forward in the most opportune manner possible.

Another issue that Pepsi faces in the constant reinvention of its logos and many products. Due to the many product lines PepsiCo markets, there are many different types of marketing strategies. Much of the marketing efforts are directed towards a younger crowd that is associated with music, entertainment, sports, and various other market niches such as corporate sponsorship. Products are marketed with the same type of values the company has regarding quality, innovation, and performance. Drinks such as
Mountain Dew and Gatorade are especially marketed towards younger active individuals and based on performance and a sense of “coolness” that Pepsi provides. This has not been clearly identified by the company, but is apparent with sponsorship of athletic events and teams, as well as in accordance with their website and target market.

However, PepsiCo is missing a huge market that could largely add to revenues which is the baby-boomer generation. As much of the marketing is generated with a younger audience in mind, competitors take up additional markets.

One more main area they need to focus on for improvement is continuing of recycling of containers. Due to the liquid nature of Pepsi’s product, it is necessary that a solid and non-porous container be used to store the product. This leads to the use of plastics, aluminum, and glass as materials for the containers that Pepsi is stored in.

These materials work very well for the purpose of their use, however these materials do not biodegrade easily. If Pepsi could use better and more resourceful packaging it would not only help the environment long term, it will also give the brand a competitive edge and appeal to environmentally conscious customers.

PepsiCo should continue to expand their growth and take advantage of potential opportunities by continuing to improve on areas at the corporate top level, in the markets that they currently are in, and in new markets and market segments that they wish to expand into. And also work on growing the international brands that they have and growing those products.

Pepsi could also improve in the areas of “Human Sustainability”. The healthy eating market is a demographic that will continue to grow in the future, and will provide
generous profits Pepsi Co. They are starting to do this with some of their other brands especially foods, but they have not quite done this with a lot of their beverages.

PepsiCo is a large corporation that has been only growing in success of the last hundred plus years that it has existed. However with these recommended improvements Pepsi could explore into new markets and gain a bigger portion of the market share, finally gaining over its main competitor Coca-Cola.

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