

UNIVERSITY OF TORONTO  
DEPARTMENT OF APPLIED SCIENCE & ENGINEERING

# Organizational Design Analysis: Pepsi Beverages Canada

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## Final Report - Executive Summary

MIE459 PROJECT | TEAM 14

### *Executive Summary*

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As one of the world's largest consumer packaged goods (CPG) companies, it is imperative that PepsiCo as an entire organization is effectively designed. This project serves to dissect and analyze only a subsection of PepsiCo, namely, Pepsi Beverages Canada's (PBC) Ontario division. The goal of this project is to understand PepsiCo's organization structure and major factors which contribute to the success of PBC.

The team first identified the strong internal environment that enables collaboration and personal growth within the organization. As PBC's company culture focuses on growth and

success, it encourages employee progression within the company through frequent promotions. Meanwhile, by using a mixture of a functional and matrix organization structure to develop specialized skill sets, it allows the organization to have a strong competence and knowledge of each major product line. Additionally, with an integrated and well-formalized structure, PBC is able to leverage its resources to use a knowledge management system in order to share meaningful information and create a “learning organization.”

Moreover, after comparing with the most dominant competitors in the market, the team identified that PBC gains an edge through strategic marketing, cost advantage and new product development. This also led to a successful consumer analysis by breaking it down into three categories (brand loyal consumers, price sensitive consumers and indifferent consumers). Meanwhile, a PEST analysis determined that PBC must operate within health and safety regulations (political), understand the role of the consumer’s financial position in relation to sales (economic), move with consumer demands to healthier and greener products (social) and keep up with advances in technology (technological).

PBC has increased their productivity through the implementation of new management techniques. For example, through Total Quality Management (TMQ), PBC increases its competitive advantage through enhanced customer satisfaction. In addition, Lean Six Sigma helps PBC to reduce the variability of processes and find more cost saving initiatives. On top of that, balanced scorecards provide upper management with a quick summary of the organization’s current performance.

Meanwhile, PBC maintains and fosters strong relationships with their suppliers, especially in terms of production. These relationships help the company to leverage its resources more efficiently to build a just-in-time and dynamic supply chain. On top of that, strong relationships with customers help the company to have long-term business cooperation and consistent production volume.

Lastly, the team identified that IT implementation increases the company efficiency within production, transportation and communication. Moreover, CEO Indra Nooyi also has greatly impacted the company’s direction and performance by creating a culture that adapts to consumer demands. Lastly, through proper dialogue and conflict resolution, PBC is able to resolve conflicts of power between departments and between the union and management.

In conclusion, the team believes that PBC can remain a successful company if it continues to utilize new technology, automation and management philosophies that continuously adapts to consumer demands during its elaboration stage. Meanwhile, by deploying a mission culture, it requires PBC to focus on the external factors (e.g. customer needs, market shifts) and measurable goals to avoid market loss and low profitability.