

promoting healthy diets

Nestlé believes its efforts to improve the nutritional quality of its food and drinks products – allied to education programmes for consumers and farmers – will benefit its customers and wider society. But they will also provide the company with a long-term business model

Morou and Claire are worlds apart. One lives in northern Ghana; the other in South Carolina. Together they represent the two faces of what health experts are now terming ‘nutrition security’.

Morou has spent his adult life growing maize, groundnuts and soya beans. What he doesn’t keep back to feed his own family, he sells. Yet his harvest is susceptible to high mycotoxin levels caused by fungus growth, and this reduces the value of his crop.

It’s not just his income that’s affected. It’s his health too. Mycotoxins are proven to lower immunity levels. Morou’s daily diet, therefore, is gradually reducing his family’s ability to resist diseases.

Claire represents the other side of the world’s nutrition problem: obesity. She gained weight considerably after giving birth and struggled to lose it. Over one billion people in the world are overweight, according to the World Health Organisation. Of those, 300 million are obese. Untreated, this can be almost as damaging to human health as under-nutrition.

As the world’s largest food company, Switzerland-based Nestlé considers that it has an active role to play in promoting healthy diets and good nutrition in the countries in which it operates.

It sounds like a worthy goal. In part, it is just that. But there’s a hard edge to Nestlé’s commitment too. Creating value for society translates to value creation for the company’s shareholders. ‘In order to develop a successful long-term business, we must go beyond compliance and sustainability to actually create value for society,’ says Peter Brabeck, the company’s chairman.

Nestlé has gone as far as to devise a term for the interdependency between business and social wellbeing: ‘creating shared value’ – and in April 2009 it published a 76 page *Creating shared value* report outlining its work in the field. The phrase is more than just marketing spin, insists John Bee, public affairs communications manager at Nestlé. He points to the company’s efforts to improve nutrition in the developing world as one substantive example. Its work combating obesity in the world’s richer nations provides another.

In the case of the former, Nestlé seeks to achieve greater product affordability through competitive

the company

Nestlé, the world’s largest food and drink company, was founded by Henri Nestlé, who invented the first mass-produced cereal product in 1867. The firm had a turnover of Sfr109.9billion (\$94bn, £63bn) in 2008, with a net profit of Sfr18bn. It:

- has set up a research and development centre in Beijing to look into the nutritional benefits of traditional Chinese ingredients and their possible inclusion in Nestlé’s product pool
- is involved in the Epode initiative, which started by providing nutrition education in two villages in northern France in 1992 and has now reached 2.5 million people in cities in France, Spain and Belgium
- has 5000 employees in its food and beverage businesses dedicated to research and development.

pricing and broader economic development. Half of the company’s 456 factories, for example, are in the developing world. Each of these represents a key generator of local jobs and vital income.

The company also seeks to improve the availability of nutritious foods. Investing in improved agricultural productivity, providing poor farmers with micro-credit loans and building rural infrastructure are just some of the ways it is tackling this challenge.

Morou provides an example of the ‘shared value’ theory in practice. One of the 600,000 farmers in Nestlé’s supply chain, he recently learned some simple best practice agricultural techniques through a community-based training programme run by Nestlé. His crops are now contaminant-free. ‘The good practices I have been taught will help me to get more yield ... a healthy life and also a good price at the market,’ he states.

In terms of Nestlé’s bottom line, this three-year programme in West Africa is giving it more consistent access to better quality grains and legumes. As a result, its popular breakfast cereal business in the region can keep up with growing demand.

In South Carolina, meanwhile, Claire has seen her weight battle at last turn a corner. The breakthrough came with a change in diet. Every lunch and dinner she now eats one of Nestlé’s calorie-controlled ‘Lean Cuisine’ ready-made meals. Her weight has gone from over 180lb to a much healthier 130lb.

All Lean Cuisine meals (there are over 100 to choose from) contain less than 10g fat, 4.5g or less saturated fat and less than 95mg cholesterol per 100g. The brand recently introduced a range of entrées in the US with

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■ Agronomist Klutse Kudomor (centre), who works for Nestlé Central & West Africa, helps farmers learn how to improve the quality of their crop

double the vegetable content of the average Lean Cuisine meal. The move has added an extra 36 million vegetable servings to the American diet since 2007. 'By establishing a brand on a calorie-control platform, it enables you to introduce a campaign based on introducing even healthier ingredients,' Bee explains. He says the low-fat formula is working: Lean Cuisine has grown into the second largest diet brand in the US.

Every day around one billion Nestlé products are sold. That's a huge market. It's also a colossal opportunity to promote public health through improved nutrition. Last year Nestlé Nutrition sold around \$fr5bn worth of products with fortified components such as extra calcium – a 21 per cent increase on the previous year.

Research is one area where the company comes into its own. Nestlé has poured just short of \$fr2bn into developing products that are better nutritionally – more than any other private company.

Awareness-raising is another area where Nestlé has invested heavily. In Brazil, for instance, it provides employee volunteers and funding to train nutritionists, teachers and school cooks in low-income communities. More than one million children aged 5–14 have so far benefited from this 'Nutrir' programme. Research shows that the pupils' education standards have increased along with their nutritional health. The children also take the message of healthy eating back home, further extending the programme's impact.

'The schools use exactly the same food as before, so they didn't anticipate these results,' says Professor Luiz Renato de Araujo Pontes of the Federal University of Paraíba and a co-ordinator of the Nutrir programme.

Around the world, Nestlé estimates its awareness-raising and information schemes have reached 9.1 million people. But Bee concedes there are limits to what one company can achieve, however large it may

be. So creating alliances with governments, health organizations and other private companies is 'absolutely essential'.

Other challenges exist. Nutrition security is expected to become more of an issue as the world's population grows. Last year's sudden increase in global food prices shows how delicate the modern food chain is. Driving prices down and nutrition content up for low-income consumers is perhaps the biggest priority for Nestlé.

Yet strategically, Nestlé is undoubtedly onto something. Creating value is what companies do best. Nutritional value is what people need and what they are increasingly prepared to pay for. Sharing that value, therefore, represents a healthy dose of business sense.

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See also www.nestle.com/csv

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Nestlé states that its biggest priority is driving food prices down and nutritional content up. It is doing this by a series of nutritional improvement schemes coupled with the provision of competitively priced products – the All Lean Cuisine meals being an example. At the same time, helping the 600,000 farmers in its direct supply chain to raise productivity through micro credit loans schemes and community-based training programmes leads to what the company describes as 'creating shared value'.

features of note include:

- half of Nestlé's 456 factories are located in developing countries
- an employee volunteer scheme in Brazil helps train nutritionists, teachers and school cooks in low-income communities
- in the last year, Nestlé spent almost \$fr2bn on developing better nutritional products

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