



**Nestlé**

Good Food, Good Life

## The Nestlé People Development Review



# Contents



Introduction

2



Local Training  
Programmes

16



Technology Transfer  
to Agriculture  
and Industry

36

Cover picture: Nestlé South Africa runs basic literacy programmes in its factories.



The Nestlé Culture:  
Values and Principles  
Regarding People

4



Literacy Training

6



Nestlé Apprenticeship  
Programmes

10



International Training

22



External Management  
Training

28



Transfer of Scientific  
Knowledge

30



Life After Work

42



Education  
in the Community

44



Other Publications

49

## Introduction

**Nestlé is today the world's leading food company, with a 135-year history and operations in virtually every country in the world. Our principal assets are not office buildings, factories, or even brands. Rather, it is the fact that we are a global organisation comprised of many nationalities, religions, and ethnic backgrounds all working together in one single unifying corporate culture. Our culture unifies people on all continents, with roughly half our factories and people located in the developing world.**

One of the most important parts of our business strategy and culture is the development of human capacity in each country where we operate.

As described in *The Nestlé Sustainability Review* (published with our 2001 Management Report), our business model is to establish strong national and regional companies. We begin by offering free educational assistance and loans to dairy farmers, then building factories, educating managers, technical staff, and factory personnel, and then maintaining long-term relationships with them. This model, which started first in the developing world in Brazil in the 1920s, has now been extended to scores of countries, including Mexico, Philippines, India, Pakistan, and the People's Republic of China.

The average number of years of service at retirement is 27 years (in the top 20 countries that employ 80% of our people), and we believe that one of the basic reasons that our employee turnover is so low (less than 5% per year) is that we help people grow in their personal capabilities on an ongoing basis.

A survey carried out in 2002 covering over 180 000 Nestlé employees around the world showed that 65% received some form of training during that year. This amounted to over 354 000 days of formal training. 27% of the training was at factory production level; 61% of the training was given by internal trainers, the rest by external providers.

As described in the following pages, we also try to play an educational role in many communities, to strengthen the communities where we operate, and to strengthen our ties with them.

We do this because we believe it pays off in the long run in our business results, and that sustainable long-term relationships with highly competent people and with the communities where we operate enhance our ability to make consistent profits.

This is all part of our strategy for maintaining our position as the world's leading food and beverage company, through our basic business principle, which places priority on long-term business development over short-term temporary gain.

I would like to thank all our employees who contributed to the present review in helping us explain the kind of company that Nestlé strives to be.



**Peter Brabeck-Letmathe**  
Chief Executive Officer



Every month, Peter Brabeck-Letmathe, Nestlé CEO, speaks at the company's International Training Centre.

## The Nestlé Culture: Values and Principles Regarding People

*The Basic Nestlé Management and Leadership Principles'* document describes the management style and the corporate values of Nestlé, specifically in the area of interpersonal relations. This document outlines the people focus that is at the base of our company's philosophy. Some of the major elements are:

- A prerequisite for dealing with people is respect and trust.
- Transparency and honesty in dealing with people are a *sine qua non* for efficient communication. This is complemented by open dialogue with the purpose of sharing competencies and boosting creativity.
- To communicate is not only to inform; it is also to listen and to engage in dialogue.
- The willingness to cooperate, to help others and to learn is a required basis for advancement and promotion within our company.

Indeed, learning is an integral part of our company culture. This is firmly stated in *The Nestlé Human Resources Policy*, a totally new policy that encompasses the guidelines that constitute a sound basis for efficient and effective human resource management. People development is the driving force of the policy, which includes clear principles on non-discrimination, the right of collective bargaining as well as the strict prohibition of any form of harassment. The policy deals with recruitment, remuneration and training and development and emphasises individual responsibility, strong leadership and a commitment to life-long learning as required characteristics for Nestlé managers.

The willingness to learn is therefore an essential condition to be employed by Nestlé. First and foremost, training is done on-the-job. Guiding and coaching is part of the responsibility of each manager and is crucial to make each one progress in his/her position.

Formal training programmes are generally purpose-oriented and designed to improve relevant skills and competencies. Therefore they are proposed in the framework of individual development programmes and not as a reward.

**In 2002, 65% of all Nestlé employees worldwide followed an educational programme**

At Nestlé we believe that it is important to give people the opportunities for life-long learning. All our employees are called upon to upgrade their skills in a fast-changing world. We believe that by offering opportunities to develop, we not only enrich ourselves as a company, we also make ourselves individually more autonomous, confident, and, in turn, more employable and open to new positions within the company. Enhancing this virtuous circle is the ultimate goal of our training efforts at many different levels through the thousands of training programmes we run each year.

The following pages combine facts, figures and photographs with several personal histories to give an overview of how Nestlé focuses on people and learning around the world.

Nestlé's overarching principle is that each employee should have the opportunity to develop to the maximum of his or her potential

## Literacy Training

**Most of Nestlé's people development programmes assume a good basic education on the part of our employees. However, in a number of countries, we have decided to offer employees the opportunity to upgrade their essential literacy skills. A number of Nestlé companies have therefore set up special programmes for those who, for one reason or another, missed a large part of their elementary schooling.**

In Mexico 83 employees are currently involved in the basic education programme. This effort was started some 15 years ago and has now expanded to include Primary and High School courses in several factories.

Similar programmes are in operation in Brazil, Thailand and Côte d'Ivoire. In Turkey, a basic literacy course that is given in preparation for apprentice training also includes hygiene, safety orientation and administrative regulations.

These programmes are especially important as we introduce increasingly sophisticated production techniques into each country where we operate. As the level of technology in Nestlé factories has steadily risen, the need for training has increased at all levels. Much of this is on-the-job training to develop the specific skills to operate more advanced equipment. But it's not only new technical abilities that are required. It's sometimes new working practices. For example, more flexibility and more independence among work teams are sometimes needed if equipment is to operate at maximum efficiency.

In several Nestlé companies it has required a fresh mindset among supervisory staff to involve production-line workers in setting objectives and streamlining procedures. And in certain countries some employees lack the basic education to participate properly in this process.

For example, in South Africa, under the apartheid regime, many people were seriously deprived of elementary education. These include a significant percentage of the older employees at Nestlé factories today. A special remedial programme has been designed and put in place for them: ABET, Adult Based Education Training.

One of these factories is the Babelegi non-dairy creamer plant that Nestlé acquired in 1999. Its previous owners had made no significant investment in training, essentially maintaining a low skill-basis, limiting employment mobility since the factory is the only significant employer in the community. At that time, over 65% of the workforce was illiterate.

Nestlé now spends approximately 6% of total payroll expenses on training at Babelegi and in just two years the illiteracy rate has decreased by 15%.



*"Before ABET I found it difficult to go into a shop. I saw the signs, but could not interpret them. Now I know what 10% means off the sales price of a good and I can organise my spending better."*

Maria Modiba, Production line worker, Babelegi factory, Nestlé South Africa









*“Sometimes we have debates in class and we are afraid to stand up. But our facilitators tell us to stand up because one day we might be in the parliament!”*

Maria Modiba, Production line worker, Babelegi factory, Nestlé South Africa

**You can learn a lot in four hours a week**

At the Babelegi plant in South Africa, Adult Based Education Training (ABET) has been in operation for almost three years. It is a team-based programme teaching four levels of maths, reading and writing, and success is recognised with a National Diploma. In designing and implementing the programme, Nestlé collaborated closely with the unions. As a result, it involves a two-hour session twice a week; one hour is donated by Nestlé from the working day, the other is in the employee’s time.

The objective is to prepare workers to operate new equipment and production methods. This requires the ability to read, write and do basic calculations. This process is part of what is called the Mission-directed Work Team approach.

Maria Modiba is a typical student on the ABET programme at Babelegi. In 12 months, she learned to read and use basic maths sufficiently well to participate in the “mini-business” sessions that take place every day before the shift begins.

In addition to increasing productivity, the process helps to empower the teams to take responsibility for their performance and maintain a positive attitude to their work.

## Nestlé Apprenticeship Programmes

Apprenticeship programmes have been an essential part of Nestlé training since the company's foundation in 1867. In addition to running its own apprenticeship programmes, in 1959 Nestlé was also one of the founding members of Swisscontact, a non-governmental organisation dedicated to training people in developing countries. Since its creation, Swisscontact has trained around 200 000 apprentices and a total of over 700 000 persons in total.

In the 1960s, as Nestlé companies began to experience strongly accelerating growth rates, it was clear that they would have to rely more and more on locally trained people at all levels.

Our first programmes in developing countries started in Colombia and South Africa where the young trainees spent three days a week at work and two at school. Positive results led to the introduction of a similar approach in other countries but some of these soon ran into a problem. At the end of training, many students were hired away by other companies which provided no training of their own.

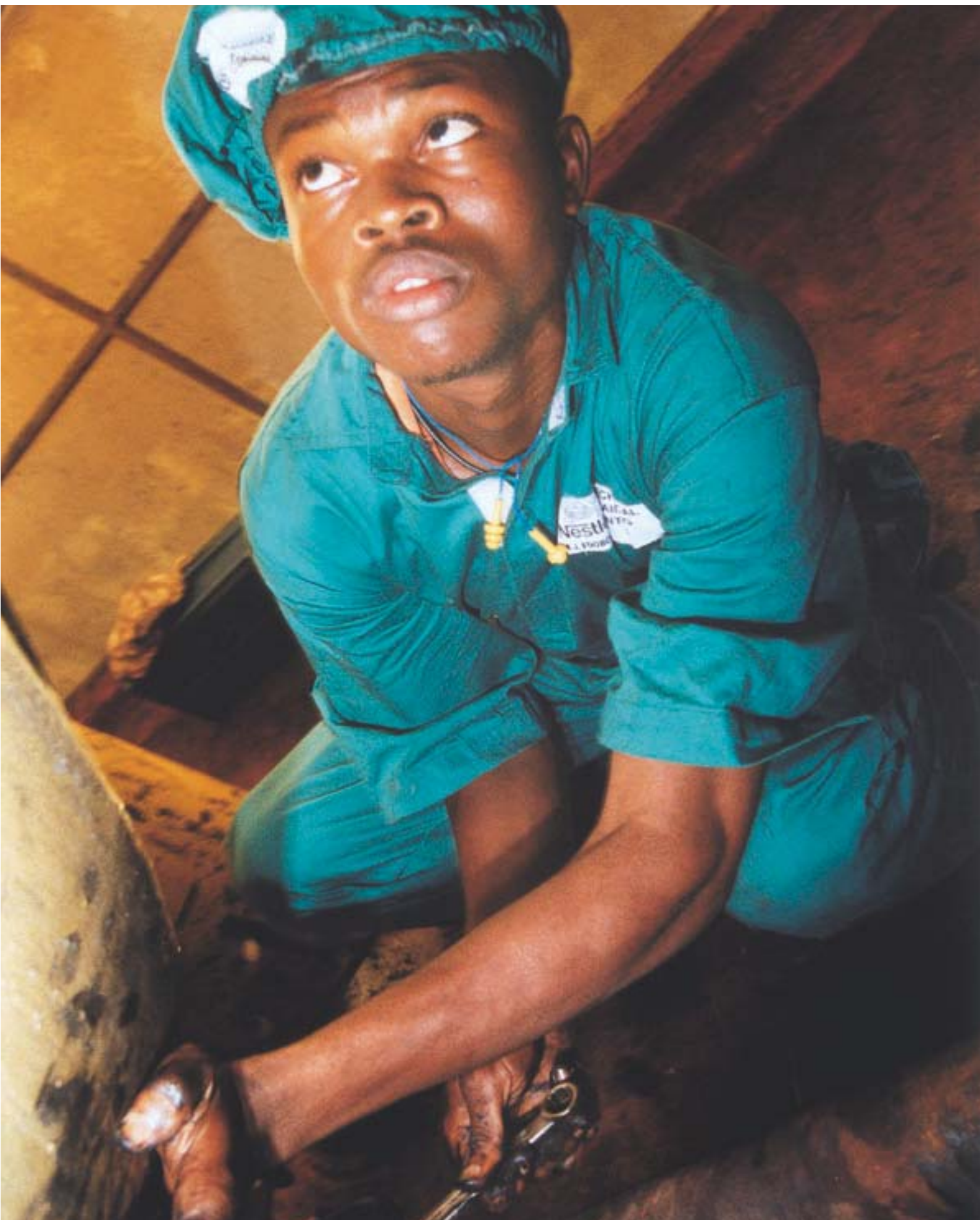
The answer was to run most programmes in collaboration with local vocational schools, incorporating work periods in the plant. Fortunately, this situation has been eased by the fact that many countries now impose a mandatory training quota on all companies based on their total number of employees.

Currently some 1115 Nestlé apprentices are training around the world, either in joint programmes or those entirely run by the company. These positions are highly sought after, as they offer the promise of higher responsibilities and pay. At least 20 times that number of applications is received each year.



*“My two elder brothers worked here before me. Like them, for me the Nestlé Apprenticeship Programme in Nigeria will not be the end of my training but it will provide me with the right base for further advancement. We should have more apprentices here as we are trained so well!”*

John Edobor Eghoghon,  
Apprentice Mechanic,  
Agbara Factory, Nestlé Nigeria



### Apprenticeship Programmes in Nigeria

Apprenticeship training began in 1985 and is carried out entirely at the company's training centre. Apart from the Head of Centre and the Assistant Apprentice Master, six graduate teachers are employed. They divide their time between the Nestlé programme and teaching in state or private advanced technical schools.

Each year some 15 candidates are accepted for a six-month trial period. It is an intensive four-year programme based on the curricula of European trade schools. Classes include technical English, mechanical drawing, principles of physics and electricity, computer science and maths, as well as an introduction to business management, economics and social science.

Apprentices take a series of exams leading to a Technician Diploma or an Advanced Technician Diploma. Some also take the British City and Guilds examinations and, in 2001, Nestlé's Nigerian apprentices won two of the 12 medals given by this institute worldwide.







*"It's not only a matter of learning bakery; we also learn about microbiology, finance, budgeting, costs, sales, how to treat the customer, and so on. That is the reason I think that this is really something that is going to give meaning to my life. It will be very useful for everything."*

Jair Andrés Santa,  
Apprentice Baker, La Rosa Factory  
Dosquebradas, Nestlé Colombia

### **Apprenticeship programmes in Colombia**

The Nestlé Apprentice Programme in Colombia has been running since 1960, and has continued throughout the political turmoil the country has experienced in that time. Today, with a national training requirement corresponding to 5% of employees, 24 apprentices aged 18 to 22 begin each year, normally after completing their secondary school studies. They are sponsored by Nestlé but their training is given in a government institute, SENA, combined with on-the-job training in the company. The programme varies from 9 to 18 months depending on the sector: the choice includes administration, accounting and finance, maintenance, laboratory functions, bakery and electrical trades – skills that are not Nestlé-specific but highly transferable. A high proportion of ex-apprentices are still with the company 20 years after their training.



Jair Andrés Santa is studying at the SENA Institute and is carrying out his apprenticeship with Nestlé Colombia. He aims to become a qualified baker.





## Local Training Programmes

**Two-thirds of all Nestlé employees work in factories, most of which organise continuous training to meet their specific needs. In addition, a number of Nestlé operating companies run their own residential training centres. The result is that local training is the largest component of Nestlé's people development activities worldwide and a substantial majority of the company's 240 000 employees receive training every year.**

Ensuring appropriate and continuous training is an official part of every manager's responsibilities and, in many cases, the manager is personally involved in the teaching. For this reason, part of the training structure in every company is focused on developing managers' own coaching skills. Additional courses are held outside the factory when required, generally in connection with the operation of new technology.

### A broad range

The variety of programmes is very extensive. They start with continuation training for ex-apprentices who have the potential to become supervisors or section leaders, and continue through several levels of mechanical, electrical and maintenance engineering as well as IT management. The degree to which factories develop "home-grown" specialists varies considerably, reflecting the availability of trained people on the job market in each country.

Outside of the factories, on-the-job training is also a key element of career development in commercial and administrative positions. Here too, most courses are delivered in-house by Nestlé trainers but, as the level rises, collaboration with external institutes increases.



*"As part of the Young Managers' Training Programme I was sent to a different part of the country and began by selling small portions of our Maggi bouillon cubes to the street stalls, the 'sari sari' stores, in my country. Even though most of my main key accounts are now supermarkets, this early exposure was an invaluable learning experience and will help me all my life."*

Diane Jennifer Zabala,  
Key Account Specialist, Sales,  
Nestlé Philippines





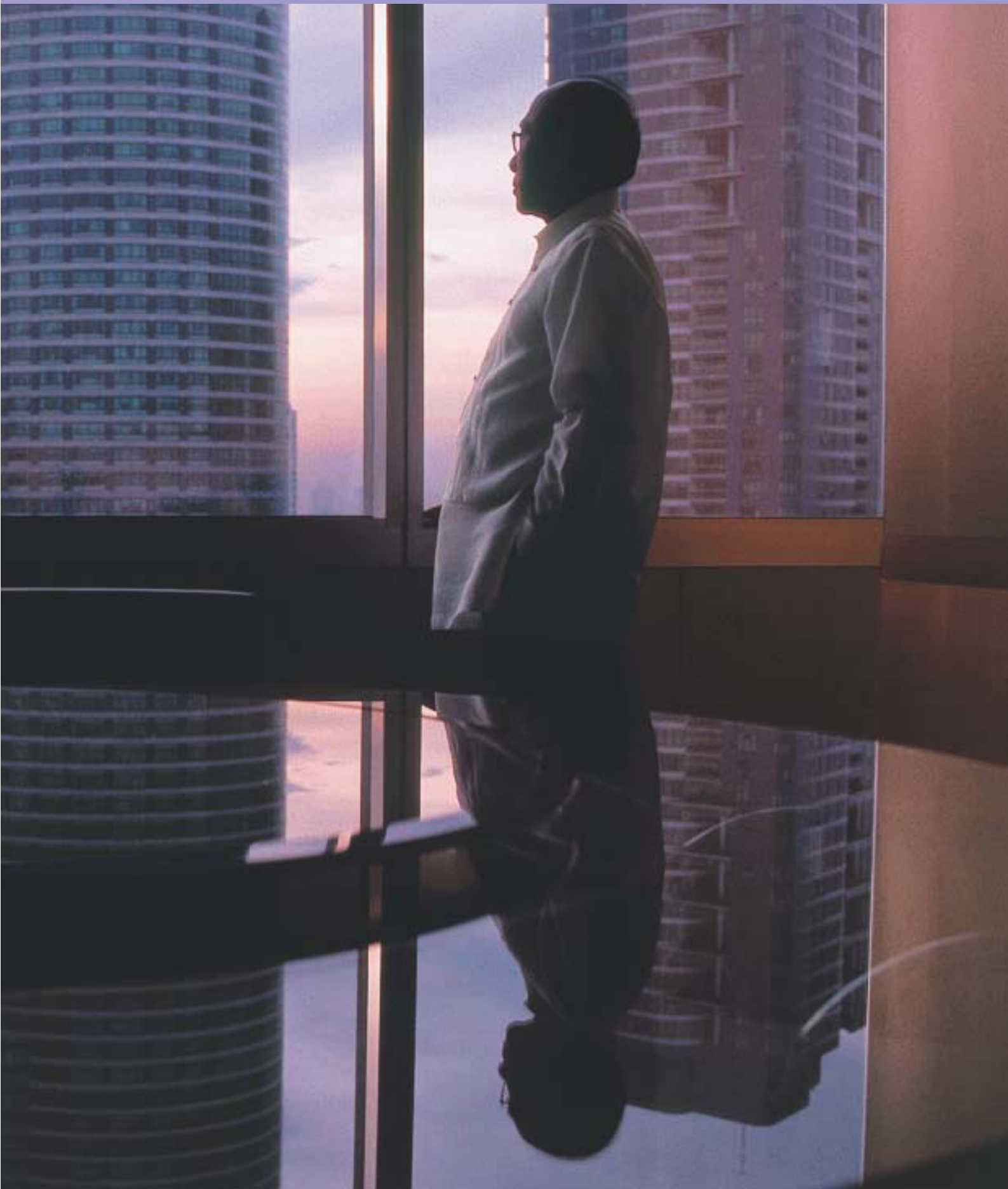
*“Through its education and training programmes, Nestlé manifests its belief that people are the most important asset. In my case, I was fortunate to participate in our Young Managers Programme at the start of my Nestlé career, in 1967. This foundation has sustained me all these years up to my present position of CEO of one of the top 12 Nestlé companies in the world.”*

Juan Santos, CEO,  
Nestlé Philippines

From Nestlé trainee (above)...

...to CEO Nestlé Philippines (right)







Passing skills from generation to generation: Nestlé Philippines CEO Mr Santos introduces newly-qualified Key Account Specialist Ms Zabala to the country's diverse retail chain.



### Different approaches

Virtually every national Nestlé company organises management-training courses for new employees with high school or university qualifications. But their approaches vary considerably. In Japan, for example, they consist of a series of short courses typically lasting three days each. Subjects include human assessment skills, leadership and strategy as well as courses for new supervisors and new key staff.

In Mexico, Nestlé set up a national training centre in 1965. In addition to those following regular training programmes, some 100 people follow programmes for young managers there every year. These are based on a series of modules that allows tailored courses to be offered to each participant.

Nestlé Pakistan runs 12-month programmes for management trainees in sales and marketing, finance and human resources, as well as in milk collection and agricultural services. These involve periods of fieldwork, not only to develop a broad range of skills but also to introduce new employees to company organisation and systems.

In West African countries, a Management Traineeship Programme for Young Graduates runs for 18 to 24 months. It comprises on-the-job training and fieldwork that covers all departments.

### Computer-based distance learning

The scope of local training is expanding. The growing familiarity with information technology has enabled “distance learning” to become a valuable resource, and many Nestlé companies have appointed corporate training assistants in this area. It has the great advantage of allowing students to select courses that meet their individual needs and do the work at their own pace, at convenient times.

### A wide choice

In general, a variety of courses are available to every employee, and all managers are charged with maintaining employee development programmes. The most popular subjects are generally languages, communications skills and finance for non-specialists.

Nestlé encourages employees to attend external classes that lead to national educational qualifications. In Singapore, to quote just one example, staff is given financial help to take evening courses in job-related subjects. Fees and expenses are reimbursed for successfully following courses leading to a trade certificate, a high school diploma, university entrance qualifications, and a bachelor’s degree.

In selected cases this means moving on to more advanced training within the company, at a national, regional or international level.



From left:  
Graduate Development Programme, Nestlé United Kingdom;  
Training Manual, Nestlé Philippines;  
Nestlé Purina Petcare Company Internship Programme

## International Training

**Nestlé's success in growing local companies in each country has been highly influenced by the functioning of its International Training Centre, located near our company's corporate headquarters in Switzerland. For over 30 years, the Rive-Reine International Training Centre has brought together managers from around the world to learn from senior Nestlé managers and from each other.**

This has also created a functioning network of managers around the world based on shared experiences and a common corporate culture that is strong among people from over 100 countries.

Country managers decide who attends which course, although there is central screening for qualifications, and classes are carefully composed to include people with a range of geographic and functional backgrounds. Typically a class contains 15–20 nationalities, 95% from outside of Switzerland.

The Centre delivers some 70 courses, attended by about 1700 managers each year from over 80 countries. All course leaders are Nestlé managers with many years of experience in a range of countries. Only 25% of the teaching is done by outside professionals, as the primary faculty is the Nestlé senior management.

The programmes can be broadly divided into two groups:

- *Management courses:* these account for about 66% of all courses at Rive-Reine. The participants have typically been with the company for four to five years. The intention is to develop a real appreciation of Nestlé values and business approaches. These courses focus on internal activities.
- *Executive courses:* these classes often contain people who have attended a management course five to ten years earlier. The focus is on developing the ability to represent Nestlé externally and to work with outsiders. It emphasises industry analysis, often asking: "What would you do if you were a competitor?"

Each year the Centre organises and delivers a number of management courses in local markets. This not only reduces costs but also contributes to network building at the regional level.

### Theory and practice

In broad terms, the teaching at Rive-Reine comprises one third theory, one third Nestlé best practices, and one third external best practices. To support this mix, it draws on a number of internationally recognised business schools, including IMD, the International Institute for Management Development in nearby Lausanne. But Rive-Reine is essentially about absorbing corporate values and understanding corporate priorities. And that's why one of the striking characteristics of its programme is the amount of time the company's top managers, including the CEO, spend there addressing classes and talking to participants.





#### Rive-Reine courses held in local markets

▲ *Introduction to Marketing and Sales:*

Brazil, Czech Republic, Egypt, France, Hungary, India, Italy, Mexico, People's Republic of China, Senegal, South Africa, Spain, Thailand, United Arab Emirates, United Kingdom, United States

◆ *Advanced Accounting and Control:*

Morocco, Poland

■ *Field Sales Management:*

Brazil, Malaysia

● *Key Account Management:*

Brazil, Malaysia

**Diversity in the class**

These two participants in the two-week Management Seminar illustrate the broad range of backgrounds among those who attend training programmes at the Nestlé International Training Centre in Switzerland.

Mohammed Farid has been with the company since 1997. His previous experience was with Lever and Tasty Foods, Egypt. He is attending the course to expand his knowledge in other disciplines, notably logistics and finance.

Irene Lee has been with Nestlé for five years. Previously she worked in New Zealand and Australia. She holds a degree in Accountancy from Middlesex University, United Kingdom, and speaks English, Mandarin, Cantonese and Hakki. Her unit supports 400 staff covering an area with a population of 270 m. Her aim is to expand her knowledge in other areas including marketing, branding and leadership.

Peter Brabeck-Letmathe, Nestlé CEO, with seminar participants Ms Lee and Mr Farid









*"In China there is a war for talent, to recruit, train and retain people. It's all about mindset, attitude. These are the qualities I look at when recruiting."*

Irene Lee, SSU Manager,  
Nestlé China, Shanghai

*"Following this course will help me keep on track with my career ambitions. Nestlé is a highly international company and there are opportunities for personal growth in different countries, on different continents."*

Mohammed Farid, National  
Sales Manager Ice Creams,  
Nestlé Egypt, Cairo

Learning value creation: seminar participants at the Nestlé International Training Centre learn the principles of economic profit by playing a specially developed simulation game.

## External Management Training

**Absorbing the corporate culture is an essential element of all Nestlé management training. At the same time it is important to avoid the company becoming too firmly locked into a corporate mindset. External training programmes are the best means of maintaining a balance; they enable participants to keep up with the latest developments in management theory and examine working methods and situations that are outside Nestlé's normal experience.**

The primary source of external training is IMD, the International Institute for Management Development in Lausanne. Nestlé played a significant role in the creation of IMD and is represented on its Foundation Board and its Business Advisory Council. Other schools are also regularly used, such as INSEAD in France and Harvard or Wharton in the United States as well as local business schools for employees who are going to remain in the country concerned.

### Close co-operation

It is a two-way collaboration with IMD. Several of its case studies are based on Nestlé operations and it often carries out research projects inside the company. At the same time, IMD has developed new programmes to meet Nestlé's needs. IMD professors teach on a number of programmes at the Nestlé International Training Centre and Nestlé senior managers regularly participate in IMD events.

### Program for Executive Development

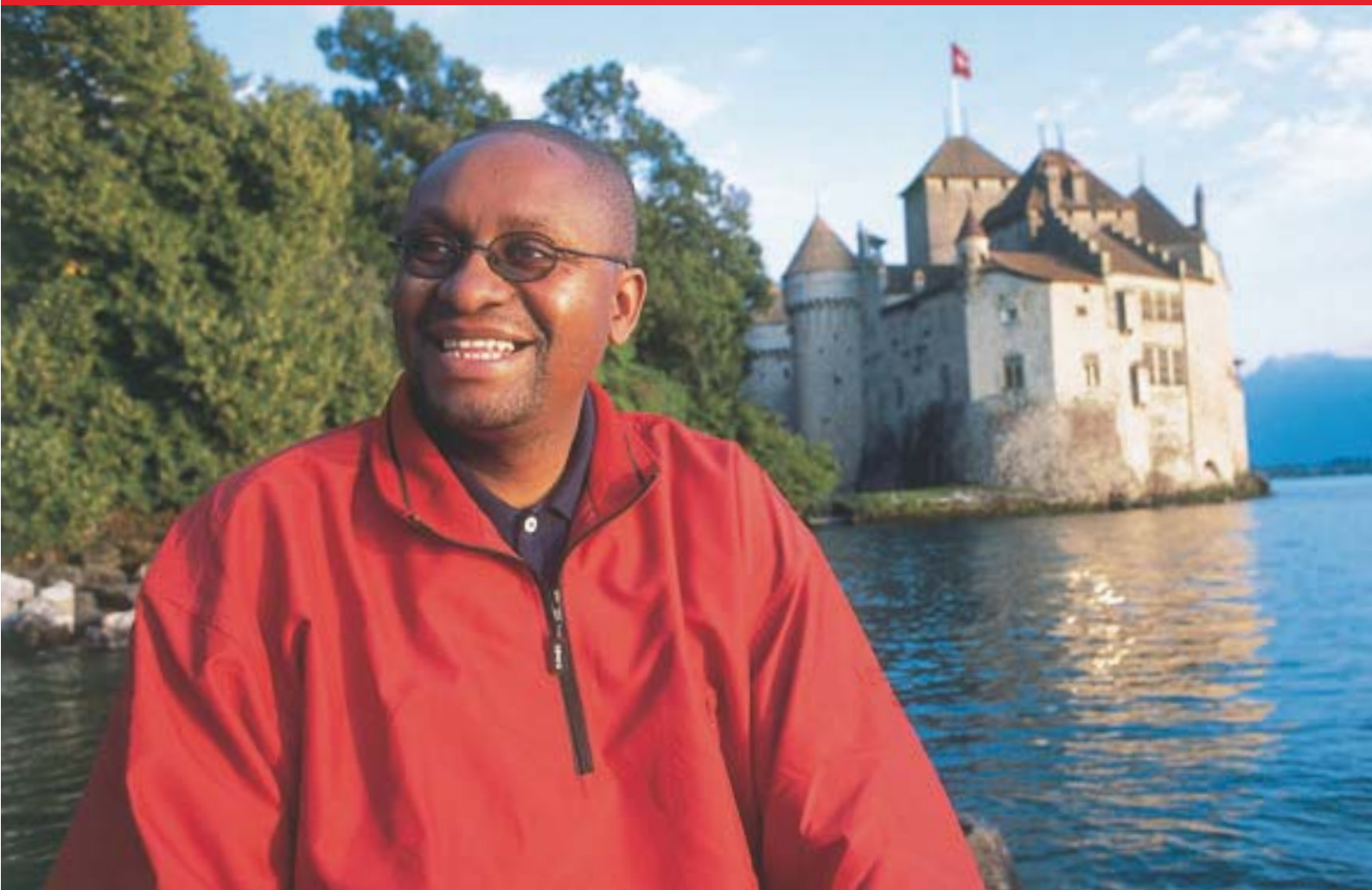
IMD's principal training vehicle for Nestlé managers is PED – *Program for Executive Development*. This is divided into two five-week modules that are usually attended 12–18 months apart. Typically between five and ten Nestlé managers attend the 70-person strong PED class. It is designed to prepare high-potential, mid-level managers for a major step forward in their careers and indeed many of our people who attend this programme are about to be promoted to a new position, sometimes in a different part of the world.

A dozen other IMD programmes are also used, either for people at a different stage in their career or because they are facing a specific challenge. Altogether, Nestlé sent 113 people from 37 countries to IMD last year.



*“Nestlé is an equal-opportunity company. Equity programmes are important as our country moves through a period of great change. By acting long-term, Nestlé shows that it values the people in my country. A short-term company cannot look after people's careers and invest in local communities.”*

Washington Munetsi

**An international career**

Washington Munetsi, former Manager Human Resources, Nestlé Southern and Eastern Africa Region (SEAR), attended PED 2002 before taking up the position of Manager Human Resources, Nestlé Pakistan in 2003.

Mr Munetsi had been on the Company Orientation programme at the Nestlé International Training Centre two years previously. His objective in enrolling for PED was to gain a wider understanding of the needs and objectives of the whole business. This is essential if he is to develop the contribution of the HR function.

South Africa has only 21% of the population in the SEAR region, but accounts for 90% of Nestlé's business there. The challenge is to expand outside South Africa as well as to adapt to growing internal competition. This calls to a change in the way business is carried out and in the mindsets of people. A priority for him whilst in this function was to transform Human Resources from a service function into a business unit with employees as true partners.

## Transfer of Scientific Knowledge

**Nestlé has the largest food and nutrition R&D organisation in the world, which means that we play a significant role in creation and transfer of knowledge and technology in this field.**

Nestlé R&D consists of a unique network of centres on four continents, all contributing to developing new products and renovating existing products. Within this interactive network the Nestlé Research Centre (NRC) in Lausanne plays a central role by generating basic scientific knowledge to fuel the Nestlé science and technology pipeline for all Nestlé foods. In addition to the NRC, we have eight Product and Technology Centres and eight R&D Centres.

NRC is a thriving scientific community, full of innovation and creativity. Almost every day there is a scientific conference of some sort or another with new findings/discoveries being shared. With over 250 outside contracts, some 200 publications and 35 patents in the year 2001, NRC is very much part of the international scientific community.

It is rated as one of the top research organisations in the world and provides a stimulating environment, both academic and business-oriented, with challenging career opportunities. NRC has a permanent staff of 570 as well as some 70 temporary positions for doctoral students, postdoctoral employees and trainees coming from over 400 countries.

The research organisation also works with outside institutes. For example, a project in the People's Republic of China is being run in conjunction with the University of Berne, Switzerland. Students from the university are sent out to develop methods of assessing sustainability. This has the double benefit of training local people in the market as well as developing valuable tools that may be applicable elsewhere. The challenge is to ensure that small farmers will be able to remain competitive – an issue of growing importance for the People's Republic of China since it has joined the World Trade Organisation.





**A PhD student at Nestlé**

In 2002, the NRC received over 40 applications for its four PhD training fellowships that enable students to do practical work under the guidance of their university supervisor.

*“My research may or may not lead to commercial benefits for Nestlé, it’s simply too early to tell. I am passionate about bifidobacterial strains and their different adhesive properties. With Nestlé I have found the funding and the infrastructure for a series of experiments that I have always wanted to do and I am very grateful.”*

Christian Riedel, PhD student,  
Area of research: Mucosal  
Immunology, Ulm University,  
Germany

*“The Nestlé Research Centre has excellent knowledge on probiotics, as we do at Ulm University. Our co-operation leads to a win-win situation where both partners have clear advantages.”*

Bernard Eikmanns, Professor  
of Microbiology and Biotechnology,  
Ulm University, Germany,  
Supervisor of Christian Riedel

### **The Nestlé Foundation for the Study of Problems of Nutrition in the World**

This Nestlé foundation was started in the company's centenary year, 1966. The foundation initiates and supports research into nutrition of scientific interest and practical importance for the health of populations in developing countries.

Recent projects have included research on zinc deficiency in Ethiopian infants, the effects of iron supplementation in anaemic Chinese women and supplementary feeding to improve growth and mental development of Indonesian children.

The foundation is a separate legal entity, financially autonomous and is governed by a Council consisting of independent scientists. Since 1966 the foundation has distributed over CHF 60 m in support of more than 250 projects in 36 countries.

### **Nestlé Nutrition Programme for Health Professionals**

The Nestlé Nutrition Programme for Health Professionals comprises four interrelated activities: nutrition workshops, publications, educational materials and scholarships.

The workshops enable leading scientists and clinicians to meet and discuss topics of concern to the international health community. Past workshops, for example, have focused on polyunsaturated fatty acids, nutrition and bone development, intestinal immunology, probiotics, food allergies and diabetes.

The publications arm of the Nutrition Programme began in 1942 with the *Annales Nestlé*. Now issued three times per year in five languages, this publication focuses on one specific topic per issue. A second publication, *The Nest*, is produced twice a year in eight languages. This was designed to answer the practical needs of paediatric health care professionals and covers broad aspects of public health, child nutrition as well as the physical and psychological needs of infants and young children.

A wide range of printed, audio-visual and electronic educational materials has also been created through the programme. Recent examples include: a *Handbook on Tropical Paediatrics*, a *Pocket Guide on Enteral Nutrition* and a video on *Allergy in Childhood*. The scholarship programme helps fund nutrition postgraduate study for young doctors and other health professionals outside their home countries. More than 300 people have already benefited from scholarships available through the Nestlé Nutrition Programme for Health Professionals.

### Applying science to meet food needs around the world

The Nestlé Research Centre does the fundamental science and this science drives the company's R&D. The Product Technology Centres (PTC) and the R&D Centres develop the products and the food production processes. They also adapt the products and processes for specific local needs. Many of the developments are implemented and deployed together with specialist Application Groups and result in an increase in the level of expertise in local factories and among local producers. There are substantial regional differences in foods, so developing and adapting cereal products to local tastes, for example, raises demand for local ingredients that, in turn, leads to improved agricultural practices. But it's not all a one-way flow of ideas. R&D Centre Singapore, for example, has developed its own paste technology for Asia where stir-frying is common.

## Nestlé has the largest food and nutrition R&D organisation in the world

Another example is to be found at Nestlé's R&D Centre in Abidjan. In 1998 important damages due to the mosaic virus disease struck and caused a serious shortage of cassava used at Nestlé's Yopougon factory in the production of bouillon cubes. To overcome this problem and to reduce production costs by improving yields, Nestlé Côte d'Ivoire entered into an agreement with the Centre Suisse de Recherches Scientifiques en Côte d'Ivoire, (CSRS), to evaluate new cassava varieties.

Nestlé's R&D Centre Abidjan tested 14 varieties in their pilot plant, evaluating cooking and peeling characteristics as well roller-drying output. The Okolyawo variety, originating from Nigeria, was selected, as it combines a good agricultural performance (resistance to disease and a field yield of 30 tonnes/ha versus an average of 15 tonnes/ha for local varieties) together with an outstanding processing yield (24% compared to 20% for other varieties). These two factors should result in a substantial cost improvement.

Locally grown cassava could play an increasing role in West African agricultural economies.







*“The best aspect about following training programmes in Switzerland is that it allows me to contact experts in a variety of scientific disciplines. The research carried out at Nestlé PTC Orbe is very valuable to our projects. There is a real, two-way transfer of knowledge taking place within Nestlé in our research projects and I am responsible for passing on this knowledge at a local level in Côte d’Ivoire.”*

Joëlle Abega, Cassava Project Manager, Nestlé Côte d’Ivoire

Joëlle Abega, who joined Nestlé R&D Abidjan as a trainee in 2000, is working on Nestlé’s cassava project. Ms Abega has an MSc in Food Technology and Tropical Food Processing from ENSIA-SIARC, Montpellier University, France. Together with GTZ, the German development agency, she works closely with local farmers in Côte d’Ivoire. She is confident that cassava could play an increasingly important role in West African agricultural economies since it can be grown in poor soils almost anywhere in the tropics and since the new varieties have high yields. Her job is to encourage the take-up of the Okolyawo variety of cassava as a maize substitute by local farmers through education and training.

At Nestlé R&D Centre Abidjan, Ms Abega is also in charge of cereal-based products’ development. She has attended further training at Nestlé’s International Training Centre in Switzerland.

## Technology Transfer to Agriculture and Industry

**The word “technology” tends to conjure up images of sophisticated production equipment in shiny modern plants. But this is only part of the story. Such investments need a reliable supply of local raw material if they are to be successful over the long term and the supply chain has to be ensured. Introducing even relatively low-tech improvements among growers has a significant impact.**

Coffee production is a good example. Nestlé coffee factories are capital-intensive operations and supplying them with coffee beans of sufficient quality has often required the transfer of new expertise. In the Chiapas region of Mexico, a local agronomist was trained in coffee embryo development at PTC Tours in France. He now works with a Mexican government organisation, running a seedling system for the regional farmers’ community.

### Direct local procurement and knowledge transfer

In Côte d’Ivoire, Nestlé has set up its own direct coffee procurement centres where farmers receive a price that varies according to the quality of their beans. These farmers have seen how improving quality, together with careful drying and sorting, adds value to their product and now, after just a few years, they supply 75% of the needs of the Abidjan coffee factory.

Similar development programmes have existed in milk production for many decades. In the 1920s, Nestlé had production facilities in the majority of European countries, and in 1921 entered its first developing country, Brazil. Here, a model was created which has been replicated in countries throughout the developing world.

Through Nestlé Agricultural Services, over 800 agronomists and field technicians teach farmers how to increase their milk yield through better breeding and animal husbandry, and small loans are made to farmers to increase their herds and quality of livestock. Roads are built, and milk-collection systems are set up with cooling tanks and weighing machines, manufactured locally to Nestlé specifications. For example, a factory which was opened in 1990 in the People’s Republic of China buys more than 200000 tonnes of fresh milk locally each year. Similar projects are in operation in India, Pakistan and Indonesia and have a beneficial influence on the general level of skills and commercial awareness in the local communities.

Technology transfer is not limited to developing countries. Nestlé France has developed the *Préférence* system, a quality assurance partnership with farmers covering the entire chain from raw materials to the consumer’s plate. *Préférence* is a benchmark. At each farm an audit leads to the introduction of the current best practices where appropriate. Some focus on the feeding, shelter, health, milking, and well-being of animals. Others concern the environment, such as the use of nitrogen fertilisers and irrigation. It provides customers and the general public with concrete answers to safety worries and quality expectations.

Higher up the technology spectrum, Nestlé sometimes transfers an entire manufacturing process to create a new market. PTC Beauvais in France, for example, recently developed a new product, *Skillet Sensations*, and the entire technology has been installed in a custom-built plant in Arkansas, United States.

### State-of-the-art technology in developing countries

State-of-the-art technology and training is to be found all across the Nestlé world. At our Antigua factory in Guatemala, for example, we quite recently built a new mixing tower for the processing of dehydrated culinary products such as bouillon cubes, soups, creams and consommés. In Thailand, since their recent enlargements, the Nestlé Navanakorn and Bang Poo factories are among the most high-tech in the world food industry. At the Nestlé Shuangcheng milk products factory in the People's Republic of China, we have recently added a fourth spray-drying tower, making the factory one of the largest and most efficient in the world. Not only do these investments enable Nestlé to better supply markets from regional bases, they also create a considerable number of good quality jobs and contribute to local infrastructures through taxes paid by the company and through a number of Nestlé-sponsored community initiatives.

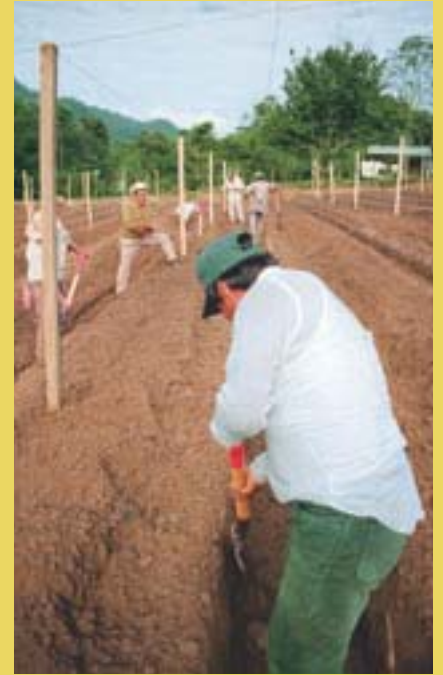
To run these units and to encourage the sharing of global best practices all potential factory managers follow an 18-month training programme. Most of these involve monthly stays in different factories in different countries. A total of 120 Nestlé factories and 100 future Nestlé factory managers are following these programmes at any one point in time.

The Nestlé Shuangcheng milk products factory in the People's Republic of China









*“The combination of Nestlé’s knowledge of biotechnology in coffee with the expertise we have on the ground in Mexico will help achieve sustainable Robusta coffee production in the region.”*

Alfredo Zamarripa, INIFAP,  
Chiapas, Mexico

The transfer of knowledge is a central feature of Nestlé’s investment in developing countries. Alfredo Zamarripa is a geneticist working for INIFAP, an agency of the Mexican government specialised in agricultural development. Mr Zamarripa took his PhD at the University of Rennes, France, and carried out his practical research with the Nestlé R&D Centre at Tours in France. His thesis focused on the biotechnological, rapid and large-scale propagation of different varieties of selected Robusta coffee trees.

Upon his return to Mexico, Mr Zamarripa set up a laboratory for the multiplication of coffee trees at the Rosario-Izapa experimental station at Tapachula in the state of Chiapas, Mexico. One of the goals of his activities there is to reactivate production of Robusta coffee beans to help supply the Nestlé soluble industry in Mexico. This involves the introduction from R&D Centre Tours of the most suitable planting materials as well as the definition and recommendation of the best culture practices, from nursery

to picking and post-harvest treatment. In all, 1.5 m Robusta coffee trees are presently being propagated for transplantation to the nurseries in the Vera Cruz region, Mexico.

Mr Zamarripa works closely with Nestlé’s resident agronomist, Jesus Rojas. The two work together with local coffee farmers to encourage plantation of the selected coffee varieties and Mr Zamarripa regularly visits the Nestlé R&D Centre in Tours to update his scientific knowledge.



**GAVIN STEINER**

**NEW**  
**Adult Balance**

**NEW**

**Friskies**

**PURINA**

**MAV**

**DARLING**

**DARLING**

**DARLING**

**DARLING**

**DARLING**



*“The technological changes and the installation of highly automated machinery has required not only new competencies, but also a change of mindset. Change is almost a daily occurrence in Bük and our training programmes will continue to evolve alongside the expansion of the factory.”*

Gavin Steiner, Factory Manager,  
Nestlé Purina, Bük, Hungary

Technology transfer is part of raising standards in Central and Eastern Europe where Nestlé has made a significant number of acquisitions and introduced new technologies.

In 1998 Nestlé purchased a petfood factory in Bük, Hungary. At the time of purchase the factory manufactured only wet petfood with an output capacity of less than 40000 tonnes per year. By 2002, Nestlé had built a new dry petfood line and increased total output to 167000 tonnes. In addition to the creation of hundreds of new jobs in a region where unemployment was increasing, Nestlé lowered smells emissions by 95% by installing a biofilter. Productivity is continually increasing, as is the health and safety record of the factory.

New investment requires new skills. Following the expansion of the Nestlé factory in Bük, Nestlé embarked upon training, retraining and upgrading the skills of its local workers. Over the past three years the total number of registered direct training hours is in excess of 2800 man-days for around 310 employees.

## Life After Work

**At Nestlé we believe that the employee's private and professional life should have a good balance. This helps attract and retain people and reconciles economical imperatives with wellbeing.**

Nestlé is willing to support employees who wish to take an active part in the life of the community by assuming responsibilities in professional, civic, cultural, religious or voluntary organisations. In the same spirit, Nestlé encourages flexible working conditions whenever possible and encourages its employees to have interests and motivations outside work.

Everyone has to find their own balance between work and other activities, but as a company we encourage all our employees to pursue interests outside the workplace. Sports are the natural favourite and most Nestlé units sponsor at least one football team. The other most popular sports vary according to the country concerned, but cricket, baseball, tennis, sailing and golf are all on the list. In several countries the company supports cultural activities and home study programmes. A recent survey counted more than 50 societies and clubs of one kind or another among Nestlé employees.

There is good evidence that many people succeed in finding a good work/life balance at Nestlé because an unusually high percentage of employees have stayed with the company for most of their working life. Because of this, we feel a special responsibility to help them prepare for and enjoy their retirement when it arrives. Preretirement classes and facilities for retiree activities are available in many countries.

Probably the largest retiree club is, understandably, in Vevey, Switzerland, that is still home to a large number of ex-employees. With more than 950 members, it organises a regular programme of events ranging from climbing, skiing and cycling to foreign travel, fitness and computer classes. In addition, several of them take part in local volunteer projects such as delivering meals to other Nestlé retirees in the region.



Nestlé retiree Jean-Marc Pasche delivers meals to fellow retirees.



*"Our retirees' club serves around 20 meals a day to senior citizens in the region. We each give one morning per week of our time to this activity. It is extremely gratifying to note the enthusiasm and dedication of group members to this service. The Nestlé retirement club also organises many other activities, including computer lessons and foreign tours. Last year, a group of over 40 of us visited China, most of us for the first time. For me, it is vital to develop and maintain active hobbies and interests during one's career, rather than wait until it's too late."*

Jean-Marc Pasche, Nestlé retiree,  
Vevey, Switzerland



## Education in the Community

**A part of our business strategy is to become well integrated into each community and country where we operate, and play a positive role in community development. Here are just a few examples among the hundreds of programmes we support each year.\***

### Nutrition Education

Nestlé participates in scores of nutrition education programmes around the world, aimed at improving dietary habits.

In Brazil, for example, Nestlé employees teach good nutrition to marginalised families and are hoping to reach 500 000 children. 53% of Nestlé Brazil employees participate in the programme, either through donations of money or time.

Nestlé Russia has also developed a primary school programme on the elements of good nutrition, which is given to 100 000 children. Focused on greater consumption of fruits and vegetables, the programme is unrelated to any Nestlé products.

### Water Education for Teachers

The Water Education for Teachers project (WET) is an international water education programme developed in the United States for children aged 5 to 18. It creates awareness of the vital importance of water resources and aims to encourage personal and community responsibility for water conservation. It also addresses such issues as drought, floods, pollution and waterborne diseases.

The WET Project was first sponsored by *Poland Spring*, a division of Nestlé Waters America, and has since been expanded to countries on three continents. More than 70 000 teachers have been trained at WET workshops and the programme has reached over 25 m people.

### Zakoura Foundation

A project that was set up to help small businesses in rural areas of Morocco has been such a success that it has expanded to provide elementary education for local children. For various reasons, mostly their distant location, many of them cannot enter the public school system. Nestlé financed the first ten schools in the Doukala milk collection district. Transport and books are provided free and the teachers are young graduates who might otherwise be unemployed.

With a 56% illiteracy rate the task is formidable but the curriculum is based on the French national curriculum and locally adapted teaching methods encourage maximum personal expression. There are two classes, for ages 8 to 11 and 12 to 16.

The success of the programme has encouraged close to 40 other companies to become sponsors and the next stage will be to provide vocational training that will enable the young people to enter the job market.

\* For a full list of our local development activities, please visit [www.community.nestle.com](http://www.community.nestle.com) or order the brochure *Nestlé in the Community*.



### AIDS Prevention in Africa

Nestlé is a Founding Corporate Sponsor of the International Federation of Red Cross and Red Crescent Societies' Africa Health Initiative 2010. The company's contribution concentrates initially on Nigeria, Africa's most populous country, seeking to reduce the transmission of the HIV/AIDS virus.

*"In Africa we have a lot of mosquitoes and some people believe that mosquitoes transmit AIDS. Our activities help dispel these myths. We know that pictures are more attractive than words, so we use a lot of illustrations in our peer education programme."*

Ngozi Okofor,  
HIV/AIDS Coordinator,  
Nigerian Red Cross Society

*"Such a big project cannot be financed by the Red Cross Society alone. So we are very pleased to have the additional support of the International Federation, British and Scandinavian Red Cross Societies and, more recently, the full partnership of Nestlé."*

Anita Andersson, Health Delegate,  
International Federation of Red  
Cross and Red Crescent Societies



More than 2.7 m people in Nigeria are estimated to be infected by HIV/AIDS. The Red Cross programme works through peer-group educators targeting young people, and by providing home care and counselling to 7000 living with HIV/AIDS.



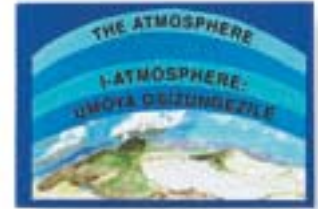




**EcoLink**

In 1985 Nestlé South Africa teamed up with EcoLink, an organisation that brings the skills and resources needed to improve living conditions in remote rural communities. Together we launched a project called Earthcare which runs health and nutrition workshops and demonstrates trench gardening, recycling, permaculture and other techniques. More than 150 000 villagers have now been involved in trench gardening projects.

Another project focuses on areas where 80% of the population have no piped water. The EcoLink team helps villagers to locate any suitable underground springs, cap them and install a tap, providing themselves with easy access to drinkable water. Another source of clean water is run-off from the roofs of municipal buildings. It is collected through gutters and fed into large containers that can supply entire villages.



EcoLink educational materials

## Other Publications

The following publications are also available from Nestlé S.A. in Vevey. Should you wish to receive a copy of any of these or have any questions or comments arising from this review please write to us at the following address or use the enclosed reply card:

Nestlé S.A.  
Public Affairs  
Avenue Nestlé 55  
CH-1800 Vevey  
Switzerland

- Nestlé Corporate Business Principles
- The Basic Nestlé Management and Leadership Principles
- The Nestlé Human Resources Policy
- The Nestlé Sustainability Review
- Nestlé in the Community
- Nestlé Management Report
- Environment – Progress Report 2000
- The Nestlé Water Policy
- Nestlé South Africa Corporate Social Investment Review
- Nestlé Research and Development at the dawn of the 21<sup>st</sup> Century
- Nestlé in China
- Nestling Relationships, Nestlé India
- Nestlé in India 1952–1992
- Nestlé – Hundred and Twenty-Five Years
- The Nestlé Foundation Annual Report

### Websites

- [www.nestle.com](http://www.nestle.com)
- [www.sustainability.nestle.com](http://www.sustainability.nestle.com)
- [www.community.nestle.com](http://www.community.nestle.com)



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### Data source

The main quantitative and qualitative information in the report is based on answers to questionnaires that were sent to the training managers in all countries and regions where we have operations.

Additional information was based on interviews with heads of various departments at the Corporate Centre in Human Resources, Environmental Affairs, Public Affairs, Quality Management, Agricultural Services and Consumer Services, and on consolidated information where available.

### Writing and Editing

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Préverenges, Switzerland

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### Printing

Neidhart + Schön AG, Zurich, Switzerland