

Nestlé East and Southern Africa: Contextual leadership of multi-stakeholder care response to COVID-19

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Emerald Emerging Markets Case Studies,10(3),1-18.

DOI 10.1108/EEMCS-05-2020-0167

ISSN 2045-0621

On 15 March, 2020, Bruno Olierhoek, Chairman and Managing Director of Nestlé East & Southern Africa Region (ESAR), looked back at the dilemma his organisation faced when the COVID-19 pandemic first became a reality. Where should Nestlé's focus its community support and relief initiatives during the crisis? And how could its response stay true to its corporate purpose of enhancing quality of life and contributing to a healthier future?

Nestlé has always been concerned with investing for the long term in the communities and society in which it operates. Creating Shared Value (CSV) forms part of the organisation's DNA. Nestlé endeavours to live up to the idea of CSV and wanted to contribute more than mere philanthropy, in the form of financial investment, during the pandemic. Should Nestlé donate product? Or would this place its factories under too much pressure because of higher consumer and supermarket demand during the lockdown? Which existing or new strategic partnerships should the organisation leverage to ensure a rapid response to the crisis?

Background on Nestlé ESAR and its Chairman and Managing Director

Olierhoek, of Dutch and French origin, began his working career at Nestlé as a graduate trainee 25 years ago. In 2019 he began heading up Nestlé ESAR, a region comprising 23 countries with its headquarters in Johannesburg. He had experienced similar crises to that of COVID-19. He had been working for Nestlé Vietnam when SARS broke out and the country was locked down to slow the spread of the virus, and was in Cameroon during an outbreak of Ebola.

Nestlé was established 154 years ago in Switzerland and its South African operation was launched 50 years later. The company was rated as the world's largest, most diversified food and beverages company.[1] It had 447 factories, employed 339 000 people and its products are sold in nearly 190 countries. Nestlé globally has demonstrated consistent prosperity, with 25 consecutive years of dividend increases.[2] Olierhoek says, however, that Nestlé's focus includes much more than short-term dividends for its shareholders. Nestlé's global response to COVID-19, for example, included a significant donation to the International Federation of the Red Cross[3] which was rolled out throughout the regions in which the group operates.

Nestlé was a world leader in many of the fastest-growing food and beverages categories. Nestlé Group's total global sales for 2019 was CHF 92.6 billion, of which the North and South America regions contributed CHF 42.3 billion; Europe, Middle East and North Africa CHF 26.5 billion; and Asia, Oceania and Sub-Saharan Africa CHF 23.8 billion. (Nestlé ESAR forms part of the Asia, Oceania and Sub-Saharan Africa geographical area.) The fast-developing emerging markets made up 42% of Group sales.[4]

When the threat of the pandemic loomed, Olierhoek knew Nestlé had to act quickly and decisively to ensure its efforts were appropriately directed with maximum impact. He had to make decisions

that would meet both consumer and staff expectations while at the same time take business reality into account, which was that South Africa and surrounding countries were facing constrained growth.

Pre-COVID-19

Nestlé ESAR already operated on the principle of Creating Shared Value (CSV) well before President Ramaphosa announced the lockdown and declared a National State of Disaster. 90% of the products Nestlé sells in South Africa is manufactured locally, showing Nestlé's commitment to the country and local employment. The organisation is also a founding Proudly South African member and its locally produced products all bear the distinctive 'Proudly South African' logo.

Olierhoek knew that many South Africans already suffered great poverty and malnutrition, and that an estimated 15 million people went to bed hungry every day. He worried about what would happen during lockdown. Nestlé was already heavily involved in the society in which it operated; for example, it had partnered the Department of Basic Education for ten years in a nutrition education programme which taught learners the value of good nutrition and physical activity.

Olierhoek and his team of executives were convinced that Nestlé's influence should reach beyond its factory gates and into communities. An example of this conviction is its investment and attention to water leaks. Nestlé was part of the Strategic Water Partners Network (SWPN), a private sector, government and NGO coalition. Nestlé chairs the Municipal Water Leakages aspect of this network, implementing community projects. Since 2010, Nestlé has been working globally with the Water Resources Group (WRG) to conserve water, both internally, but also, more importantly, outside of its factory gates.

One of Nestlé's ten plants is a large modern factory in Maluti-A-Phufong, also known as Harrismith, in the Free State. The factory was built 40 years ago, employed more than 400 people and manufactured baby food as well as cereal products. Some of the Harrismith community resided in an area called 42nd Hill where the entire water reticulation system collapsed approximately two years ago. Nestlé's engineers repaired the system, procuring much-needed pumps to ensure water flowed to areas that required it. As a result of this initiative, 24 000 people now have access to drinking and sanitation water, while the factory also receives a sustainable water supply.

Before COVID-19, Nestlé, together with other private sector food companies, donated products close to their sell-by-dates. These food parcels were collected by a food redistributor (food bank) and delivered to 280 000 food-insecure people living in low-income communities every month. This national programme ran on good governance principles, and there were redistribution centres in Johannesburg, Cape Town, and Durban. The organisation was looking at expanding its operations.

During COVID-19

When the pandemic hit South Africa, Nestlé was faced with various donation options. One of these was to donate to the high-profile Solidarity Fund (<https://www.solidarityfund.co.za/>), which was set up early on to direct business contributions. Other options included donations of money, skills

in terms of nutrition, or Nestlé products. Olierhoek considered a combination of commitment to the national Solidarity Fund which was independently administered to support several needs. Its mandate included distributing food hampers to indigent communities, providing masks to healthcare workers and communities, providing sanitising equipment and ventilators as well as donating Nestlé products to those in need.

Healthcare workers' needs were important. Stories from Italy of nurses and other medical personnel dying from exhaustion brought home the need to help this group of workers who endured difficult working conditions and had limited time to buy food. How should Nestlé meet this need? The public would expect a significant gesture from a food company. What should that response entail?

Nestlé was represented by Ravi Pillay, Adviser to the Chairman of Nestlé. He had sat on the board of Food Forward South Africa (FFSA) for the last eight years.[6] Food Forward was an NGO and member of the Global Food Banking Network.[7] It was a non-profit entity which endeavours to connect a world of access to a world of need by recovering edible surplus food and distributing it to community organisations that served the poor. Nestlé was one of Food Forward's partner organisations.

Food Forward partnership

Products were chosen as Nestlé's predominant way of responding to the COVID-19 crisis because the organisation had direct control over these and could release them immediately. It was essential that people be adequately nourished during the pandemic and it was gratifying for Nestlé to be able to distribute quality products as well as be in control of all the decisions necessary to make that happen.

Following international news reports, the plight of healthcare workers was top of mind for Nestlé, which therefore focused on how to support those on the front line of the fight against the pandemic. Pillay identified four COVID-19-nominated hospitals, namely Helen Joseph and Charlotte Maxeke hospitals in Johannesburg, Tygerberg Hospital in Cape Town and Richmond Hospital in KZN.

Nestlé's executive team realised it could not do everything for everyone during this pandemic. What it could do, however, was to send a very quick, efficient, well-organised and respectful token of appreciation to the healthcare workers in the form of fortified products.

5 000 carefully selected healthcare workers, who would not have had the kind of resources available to doctors, for example, each received a basket of fortified Nestlé products once a week for three weeks. The recipients were split proportionately according to the COVID-19 statistics such that 2 500 workers were chosen from the Gauteng hospitals and the rest split between the Western Cape and KZN.

Fortified products containing micronutrients, including powdered milk, coffee, Maggi noodles, Cremora (a non-dairy creamer) and chocolate treats which could be enjoyed by the whole family were included in these baskets that were delivered to the 5 000 healthcare workers. These were

easy to take home, and saved the workers having to visit supermarkets during the initial period of the lockdown.

Nestlé's Pillay used the trust relationship he had with Andy du Plessis, CEO of Food Forward SA, to expedite the project. They agreed on what had to be done and then immediately kicked off the project. Nestlé was accustomed to delivering product to wholesalers and retailers, but had no experience delivering to hospitals. The organisation was also unaware of how processes would work during the lockdown; for example, which workers would be classified as 'essential', was it possible to make deliveries to hospitals, and if so, what paperwork would be required? It therefore made sense for Nestlé to outsource product delivery to the frontline.

Food Forward SA had an extensive infrastructure, could collect goods from Nestlé's various distribution centres throughout the country and then packaged these into well formulated and neatly packaged boxes of goods that could easily be taken home by the healthcare workers. Nestlé allocated a healthy budget to this project to ensure efficient execution. A senior member of its executive, a leader who managed a multi-billion Rand portfolio, was appointed to manage the project. This ensured rapid approvals leading to efficient delivery, and was testimony to the importance with which Nestlé viewed the project.

Nestlé at all times remained mindful of where it donated food and, as per the World Health Organisation's International Code of Marketing of Breast-milk Substitutes, did not donate infant formula. In line with COVID-19 global policies, it also ensured that audit processes were strictly followed.

There were some initial hiccups at the beginning of the project, such as insufficient packaging material for the first 5 000 packs. A senior exco member, head of one of Nestlé's business units, immediately stepped in to donate packs from his inventory to ensure timely execution.

Several letters of appreciation were received from the hospitals following this programme. (In Exhibit 1, see letters of appreciation from frontline hospital staff.) It was satisfying for Nestlé executives to note the genuine appreciation expressed in these letters. Nestlé does not actively market its CSR activities, but it was gratifying for staff to see that this gesture had landed so well.

Nestlé did not take the seamless execution for granted and was extremely appreciative of the work done by its project partner. Food Forward SA had to contact the hospital superintendents, explain Nestlé's gesture and the partnership, identify the recipients and then ensure the correct people were getting the food parcels when they were delivered.

Nestlé's proactive decision-making, well before lockdown began, ensured that country-wide deliveries to the 5 000 healthcare workers began in week one of the lockdown. The project required careful pre-planning as well as execution, and had to be compliant. The speed with which it had to be executed put great pressure on Nestlé and Food Forward SA. Both partners, however, focused on moving quickly to ensure the project rolled out efficiently, sorting out issues as they arose.

Gift of the Givers partnership

The active and globally reputable NGO, Gift of the Givers,[8] was another potential partner. The NGO was already playing a vital role in the pandemic and, using a tried and tested *modus operandi*, had rapidly erected tents at COVID-19-nominated hospitals to serve as isolation areas. It urgently needed supplies for patients.

Ravi Pillay had been in touch with Dr Sooliman, co-founder of Gift of the Givers, for quite some time, discussing possible collaboration. The focus was on patients, their visitors and caregivers. Nestlé decided to offer various products, and also handed over many tons of coffee and bottled water in anticipation of a cold winter.

The benefit of collaborating with Gift of the Givers was that it was an extremely efficient operation that could be counted on. Gift of the Givers shared video clips showing the distribution of Nestlé's products.[9]

The structure of Nestlé to execute a donation strategy

Nestlé is structured such that the different divisions each have a head, the equivalent of a CEO, who reports to the Chairman and MD. In the build-up to the pandemic, South Africa experienced a degree of panic buying, and there was concern from these heads about how much product could be released for donation by each division, taking into account that there also needed to be adequate quantities for supermarkets. Olierhoek appointed senior executive team member, Nicole Roos, as the internal coordinator. Her task was to consult with the individual businesses and obtain an indication of how much product would be available.

Donations had to adhere to both Nestlé's donations policy as well as to the policies that had specifically been put in place with regard to COVID-19. Compliance was vital and all projects had to adhere to local donation laws. In this uncharted territory of national crisis and global pandemic, leadership was tasked with making the best decisions, given the COVID-19 context, in terms of satisfying the expectations of society, consumers, and Nestlé employees.

Olierhoek's knowledge of the South African landscape, together with his insight into other emerging markets (he had headed up Nestlé in Pakistan, Cameroon and Vietnam), informed his decisions around COVID-19. He had to identify all the relevant stakeholders and role-players in the business society. This informed his decision-making, ensuring Nestlé's investment would be applied sustainably.

Beyond COVID-19 and moving forward

Nestlé's donations sent a strong signal internally and its employees responded with pride. There was an amazing outpouring of emotion and patriotism when they saw what Nestlé was doing for the communities in which they operated and served. While Nestlé is a Swiss company, it is still proudly South African in the sense that 90% of its products are manufactured in the country.

Another outcome that will last far beyond the current pandemic is that Food Forward SA has become well-known as a reputable redistributor of food to the poor. The NGO supported government as authorities were struggling to respond rapidly to the high demand from poor communities. NGOs are able to operate where they have a mandate, and Food Forward's expertise helped support government in its efforts to ensure that millions of people, who could not work during the lockdown, and therefore had no income, had access to food.

The COVID-19 crisis also created opportunities to accelerate Nestlé's CSV projects. For example, COVID-19 demanded that rural communities become more entrepreneurial in order to support themselves. In addition, the need for more sustainable and environmentally-friendly solutions required companies to find more circular economy business models and initiatives. As a result, one of Nestlé's CSV projects, which uses coffee grounds to cultivate mushrooms, was accelerated by the COVID-19 crisis.

Olierhoek wondered what other opportunities might exist to accelerate CSV projects in rural communities during COVID-19, and how Nestlé's purpose of enhancing the quality of life and contributing to a healthier future might direct further relief assistance.

[1] Understanding Nestlé, retrieved from <https://www.nestle.com/investors/overview>

[2] Understanding Nestlé, retrieved from <https://www.nestle.com/investors/overview>

[3] International Committee from the Red Cross is an independent, neutral organisation, ensuring humanitarian protection and assistance for victims in times of emergencies, retrieved from <http://www.icrc.org/en/who-we-are/mandate>

[4] Understanding Nestlé, retrieved from <https://www.nestle.com/investors/overview>

[5] Video clip of the water system repairs available at <https://youtu.be/ExXM1IXy4M4>

[6] Food Forward South Africa was a non-profit company in South Africa which endeavours to connect a world of access to a world of need by recovering edible surplus food and distributing it to community organisations that serve the poor, <https://foodforwardsa.org/>. See video clip on the packing in action at <https://youtu.be/Mj6u1p-jyQk>

[7] The Global FoodBanking Network was an international nonprofit with a presence in 40 countries, uniting and strengthening food banks, retrieved from <https://www.foodbanking.org/what-we-do/> on 20 May 2020.

[8] The Gift of the Givers Foundation is an NGO who is specialising in disaster management, water provision and hunger alleviation, <https://giftofthegivers.org/disaster-response/>

[9] See clips of the handing out of Nestlé water and coffee by the Gift of the Givers at <https://youtu.be/TDSd4Z5AJ4s>

EXHIBIT 1: LETTERS OF APPRECIATION FOR THE FOOD HAMPERS FROM FRONTLINE MEDICAL STAFF

Eng: Faatimah Solomon
011-489-0394
DATE: 30 April 2020

To: Mr Andy Du Plessis
MD: FoodForwardSA

Cc: Mr Navin Partab
FoodForwardSA

RE: LETTER OF THANKS – FOODFORWARDSA / NESTLE COLLABORATION DONATION TO HELEN JOSEPH HOSPITAL

The past three weeks had Helen Joseph hospital on the receiving end of the donation of "care bags" as collaboration between NESTLE and FOODFORWARDSA.

Thank you to FoodForwardSA for your part in the distribution of "care bags" to all frontline workers at our hospital.

Thank you to Mr Andy Du Plessis for approving and directing the operation.

Thank you to Mr Navin Partab who had constantly been prompt and excellent in handling all the logistics.

The role of every single person who played a part in the planning and execution of this huge task is greatly appreciated.

Once again, Many thanks to all the staff that has made the reality of this donation possible.



Ms Faatimah Solomon
Dietitian – Helen Joseph Hospital



Mrs Erna Clifford
Clinical Executive – Allied Health



Dr R. Masilela
CEO: Helen Joseph Hospital



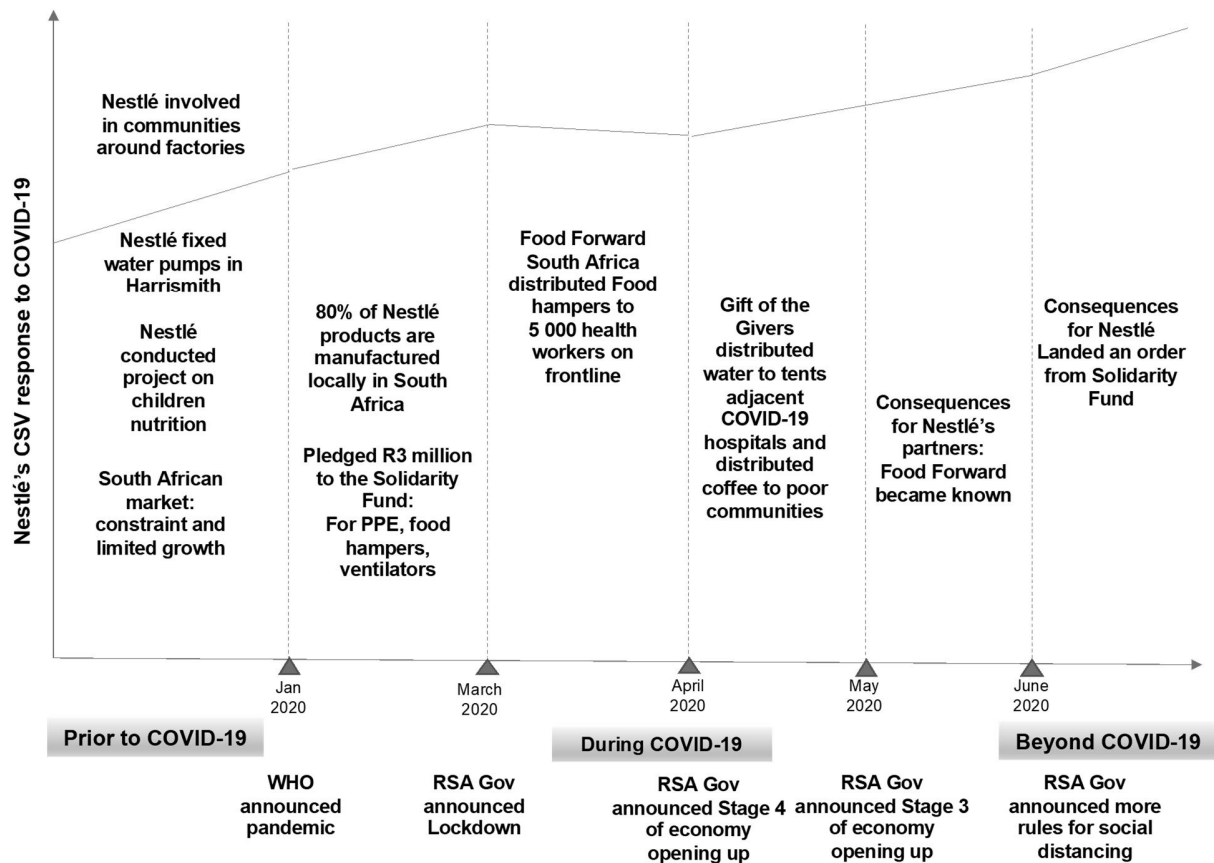
Dr J. Purwasi
Clinical Executive – Medicine / Covid Task Team

02/05/2020

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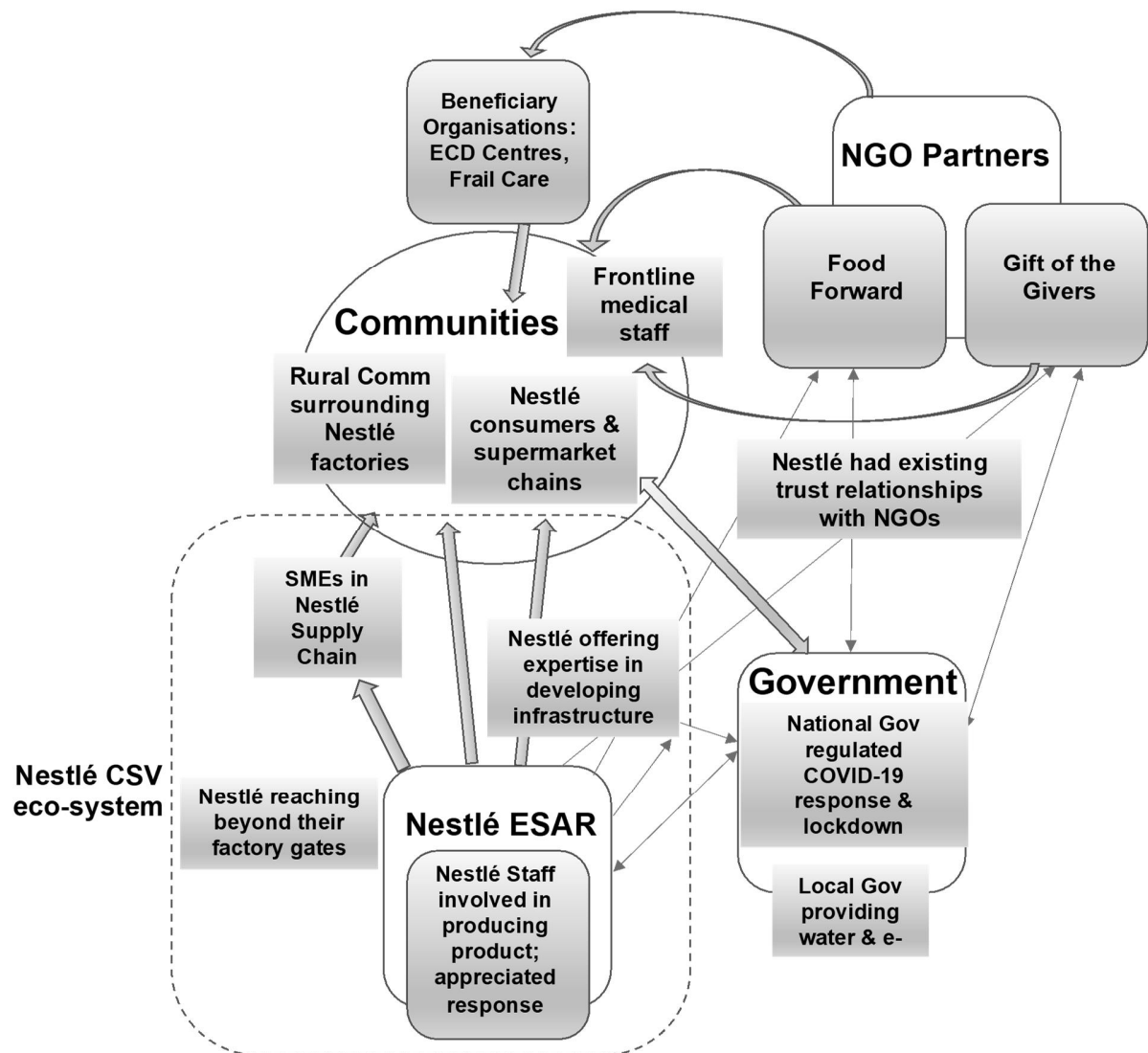
Source: With permission from company documents

EXHIBIT 2: ILLUSTRATION OF TIMELINE OF NESTLÉ'S CARE RESPONSE TO COVID-19



Source: Authors' own compilation based on interviews

EXHIBIT 3: NESTLÉ MULTI-STAKEHOLDER CARE RESPONSE MAP TO COVID-19



Source: Authors' own compilation from interview data