

NESTLÉ-DPA (Dairy Partners America)

EXPANSION OF THE SHARED VALUE CONCEPT IN THE MILK CHAIN

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In São Paulo Wild West...



Expansion of the shared value concept in the milk chain

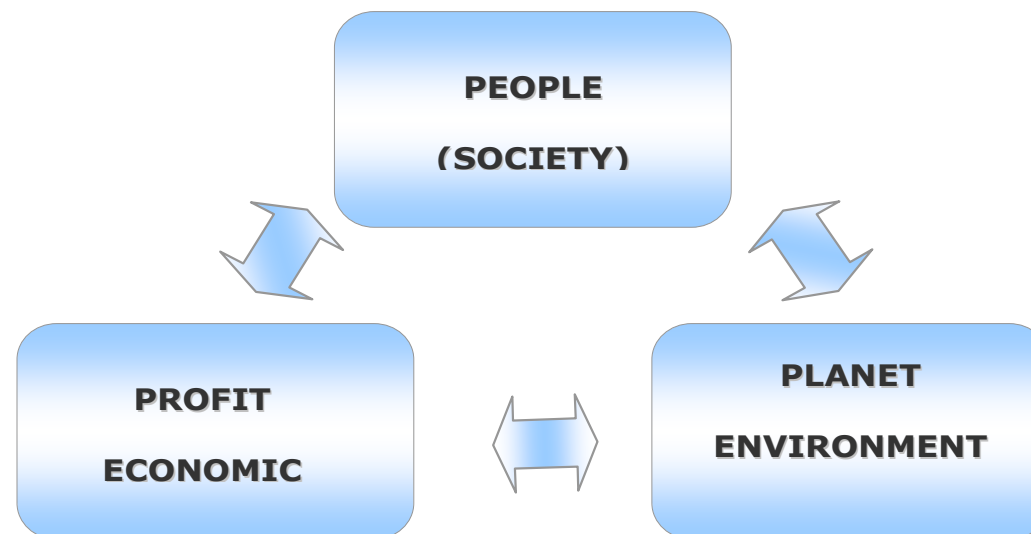


The enterprise

- Nestlé Brazil:
 - Started in 1921
 - 26 plants
 - 5 distribution centers
 - 143 thousand suppliers
 - 5,800 rural producers
 - about 175 million consumers
- Gross invoicing of USD 7.8 billion in Brazil
- The Brazilian branch is already second in the company's worldwide ranking, just after the North-American branch

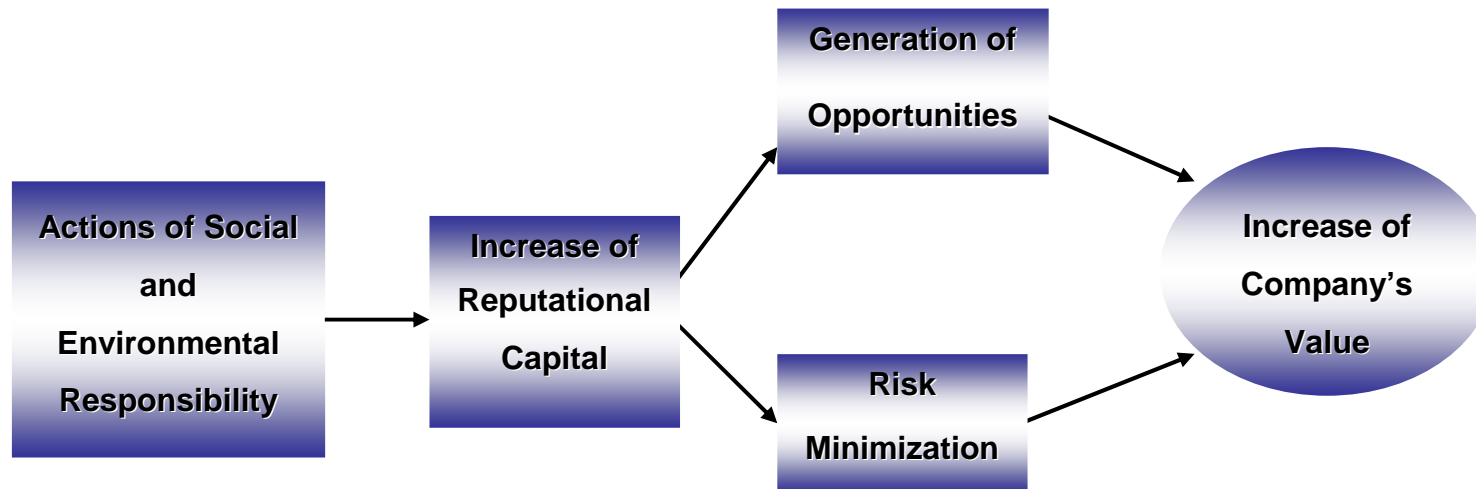
Nestlé Strategic Guidelines for Sustainability

- The concept of sustainability is associated to the classical model “Triple Bottom Line” (People/Profit/Planet) based upon the principle of “creation of a shared value”:



Creation of the Shared Value

- The model expressed above synthesizes the company's accrued value as a result of responsible actions



Source: Adapted from Fombrun, 2000 apud Machado Filho, C.A.P., 2006

Nestle´s Sustainability Actions

- Wellness concept: a significant change in the company´s strategic focus
 - **World leadership in “Nutrition, Health and Well-being”**
- *In Brazil:*

“Offer the Brazilian consumer products known to be leaders in quality nutritional value that contribute to a more healthy and pleasurable nourishment, always generating business opportunities for the Company and a shared value with Brazilian society”

Insertion of sustainability into the organizational framework

- **Sustainability projects connected to the company's business activity :**
 - **The SAI Platform: *Sustainable Agriculture Initiative***
 - ***Supply chain :Nestlé Supplier Code***
 - **Nestlé Environment Management System**
 - **Integrated Management System: ISO 14.001**

Insertion of sustainability into the organizational framework

Social projects:

- In the company's organization chart, coordination of social investments is under management of Corporate Affairs in association with Nestlé Foundation:
 - **Nestlé Faz Bem Nutrir (Nourish Program):** qualification of young people on food education, encouraging them to adopt healthier food habits
 - **Nestlé Faz Bem Saber (Educational Program):** disseminate the Brazilian history and culture to children and young people
 - **Nestlé Faz Bem Cuidar (Take care program):** disseminate concepts related to environmental education focusing essentially on preservation and responsible use of natural resources
 - **CEMPRE: Entrepreneurial Commitment for Recycling:** to form co-operatives of scavengers.

The DPA CASE : Dairy Partners Americas

An example of Shared Value in the Agroindustrial Milk System

“Producer in red does not think green”

Anonymous farmer

- The actions practices by DPA follow a **motivation driven** line of the company:
 - **To sustain a strong image with its stakeholders**
 - **To manage risks**
 - **To generate products that will known for quality and safety**
- **Program´s Focus:**
 - *Core business* (milk collection)
 - Furthering dairy cattle breeding

Good Practice on the Farm Program (GPF)

- Introduce the concept of good agricultural practices with producers that supply milk to DPA
- Conducts associated to agroindustrial production, encompassing:
 - **Environmental management**
 - **Herd management**
 - **Social aspects**
- Considered a *pre-competitive* program:
 - The objective of the program is to generate a model to be publicized for companies in the sector, aiming to improve the standard of dairy production
- The major challenge for the expansion of the program:
 - The **change of attitude** and **professional qualification** of the producers

- A CASE INTO DE CASE



Andradina Project- linking former landless producers and Nestlé-DPA

- Serves as a project of a **socio economic nature** aiming to:
 - **Foster human development**
 - **Settle rural man on the land**



Technological transfer to smallll producers

Pilot project – 30 producers

Partnership with Agronomic school – University of São Paulo (ESALQ/USP)

Andradina Project- linking former landless producers and Nestlé-DPA

- **Investments:**

- 2007: R\$ 60,000 (USD 25.000)
- 2008: predicted R\$ 70,000.00 (USD 30.000)

- **Returns:**

- Development of dairy cattle breeding
- Better income of the settled families (above 50% average)

- The project progresses in a complex framework:

- Proceeds towards a delicate stage of ***cultural change*** and ***sensibilization*** to the results brought by the project



Challenges of Sustainability

- Coordinate actions that *go beyond company boundaries*, upstream and downstream in the different agroindustrial systems it acts
- The *adaptation process* to sustainability is *not static*: new problems arise every day
- Undergoing a *review* of strategies/structures and routines
- Need for constant *innovation* in the approach to sustainability