

NESTLÉ EGYPT

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CORPORATE BROCHURE



The new Egypt

The Arab Spring has been a time of both excitement and uncertainty for many companies operating in the Middle East. Despite this, Switzerland-based food and confectionary company Nestlé is investing some \$160 million into its manufacturing, distribution and skills base in Egypt, and progressing a new initiative to promote nutrition education among children

The Switzerland-based nutrition, health and wellness company Nestlé has a long established presence in Egypt dating back over a century when its Infant Formula was sold for the first time in Alexandria. It wasn't until 1988, however, that the company began manufacturing near Cairo and since that time has invested significantly in building an integrated manufacturing and distribution service managed and operated by its own staff.

Ironically, just one week before the January 25 revolution began at Tahrir Square, the company announced a \$160 million programme of improvements across its manufacturing and distribution, and investment in skills—all to be implemented over the coming three to five years. Many companies faced with strikes, lockouts and disruption that were common during that time were tempted to hold back on investment until the situation settled or even to look for alternative locations from which to serve the region.

With strong commitment from its workforce of around 3,000, and significant growth plans for Egypt, Nestlé's commitment did not falter and the investment is now underway. "The population of Egypt is currently 85 million people and increasing by around two million a year," explains Suresh Narayanan, the Nestlé region head for north-east Africa. "Therefore there are considerable opportunities for growth. The strategy behind this investment is to increase output from the factories by between 20 to 50 per cent depending on the product, to improve



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Hand in Hand We Stand

and expand the distribution side of the business to support this, and also to invest in our people.”

Nestlé’s manufacturing footprint in Egypt currently comprises three factories located on two sites just outside Cairo. The ice cream factory produces the Dolce and Nestlé brands, and is the only factory outside Europe producing the top end Movenpick brand. The second factory produces Nescafé, Maggi bouillons, Nido milk, the Nesquik chocolate beverage and Cerelac baby food while

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“ The population of Egypt is currently 85 million people and increasing by around two million a year ”

the third is a water bottling plant for the Nestlé Pure Life and Baraka brands. All three are in the process of installing new and upgraded equipment.

Investment is also going into the distribution side of the business. Ice cream distribution is currently handled in-house through a network of 10 distribution centres and a fleet of refrigerated vehicles while the dry products are channelled through a single Nestlé-owned warehouse, and distributed by a network of partners across the country. These distribution centres are being upgraded with new and improved materials handling equipment and software. The delivery fleet is being upgraded and expanded and new distribution centres are planned.

Alongside these more mechanical improvements, Nestlé puts a great emphasis on upskilling its workforce and improving company culture, and this certainly paid off during the turbulent days of the revolution. “We are all taught that you can expect commitment and loyalty from your highly paid staff,” Narayanan says. “But our lower paid workers were just as resolute, committed and loyal to the organisation, and we suffered very little disruption that has





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afflicted other companies. And that has been an exercise in humility for me.”

As with all Nestlé companies, Nestlé Egypt is engaged in the corporate aim of creating shared value and this plays a strong role in company identity and culture. During the early months of the revolution, for example, when so many people lost their jobs as a result of the collapsing tourism industry, the company actively took part in the Egyptian Food Bank programme, supporting the cost of basic food items for 20,000 Egyptians over a period of three months.

“As a company, we believe that we only prosper if we are entwined and completely involved in the community we serve,” he says. Globally, these efforts are directed primarily in three core areas: nutrition, rural development, and water management and conservation.

Late last year, Nestlé Egypt launched a major new nutrition initiative called the Healthy Kids Programme, an educational scheme which has already reached almost 30,000 children in 50 secondary schools around the country. Working in collaboration with the Ministry of Health, nutritionists at Nestlé have designed a curriculum that teaches young people about good nutrition, and living and eating healthily. Nestlé provides funding and teacher training, and the programme is delivered into the schools by partner NGOs who deliver the information in a child friendly way. “Next year, we aim to take the programme to around 80,000 children, travelling to around 100 schools across the country, and then to increase to as many schools as possible,” he comments. The only real constraint to the programme’s growth is training enough people to disseminate the teaching to the schools. Many of Nestlé’s own staff are

encouraged to take part in the programme.

Looking to the future, the company’s vision is to launch a parallel programme next year to take this nutritional training to young women and mothers. “Statistics show, for example, that close to 50 per cent of Egyptian women are obese,” Narayanan explains. “There is a rising tide of obesity and health related issues such as cardiovascular disease and diabetes, and we believe we have a role to play in trying to mitigate it.” The search to identify suitable NGO partners to deliver the training is on. “Typically, we’re looking to identify groups working in the area of women’s empowerment and training,” Narayanan says. However they have to meet very stringent business and management criteria and be impartial with regard to religion and race.

Through a mixture of effective community

outreach and investment in facilities and people, Nestlé is building a stronger footprint in Egypt. More than that, Narayanan is building a company culture that reflects and interacts with the new type of Egyptian.

“In many ways, 25 January was a watershed in how people perceived themselves,” Narayanan comments. “There is now a much greater pride in being Egyptian, and a greater interest in improving Egyptian society.” Egypt has a remarkably young population—some 50 per cent of its people are under the age of 20, and Narayanan is finding that the new generation are keen to be involved, to question, to challenge the way things are done, and actively invest in their society. “So we have to be prepared for this culture change, and to engage the workforce in new ways.”

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