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Good Food, Good Life

The future of Nestlé in the northern Adriatic region looks bright, as new doors of opportunity open for the global food company.

Images courtesy of Nestlé Adriatic

Nestlé is a huge name in the food industry with a product range including household brands such as Nesquik, Nescafé, Kit Kat, and Maggi. The business is building a strong presence and reputation in the northern Adriatic region, under the leadership of Miljenko Vaić, Country Manager for Croatia, Slovenia, and Bosnia and Herzegovina.

Miljenko spoke to *The CEO Magazine* about Nestlé's huge potential in the regions of Slovenia, Croatia, and Bosnia and Herzegovina, the strategies it is implementing to achieve success, and why it has made a commitment to stringent quality standards.

The CEO Magazine: What is Nestlé's strategy for the northern Adriatic area, and how will it work to overcome any challenges that might arise?

Miljenko: First of all, the individual countries in the Adriatic region are all very small. Slovenia

has a little bit more than two million people, while Croatia and Bosnia have around four million people each. So in total, those three countries have roughly 10 million people. Then you look at the consumer industry and, to a certain extent, the number of consumers is determining the size of the market. In this respect, the sum of these three countries is, let's say, the size of the consumer base in the Czech Republic in terms of the number of consumers that we have.

However, because it's fragmented, and also because of the wars in the 90s, I would say this region has been a little bit forgotten in the past. It was not on the top of the radar when certain international companies were expanding to the former socialist markets through acquisitions or through greenfield investments. This has had negative effects—it is a fact of life that there are fewer foreign investments made here than what you would find in some of the other central European markets.

This also means that in the food industry, or in the fast food and consumer goods industries, some local companies have emerged as the regional players. The traditional competitors that are found globally or in most of the western European markets are not our key competition here. Rather, those are the local producers and food companies who have been here more than 50 years. They have modernised and privatised themselves, grown to a certain scale, and expanded in most cases beyond the borders of the domestic market. So those kinds of companies are our key competitors and that's what is unique about these three markets.

Our strategy for this area is that we see the Adriatic as a growth engine. We believe that, given the history and the size, there is a general demand from consumers who want quality products and quality brands. This is very good for us because we not only understand good-quality products but we also generate a growth rate which is much higher than what the average >

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is here. I believe that Slovenia, Croatia, and Bosnia will thrive.

Looking back at your career, how have your past roles helped you in your current position with Nestlé?

When the region changed from socialism to capitalism, it opened the doors for a young generation of people, and I was one of them at the time. Fresh from university, we were able to grab new opportunities the free market economy was providing.

I have spent the majority of my career in commercial functions, sales, and marketing, both here locally as well as internationally. The different types of experiences between countries and market environments taught me a lot—what the best course of action was in terms of how to build your organisation, and how to build a certain set-up within a company to best fit the needs of today and in the future.

What are the most important hallmarks of a good business leader?

We are now in the digital era in the twenty-first century and with the new generations of people entering the job market here, the old command-and-control management style won't get the best result. In my opinion, a good leader needs to inspire, lead by a certain vision, be able to be a good moderator, and to convey certain visions and goals of where we as an organisation should go.

More and more, I see that younger generations are also seeking a certain purpose. It is not enough to just be competitive in terms of compensation and benefits and the traditional HR priorities. Of course, this remains very important, but just that is not enough anymore. I'm not saying we need to deprioritise compensation, but we do need to also, on top of that, provide to our people a sense of purpose. This can be a social

purpose like volunteering or bringing some new products or services which are valued by consumers to the market. Then, by doing your job, you are also doing something that is good for the people around you and that gives you purpose.

Generally, I believe you get more results if you are able to delegate to your management team, and that your management team is able to delegate to their people. So to delegate not only to one level but to two or three, right down to the shop floor. To have the overall big target disseminated into smaller bits and pieces that are applicable for individual staff or persons—they really then can embrace it as something they care about.

What are the core values of the business and how are these instilled in staff?

First of all, we are part of a global, international company so we have a certain set of core values which

are global, like focusing on nutrition, health, and wellness, for example. At Nestlé, we believe that a comprehensive leadership style—leading to win, managing for results, growing talent and teams, and proactively competing and connecting with the external environment—provides the competitive edge to create shared value both for our shareholders and for society.

In addition to our global principles, here locally we are a company with a certain can-do mentality. So that means we really try not to look at the obstacles but to look at when and how to do something for a certain result.

It's a very young organisation. Our average age is 34 years old in our organisation locally, so we are very young and dynamic, and focused on growth. The key for us is to grow our market position and also the market as a whole. Within this focus, we are concentrating on innovation, execution, and our can-do attitude.

Next, and I would say this is becoming more important but wasn't so much in the past, is for us to focus on our general efficiencies to maximise our internal productivity and therefore be able to invest more resources in growth. Basically, we are not looking for efficiency purely to put it to the bottom line but rather to focus on internal efficiencies; improve internal processes and structures in order to invest again in the final consumers and shoppers, which means investing in growth.

Since we are a very young organisation here locally, the majority of our managers have been promoted from inside of Nestlé. The majority of our managers were not hired from the market but from within our ranks. We have a very high focus on leadership because it's important to focus on leadership not only at the senior level but also at middle and junior management levels. Therefore, training, coaching, and learning by experience is important.



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- Mijlenko Vaić

Being such a large company, how do you ensure you maintain quality in the supply chain?

Quality is top of the agenda for Nestlé globally and so it's also top of the agenda here locally. We cannot compromise on the quality of our product. We need to always have that in mind and know that the consumer is giving us his or her trust. So we need to ensure that, no matter what, our brands and products are always of the best quality when they are presented to the final consumer.

Therefore, we have very strict and very transparent internal quality rules for the supply chain, which goes above what the regulation is. In many cases, we are the first ones coming through with certain very demanding requirements, like, for example, the temperature control we have for our chocolate, which is not only in the warehouse but also in the delivery van.

Because again, what does it matter if you have a perfect temperature control in the warehouse and then you deliver it in a regular truck and either the chocolate gets melted in the summer or it gets

frozen in the winter? We have to ensure that the quality of the products stay intact until the final act of purchase from the consumer. Therefore, we are really collaborating intensively with our suppliers and with our customers who are supporting us in the supply chain, be it the logistic services provider, the retailers, our distributors, and so on.

Quality is, as I say, a top priority for our sales people, a top priority for our logistics people, and a top priority for our marketing people. It's a top priority for everybody who works at Nestlé.

What do you feel the future will hold for Nestlé in the northern Adriatic region?

I think there will be a lot of opportunities. How I see it is that we have just pressed the surface. We have not entered the market with all the products that exist in the Nestlé world yet. So we have a lot of white-space potential in terms of category expansion. We also have a lot of potential in terms of growing certain categories which we have already entered. •

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