



# CHANGING THE RECIPE

BY RUSSELL PEARLMAN

To boost business past rivals,  
Nestlé's North American CEO  
enacted a bold plan —  
with a 2,600-mile relocation.



**T**here are plenty of methods leaders can use to change the culture of their organizations. They will establish new goals. They'll set up training programs. Then they'll focus on hiring new recruits who fit well in the new culture.

Then there's what Nestlé's North America boss, Steve Presley, did back when he was named CEO of Nestlé USA: move the company's US headquarters more than 2,600 miles across the country. It was the shock to the system he says he was looking for. "I wanted to be big and amazing. And time was of the essence," he says. "Relocation needed to be a catalyst."

Fostering big change is never easy at a mega firm. And Nestlé certainly is mega. The Swiss company has nearly \$100 billion in total revenue, with its operations in North America accounting for about one-third. That's a lot of coffee, frozen pizza, pet food, and the thousands of other food and beverage products the company makes and markets.

But Presley felt that the organization's leaders, and by extension the entire US operation, needed to think beyond short-term goals like cost-cutting and expense control. He felt the business could no longer sustain itself on trimming costs alone. Its collective mindset had to change.

When Presley became CEO of Nestlé USA in 2018, after serving in various roles at the company since 1997, he told his employees he wanted to grow sales by \$10 billion in three years, and he laid out how they could get there together. He had to get the highest-potential employees to buy into that bold ambition: He had to tell them how they would be evaluated and rewarded on that completely new goal, and he had to convince around 750 of them to uproot themselves from the sunny Los Angeles area for the charms of Arlington, Virginia, a suburb of Washington, DC. About 600 came along.

In Virginia, Presley aimed to establish a growth-oriented, collaborative workforce and a system that would help attract and retain like-minded employees for years to come. “Nestlé’s chief rivals are all lean, have great brands and access to markets. The only way to separate itself is on talent,” says Bruno Wirz, a Korn Ferry global account leader who works with the firm.

Culture shifts, even without relocations, are inherently risky. Employees might balk at any form of change. Even when leaders do transform a culture, there’s no guarantee that it will stick. Nestlé was just settling into its new Virginia headquarters as the pandemic hit, followed in short order by the biggest rise in inflation in decades. But with Presley at the helm, growth has risen from essentially flat to 6 percent a year. In a sweeping conversation, Presley talked to *Briefings* about making bold decisions, why a growth mindset is critical, and the under-the-radar things firms must do to make cultural transformations successful. *(This conversation has been edited and condensed.)*

**You’ve been at Nestlé a very long time.**

I started at a Coffee-Mate production factory in 1997 in Suffolk, Virginia. The creamers business was in a turnaround situation, and I was head of the finance division at the manufacturing plant. I eventually became both production and finance manager.

**What’s kept you there?**

The scale and breadth of Nestlé has given me space to grow. The North American operation alone is close to \$30 billion. With that number of opportunities and challenges, you don’t have to look outside. We’re always buying, selling, or moving something.

**When you took over as US CEO, how was the business doing?**

At the time, everyone was in love with

the “3G” model (making acquisitions and then dramatically cutting costs). I was CFO then, and had learned the cost-control parts. But we had lower growth than what the company wanted. Nestlé always aspires to mid-single digit growth each year.

**What type of culture did Nestlé USA have at the time, and why did you want to change it?**

At this level, our competitors have great brands and great customer bases. We couldn’t change that. So, what was the one thing we could change? Our culture. We had to reignite the belief that there was an amazing future ahead of us. We wanted to build a culture of excellence and drive it into every single system.





750 jobs to make the move. We ended up moving about 600 employees and their families, around 80 percent. We had looked at previous relocations from LA, and the relocation rate was about 10 percent.

**How did you convince most of the people to make the move?**

We assigned the high-potential employees to an executive, and then the executive would have to convince them to go. We also looked at what the big moving issues would be for the employee and tried to assist there, such as whether a spouse could get a job and even if an employee's kids could find a good soccer club to join. Ultimately, though, we convinced them that we'll build a better company

**Why did you feel you had to literally pick up stakes to make this work?**

Relocations carry tremendous risk and the potential disruption can be huge. But time was of the essence. We wanted to change nearly overnight into a fast-paced, growth-driven organization driven by a set of committed leaders. Relocation needed to be the catalyst.

So we told the people that we offered jobs to in the new location that we were raising the performance bar. We told them we have to grow to be healthy. So if you're moving, make sure you know what you are signing up for.

**That, plus moving from the Los Angeles area across the country doesn't sound like an easy sell.**

We had about 2,000 employees in California. We also wanted to do some attrition, so we were hoping for about



with them, that they were the future of the organization. We came with an incredible body of people.

### **What else had to happen at the new location to make this work?**

To drive a cultural transformation you have to change every part of human capital. Evaluation. Onboarding. Recruiting. Leadership.

### **What about leadership change?**

If you want to be a strong leader, you have to walk toward a bold ambition. If you're a manager or a vice president, that attitude might be risky. They might feel that they'll get fired if a big project doesn't work. You not only have to ask them to take risks, but also assure them that the organization will take the risk with them.

### **How do you know whether this cultural shift is sustainable?**

You have to constantly measure. Take recruitment: We created an achiever profile—someone we feel can fit our culture, be inspired by it, and want to do big things. We have become very sophisticated at testing applicants. We look to ensure that we're bringing in the people who fit that profile.

### **Who are the people who fit that profile?**

You look for people who love to compete, love getting better every single day and building teams. Teammates and collaborators are the future leaders of corporations. We test our leaders on this. We want our leaders to be building a talent dynasty. I say "dynasty" because you make different decisions if you're going to rule for a century. I want someone 27 years from now, who joined while I was here, also committed to a dynasty of performance.

We also had to break what I think is the worst disease at corporations: incrementalism. There is often a prevailing attitude of "what did I do last year and can I do slightly more this year?" We should always be in transformation. We have to perform and transform every day.

### **You were doing all this just as the United States was being hit by the first wave of COVID-19?**

We've had once-in-a-lifetime events every year for the last several years. We had COVID, which besides being a massive health issue also upended supply chains. Then we had inflation and a crippling talent shortage. We've had to be incredibly agile. Would we have survived without the culture shift? Yes, but we would have been underperforming.

### **This is the culture at headquarters, but how do you ensure that the culture shift is driven down to the hundreds of locations and the thousands of employees who don't work at headquarters?**

The way to drill that down is by who you allow to lead in those places. You want factory leaders and sales-force leaders driving performance. You also want leaders who know they can do this with the right attitude.

### **Do you need everyone in the office every day for this culture to work?**

If you start as a culture-driven organization, then you have to be together. The factories were 24/7 from day one of COVID, and our people were so committed and handled this with both grit and grace.

Starting this spring we moved to people being in the office at least

three days a week. It was a little bumpy at first, but it's a normal cadence now. People are back together. Will it evolve? I don't know. I believe my number-one job is to protect the culture, which in turn drives the organization. Right now this is the right answer.

### **Nestlé makes thousands of foods and beverages—any favorites?**

I try to eat our products every single day, and sometimes our product managers don't like that because they'll hear from me if I think there's a problem. In food and beverage, you've got to know the product. You can never go wrong with a DiGiorno pizza. They're a staple in the Presley family freezer. ▀





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## THE FOOD GIANT WITHIN A FOOD GIANT

Nestlé North America is the largest division of Nestlé's five zones.

**Employees:** About 28,000

**Production Facilities:** 95 in 38 states

**Annual Revenue:** \$28.3 billion (FY 2022)

**Operating Profit Margin:** 21% (FY 2022)

**Organic Growth (2021-2022):** 10.3%

**Top Brands:**



Gerber

