

Nestlé names Bulcke as new chief executive

FOOD PRODUCERS

By Haig Simonian in Vevey

Nestlé, the world's biggest foods group, yesterday trusted its future to a veteran insider by nominating Paul Bulcke as chief executive.

The selection of Mr Bulcke, who has spent nearly 30 years with the group, represented a commitment to continuity. It also rewarded the 53-year-old Belgian's efforts in turning the group's North and Latin American activities into its biggest and most profitable region in the past three years.

The nomination came in spite of expectations the job would go to Paul Polman, Nestlé's chief financial officer. Mr Polman, a 51-year-old Dutchman, joined two years ago in an unusual sideways move from Procter & Gamble, where he headed European operations.

Since joining Nestlé, Mr Polman has impressed investors with his straightforward style and fresh approach. Yesterday's decision prompted fears he may now look for a new challenge after missing out. Nestlé shares closed almost 3.6 per cent lower at SFr510.

In an interview, Peter Brabeck, chairman and chief executive, confirmed the executives were final candidates in a selection process that initially included six internal contenders, as well as outsiders.

Speaking an hour after being told he had been chosen, Mr Bulcke declined to comment on what might happen to his rival: "We'll just have to see."

Mr Brabeck said the group had been faced with two outstanding choices and praised Mr Polman as the best chief financial officer he had ever worked with. One option may be to offer him Mr Bulcke's job running the Americas – a position that has gained importance after this year's acquisition of the big Gerber baby food business.

Mr Bulcke's successor will be announced next month.

"If – please God! – Polman stays... You'll have a winning combination of decades of Nestlé experience and all the new (to Nestlé) financial market facing ideas of Procter & Gamble. A double-barrelled shotgun," said James Amoroso of Helvea, the Swiss brokerage.

Mr Bulcke, who will take over next April from Mr Brabeck, said he would pursue the initiatives launched by his predecessor in the past 10 years. He said he saw continuing strong growth in developing markets and potential to raise profit margins, partly by pursuing the move into higher margin nutritional products initiated by Mr Brabeck.

Above all, Mr Bulcke emphasised the need for execution and operational excellence, underlining his reputation as a hands-on manager with strong grassroots support. "Success is 10 per cent inspiration and 90 per cent execution," he said.



Insider: Paul Bulcke