



INTUITION



COURAGE



EMPATHY

HEART LEADERSHIP CASE STUDY #5

Paying milk producers more fairly to contribute to the transformation of the sector

"One day, my grandfather, who remained at the helm of the company for more than 60 years, told me: 'Trust yourself, follow your instinct, and if that doesn't work, then change.' I like this idea of taking risks, getting back on your feet, and taking responsibility."



Antoine Fiévet
Chairman of the Board of
Groupe Bel



FOOD INDUSTRY
SECTOR

INTERNATIONAL
GROUP,
FAMILY BUSINESS,
5th GENERATION

NUMBER OF
EMPLOYEES:
10,800 in 2023

Turnover:
€3.6 BILLION
IN 2022

Strategic domain:
SUPPLY CHAIN

A MISSION
COMPANY

The decision-making framework

▶ The company

Bel is a French family group created in 1865 in the Jura region. It has become a major international player in food through its portioned dairy, fruit and plant-based foods, and iconic brands such as The Laughing Cow®, Babybel®, Kiri®, Boursin®, Pom'Potes® and Nurishh®.

Its mission: **to offer everyone healthier and more responsible food**. Its products are made on 30 production sites and are distributed in more than 120 countries.

▶ The context

In 2017, the economic situation of French dairy farmers was critical. The **price of milk**, paid to them by the milk processing companies, was **rock bottom**. Throughout the industry, **purchasing managers** were instructed to pay for milk at the **most attractive price for their companies** in line with world prices.

This situation **prevented farmers from planning ahead for their future**: investing in their production facilities; adapting to climate change and to the loss of biodiversity. 30% of farmers have gone out of business in the last ten years. "For Bel, too, this uncertainty complicated things. We need the milk!"



The questions of Antoine Fiévet

Do we need at all costs to keep this **ill-fated dynamic** going in the dairy sector, with farmers **being paid the bare minimum**, and see them go out of business one after the other? Or do we accept stirring up for a time the ire of some of the internal teams, the competitors, and the professional unions by **sweeping clean with a new broom through the old habits**?



The decision

In 2018, Antoine Fiévet decided to profoundly transform how milk was purchased. In collaboration with APBO (*Association des Producteurs de lait Bel Ouest* - Western association of Bel milk producers), the main French supplier, the purchase prices were set for the long term (a period of one year). These prices are jointly reviewed every year in line with the evolution of production costs.

In return for the economic visibility that this affords, Bel has obtained the implementation of regular discussions on ecological modes of production and the deployment of responsible farming practices.

The decision-making process



The reasoning

If we do not provide long-term visibility for the price of milk paid to farmers we risk **losing our milk supplies**, not being able to **meet our CSR commitments** (zero carbon objective for scopes 1 & 2 in 2025) and failing to meet the growing demands of consumers.

“It was my duty as a company manager, and it was a decision that **makes sense over the long term**. We have never made CSR commitments under duress at Bel: we have always **planned ahead** and been sincere in our approach.”



Moments of doubt...

“Some people in-house told me: ‘You’re going to sink the company if you mess with the price of milk!’ (which constitutes 50% of our raw materials costs). And, it has to be said, being a **trailblazer** is **always risky**.”

I had plenty of doubts, but **my dogged nature** made me even more keen to go through with it. The conviction and the mobilisation of the Europe, Marketing, and CSR teams helped reinforce my decision. For the purchasing teams, the change of course was fairly **destabilising!**”



The decision-making criteria

The decision was taken in accordance with the values of the company: boldness, benevolence, commitment, and the personality of the CEO. “I’m **more in favour of the carrot than the whip**.”

It is the avowed desire of Antoine Fiévet to contribute to the **protection of the planet** and to bequeath a healthy social and environmental ecosystem to the future generations that convinced the in-house stakeholders and the family shareholders to swing the decision for a long-term partnership with the farmers of the APBO. “Time will tell if I was right...”

The results of the decision

Economic results

The “fair” price for milk has constituted from 2018 an **additional cost** of several million euros per year. However, during periods of steep hikes in the price of milk (whether due to the volatility of the market or the global inflationary context), the Bel Group has paid a slightly lower price than the competition, which has smoothed out the initial investment.

Contributing to relations with farmers

By switching from a **transactional to a partnership** model, the relationship with farmers has made it possible to **discuss** together the implementation of **responsible farming practices** on farms based on a jointly established technical brief: reduced carbon emissions, GM-free livestock feed, pasture development, animal welfare, economic efficiency, etc. All these new commitments are audited and measured by a third party.

Corporate reputation and appeal

This initiative has strongly **reinforced the reputation** of the Group with institutional and economic players, job applicants, and above all with distributors.

At this stage, it is still far from easy to get the Group’s efforts adopted by the **distributors**, who seek to **negotiate the lowest prices in their favour**, particularly in France. Be that as it may, we are starting to see changes.

“Unfortunately, we haven’t succeeded in **making consumers aware** of the efforts that we are making. If we had to do it all over again, I would make that a priority. This is a project for the **future**.”

Unexpected benefits of the decision

Bel has preserved its image as a **trailblazer**. “Thanks to this partnership, it has been easier for the Group to develop its **plant-based products** portfolio without creating disquiet among its milk suppliers.” The model has had a **snowball effect**, with many competitors subsequently establishing models of fair pay, with the same human and ecological objectives. Bel has succeeded in making this partnership approach the norm everywhere that it purchases milk in other supply basins around the world.