

# Putting the accent on quality in treasury



**Marie-France Delouard, global cash management relationship manager at BNP Paribas Cash Management**

**I**n an interview with Marie-France Delouard, global cash management relationship manager at BNP Paribas Cash Management, Javier Ibars Gilart, manager of Nestlé Treasury Centre Europe (NTC-Europe) at Nestlé Headquarters in Vevey, Switzerland, outlines Nestlé's global treasury structure with a particular emphasis on Europe.

**Marie-France Delouard, BNP Paribas: How is Nestlé's treasury organised?**

**Javier Ibars Gilart, Nestlé:** I see treasury as an important internal function which serves our core business. All the group's activities come back in some way or other to treasury, so it is vital that our treasury is structured in an efficient manner. Previously, Nestlé's treasury was very decentralised. With a core business of food and beverages, we had a local organisational approach for production and sales. However, in recent years external legal, regulatory and technological changes have encouraged the sharing of certain functions among several operational units. Furthermore, treasury is no longer a physical thing, it's made up of bits and bytes and information, making its concentration much easier than before. Internally, the group is undergoing a business process re-engineering programme known as GLOBE (Global Business Excellence). The GLOBE programme seeks to improve the performance and operational efficiency of the group's businesses worldwide. Thus, at pres-



**Javier Ibars Gilart, manager of Nestlé Treasury Centre Europe**

ent Nestlé is in the process of centralising its treasury operations throughout the world.

**MFD: How is Nestlé implementing its treasury centralisation throughout the world?**

**JIG:** Nestlé wants to concentrate its treasury functions in five regional platforms worldwide – we have already begun in Europe (seven countries) the Middle East (Dubai) and the USA & Canada (Glendale). We intend to start in September and October of this year in Latin America (Panama) and South Asia (Manila) respectively.

**MFD: How are you structuring your treasury centralisation in Europe?**

**JIG:** Our goal is to concentrate and optimise our treasury in Europe. We decided to rationalise our banking relationships and to choose one bank per country for our cash management needs. We began our activity in October 2002 with France and to date we have concentrated operations in Spain, Switzerland, UK, Italy, Belgium and Portugal. At present, we are analysing other countries in Europe and we aim to integrate the treasury functions of most of our affiliate companies, so that 80% of our European turnover by the end of 2003 will be handled by one unit.

To manage our European treasury project, we set up the NTC-Europe (Nestlé Treasury Centre Europe), a company founded under Swiss law and located in Vevey. NTC-Europe opened an account in each country bank, in order to concentrate the cash

position into one single account per country. NTC-Europe initiates treasury transfers from the Vevey headquarters between its accounts throughout Europe. At this stage, payments to suppliers are not centralised and are still initiated locally.

**MFD: Why did you decide to choose one bank per country for your cash management needs?**

**JIG:** The business textbook response would be 'let's have one bank for everywhere'. In fact, we would have liked to appoint one bank – a so-called universal bank – which would have been able to manage all our treasury operations (means of payment, cash pools etc.) in every country in the world. This was the dream, and certain banks would have us believe that it is possible, but in my opinion the reality is that such a universal bank for cash management does not exist. This is especially true for companies like ours, which have a lot of products, local transactions and sometimes cash collections throughout a country. We had to be practical and as a first step we decided to appoint one bank for each country for its cash management. Perhaps in the future we will appoint only one bank per region.

**MFD: Why did you choose BNP Paribas as your cash management bank for France?**

**JIG:** France has the largest number of Nestlé operations in Europe with 80 subsidiaries and a turnover of over €6 billion. We also have an extremely high volume of payments and collections to be processed locally. In choosing our bank, we had to take a practical approach. We analysed the banking situation with our people in France and looked for the best bank in terms of cash management solutions, services and price. Quality of back office services was also vital. We decided that BNP Paribas fulfilled our needs and was the best option for our business.

**MFD: What is BNP Paribas' role in your cross-border treasury transfers in Europe?**

**JIG:** Nestlé uses BNP Paribas as its overlay bank for its euro cross border treasury transfers, with the bank's Relocated Payments solution. Nestlé sends all its transfer files to BNP Paribas in Paris, the bank then sends them on to its own sites or to Nestlé's other banking partners throughout Europe for local processing. This is extremely advantageous for Nestlé, as BNP Paribas acts as a single gateway for the NTCE, open to receive files and at the same time channelling files outwards. As all transfers have the same day value there is no loss of treasury

for Nestlé. The use of a single and standard format, SWIFT MT 101, simplifies the whole process. Nestlé also benefits from the security offered by the Etebac 5 protocol – the most secure protocol available in Europe at present. Another advantage of this solution is that Nestlé does not have to use proprietary banking software.

**MFD: What do you expect from your bank for your cash management needs?**

**JIG:** We don't want to work with a cash management bank that comes along with an excellent product that they want to simply plug in without taking our needs into account. We want a bank which will work together with us and help us to meet our objectives. For me, a bank is on our side and provides us with specific services. The bank supplies ideas, products, technology and most importantly flexibility.

**MFD: What importance do you place on service quality from your cash management bank?**

**JIG:** Service is important but so too is quality. When I say quality I mean flexibility, in that the bank does not simply sell me its proprietary solutions but looks at other ways of helping me.

In terms of service, the bank must also provide me with an efficient way of tracking and avoiding mistakes. In large companies you have a huge amount of transactions every day and we want to avoid a snowball effect at all costs. We need a bank that will be proactive and will constantly monitor our cash flow incidents.

**The Nestlé Group**

Nestlé is the world's leading food and beverage company. Sales at the end of 2002 were CHF 89.2 billion (€61 billion), with a net profit of CHF 7.6 billion (€5.15 billion). The group employs 254,000 people and has factories or operations in almost every country in the world. Nestlé's products are available universally, and are sold under a number of brands such as Nestlé, Nescafé, Nestea, Maggi, Buitoni, Perrier, Vittel and Nestle-Purina. ☐

**BNP Paribas**



Contact: Deirdre O'Brien  
E-mail: [deirdre.obrien@bnpparibas.com](mailto:deirdre.obrien@bnpparibas.com)  
Tel.: +33 1 42 98 32 97  
Website: [www.cashmanagement.bnpparibas.com](http://www.cashmanagement.bnpparibas.com)