It was 8:00 A.M. on Thursday morning, October 4, 1984, in Washington, D.C. Nestle and the International Nestle Boycott Committee (INBC) had scheduled a joint press conference for 9 A.M. at the Mayflower Hotel. Both Nestle and INBC were to announce the termination of the latter’s worldwide boycott of Nestle products. It had all started almost ten years ago, in 1974, when the infant formula controversy first entered the public consciousness in a major way with the publication of Mike Muller’s *The Baby Killer*.1 In the interim decade, a coalition of activist groups, Third World governments, and religious organizations had succeeded in having the World Health Organization (WHO), an agency of the United Nations, to enact for the first time an International Code of Breast-Milk Substitutes (the WHO Code) in 1981.2 The coalition had also launched a worldwide boycott against Nestle’s products and engaged in a host of other pressure tactics, to influence public opinion against Nestle and other infant formula manufacturers, to implement the provisions of the WHO Code in their marketing of infant formula products, and to accept INBC as a legitimate and important spokesperson for the affected people of the Third World.

It was only fitting that the press conference was taking place at the Mayflower Hotel, a venerable Washington landmark now owned by Nestle. The press conference was being moderated by Mark Siegel, a former aide to the U.S. Senator Edward M. Kennedy. Facing the audience on the right side were the members of INBC: Mrs. Patricia Young, national chairperson of INBC; Douglas A. Johnson, national chairperson of INFACT (Infant Formula Action Coalition); and Ms. Lisa Woodburn, European coordinator of...
INBC. In the audience were such well-known activists as Tim Smith, executive director of the Interfaith Center on Corporate Responsibility (ICCR); Andrew Chetley, general administrator of International Baby Food Action Network and one of the leaders of European activists based in London; and Doug Clement, director of the Minneapolis office of INBC. However, conspicuous by their absence were Leah Margulies, one of the original founders of INFACT and, by some accounts, the creator of the Nestle boycott strategy; and Edward Baer, another member of the core group at ICCR that was responsible for masterminding the organized religious groups’ opposition to the infant formula industry.

Seated on the left side nearest to the podium was Dr. Carl Angst, executive vice president of Nestle, U.S.A., whose ascendancy to power in the company was largely credited for a change in Nestle’s strategy that led to the negotiated settlement of the boycott. On the far left side of the podium sat Mr. Rafael D. Pagan, Jr., president of Nestle Coordination Center for Nutrition, Inc. (NCCN) based in Washington, D.C., and the architect of Nestle’s strategy over the last three years that culminated in the termination of the boycott. Occupying the middle seat was Mr. Edmund S. Muskie, a former U.S. Senator and Secretary of State, and chairman of the Nestle Infant Formula Audit Commission (NIFAC). A novel independent organization, NIFAC was created and funded by Nestle, and was responsible for the monitoring of Nestle’s infant formula marketing practices in the Third World countries to ensure their compliance with the WHO Code.

To the participants and observers alike, it was an important event with its future implications most propitious or ominous depending on one’s perspective. The critics of the infant formula industry were savoring their victory. If the activists were not behaving like victors, it was only because such behavior might appear unbecoming and inappropriate. But their sense of moral victory and political achievement could not be denied, and it was apparent to all but the most uninitiated.

Nestle also had ample reasons to be happy with the situation. For more than seven years, the company had been the target of severe criticism in the United States and abroad for its sale and promotion of infant formula products in Third World countries. Until three years ago, the company’s public image and credibility with important segments of influential leadership in the United States — and to a lesser extent in certain other West European countries — was at a low ebb. And yet, starting in 1981, Nestle was able to effect such a complete turnaround in its situation that it must be considered one of the most successful crisis management stories — and one that is likely to become a classic — in the annals of business–society conflicts.

Mr. Siegel opened the press conference by welcoming everyone on “this historic day” on behalf of the Nestle Company and the International Nestle Boycott Committee (INBC). He then proceeded to describe the ground rules under which the press conference would be conducted: