

SUGAR, OBESITY AND DIABETES – THE OTHER GLOBAL FOOD CRISIS

A CROSS-SECTOR APPROACH TO DIET-RELATED CHRONIC DISEASE

A breakfast discussion as part of Oliver Wyman's
participation in the World Economic Forum

Davos, Switzerland
Wednesday, 20 January 2016

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This trajectory cannot be sustained. What are we waiting for?”*

The Hon. Suresh Kumar
Executive Vice President External Affairs/
Executive Committee, Sanofi

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for health makes sense from a business point of view? I think we have to
open up the discussion beyond the usual players into how we can all come
together to create healthier environments.”*

Eva-Maria Hempe
Project Manager,
World Economic Forum

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we don’t stand a chance.”*

Sam Kass
Former White House Chef;
Past Executive Director, Let’s Move

*“The real thing is behavior and understanding of our consumers.
We, as retailers, see that as one of our tasks. It’s so easy to tax or to do
other things, but it’s not changing the world of how do you behave.”*

Dick Boer
CEO, Royal Ahold; Co-Chair Health
and Wellness, Consumer Goods Forum

*“Marketing is incredibly sophisticated at manipulating people into
making certain choices. Public health dramatically underutilizes this.
Why are we not working with them?”*

Jonathan Jackson
CEO, Dimagi

INTRODUCTION

Worldwide, rates of obesity and type 2 diabetes are increasing—with profound social and economic consequences. Each year, an estimated 1.5 million worldwide deaths are directly caused by diabetes; at least 2.8 million people die as a result of being overweight or obese; and 17 million more die as a result of associated cardiovascular disease.

The rise of these diet-related chronic diseases is closely linked to the globalization of unhealthy lifestyles, and especially the proliferation of high-sugar food products. Governments around the globe are implementing a variety of regulation, food taxes, public-awareness campaigns and advertising restrictions aimed at reducing sugar consumption and improving diet. But with little impact.

That is why Oliver Wyman convened leaders from the health, food and retail industries with government officials for a discussion of new, collaborative strategies for tackling this complex challenge. At this special, invitation-only event, attendees explored a variety of cross-industry solutions to halting the spread of diet-related chronic disease.

As a firm, Oliver Wyman is committed to making lasting contributions to society. Through our Social Impact program, which is focused on delivering strategic advice to charities and not-for-profits around the world, we tackle truly global problems, including health disparities and disease epidemics. This, coupled with our close relationships with leaders from major food, retail and health companies grants us a unique perspective on this global crisis and the cross-sector response that it demands. It also provides us the unique ability—and responsibility—to serve as a facilitator, convening a broad range of perspectives to formulate a cross-industry approach.

Although the crisis requires far more than one morning discussion, Oliver Wyman is committed to advancing the discussion on diet-related chronic disease. Our hope is that this event provided clarity on the scale of the challenge and fostered cross-industry collaboration and discussion.

“Diet-related chronic disease is not simply a health issue; it is a global challenge with ripple effects throughout societies and economies. Industry and government leaders must explore new strategies to halt this epidemic.”

Andrew Chadwick-Jones, Partner
Global Health Leader

FINDINGS FROM THE SUGAR, OBESITY, AND DIABETES: THE OTHER GLOBAL FOOD CRISIS PANEL

A breakfast discussion held as part of Oliver Wyman's participation in the World Economic Forum, Davos, Switzerland, Wednesday, January 20, 2016

Participants (l-r) Dr. Charles Alessi, Advisor, Public Health England; Sam Kass, former White House Chef and Executive Director of Michelle Obama's Let's Move initiative; Suresh Kumar, Member Executive Committee and Executive Vice President External Affairs, Sanofi; Oliver Wyman Partners Crispin Ellison and Andrew Chadwick-jones

Over the past 50 years, worldwide sugar consumption has more than tripled. This increased consumption is believed to be driving the rise in obesity and diabetes, as high intake of free sugars—particularly in the form of sugar-sweetened beverages—is associated with weight gain in adults and children.

There is much discussion about the most effective way to reduce individuals' sugar consumption – whether via public health education and efforts, advertising restrictions, product reformulation, or regulatory measures. In fact, at the time of this event, a debate over the feasibility and effectiveness of a UK “sugar tax” was raging in the British press.

With the need for some sort of action becoming increasingly clear, this breakfast discussion drew senior representatives from a variety of Fortune 100 companies in the healthcare, retail and food industries, as well as senior academic and activists in the field. The diverse group of



attendees engaged in a lively – and thoughtful – open-floor discussion that moved beyond entrenched viewpoints to explore new approaches and collaborations.

Together, the group came to consensus on three main points:

- The scope of the challenge is vast.
- Regulatory measures likely play a role.
- Prohibitory measures alone won't suffice; more creative solutions are required.

SCOPE OF THE CHALLENGE

CRISPIN ELLISON, PARTNER, OLIVER WYMAN: The World Economic Forum has stated that, after climate change, chronic disease is the second-biggest drag on the global economy. It's not just a rich-country problem; it's growing fastest in some developing countries. As everyone here will know, it's in the more deprived populations that this challenge is at its greatest.

SURESH KUMAR, MEMBER EXECUTIVE COMMITTEE AND EXECUTIVE VICE PRESIDENT EXTERNAL AFFAIRS, SANOFI: Epidemics get headlines and chronic diseases break the bank. 415 million diagnosed diabetic patients, going up to 673 million by the year 2030. This trajectory cannot be sustained. It's the fastest-growing disease in terms of volume of people. What more cataclysms do we need? What are we waiting for and how do we act?

EVA-MARIA HEMPE, PROJECT MANAGER GLOBAL HEALTH AND HEALTHCARE, WORLD ECONOMIC FORUM: We calculated that the cost of non-communicable disease over a 15-year time period, from now to 2030, is five times the financial crisis of 2008. The question is can we afford another five global financial crises? I think everybody would agree the answer is no.

REGULATORY MEASURES PLAY A ROLE

DR. CHARLES ALESSI, ADVISOR, PUBLIC HEALTH ENGLAND: I think it's unwise to think that only one issue will be the solution to this. I don't think a sugar tax on its own will solve an awful lot, but certainly it could have a short-term effect. We [Public Health England] propose something between 10 and 20 percent, specifically aimed at full-sugar drinks and high-sugar foods.

KUMAR: Hungary, when they instituted a food tax, within one year, declined in the consumption of sugary foods. There was an incentive to the industry if they did not use certain ingredients. Twenty-seven percent of manufacturers changed their formulation, and a quarter of foods did not contain sugar or had significantly less in the amount of sugar.

STEPHAN TANDA, BOARD MEMBER, ROYAL DSM: Food companies are in a competitive environment, so, even if they want to do the right thing, they compete with the next one. I think the sugar tax has much broader implications and benefits than just dis-incentivizing the consumer with a more expensive product; it will push back through the entire value chain and create changes.

PROHIBITORY MEASURES ALONE NOT ENOUGH; NEED TO GET CREATIVE

SAM KASS, FORMER WHITE HOUSE CHEF AND EXECUTIVE DIRECTOR OF MICHELLE OBAMA'S LET'S MOVE INITIATIVE: I think if our strategy is to say to people they can't have jam, we're going to lose; we don't stand a chance. Food is the deepest expression of who we are as a culture.

DR. ALESSI: The answer isn't only uni-dimensional; this isn't only about prohibition. The fundamental is around behavioral change, and we need a balanced approach to actually achieve that. This is about people making the differences, but we have to help them do that.

HEMPE: I guess the question becomes how can we create environments where it's possible that the right thing for health makes sense from a business point of view? Sugar taxes, but that alone is also not the answer; education alone is not the answer. I think we have to think a bit broader and we have to open up the discussion beyond the usual players into how we can all come together to create healthier environments and ecosystems for health.

DICK BOER, CEO, ROYAL AHOLD; CO-CHAIR HEALTH AND WELLNESS, CONSUMER GOODS FORUM: We have taken some actions: labelling front of pack [and] resolutions we have pushed through [relating to] marketing to children. It will help because it will help in reducing sugar intake into products and reformulation, which is very important. But the real thing is behavior and understanding of our consumers. We, as retailers, see that as one of our tasks. It's so easy to tax or to do other things, but it's not changing the world of how do you behave.

A packed room explored cross-industry approaches to the global obesity epidemic.



KASS: I think we would be smart to take some learnings from the private sector. Take Coca-Cola. Their strategy was “within an arm’s-length of desire.” That was the whole strategy: surround people with Coke, make them want to buy it, produce the desire through marketing. As a core strategy for public health, we need to do a much better job to surround people with healthier choices, [and] make it much easier for them to make healthier choices. Then we have to start marketing this much better way of life with an emotional connection. We’ve been trying to tell people, “Broccoli has fiber.” Love and sex beats fiber every single time. We have to start taking that kind of sophisticated approach to communicating this better way of life.

JONATHAN JACKSON, CEO, DIMAGI: Marketing is incredibly sophisticated at manipulating people into making certain choices – getting us to watch the movie they want us to watch, or eat the food they want us to eat, or desire the things they want us to desire. Public health dramatically underutilizes this. Why are we not working with them?

KATHY BLOOMGARDEN, CEO, RUDER FINN PUBLIC RELATIONS: I think that we need to make it fun for you to make an alternate choice. We need to move our marketing philosophy away from the traditional marketing philosophy toward an engagement kind of philosophy. Work, perhaps, with the technology start-up industry to put challenges out so that we can clarify exactly what kinds of technologies can be developed that can – in this moment-marketing world we live in – shift behavior and attitudes.

DR. ALESSI: We already have some pretty rigid rules around marketing and advertising around children’s programs on television, but I think there is a gap now. The world has changed to the new digital world, which is not only about television and not only about the children’s program and television. Clearly, we need to look again at how we manage the messaging to children and the influencing to children, which includes everything from the games to do with advertising to the naked advertising of product.

PIETER NOTA, EXECUTIVE BOARD MEMBER, ROYAL PHILIPS: A lot of the discussion so far has been about diet. I would like to introduce the possibilities of digital technology to monitor people’s behavior and motivate people to make lifestyle changes. We work on personal health programs that enable people, with the use of modern technology, to get a better take on their own health status. I think that it’s important to team up with healthcare providers, with payers, with insurance companies to also promote these programs because that will also bring improvements.

ILLAH NOURBAKHSI, PROFESSOR OF ROBOTICS, CARNEGIE MELLON UNIVERSITY: When are we going to get serious about education? Universities do a wonderful job of creating new curriculum around things like 3D printing, and then providing it to schools of education. We do this extremely effectively, and yet I see no coherent, impactful attempt to rethink professional development of teachers around nutrition and food in a way that creates mindfulness in students. We need someplace where government and private comes together with schools of education, where we rethink education in the right way to cause actual change on the ground in how students consider their own body and their own decisions.

PARTICIPANTS

DR. CHARLES ALESSI

PANELIST



Dr. Charles Alessi is a practicing GP with extensive experience with the NHS in a number of senior positions. He acts as Senior Advisor to Public Health England in a variety of external-facing positions, including national lead for Dementia, New Models of Care and Wellness. He most recently assumed a national leadership position in Antimicrobial Resistance on behalf of Dame Sally Davies, the Chief Medical Officer for England.

Dr. Alessi previously served as Chairman of the National Association of Primary Care, part of the NHS confederation, and is an active member of the executive committee with an honorary role of Co-Chair. He also was the founding Chairman of NHS Clinical Commissioners, the national voice of Clinical Commissioning Groups in England.

He is Adjunct Research Professor in Clinical Neurosciences at the Schulich School of Medicine & Dentistry at Western University, Ontario, Canada, and Visiting Professor of Psychology & Language Sciences - Clinical Educational and Health Psychology at University College London. He is very active in the development of policy in healthcare internationally as advisor of both governments and international organisations; and also has experience of military medicine, having served as Director of Medicine and Clinical Governance for the British Armed Forces in Germany until 2013.

THE HONORABLE SURESH KUMAR

PANELIST



The Honorable Suresh Kumar is Member of Sanofi's Executive Committee and Executive Vice President, External Affairs. He leads stakeholder engagements with governments and multilateral organizations, and initiatives that enhance patient access to Sanofi's medicines and vaccines. He also is responsible for Sanofi's Market Access, Communications and Corporate Social Responsibility.

Prior to joining Sanofi, the Hon. Kumar led the Public Sector practice at Oliver Wyman, where he was also a Partner in the Health & Life Sciences team. He previously served as US Assistant Secretary of Commerce & Director General of the US & Foreign Commercial Service (USFCS) in the Obama Administration. He also served on the Group Operating Committee and led the Worldwide Consumer Pharmaceuticals businesses at Johnson & Johnson, and was Vice President, Latin America and Asia at Warner Lambert.

The Hon. Kumar was Distinguished Visiting Professor of International Business at George Washington University, and held teaching appointments at Rutgers University and Thunderbird School of Global Management in the United States, as well as the Schulich School of Business at York University, Canada, and Bombay University, India. He has an Economics degree from Delhi University, a Masters in Management from Bombay University, and is an alumnus of the Thunderbird International Consortium Program.

ANDREW CHADWICK-JONES

OLIVER WYMAN HOST



Andrew Chadwick-Jones is Global Health Team Leader for Oliver Wyman and a partner in the London office. He has been at the firm for 17 years and in that time has worked on over 150 client engagements. Mr. Chadwick-Jones is an expert on innovation in new integrated care models and their adoption by providers and implications for payers. He is also well versed in leading performance improvement strategies in hospital systems, ranging from traditional cost reduction to implementation of new care models and growth initiatives. Another area of focus for Mr. Chadwick-Jones is public-private partnerships, often between new entrants and the NHS. Mr. Chadwick-Jones holds a BA and MA in Biological Sciences from Christ Church, Oxford University.

CRISPIN ELLISON

OLIVER WYMAN HOST/MODERATOR



Crispin Ellison is a partner in the Health & Life Sciences practice group of Oliver Wyman. He advises senior government and health decision makers on policy, strategy, performance improvement, and cost reduction. He has operated at the permanent secretary level within the UK government and is deeply connected with key parliamentary and government decision makers across the UK, EU, and the Middle East. His clients include central government departments in the UK, EU commissioners and their teams, the UK National Health Service, and Gulf Cooperation Council governments. Based in London, he spends one week a month in the Middle East. Mr. Ellison has 17 years' consulting experience. Before joining Oliver Wyman, he was a partner at Corven and before that at KPMG. He has a degree in geology from Sheffield University.

SCOTT MCDONALD

OLIVER WYMAN HOST



Scott McDonald is the CEO of Oliver Wyman Group. In his role, Mr. McDonald provides global leadership to the entire set of industry practices and horizontal capabilities within Oliver Wyman. He also leads Oliver Wyman Group, which includes Oliver Wyman, NERA, and Lippincott. Mr. McDonald has a special interest in the role that financial services firms play in society at large. He has sat on various international industry working groups, such as the International Institute of Finance Committee on Market Best Practices, Her Majesty's Treasury Professional Services Global Competitiveness Group, the World Economic Forum Steering Committee for Future Financial Architecture, and the McGill University's Expert Panel for Strategy and Global Leadership. Mr. McDonald has degrees in Finance & Economics from McGill University and International Relations from Cambridge University.

SIRKO SIEMSEN

OLIVER WYMAN HOST



Sirko Siemssen is a partner in Oliver Wyman Labs and co-leader of the European Retail and Consumer Goods practice at Oliver Wyman. Mr. Siemssen has worked extensively in the retail and consumer-facing industries, having advised clients on a wide range of strategic, large-scale transformation, and profit enhancement initiatives. He holds an MBA from Georgetown University's McDonough School of Business, a Diploma from Georgetown University School of Foreign Service, and a Diploma from Technische Universität Berlin.

NICK STUDER

OLIVER WYMAN HOST



Nick Studer is managing partner of the Consumer & Industrial Value Transformation Practice of Oliver Wyman. Previously, Mr. Studer served as managing partner of the Financial Services practice group. He has worked predominantly in London and New York, and has experience in regional financial centers across North America, Europe, and Asia. Within Financial Services, he formerly led the firm's Finance & Risk practice in Europe and the Corporate & Institutional Banking practice globally.

DAVIDE TALIENTE

OLIVER WYMAN HOST



Davide Taliente is managing partner, Europe, and Head of Public Sector Consulting in Europe for Oliver Wyman. He specializes in advising senior executives on strategy, organizational effectiveness and risk management. In his Public Sector capacity, he is responsible for Oliver Wyman's financial services work with national regulators, international bodies (e.g. Financial Stability Board, European Commission, ECB), governments, central banks and public/private development banks in EMEA. Mr. Taliente has been with Oliver Wyman in since 1990.

ABOUT OLIVER WYMAN

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across 65 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm's 3,000 professionals help clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC], a global team of professional services companies offering clients advice and solutions in the areas of risk, strategy, and human capital. With 52,000 employees worldwide and annual revenue exceeding \$10 billion, Marsh & McLennan Companies is also the parent company of Marsh, a global leader in insurance broking and risk management; Guy Carpenter, a global leader in risk and reinsurance intermediary services; and Mercer, a global leader in human resource consulting and related services.

Oliver Wyman's Health & Life Sciences practice serves clients in the pharmaceutical, biotechnology, medical devices, provider, and payer sectors with strategic, operational, and organizational advice. Deep healthcare knowledge and capabilities allow the practice to deliver fact-based solutions. In 2011 Oliver Wyman launched a Health Innovation Center (OWHIC) dedicated to promoting positive change in healthcare. OWHIC champions innovation by disseminating proven innovations; envisioning market-based solutions to today's and tomorrow's challenges; and establishing a cross-industry community of thought-leaders to share and shape ideas.

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