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Hutten catering: how to organize innovation for vital consumers in a sustainable food system?

Special issue: Teaching case studies in food and agribusiness management

CASE STUDY

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Abstract

Hutten Catering is the only family-owned company listed among the top 10 catering companies in the Netherlands, yet it also has been the fastest growing company in this market for more than a decade. Catering companies face small margins and tight R&D budgets, yet their strategic position in the food system offers them unique opportunities to contribute to people's health and improve sustainability. Hutten Catering is located in a region with many potential innovation partners, supporting its integration of multiple suppliers, customers, and third parties in its innovation center, Food Squad. This center focuses on building sustainable supply chains that can reduce food waste; innovating specialist foods, such as for health care patients; and enabling vital lifestyles. With its many opportunities but limited budget, can Food Squad engage in more and larger projects, and thus further its impact on society, if it were to operate as an independent organization?

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We live in a world in which changes succeed each other with increasing speed. As a consequence, we should continuously adjust our understanding and expectations of the world that we live in. How do we find our way and how do we place a mark at the horizon for ourselves if the certainties of today may be gone tomorrow?

Several generations tried to find their way in this world in transition. Their commonality is that they always searched for honesty, authenticity, and credibility. One may call this the soul that adds value to products and services. Family businesses that work from convictions and insights derived from their rich history, often have such souls. These family businesses take their environment along with them on their entrepreneurial path in which people are central and sustainable investment is fundamental.

Bob Hutten, 2017.

1. Introduction

Bob Hutten, CEO of Hutten Catering, looks across the parking lot next to his company's corporate headquarters. The contrast between its former distribution warehouse, fronted by a large concrete platform, and the path-breaking activities taking place within the building could not be any greater. This building hosts the Food Waste Factory (<http://eu-refresh.org/de-verspillingsfabriek-waste-factory>), a food processing plant that finds new purposes for food waste that retains some nutritional value (with a designated name 360, to refer to the circular economy), and Food Squad, which previously was called the Hutten Innovation Centre, where Hutten Catering develops innovative ideas in collaboration with partners. Located in the industrial area of Veghel, Food Squad is becoming an increasingly important site for the development of new ideas for serving consumers in the Dutch food industry in a more sustainable way. The surrounding region hosts more than 7,000 agrifood businesses, including several large retailers, food service companies, food processors, and agricultural cooperatives. It contributes significantly to the Netherlands' role as a major food producer and the second largest agrifood exporter in the world (Netherlandsworldwide, 2017).

On this afternoon in October 2017, Bob Hutten took a meeting with Maarten Schellekens, head of Food Squad, to discuss the future of the innovation center. Schellekens joined the company through an internship while studying business in Nijmegen. He started his career here, developing Hutten's first corporate social responsibility policy. When the Hutten Innovation Centre first was established in 2012, he was appointed to lead it. It started as a typical research & development (R&D) department, but after several years, an internally focused approach no longer fit the ambitions of the company – namely, to become a leader of sustainability innovations for the food industry. The required transition demanded more than a single company though, so the Innovation Centre was reorganized as a partnership among various companies that share the goal of achieving sustainable transitions in consumers' dietary patterns, with Hutten as the leading partner and main investor.

To Bob Hutten's surprise though, Schellekens is now suggesting to spin off Food Squad by making it an independent organization that could do more and bigger projects with a greater impact on society. Hutten has deliberately hired young and creative people, to strengthen the innovative capacity of the business. In that respect, he expects his managers to bring challenging ideas to him. But Hutten has invested more than 1.5 million euros in Food Squad, more than any other partner. Is it just supposed to write off these funds as a donation to the organization, which would no longer operate under the corporate flag? In addition, Hutten would have to share decision power with other partners which would slow down decision making. Also costs for support services might increase if Food Squad acts no longer directly under Hutten's corporate flag. Even if his young colleague is wrong on the particulars, what form should Food Squad take, to ensure effective leadership in the transition to a sustainable sector?

2. Business grounded in family values

Bob Hutten took charge of the family business in 1988, when he was only 20 years old. His grandfather Jan had started a small bakery in Veghel that also sold groceries. Jan extended the business with a lunch room and a cafeteria, including Veghel's first automatic snack machine. Home deliveries of soup, sandwiches, and other small food items soon became part of the business. The business filled a key demand: it made bakery products available to a much larger share of the population than its direct competitor, the high-quality Maison van den Boer bakery, could.

In the 1950s Bob's parents Piet and Ria took over the business. They benefited from the growing economy after World War II and extended the business with a bar, small party center, and two restaurants. Parties and catering services became increasingly important elements of the business as people grew more willing and able to spend money on celebrations. In the mid-1980s, the business had approximately 16 employees.

After finishing mid-level hotel school, Bob joined his parents in running the business. The early 1990s were marked by tighter legislation for restaurants and new opportunities for the catering business. In 1994, Bob decided to focus entirely on catering, targeting the market segment of customers who needed more than what small-scale party caterers could provide but were too small to be of interest to vast, luxury catering service providers like Maison van den Boer. In addition to party catering, the company established business catering offerings, fully taking over the canteens of the companies where it used to cater meals occasionally. This market grew rapidly in the tight labor markets of the 1990s as companies sought to improve the conditions for their employees. Hutten thus enjoyed steep, almost linear growth rates between 10% and 20%, in terms of both the number of employees and turnover.

Some of the key values that his parents and grandparents applied when running the business remain very prominent in Bob Hutten's leadership style. He insists that people must feel as if they are part of a family. He avoids the term 'employees' and calls the people who work for the company 'collaborators,' noting that the 'Happiness of our collaborators is at the basis of our success. Why would someone really give the best of his or her efforts for this company if he or she isn't happy here? We need their talents to face the challenges of the future.' Innovation is another core value, with the recognition that 'The changes that past generations experienced in the 20th century were overcome by continuously developing new activities, sometimes failing but always learning.' From previous generations, Hutten also learned that a food business cannot survive if it is isolated. His parents and grandparents were always very active in community life, and Hutten remains so, though as the level of business activities has changed, so have his external activities. For example, he sits on the board of AgriFood Capital, an organization that seeks further development of the agrifood industry in the region, and he chairs the association of family businesses in the province of Noord-Brabant.

With a snapshot view, in 2017, the company had grown to earn 80 million euro in annual turnover, with about 1,850 employees (1,200 full-time equivalent) (Supplementary Tables S1). It still enjoys the greatest growth in the Dutch market. The company comprises four business units: Hutten Event Catering, which was the original basis of the firm (2016 annual revenue: €16.1 million), Hutten Business Catering (2016 annual revenue: €52.9 million), Hutten Food Care, targeting hospitals and other health institutions (2016 annual revenue: €8.3 million), and Hutten Multi Services, which provides other hospitality services (2016 annual revenue: €3.6 million). These businesses are supported by headquarters and a staff department called the Hutten Culinary Center. The innovation center Food Squad and the Waste Factory report directly to headquarters.

3. Hutten's competitive position

With its rapid growth, Hutten ranks sixth among the largest catering companies active in the Netherlands, a list that also includes multinational corporations like Albron and Sodexo (for the complete list, click <https://facto.nl/top-10-cateringbedrijven-albron-nieuwe-nummer-1>). Compared with these multinationals, Hutten faces some inherent disadvantages though.

First, global players can engage in global sourcing. As Schellekens explains, ‘Like the market for food retailers on which just a few buying desks exist, the purchasing market for food service companies is very much consolidated. Large players can source globally and have much more power to negotiate sharp prices than we have as a national player, especially with large suppliers like Unilever and Coca or Pepsi Cola.’

Second, of the top ten Dutch catering companies, Hutten is the only one without a significant backup of capital; all the other companies have large venture capitalists or investment banks among their shareholders. Thus Schellekens asserts that ‘In the business of catering, companies that enter new office buildings often ask us to build, furnish and run the restaurants. These are large investments that take years before the investment is returned. Companies that have more investment capital have a longer breath than we do. We have to keep track of our cash flow.’ Recently, Vermaat Catering – long the only other major family-owned catering company in the Dutch market – was sold to the venture capitalist Swiss Investment Company Partners Group. Thus, Hutten now ranks as the company with the smallest capital reserve among its large food service competitors. Such competitive disadvantages hurt the company when the market declines, such as in recent years, due to slow economic growth and high unemployment rates.

Furthermore, as traditional industry boundaries fade, more competition is on its way. Supermarkets have started to offer buffets to supply companies’ holiday parties or delivery of supplies to company-controlled restaurants. The second-largest supermarket chain in the Netherlands (Jumbo) recently took over a large restaurant chain with many branches in city centers and along highways (La Place). Thus Hutten recognizes, ‘We see retailers moving in the direction of caterers. As soon as there is an employment agency that starts to train hospitality people and sends them to companies where Jumbo delivers food, the business caterers face a new competitor’ (<http://tinyurl.com/y9mks2zw>).

Hutten does not expect to beat competitors with low prices, nor does he believe that such an offer is the value that the market wants from his company. Instead, he asserts that the catering business can help customers to become more vital. The company started to reduce its use of sugar and salt and began paying attention to responsible fats, while still delivering good taste – but as a general company policy, not in response to requests from specific customers (see <https://www.hutten.eu/bedrijfscatering/suikerbeleid> for Hutten’s sugar policy, in Dutch). It respected consumers’ free choice, such as by providing sugar-containing soft drinks, but it also offered healthy alternatives and brought them explicitly to the attention of consumers with nudging techniques (<https://www.youtube.com/watch?v=jVTg3ZsNTTY> for the nudging introduction youtube video). The company also extended into services beyond the provision of food, promising to help people change their lifestyles, such as organizing food challenges that encouraged employees of their customer companies to adjust their lifestyles and eating habits. The ordering patterns of visitors to company restaurants provided a basis for personal recommendations. Hutten also adjusted its assortments and production processes on the basis of these results. In five customer companies, it organized pre-diabetes scans to estimate the chances that employees would develop diabetes later if they continued with their current lifestyle. Finally, it started to define customer groups for which food might make a difference, such as those facing health issues.

As Hutten explained, ‘Earning money is important for sure, but we should find a way to combine it with creating value and being meaningful. The effects that a company can have on other people, on nature, on society, and on culture are the things that make the company. We want to be meaningful to customers by ensuring that their employees take in elementary good food. We want to contribute to your life if you are well, if you are sick, if you are with others, and if you’re alone. We will advise people what to eat and what not eat to stay healthy. We also want to change unhealthy behavior into healthy behavior and make our food system more sustainable.’

4. Food consumption in a changing world

To establish meaningful change, Hutten can draw on several societal trends. First, consumers are increasingly concerned about their health. An entire industry has emerged to help people live healthy lives, spanning fitness centers, high-tech health monitors, health insurance companies, and healthcare providers. Consumers also are increasingly aware that fatty, salty, and sweet foods, often offered at low prices, harm their health. The number of obese people worldwide between 5 and 19 years of age rose from 11 million in 1975 to 124 million in 2016 (WHO, 2017a), and obesity and consumption of high salt content combined cause 4.1 million deaths annually (WHO, 2017b). The World Health Organization has called on actors in the food industry to increase the availability of healthy and nutritious food, especially for teenagers and children, and to reduce marketing expenditures for foods that are high in sugar, salt, and fats (WHO, 2017c).

Second, greater awareness is emerging that exploiting natural resources is a dead-end road that cannot support similar or better standards of living for future generations. Food waste and losses drain natural resources, such that approximately one-third of food produced for human consumption is lost or wasted globally (FAO, 2011). Studies show in turn that more than half of the Dutch population identify values such as environmental friendliness, short transportation distances, animal welfare, and sustainable labeling as important (Verain *et al.*, 2017).

Third, people purchase and consume more food outside, rather than at home, due to the changing compositions of households (more singles, more elderly people) and their increasingly busy lives. These trends are not unique to the Netherlands but rather are typical of most urban, high-income regions with high population densities. For example, in the United States, the share of eating out among total food consumption increased from 26% in 1970, to 39% in 1996, to 42% in 2002 (Carús *et al.*, 2014).

Fourth, changes in consumer preferences are fueled by new technologies. Online and mobile purchasing and home delivery options are more readily available, and they are changing consumers' traditional buying behaviors. The total market for food delivery is an estimated €83 billion worldwide, and it has grown steadily by at least 3% in the past five years (Hirschberg *et al.*, 2016). In the Netherlands, sales through online orders and pick-up points has grown by 14%, from 386 million euros in 2014 to 440 million euros in 2015 (Food Service Instituut, 2016).

However, some discrepancies also are emerging in these markets. With declining middle classes, a divide has arisen, between a consumer segment that is well-educated and established in higher socio-economic classes, which makes food choices to support a conscious and healthy lifestyle, versus another segment from lower socio-economic classes, with less education, who may make more unconscious and unhealthy choices (Meeusen *et al.*, 2010). In particular, for many low income families, fresh fruit and vegetables necessarily are replaced by cheaper food that also has higher sugar and fat contents (Loring and Robertson, 2014). Moreover, most of the food industry is devoted to providing sweet, salty, and fat foods for less money. Hutten believes that this status is inevitably due to change, if actors in this market hope to sustain and grow the food business.

5. Checking the horizon

Where will all these trends lead? Bob Hutten describes his extended view of the horizon: 'First of all, we share common motivations to live longer with more energy. Ultimately, it will be about the question: What's the energy of food? Vitality is about eating, drinking, sleeping, mindfulness and stress. As human beings we are seeking a balance in these elements. It's the role of the caterer to provide service to people at these five points. Some say that sleeping, mindfulness, and stress are not in the domain of the catering companies, but who will then facilitate that? Food consumption has also cultural and physiological sides. The emotions related to eating together with family or friends and the happiness of enjoying tasty food should also be part of the discussion. We therefore explore how we can develop smart programs for all five elements of vitality.'

‘We also increasingly understand our DNA profile and our microbiology in our digestive system. So I expect that our future lays in personal nutrition. There’s a great future for specialized nutrition, and it’s going very fast now. Everybody is different, so providing generic solutions will not help us. This means that tailor-made solutions are demanded. 3D food printing may for example become more important. You put your finger in the scanner and the food printer prepares a dish with the right amounts of iron, phosphor, and other components. This is also suitable for the health care market. The development is oriented by companies like Google, Microsoft, and Philips. These companies are incredibly rich, they can provide information to everyone, and they can easily launch new startups. They can set things in motion and support initiatives that would otherwise never make it.’ (links to 3D food printing (<https://www.youtube.com/watch?v=hw321SwC6kA>), and Future Food Institute (<http://futurefood.network/institute/#community>), Microsoft Foodfutures (<https://www.microsoft.com/en-us/research/project/food-futures>), and Visions of the future (<https://www.90yearsofdesign.philips.com/article/67>)).

‘Maybe in the future, everyone will wear a watch on their arm that provides us micro biological test results. Based on these test results, consumers will get advice on what they should eat the next day, for example, iron. It will then suggest us a corresponding menu. The companies in the food industry should find their own position. Hutten will translate the information into an individualized menu. We could leave the logistics to companies that are really good in that. You may think: ‘What the hell are you talking about?’ but innovations that increase people’s energy and prolong their lives will make it in the market.’

6. Reaching that horizon

As great as this view might sound, reaching this horizon is no easy matter. First, Bob Hutten has opted for a dramatic change in his leadership style: ‘I have run this business for a very long time, working very hard. Three years ago I decided to take more distance. I have a strong management team, and I told them: from now on you will run this company. Being less involved with the day-to-day processes allowed me to think deeper about the direction of the company.’

Second, it will require smart and talented people to run the company and develop it further as Bob Hutten moves away from daily operations. He therefore started to hire people that are ‘brighter and more talented than I am,’ with the recognition that ‘Young generations don’t want to work for a company whose only purpose is to make money. The leaders of this time should find another source of inspiration to stimulate their employees.’

Third, the proposed strategy requires convincing customers of the added value that food can offer. A key element in this strategy is appealing to procurement managers, not simply assuming that they will only be interested in finding the lowest cost offers. According to Schellekens, ‘We discovered that the human resource managers are the right people in the business to talk to. By providing fresh and healthy food, people will be healthier, more energetic and happier at work. This is in the customer’s best interest.’

Fourth, on the sourcing side, Hutten started to work with 35 small and medium-sized specialized suppliers (for a list, click <http://www.de-guijt.nl/en/our-heroes>), for which ‘Hutten is a large customer,’ according to Schellekens. ‘We therefore have more power to request suppliers to cater their production to our specific preferences. With large suppliers we are forced to purchase the standardized qualities demanded by much larger companies, but that would decrease our distinctive quality in the market. Hence we use short supply chains for as much of our fresh products as possible.’

Fifth, to break new ground in helping people live vital lives, Hutten made innovation central to its strategy. This shift is a challenge, because innovation in the catering business is often restricted to new recipes, designs, or other relatively small changes. Average R&D investment rates in the food and drink industry are just 0.53% of annual turnover, identifying it as a ‘low intensity R&D sector’ (Guevara *et al.*, 2016).

7. Teaming up in Food Squad

When Hutten officially established its Hutten Innovation Centre in 2012, it was an extension of the R&D department, and it pursued projects that Bob Hutten calls ‘pre-competitive innovation,’ designed to develop new markets strategically, rather than to develop new products. But ‘Such projects often require input from others, making our innovation policy in particular a policy on strategic alliances,’ Schellekens explained. Thus, by collaborating, Hutten might achieve more. The profit margins in the food industry are thin (e.g. Hutten’s is about 2.5%), which leaves few resources available for R&D. By pooling their resources, the collaborators could pursue more and bigger projects, with the promise of greater societal impacts. In addition, this approach would avoid the cost-based doctrine that dominates most food companies, where ‘The focus on efficiency and costs makes it difficult to do innovation projects for which one should be able to think outside the box,’ according to Schellekens.

In March 2013, the new partnership thus was formalized (see the Food Squad partner page at <https://www.foodsquad.nl/partners>, in Dutch). It included collaborations with other companies (Sligro Food Group, Scelta Mushrooms, Rabobank); health care organizations (The Jeroen Bosch Hospital in Den Bosch, health insurance company CZ); institutes dedicated to regional development (Agrifood Capital), research, and education (Wageningen University and Research and HAS University College); and nongovernmental organizations (Nutrition Lives). The joint mission was formulated as follows: ‘to develop new foods and food-related services that contribute to a better life.’ The renamed Food Squad was still completely owned by Hutten, but all partners provided in-kind contributions to the projects and cash to cover back office costs. Food Squad is governed by a steering committee of high-level representatives of all partners (mostly CEOs).

The arrival of Food Squad in Veghel is probably not a coincidence. This region is a prominent agrifood center in the Netherlands; second only to high-tech (with companies such as Philips and ASML), agrifood is a vast economic sector in the region. Yet the region traditionally has been characterized by relatively infertile, sandy soil. Several prominent companies had their start with early attempts to reorganize the sector in an effort to reduce poverty in the region, such as Agrifirm, the Rabobank, and Friesland Campina. In this dense agrifood network, some rivalry is inevitable. In addition, the fast-growing retail chain Jumbo and the traditional wholesaling company Sligro (both headquartered in Veghel) became direct competitors when Sligro purchased Emté supermarkets in 2017.

8. Key projects

The primary projects for Food Squad cover three broad themes:

- sustainable supply chains (reduction of food waste, fair distribution of wealth);
- specialist foods (for ambulatory care, development of recipes, personalized nutrition);
- vital behavior (improved contexts, food and lifestyle programs).

8.1 Sustainable chains: combatting food waste and the Food Waste Factory

‘One-third of our food is wasted; I find that unacceptable,’ Hutten said when explaining the establishment of the Food Waste Factory, Food Squad’s most eye-catching project (see food waste factory website in Dutch at <http://deverspillingsfabriek.nl>, food waste factory on youtube at <https://www.youtube.com/watch?v=JHeFKPrmWqA> (Dutch), project website at <http://tinyurl.com/yc5aozak> in English). Once, Hutten lost 27% of its food to spoilage, but for multiple projects, it has managed to reduce that rate to just 6%. With the 2015 creation of the Food Waste Factory, it sought new ways to reuse ingredients that retailers have rejected, according to their strict standards on size and appearance. The factory is equipped with a chilled storage room, a kitchen to cut incoming foods, a production kitchen with two big kettles of 500 liters each, and a pasteurization department. The aim was to process 100 tons of wasted food weekly and turn it into processed foods, like soups and sauces. For example, the tops and bottoms of tomatoes are used to make ketchup, sauces, and soups. These products then can be sold in business-to-business markets, such as to food service companies

like Albron, which competes directly with Hutten in the business catering market but also is a proud customer of the Food Waste Factory. Some products also are sold in supermarkets, under a new brand Barstensvol.

Hutten invested 1.5 million euros in 2015, plus 300,000 euros to cover losses in the first year of the project. Rabobank provided a special impact loan of 2 million euros for the factory. That means ‘really a big amount of money, and we haven’t made it break even this year,’ Hutten says. In particular, the factory faced startup difficulties: a supermarket chain that had committed to the project backed out; fresh soups and tomato ketchup were ignored by consumers who were accustomed to finding such products on unrefrigerated shelves; and though ‘The supermarket chain directors believe it’s a good idea...the procurement managers don’t see us,’ Hutten comments. Finally, the productivity of people distant from the regular labor market (‘wasted talent’) was difficult to organize.

But perhaps the biggest challenge was organizing stable input streams for the spoiled foods to structure the production process. In Hutten’s words, ‘Shortly after the start I was offered 20,000 kilogram tomatoes, another offered 100,000 kilogram small potatoes, and one with 100,000 kilogram onions. But also bull calves from a fattening unit, goatlings from another. These are problems, right? For the moment we just accept a number of vegetables, the rest we register because we may be able to use it later. The problem is to get more stability in the supplies. Are they one-time deliveries or will they be able to supply me with the same quantity next year? Then we can make planning for the factory.’

Current expectations hold that the factory will break even in 2018. But Hutten also believes that the Food Waste Factory is just one element of a more sustainable food system. It is only dealing with the symptoms of larger problems in the system. That is, the first aim is to prevent food losses, but after that, reduction of waste and the valorization of alternative product streams also are required.

8.2 Specialist foods: developing the healthcare market

Calling Hutten ‘a new player in the health care market,’ Schellekens expresses hope that it will ‘be a serious player next year.’ By positioning itself as a food provider with specialized knowledge about how food can help prevent diseases, its entry into the health care market represents a logical step. Hutten is following a path that other food companies have taken, such as DANONE (see Food for special purpose at <http://tinyurl.com/ybll4v83>), Nestlé (see Iron man project at <http://tinyurl.com/pbm9job>), and Hershey (see 3D food printing at <http://tinyurl.com/p7ax29n>). But Hutten focuses on institutions for curative care (e.g. hospitals) and ambulant care (e.g. nursing homes, organizations offering care at home). In these markets, working with purchasing managers is essential. For example, ‘Doctors in hospitals often have no understanding why their patients pay less for an unhealthy snack than for a banana. Then I explain that their purchasing managers probably push their food provider to reduce its costs, which is then achieved by stimulating sales of foods with long shelf lives like frozen foods and decrease the perishable fresh foods, like fruits. If the medical people see food as part of the solution to become healthy and stay healthy, they should exercise influence on the procurement process.’

Just selling food is difficult, due to the price sensitivity of the market. The Food Squad therefore increasingly seeks solutions that combine food choices with information technologies and other services. Websites, apps, and tablet systems target specific groups. On the website mijnvoeding.nl (in Dutch), people recovering from illness can receive individual advice from professional dietitians about recipes, how to replace certain foods, and which lifestyle changes will best support their recovery.

Food Squad also has developed a tablet system for people older than 75 years, with the recognition that ‘it’s also a different business model for us.’ Users can play games with friends, share pictures with their grandchildren, and even start their washing machine through this system. Its unique alarm function also alerts family members if a user fails to check in through the system. Thus as Schellekens explains, ‘Our

customers pay us per month to use the system, and we even earn more on this service fee than what we earn on the food they order through the system.'

8.3 Vitality: develop new markets for out-of-home consumption

A third theme in Food Squad's innovation agenda is vitality. Keeping healthy people healthy is perhaps the most difficult value proposition, and 'Vitality is not only about products,' Schellekens explains. 'It's about helping and inspiring people to move to a healthy lifestyle. Hence we talk to HR managers, we develop vitality programs with them for their companies. In one of our projects we created for example a Food Challenge App, which gives employees feedback on how to adjust their diets in adopting a healthy lifestyle.' Food Squad also conducted projects to improve the vitality offerings provided by restaurants in of sport clubs, school canteens, and snack bars. At the hockey club Den Bosch, Hutten launched its healthiest sports restaurant contest. The healthiness of food in canteens of sport clubs is a recurring theme in Dutch media, because the healthy lifestyle associated with playing sports seems incongruous with the unhealthy foods offered in most canteens. At Den Bosch, Food Squad thus created a healthy menu, in which it also highlights explicit connections between food and top sports (see the website of the restaurant at <http://tinyurl.com/ybn5338e>, in Dutch). The restaurant does not tell people what is not allowed; it just surprises them with healthy alternatives.

Other projects focus on schools, where 'Young people are surrounded by junk food. They know that they should eat healthy and sustainable food, but it's often hard to find, especially in schools,' according to Schellekens. 'Dutch people were used to bring sandwiches to school as lunch, but nowadays students increasingly look for food in the place where they are. They spend more on food in the canteen than in supermarkets. It makes school catering an important aspect for the development of young generations. But what we see is that big companies pay schools to get vending machines on campus so that they can sell chocolate bars to students and earn money on that.' In response, Hutten started a pilot project in a school, offering menus to students that helped make them aware of healthy choices. 'We were quite successful with this project,' Hutten notes, because 'Students like our products. They would check our announcement billboards in the morning to see what's on the menu. The project was however cancelled when the financial officer of the school was replaced. The new officer absolutely didn't want to listen to any of our arguments on students' health and development. He just cared about the costs and appeared capable on his own to terminate the entire project.' Thus plans are available to increase the vitality of the school canteens, but Hutten is not optimistic about the development of this market: 'Maybe when the government decides that school restaurants have to do a better job, then we have a chance in the school market.'

The most challenging project probably has been healthy snack bars. Dutch consumers typically associate snack bars with fatty, unhealthy foods, as well as with indulgence. To integrate Hutten's vitality vision, it required substantial effort to develop snacks that featured animal-friendly meats and products from sustainable farms, without additives. Fries were cut larger than usual, to increase their taste but decrease their fat content. But Food Squad misjudged their locations; consumers were less conscious than it expected. The pilot snack bar did not generate sufficient traffic necessary to break even and closed just two years later. Still, 'We have to help nature and society, so we should make sustainable investments. In that process, failures are also allowed. Without failures, we won't learn anything. A tolerant environment is a suitable environment for innovation,' Hutten reflects.

9. Trade-offs: pros and cons

Some of Food Squad's projects opened new doors for Hutten and its partners, and some led to commercial failures, but they consistently generated new insights and experience. Food Squad is therefore doing what it should be, though its stability and survival prospects remain subject to discussion. With 15-20 projects a year, the Food Squad is still relatively small and dependent on the few projects and acquisitions it can

undertake each year. It depends substantially on the well-being of its parent company Hutten too. If Hutten had to lower its investments, for any reason, what would become of Food Squad?

Thus the argument for spinning Food Squad off and making it independent of Hutten is straightforward, according to Schellekens: 'If other companies are investing just as much as Hutten, the innovation scale can be multiplied, the influence can also be multiplied, with multiplied resources in this innovation center.' By enlarging its scale, more projects and ideas could be tested. Not all the projects would be pertinent to Hutten, but the net benefits for Hutten may increase. The expanded projects also should exert a greater influence on society. If more talent and more resources engage in the innovation center, then more ideas can be developed into actual innovations.

In turn, it could fill a larger public role and thereby benefit from innovation subsidies provided by the EU, the Dutch government, or the province of North Brabant, as well as from nongovernmental organizations. If it collaborates more closely with health care and educational institutions, the center should spread its innovation benefits among not only private partners but public ones too. Thus 'If the center becomes independent, the funding streams are more transparent, because money is not transferred to the Hutten company but to the center responsible for the research. If we do research on the impact of food on chemo therapy for cancer patients, it is crystal clear where the money goes,' Schellekens argues.

Bob Hutten understands these arguments. However, more investors also means that Hutten cannot control Food Squad. Everyone that invests in the platform would have decision power, and projects might take longer to start, awaiting a decision at the next steering committee meeting. For Hutten, 'We are a family company, [and] one good thing about family company is that we make decisions fast, and we're flexible.' If Food Squad gains independence and grows larger, efficient decisions might disappear, because determining whose opinion is most influential requires extensive discussion.

The project organization costs also would increase. As a wholly owned department of Hutten, Food Squad benefits from staff services, like legal advice on contracts and financial administration. Once Food Squad becomes independent, such services would no longer be freely available.

And finally, but certainly not least, Hutten already has invested 1.5 million euros in this innovation center. How can it ensure that its investment does not simply disappear in the larger organization? As Hutten worries, 'It's about the sustainability of Food Squad. Other companies have the same rights, but we organize it. I don't know if a reorganization will generate more results.'

Thus Bob Hutten goes over the arguments once more. The form of the organization is not what really matters, as long as it contributes to the goal of a more sustainable society, in which case Hutten gains a stronger position as a forerunner in creating value for society. His eyes continue to focus on the view of the horizon.

Supplementary material

Supplementary material can be found online at <https://doi.org/10.22434/IFAMR2018.0021>.

Tables S1. Financial information about Hutten Catering.

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