

Developing Leaders

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New Gen Leaders
Danone's Culture of Change with IESE



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It is a question the builders and managers of empires have been asking themselves since the dawn of history – How do you balance the rigidity of central control with the flexibility of local autonomy?

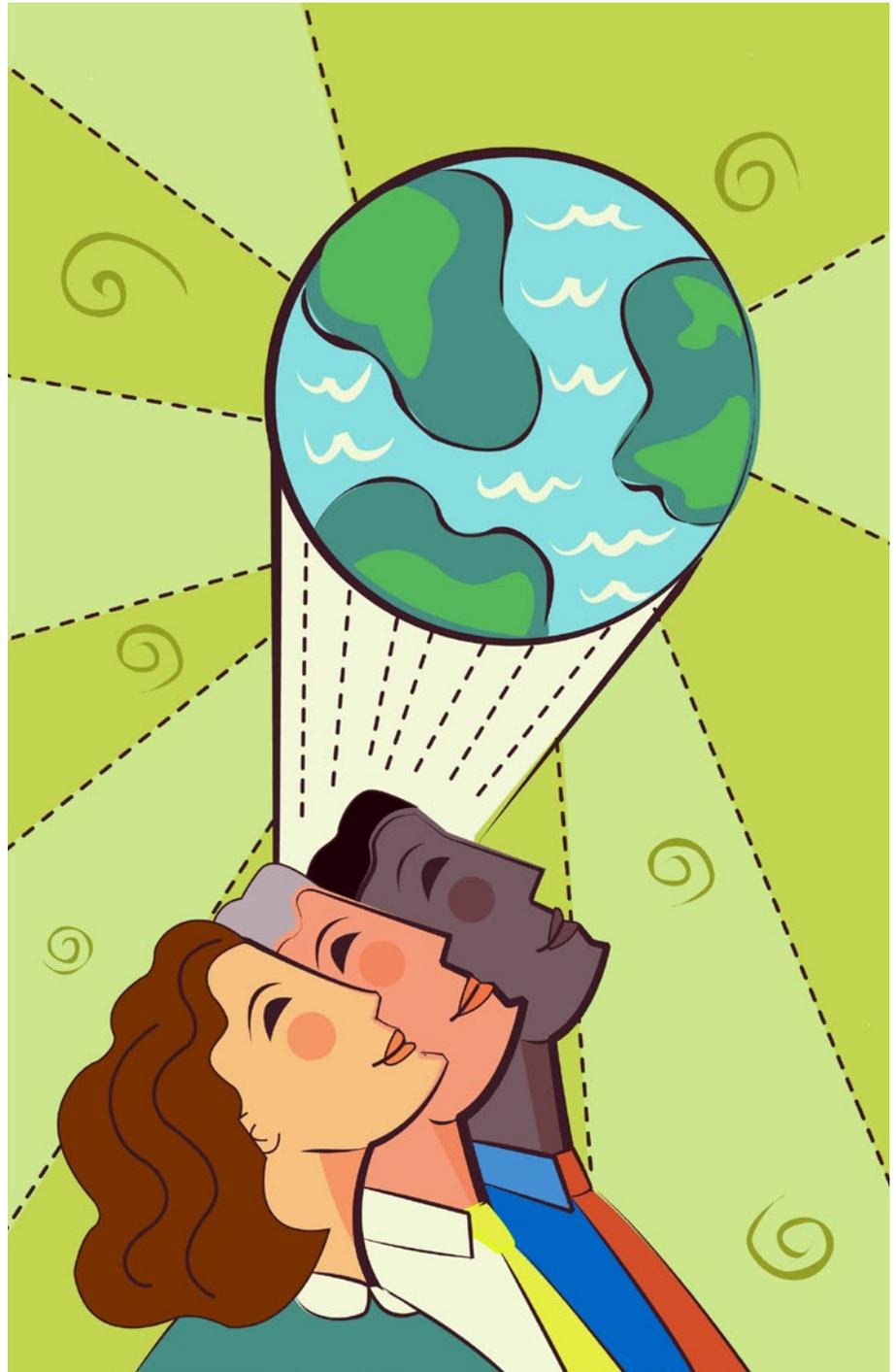
By Daniel Lentell

Danone, the multinational food-products corporation based in France, has four core business divisions: Fresh Dairy products, Waters, Early Life Nutrition and Medical Nutrition. Colour in a world map, according to the countries where Danone operates, and a global reach emerges sufficient to delight history's most ambitious geopolitical adventurers. The creative tension for Danone – or the Dannon Company, as it is marketed in the US – is a balancing act, one which places equal emphasis on local autonomy and global adherence to the company's central values. It was, after all, these values which helped nurture a small Spanish yoghurt manufacturer into a global market leader. Insiders refer to these values simply as *The Danone Culture* - and yes, the yoghurt/culture pun is intended.

As Danone looks to fortify and expand its activities into emerging markets, which often have variable business practices and ethics, protecting the integrity of the Danone Culture also becomes about protecting the brand identity of one of France's most valued corporate treasures. The question for Danone was how to empower locally-led expansion, both successfully and ethically, capture market share, and avoid the kind of reputation-tarnishing SNAFUs which continue to tarnish the company's rivals. To meet the company's goals, Danone placed its bet on people development, seeking to create the next generation of leaders with a deeper understanding of the current business environment and strong leadership skills

According to Thierry Bonetto, -Group Learning Director and Global Head of the Danone Academy, the Danone Culture is emphasizing in particular *empowerment & decentralisation at country level, autonomy & entrepreneurship, networking & focus on people*. Tasked with developing the leadership and management competencies of the company's established and emerging executives, Bonetto oversees the programs which (hopefully) ensure that each individual develops as leader, while comprehending, and contributing to, the integrity of the Danone Culture across functions, CBUs, and geographies.

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In 2012 Bonetto initiated the Danone Academy's *New Gen Leaders* program. Targeted at high potential executives – identified by their line managers, and regional HR directors – the program aims to ferment the Danone Culture among the next generation of leaders.

Danone's *Leadership and Management Learning Map* clearly identifies *Next Gen Leaders'* place within the broader picture, just as the program itself establishes their individual context for participants. A key learning outcome for the planned course of studies would be to support leaders transitioning beyond specialist management in particular functions and into higher corporate positions – to create a pipeline of senior leaders.

The overarching aim was simple: to develop leadership and management competencies in order to contribute to business growth in line with the Danone Culture

Corporate clients vary in their preferences and expectations when looking for an academic partner to collaborate with on a custom program. Bonetto was clear from the start about what he required for *New Gen Leaders*. The success of a similar program held in Shanghai – for mid-level managers in the Asia Pacific Region – had established a formula he wanted to see scaled up by a business school that was able to comprehend the significance of the Danone Culture.

According to Bonetto, the final choice of academic partner was determined by the school's

- *Capacity for flexibility and customisation;*
- *Creativity and diversity of learning approaches;*
 - *Focus on the practical* – participants doing, exploring, networking and learning from each other;
- *Adaptability to regional context.*

“Decentralisation means networking is critical to the business and its culture.”
Thierry Bonetto, Group Learning Director and Global Head of the Danone Academy

For executives in every business and sector, networking opportunities are a significant soft benefit accrued from attending courses, conferences and exhibitions. Creating and building relationships, face to face, provides not only stimulation, but also insight into methods and approaches which might otherwise be missed. Without carefully crafted, centrally-led executive education programs (such as *Next Gen Leaders*) Danone's deliberately decentralised approach to global hegemony might become a blueprint for the siloing of knowledge and experience. Bonetto's final choice, from a short list of 5, of an academic partner therefore depended on the chosen school's global reach.

IESE, the graduate business school of the University of Navarra, with campuses in Barcelona, Madrid, and New York City, as well as teaching facilities in Munich and Sao Paulo, first came into prominence in 1964 by launching Europe's first two-year MBA program (under the guidance of the Harvard Business School). With the opening of its state-of-the-art New York Center building in midtown Manhattan in April 2010, IESE became the first European business school to establish permanent operations in the US.

IESE established an academic framework to carry the Danone Culture to the core of *Next Gen's* content and delivery. Xavier Oliver, a senior advertising and marketing professional, having sat on the Board of global advertising agency BBDO and chaired the company's Spanish division, is also a marketing professor at IESE – and academic director of this program. “The overarching aim was simple: to develop leadership and management competencies in order to contribute to business growth



in line with the Danone Culture while raising the overall HR value of future leaders, the way IESE enables this development to occur is through a ‘think-feel-do’ learning approach” says Oliver. These aims would be mapped across Danone’s *myself / My Team / My Business / MySociety Model*, in which participants are encouraged to place themselves, and their work, in a wider context.

The program takes place over a four-day module in Barcelona followed by a three-day module in an different EMEA city, so far Warsaw, Istanbul, Dubai and Prague have been visited during the five cohorts run to date.

The opening Barcelona module examines participants’ own motivations, what inspired them to develop, and the best means to sustain executive performance. There is also a presentation from a member of Danone’s Executive Committee. IESE also dosed the content with tools and techniques to improve business acumen, specifically in regards to:

- Industry and market dynamics
- Building business in mature markets
- Finance acumen

For a company with an eye on business expansion the content focused on how best to go about leveraging diversity rather than stifling it

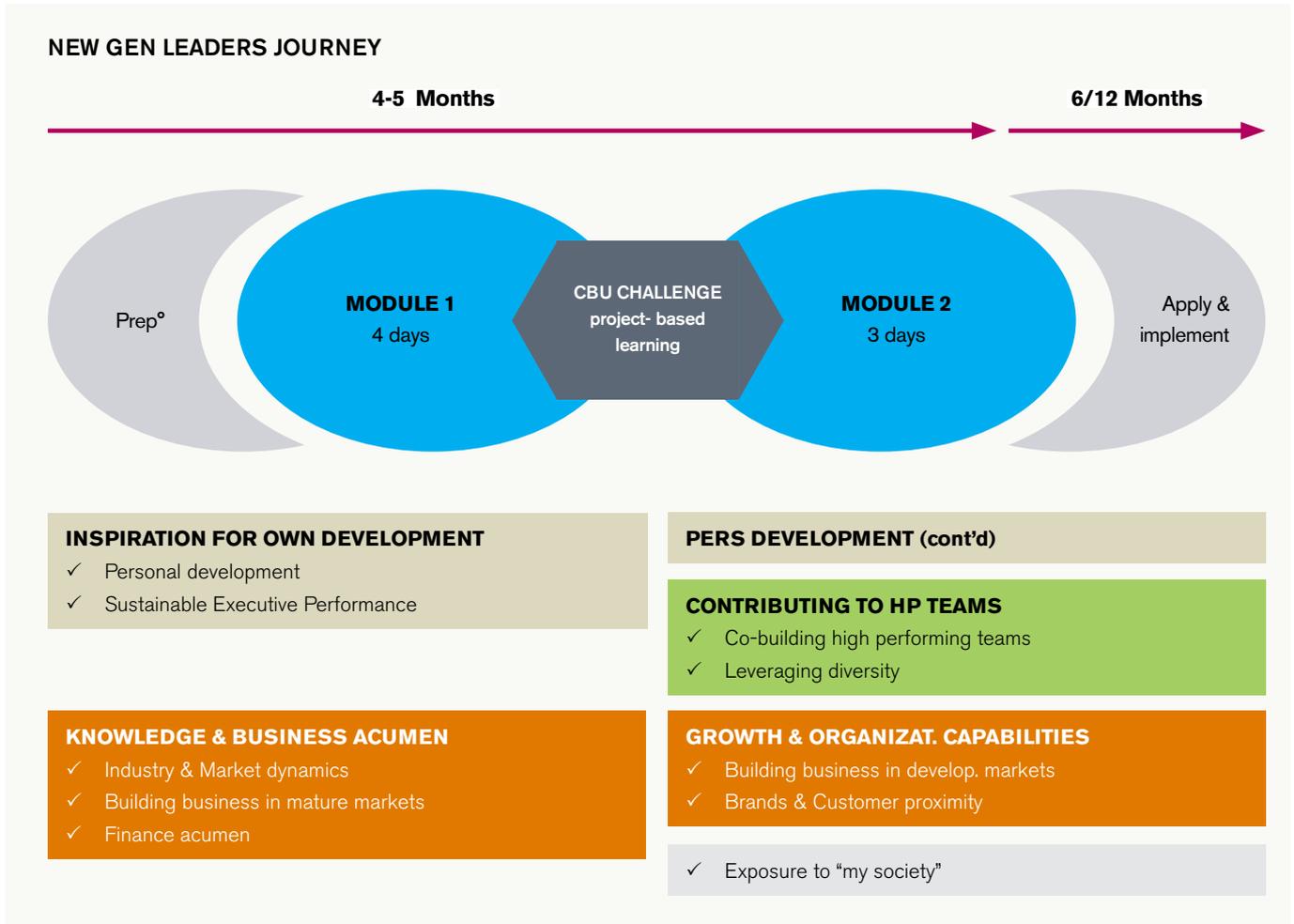
The second module continues the exploration of personal development, specifically in terms of an individual's ability to contribute as part of a high performing team. For a company with an eye on business expansion, as well as opportunities constantly opening in new markets, the content focused on how best to go about leveraging diversity rather than stifling it. The overall aim of the second module was to establish the means by which participants could identify their growth and organizational capacities, channelling that energy most efficiently into building businesses in developing markets.

"Participants on the program do not just come to an institution like IESE for training, which they can get in many places. IESE also looks to deliver moments of real change in the participants. This is achieved through the 'theory of discovery' design of the program. Central to this is IESE's strong case methodology approach, which fosters discussion and exploration of new ideas, and we combine this with experiential learning and facilitation" explains Professor Oliver.

The 'think' element of the 'think-feel-do' approach is achieved through the rigorous discussions enabled by case studies. "We torture them a little so they can go deeper and deeper into understanding the cases" the professor notes, by which he means that participants are pushed to really explore and make sense of the case dynamics; the tension and stress that being put on the spot in front of your peers plays an important learning role. It creates those vital 'moments of real change' that Oliver seeks.

The 'feel' and 'do' parts of the process are then achieved through discovery activities and the unpacking of those experiences with the faculty afterwards. "An important part of these programs is to lever the opportunity we have of bringing a diverse group of talented individuals from across the company together and creating a sense of sharing and trust amongst them and the feeling that they want to achieve things together both during and after the program. We look to develop a high-level of trust and freedom within the program so that participants do not feel restricted in what they can say or do."

In the Barcelona module there is a 'retail safari' where the participants in groups of six or seven visit innovative organizations, which can range from fashion boutiques to libraries. They meet and discuss with the owners and managers the way these have developed and, importantly why that has happened, and then the groups return to IESE to present back to the full program cohort their findings and insights and what they have discovered about themselves through this experience. Expressing their own thoughts and feelings.



In the second module there is a 'digital safari' where small groups visit businesses with 'a digital mindset' before returning to present and discuss their discoveries. These safaris broaden horizons and enable the participants to view their own roles through different lenses, but they also create a social cognitive approach to learning; where they all learn from each other in their reactions and attitudes. This is a powerful behaviour change driver and produces more 'moments of real change' for the participants in a way that traditional classroom sessions can never achieve.

The second module also sees the conclusion of the 'CBU Challenge'. This involved each participant identifying a real business challenge from one of their Category Business Unit, during the first module, in terms of a particular product line or production process. Participants go on to consider these problems in teams with members from all four main business units, but mostly though not exclusively, drawn from the same geographic regions. Each team would set about suggesting a solution to the problems identified. These in turn are examined by senior management and the most suitable put forward as coursework to be completed in time for the second module. They look for projects which were ready to be applied within the timeframe allowed, and which had a suitably high level of impact. Presentations to three CBU managing directors are then made during the second module, with the MDs asked to feedback to the presenters ways in which the projects can be enhanced rather than critique them.

There is also a stream of deeper meditation running through the program, instilled through exposure to the MySociety model and its focus on corporate social responsibility

Projects from the CBU Challenge have examined how to innovate and grow particular product lines, how to resolve issues relating to shelf-life, as well as matching local practices to reflect the wider Danone Culture. With cohorts coming from the Middle East, North Africa, South America, Eastern and Western Europe – the possible lines of enquiry, innovation and improvement are many and varied.

According to Grettel Siegert - IESE's Associate Director of Custom Programs - the aim of the projects is to get participants practicing by playing the more senior roles they hope to fill. This, more than anything, fulfils Bonetto's intention for the *Next Gen Leaders* program to become "a pipeline of leaders." (Although it does not guarantee promotion.)

Is the Danone Culture, and the way it is fermented among the company's managers, about better managing to swallow and digest new corporate acquisitions? Thierry Bonetto does not think so. Certainly, the focus of programs such as *Next Gen Leaders* is to promote participants' comprehension of market-leading brands in terms of customer proximity. Yet there is also a stream of deeper meditation running through the program, instilled through exposure to the *MySociety* model and its focus on corporate social responsibility.

"We're in the food business, it's all about health & safety... working effectively with government, scientific & regulatory agencies,... [building] sustainable relationships with partners." Thierry Bonetto, Group Learning Director and Global Head of the Danone Academy

For some companies CSR is little more than a marketing exercise, one aimed at producing column inches or social media hits – depending on the tech savvy uptake of those co-ordinating the PR stunt. For Danone, however, CSR goes hand-in-glove with active, positive stakeholder engagement. It is also an opportunity for those progressing through tailored programs, such as *New Gen Leaders*, to demonstrate extra-curricular skills and commitment to the philosophy underpinning the Danone Culture.

The CSR projects incorporated by IESE into the Danone program have included work with orphans, handicapped children, women living in shelters from spousal abuse, environmental projects - actual bridge building in Spain, as well as with farmers' co-operatives. "It's very rewarding to see the difference being made," reports Grettel Siegert. The logic behind each project is instructive as well as philanthropic, breaking down lingering conceptual barriers in participants' minds between their corporate functions and stakeholders involved anywhere in the chain from production, through distribution to consumption of Danone products.



CSR is a simple, and effective, method of drawing together the whole of each cohort through shared activity. The cohort working with orphans, for example, were asked to prepare activities and a show to entertain the children as well as delivering food items, from their cultures of origin, to a BBQ. It is a very simple way of ensuring that leaders executing a multinational food giant, do not lose their all-important sense of scale.

Danone / Dannon is a name familiar to shoppers the world over. Just as once kings and emperors sought to homogenize administrations in far flung lands, balancing central control with local responsiveness to circumstance, so too must Danone's leaders maintain the link between their multinational food chain with the individual consumer's weekly grocery shop. In addition to a certificate of completion, each participant leaves the IESE/Danone program with a valuable network of colleagues and collaborators – contacts which will enable them to support both the growth and integrity of the Danone Culture.

Xavier Oliver says of the participants that on completing the program they look to "influence the organization with a new set of values, principles and tools". As Danone establishes and maintains its presence in new markets and old, its leaders, whether individually or as a team, must be willing, and able, to navigate their particular landscape, making informed decisions guided by a unique Danone Culture which has engaged, endured and adapted for almost a century.

IESE Business School

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At IESE you will hone your strategic leadership competencies within a global framework. Our top ranked programs and world-class international faculty will help you craft strategies for sustainable growth and profitability, and acquire the vision to drive meaningful change across your organization.

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Despite much discussion about the need for leadership development in corporate and public organizations, and the considerable industry that surrounds it, this is the first authoritative periodical focused entirely on this area.

Developing Leaders looks at the critical confluence between the provision of executive education and the real everyday needs of organizations to strengthen their management teams, their corporate performance, and their leadership.

The publication presents the latest thinking and most recent developments in both academic and commercial executive education provision worldwide, what it is achieving and which are the best models for success, sharing the experience and expertise of top leaders and world class educators.

Developing Leaders is published in both hardcopy and online "page turning" format. The quarterly magazine complements the IEDP website - the definitive resource for executive developers worldwide.