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THE UNIQUENESS OF DANONE

by

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Overview

At a time of mergers and acquisitions, and raids on the stock exchange, the Danone group, started thirty years ago by Antoine Riboud, is a very tempting target. With its well-known brands, global development, and continuous innovations, and in spite of its relatively small size in comparison with other important companies in the food processing industry, it is hardly surprising that the leader in fresh dairy products attracts attention. But is it a potential takeover target ? 'No !' says Franck Riboud. If a takeover were to succeed, it would fail to embody the spirit which makes Danone the unique company that it is and which makes it so attractive. The original philosophy of the company consisted of a mixture of unusual organisational choices, the wish to give managers more responsibility, the flexibility to adapt to market characteristics and, above all, a project which combined economic performance with people in mind. There is no need therefore for sophisticated capitalistic strategies to protect Danone : its prosperity lies entirely in its workforce and its employees' commitment to the group project.

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TALK : Pierre Deheunynck

I have worked for Danone for twenty years. I have taken part in operational, commercial and industrial assignments, but most of my work has been in the development of organisations, part of the human resources department. Prior to my current position, I was head of human resources for the Asia/Pacific region. After six years in Asia, I returned to France in the summer of 2005. Today I am in charge of the People and Development Organization department which comprises four important departments. The first department covers the development of organisations : many of the projects in this sector are under the supervision of the operational vice-president, and concern the establishment of a model of internal growth and Danone's governance. The second department is devoted to the education and development of our managers. The third is responsible for the management of careers and the development of the 800 Danone directors who are members of our management teams. The fourth deals with human resources policies and information systems.

The concept of 'Uniqueness' emerged in 2005. In July, something occurred which was beyond our control and took us by surprise : rumours started circulating that Pepsi was intending to launch a hostile takeover bid to take control of Danone. For about twenty years, we had to contend with frequent rumours and over the past five years these rumours had become increasingly persistent. On this occasion, there was a genuine risk.

Danone employs 88,000 people and has a turnover of 13 billion Euros. There are three core activities : biscuits, fresh dairy products, and water. Today we are well placed in all of these sectors. We are joint leaders with Nestlé in the water market, and we are the market leader in fresh dairy products with a turnover of 7 billion Euros : Nestlé's turnover for all of its activities amounts to 47 billion Euros. Unilever, even though it has interests in other areas of activity, is three times bigger than Danone. We are under pressure because of our size relative to that of our rivals, in spite of our large market share.

In 1996, when Franck Riboud became president of Danone, he changed the focus of our activity by shifting it significantly towards the health sector. We were regularly criticised for not having protected our capital. Our president explained thoroughly both to financial analysts and the market as well as to the group's managers, that the only correct way for us to remain independent was to be competitive. In this way we would gain the trust of our shareholders and, as a result, benefit from the highest share price in order to raise the group's value to such a level that we would be protected from a takeover.

The Pepsi project made us realise that Danone's economic value alone would no longer help us preserve our independence. This was a painful realisation and it changed our collective understanding. Getting results is essential for our managers. It is engraved in the Danone culture, and Franck Riboud has always said that we should be the 'fastest moving goods company'. This time, even though our profitability had grown at a faster rate than that of our competitors (today we have reached our target market of 9 % growth), we realised that this would not be enough to protect us.

Franck Riboud reacted in spectacular fashion. He immediately changed his report to the board, to the analysts, to the banks, to the media and to the Danone employees. He admitted that Danone's economic value could no longer effectively be its sole guarantee, and that we were so specialised that if we lost this uniqueness by becoming part of a much bigger entity, we would lose our capacity to generate this economic value.

An unusual business model

According to Franck Riboud, our management methods and our commitment were responsible for our economic value. Inside the company, we appreciated what he said, but, to tell the truth, we did not know what to think of this 'culture' issue. Jérôme Tubiana, the forecasting director, Laurent Sacchi, the communications director, and I were in charge of

carrying out a study to see if we were indeed unique in our methods of functioning. This study, entitled 'Danone Uniqueness', included interviews with a large number of important people in the field who were not Danone employees, such as former managers, journalists, shareholders, members of the board, suppliers, and so on. We wanted to discover how Danone was regarded by others and the nature of this uniqueness.

Results showed that we did operate differently to our direct competitors and to other international mass consumption companies. We had our own particular recipe with specific ingredients from which emerged a distinctive business model.

A mission

There are three ingredients which are inseparable in order to understand our uniqueness. Firstly, we have a mission. Since 1996, when Franck Riboud changed our focus and abandoned our packaging activities, Danone has developed a mission to bring good health to the greatest number of people by an appropriate diet. It is important to us not only to improve health by nutrition, but also by reaching consumers who do not normally have access to health products (including French consumers), because these products are generally too expensive for some of them.

A model of 'unique management'

The second ingredient is having a unique management model. Danone is what is called a 'glocal' company, in other words it is both global (thereby benefiting from economies of scale) and local (since its unit of operation is adapted to its surroundings). The business unit is the subsidiary, established in any country which functions for local consumers. Danone is therefore 'glocal', but in the first place it is local, and then global. We are biased towards local products for local consumers at local prices and sometimes with local brands, rather than our productivity. As far as this is concerned, it is important for us that the Danone brand, which is visible everywhere in the world (in more than 50 countries), is seen as a local brand. In the United States, the company name Dannon is not written the same way as in France. Whenever we have not been successful in integrating a new country, we have experienced major difficulties. For example, recently in Turkey, Danone was boycotted (as were other French companies) and our activities were widely affected because of the stand taken by the French government.

The second aspect of this model is what is referred to as the managerial community. Historically, Antoine and then Franck Riboud managed all our 120 managing directors directly and in a very precise way : 80 % are operational directors of business units in various countries and 20 % are functional managers. As a result of this community, we are able to react in a very decentralised manner while benefiting from unique connections and interactions between different subsidiaries in our global network.

A project for society

Finally, the third ingredient, which is just as essential as the others, is our project for society. In 1972, in a speech he gave in Marseille to a panel of managers from the CNPF (Conseil national du patronat français : an organisation representing French employers), Antoine Riboud described Danone's corporate project as a dual economic and social project. He implied that it was impossible to have economic development without the development of the men and women who worked in the company. From the end of the 1990s onwards, we developed this project, called 'The Danone Way', with the ethos that the way in which we operate is as important as the result. This may appear to be very straightforward, but in fact we worked very hard on this principle and we even included trade unionists. Vigéo, the company which Nicole Notat (former general secretary of a confederation of employees) manages, still audits in the same way in which Danone operates, and this is something to which we constantly refer in our management. It is this humanist model – even if the word is sometimes disputed – which we want to demonstrate. Can a company be humanistic ? We

think so, even if we have to close factories and sometimes lay off employees or take difficult decisions.

These three ingredients, which are in accord and inseparable, define Danone's uniqueness.

To ensure a long-term operation

It is very important that our operations and performance should be maintained in the long-term. This is the challenge now that Danone has changed from holding a major market share and occupying a dominant position in France and Europe, to a situation where less than 20 % of our turnover is generated in France and less than 50 % in Europe.

We worked with our various management boards to develop a strategy to make people aware of the nature and definition of our uniqueness and to explain it to all those employed in our subsidiaries around the world. Firstly, the managing directors came together in workshops to analyse the results of this study, and to understand the action which we could take. Then, we decided that the positive aspects which had been highlighted ought to be the main way in which our efficiency and competitiveness could be strengthened. In 2006 and 2007, the subject chosen for in-house discussion was uniqueness. However, if improving economic performance had been the only objective, this would not have been very exciting. At Franck Riboud's instigation, we highlighted four essential aspects which we considered necessary to strengthen our global performance.

The first is our capacity to learn and to make use of the in-house knowledge we possess. Some of our rivals, because of their size, have 3 or 4 times as many researchers as we do. And yet, Danone launches just as many new products. There must be a good reason for that !

This can be attributed to our particular ability to react to the situation which was highlighted by the 'Uniqueness' study. Franck Riboud tends to say that we are good at thinking on our feet. However, the study also showed that we developed this capacity because we were not as good as others in our anticipation of events because we were too focussed on the short term and in achieving our results. The opinion research we carry out every two years with Danone employees and managers confirmed this weakness. This made us think that our budgetary procedures should be uniform and in line with the strategic plan so that we could devote ourselves more to the medium and long term. Two significant examples demonstrating our ability to learn are the 'Growth Too' project, and the way we manage 'blockbusters'.

'Growth Too' is an in-house project which is a follow-up to 'Growth One', a project which we carried out with help from consultants. The objective was to help us understand the processes accounting for the profitable growth of our turnover. In 1996, Franck Riboud determined that growth was the crucial priority to achieve Danone's refocusing project. 'Growth Too' was carried out within Danone with Danone's managing directors and their teams. It was a project on an unprecedented scale whose aim was to analyse all the growth processes. It was based on all the 'ingredients' which were identified by the 'Uniqueness' study.

We chose thirty of our subsidiaries and we regrouped them into cluster groups according to their growth ; those whose growth was weak, those whose growth was unpredictable, and those whose growth was strong and long-lasting. In each subsidiary, we pinpointed the ingredients which enabled us to understand their specific situation. In this way, we were able to identify eight processes for growth which corresponded to our strategy. I shall mention just a few.

Affordability and proximity

The Danone 'affordability' factor is an economic model whose aim is to make products accessible to clients, both in terms of their price and the necessary nutritional qualities. We noticed that some business units (especially in India and Indonesia) experienced exceptional

growth, and at the same time were capable of creating products which were of excellent nutritional quality. They used an economic model which allowed them to target consumers who had very small incomes, but nevertheless allowed the business units to achieve the profitability objectives which had been set by the group.

We tried hard to discover the conditions which gave rise to this model. Usually, companies dealing with consumer products reduce the weight of the packaging to make their product more affordable, but they still remain just as expensive per litre or per kilo. Our model is different. It is based on very simple packaging, revamped production processes, and local distribution.

We operated in the same way for each of our eight processes. We reproduced them and transferred them to other subsidiaries using workshops which had been set up in countries with the highest expertise. The 'Affordland' workshop takes place in Jakarta. The workshop for one of these processes lasts three days and is open to all management boards throughout the world.

However, our products have to be accessible not only in terms of their price, but also everywhere. We refer to this process as the 'Proximity' process. We have to make sure that consumers have access to our products within a radius of less than 200 metres, wherever they are. In Indonesia, we now have 1.5 million sales' points whereas in France, a few important clients account for 95 % of our turnover.

People & Organisation

The second example is called 'People & Organization' (P&O). At Danone, we realised that all the business units which were sustainably competitive were capable of capitalising on five aspects in particular. Each business unit had a very clear strategy which was the same for all of them, and which was also used by the operators. They worked on their process and organisation more than most, and none of them had focussed only on the brands. Each one had its own culture, which was of course the Danone culture, but it was adapted to its surroundings, and improved. Particular attention was paid to the employees in the organisation. All the business units had programmes and projects with the intention of carrying out actions which were both rewarding and typical. Finally, it emerged from the 134 questions of the in-house study that there was a particularly strong degree of harmony and close proximity between the subsidiary's managing team and the employees of the production units or in the distribution field. For example, in their understanding of the strategy, these subsidiaries had no more than five points difference between the operators and the management team, whereas in an ordinary subsidiary, the difference is on average twenty points. We carried out the P&O workshop in London because this is where the most efficient business unit is located. Our partner, the London Business School, tested this model for us in a mini-case study to make sure that what we offered our subsidiaries was indeed 'best practice'.

The blockbusters

The 'blockbusters' are the third example of the use of ingredients described by the 'Uniqueness' study. These are the business models of the fresh dairy produce sector. Brands such as Actimel or Activia often have turnovers in excess of one billion Euros. We revamped them and now market them in all the countries where we are present, adding, when possible, a local dimension. We are a global brand but we appeal to local consumers by bringing them an additional health benefit at a local price.

Let us take the example of Activia, a yoghurt which aids digestion because of its fermentation products. We adapt and adjust our marketing of this product by listening to the demands of our consumers. From this point of view, marketing techniques vary between France and Japan because these markets have different expectations. The product's ingredients and the scientific benefit it offers are the same in both countries. For these

'blockbuster' products, we use common methods and sometimes common management, but we adapt to local conditions, unlike rivals who prefer more global marketing. Our approach is based on local teams which get support from teams all around the world which have already acquired the necessary knowledge.

Innovation at Danone

Danone has invested a great deal in innovation. However, as the 'Uniqueness' study showed, we are not as innovative as we thought we were, and we are better at pinpointing good practices, including those outside Danone, and making them successful.

The Actimel example is significant in this respect. It is a milk product which is fermented with *Lactobacillus Casei Shirota* and has been manufactured by the Yakult Honsha Company since 1935. Today, Danone is the leading shareholder in this Japanese company which is the world number one in probiotics, continues to be managed independently, and is quoted on the Tokyo stock exchange. Yakult has created the probiotics distribution circuit with its 'Yakult Ladies': they are women who go from door-to-door distributing the Yakult products to female Japanese consumers. Before launching Actimel, we studied Japan in depth because it was considered a model country with respect to the expected profits from fresh dairy products. We then identified a ferment, the *Lactobacillus Casei Immunitas*, and launched Actimel using our own marketing model. At the present time, Actimel is a huge success with worldwide growth of 30 % every year, and a proven health benefit as demonstrated by numerous clinical studies.

Danone is a company capable of adapting itself to its environment and which can therefore be called 'biological'. We do not always invent new products, but due to our know-how we manage to create original solutions which allow us to strengthen and develop our innovations. Whatever these solutions may be – not only regarding products, but also organisational solutions – we intend to be innovative. We hold workshops with teams that think up new solutions, and we intend to promote more of the things that we have devised. It is clearly not systematic and radical, but we constantly ask ourselves whether we have been unique in the way in which we have devised our innovations, projects and programmes.

The Networking initiative also comes from the 'biological' company model. It is part of the challenge which we took on when deploying SAP (Systems Applications and Products), our ERP (Enterprise Resource Planning). Like other companies, we had difficulties when installing this ERP, but using a programme called 'networking', we were able to use good practices developed by the organisation. We devised various original ways in which we could transfer them, including an exchange place which is both physical and virtual called the Market Place¹. We now organise about fifteen Market Places every year, and this practice is progressively becoming a management tool for sharing and exchanging ideas. This now determines our organisational choices. When we establish a structure, the issue is whether it will enable us to network more.

Be different !

To strengthen Danone's competitiveness, Franck Riboud wanted everything we did to be different, and for our solutions to be original and specific. Antoine Riboud said that if we created a water-bottling assembly line like our rivals, we would scarcely be better or not better at all. The machines and information systems would be the same. The only difference would be our model of organisation. Antoine Riboud said 'Set yourselves apart from the others, not by buying machines, but by the way you set them up and train the operators.' In retrospect, it is clear that the 'uniqueness' aspect has always been a cultural feature at Danone even though we had not realised it before the 2005 episode. Therefore, whatever the

¹ Franck Mougin, Benedickt Benenati, *Danone se raconte des histoires, une version latine du Knowledge management, Les Annales de l'École de Paris*, Vol. XII.

subject, regardless of whether it is important or not, we always try to be original, and this makes us stand out from our rivals.

Within the company, we try to avoid committing ourselves to an organisational model which would be 'standardised', or to our rivals' model, even if it is attractive. This is why we do not organise sales globally. Our sales networks are organised on a regional level – just a country would be too small a scale – and according to product categories (biscuits, cereals, drinks, water and fresh dairy products). We also try to avoid integrating all these functions completely. This would be easier and would undoubtedly save us a great deal of money, but we think that we would lose certain characteristics of our organisational model, such as enterprise or allowing managers to be responsible for their sites. The reason we know how to attract managing directors and keep them is because when they are in charge of a subsidiary, not only are they in charge of marketing and sales, as in other organisations, but also they are in charge of the factories, product development and so on. They are firstly entrepreneurs, and secondly employees.

We still want to be 'glocal' in our organisational model and to function as local entrepreneurs with the same speed and ability to react and to understand our market as a local company. This is not the approach usually taken by multinationals that have a more structured and centralised organisation, especially for part of the flows of products and money. However, for the time being, and we hope for a long time to come, it will be our organisational model because we think that it is at the core of our capacity to create economic value and constitutes one of the reasons for our ability to react and to adapt.

Of course, all of this makes the management of central and corporate functions a great deal more complicated. If we appeal to managing directors of subsidiaries, we appeal less to functional managers. When managers come from rival and more centralised organisations, their objective is seen as more complex and they have to change their method of functioning. Central functions manage by influence rather than on a hierarchical basis. People that come to work for our company who have worked in these multinationals say that we are the champions of the exception. Our only limit, always for reasons of efficiency, is that the exception does not prove the rule.

The rapprochement between Danone and Numico

In July 2007, Danone reduced its investments in the biscuit sector and acquired Numico. This gave rise to many questions, both inside and outside the company, because biscuits were one of Danone's core activities. Biscuits are also a source of nutrition in emerging countries (it is easier to transport a dry product than a fresh product in countries such as Indonesia) and the sector was successful in terms of affordability.

However, this sector is problematic because of the obesity issue. Many people assumed that the decision to reduce investments in this sector was partly for this reason, and also because this activity is not a very fast-growing sector compared to other foodstuffs.

At the same time, the decision was taken to invest in Numico. This Dutch company has two main sectors : baby food (it is one of the world leaders), and medical nutrition which is based on a strong scientific foundation and provides hospital patients and the elderly with the nutrition they need.

We were already involved in the French baby food market, with a 50 % market share with our Blédina brand. Now, by incorporating Numico, we are achieving the aim we set ourselves in bringing 'health by nutrition to the greatest number of people'. We provide the nutritional needs of the infant for life, and potentially for everyone in the world.

It is also part of our uniqueness. Of course, we are not the only company in the health market, and we are strengthening our position significantly. Presently, we are completely in line with the strategy which Franck Riboud set out in 1996.

What are the prospects for Danone's Uniqueness ?

Franck Riboud met Mohamed Yunus well before Yunus received the Nobel Peace Prize. Yunus outlined his micro-credit work in Bangladesh and explained the problems of consumers in that country. Franck Riboud appreciated the nutritional requirements and felt that here was an opportunity to construct an economically affordable and viable business model. They decided to create a social business starting with the manufacture of fresh dairy products. Any profits were to be reinvested in order to develop the activity. We hope to cover the entire country in the long term. This project follows the same line of thinking as our mission, and the dual economic and societal project.

The following year, we built a factory using a unique model in terms of the tools and materials used, and respecting the environment. At the same time, we studied the nutritional deficiencies of Bengali children with the permission of the local authorities, and working with the Grameen Bank, the first micro-credit bank in Bangladesh. Our project was vertically integrated, and today it enables us to distribute fresh products which cover 80 % of the daily nutritional needs of the children. This is very difficult to do, and we are still in the learning process, but it is an extraordinary experience in its own right, and, for the internal organisation. This experience gives us a unique form of learning. Our understanding of Bangladeshi consumers, and the scientific knowledge which we are now capable of developing, are both absolutely essential.

I would like to talk about the origins of the Danone Communities unit trust. This year, the board of directors and the general assembly of shareholders voted for the creation of this unit trust in order to finance independent social projects stimulated by the Grameen Danone model. It is impossible to copy this project on a large scale for the simple reason that our shareholders invested in Danone with the aim of seeing their investment grow. They did not necessarily choose Danone for our social or societal commitments. We started this unit trust, which helps us to raise funds, using both external partners and banks, but we also asked shareholders to transfer their dividends to this unit trust. In addition, we invited Danone employees to invest all or part of their stake and profit-share in this unit trust. In 2007, a little more than 30 % of our French employees decided to do this and we are very satisfied with this result.

At the present time, we have been able to raise significant funds. This gives us a considerable capacity to deploy and develop new products. We have created two ways of controlling this development. The first is internal. It is the social innovation committee whose aim is to study all the projects for the creation of social businesses which are submitted to us, wherever we are located in the world, either through Danone colleagues or from people outside the company. Today we have a portfolio of 17 projects, and we hope to launch the first ones very soon. The second way is through the social committee which is appointed by the Danone board of directors, as is the audit committee, and which decides where to place investments made from the Danone Communities unit trusts.

Grameen Danone's purpose is to be a profitable activity because, if not eventually, the charity will run out of money. Muhammad Yunus' reasoning is that one must create profitable activities which enable one to duplicate the model. When Grameen Danone is profitable, we will be able to build a second factory. Our plan envisages 50 micro-factories serving micro-regions, the products being distributed in the same way as the Yakult Ladies model. We have created the 'Grameen Danone Ladies' who, every day, bring fresh products in cool-boxes to consumers who often cannot afford to buy such products other than on a day-to-day basis with their daily salary.

When we start an activity in a new country, we invest with the aim of making a ROIC (Return On Invested Capital). This is a financial indicator. In Bangladesh, however, other criteria are important. Of course, we hope that we will be profitable one day. However, our

project with Grameen Danone initially consists of creating factories and jobs, and helping to solve problems of public health due to nutritional deficiencies facing Bangladeshi children.

Of course, we benefit from the agreement between Muhammad Yunus and Franck Riboud, but can we not create value both on an economic and on a societal level ?

DISCUSSION

Uniqueness and takeover bids

Question : *Using such an approach, do you think you have succeeded in protecting Danone from future takeover bids ? Is such an approach your only method of protection ? Will financial analysts approve these views ?*

Pierre Deheunynck : It is one of our main ways of protection against takeover bids. This year, we are launching an employee shareholding programme, but it is still quite modest, and we do not have a shareholders' alliance which would allow us to protect our capital. Franck Riboud insists on three elements which are likely to strengthen our independence : the choice of management teams, economic performance – which increases the value of the company and, as far as the acquisition of Numico is concerned, aims to strengthen the company – and our uniqueness, which is a very stimulating factor. We are motivated by the concept of devising original solutions and by each person having the capacity and independence necessary to implement them. It is an element of commitment for every Danone employee and represents economic and societal efficiency.

We have very attractive brands with a unique place in the health sector, and we are the leading company in fresh dairy produce. Those who wish to buy these brands and change the position of the company would risk changing the value of these brands irreparably.

Q. : *The story of your company includes many successful takeovers of other companies. Therefore, there is no reason that, on the face of it, one day Danone itself might not be the subject of a successful takeover. So is the uniqueness the product of rational reasoning or that of a more emotional desire not to mix with others ?*

P. D. : Nestlé has existed for 100 years ; Danone for only 35. We are still very young and still developing. The Uniqueness approach is only two-and-a-half years old. In the beginning, Danone developed enormously by external growth. However, from 1996 to 2006, we did not make very many important acquisitions, and we had even reduced investments in sectors showing weak growth or which were outside our core strategic activities.

Is uniqueness rational ? Not at all ! The first question in the Uniqueness study was 'what defines Danone ?', and no-one mentioned our brands, our processes or our tools. The answer was 'your culture'. The difficulty then comes in describing it ! One of its constituents is the emotional and the affective aspect. We were happy to hear Franck Riboud talk about our uniqueness which was so special that if anyone tried to change it, we would lose our ability to create value. The Uniqueness study helped rationalise all of this, and now we consider that this identity has indeed been part of the creation of value at Danone. We think that tomorrow, Danone's share price will not only perhaps be the result of our economic performance, but also of the value which we create in the environment and in society. With this in mind, our experience in Bangladesh is quite representative of our ambition.

Is the dual project being reinvented ?

Q. : *Does Danone's new unifying myth give symbolic legitimacy to Franck Riboud following the dual project devised by his father ?*

P. D. : For the past ten years we have not spoken enough about the dual project even though we continue to implement it. Today, Franck Riboud's intention is not to reinvent it, but to develop it. He has the trust of the market and he trusts our capacity to take it to another level

with respect to the dual project which his father devised. The Uniqueness study highlighted the importance of the founding president and Franck Riboud in the Danone culture, and emphasised the need for the organisation to continue the work in order that the entire company was united in the dual project, and that each employee should adopt the model based on this dual project.

A complexity which motivates and protects

Q. : *Is the organisation of a delegation, as you have described, a strong motivation for the managers as well as a formidable exercise for the head office ?*

P. D. : Organisation is very complex. Seen from the outside, some people are surprised that, despite it all, we can still be competitive and efficient. The consultants with whom we worked to install SAP kept the same teams in place for the five years' duration of the project because understanding and integrating the organisation is difficult. However this organisational choice is, above all, determined by our constant concern to be close to the consumer. Managers who come to work for Danone do so because they are in charge of a subsidiary in a country with its entire responsibility. They are actually presidents and there is no particular style : Franck Riboud considers them as such because he wants to make them aware of the responsibility he has given them. Despite this, these managers, who have strong personalities, work together in the Club of managing directors which is led by Franck Riboud and his team. This is also a feature of Danone's uniqueness. There is a very active club of Danone's former managers.

Our Achilles' heel is the organisational model. A great deal of our efficiency relies on our subsidiaries' management teams. We have to make sure that we have a collaborative and collective management which is likely to guarantee our long-lasting economic performance.

Q. : *Can one say that this complexity protects your company ? If a rival wanted to mount a hostile takeover of Danone, he would be completely unable to make the components work because each component has its own specific reasoning which is not the same as traditional reasoning.*

P. D. : I agree, and this is what Franck Riboud explained to potential buyers, and I think that they realise this too.

Presentation of the speaker :

Pierre Deheunynck : began his career at BSN (Boussois-Souchon-Neveusel) twenty years ago. He worked both in France and abroad in human resources for Danone, including six years as human resources director for the Asia/Pacific region. He has been in his current position for two years as Senior Vice President for People and organisation development. His team covers four areas : organisation ; development and learning ; people and competency development (the management of the eight hundred Directors, members of the executive committee of the business units) ; and the human resources policies supported by the Human resource information systems.

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