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STORY-TELLING AT DANONE : A LATIN APPROACH TO KNOWLEDGE MANAGEMENT

by

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Overview

Dissatisfied with the limitations of traditional knowledge-management techniques based on technology, Franck Mougin and Benedikt Benenati devised original methods for Danone's managers to discuss each other's successful methods of operation. When someone who has a problem meets someone who has a solution, and if they are helped by an intermediary ('the facilitator') in a friendly atmosphere, an exchange of successful techniques can take place. It is a 'nice' story which is worth telling. Furthermore, these exchanges between managers who are 'in the field' mark the start of a new method of non-hierarchical management. However, these 'good technique markets' only work if problems are identified and noted down, the presentation is defined from the outset, and the exchange of experiences is followed up at the end of the meeting.

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TALK : Franck MOUGIN

In order to achieve a global dimension, the Danone group refocused on three sectors chosen for their sustained growth : these were fresh dairy products, drinks and biscuits. Between 1997 and 2000, Danone acquired either complete control or in partnership about forty companies throughout the World. We are now a company with ninety thousand employees in one hundred and twenty countries whereas we started off as a Franco-Spanish group with fourteen product sectors in Europe.

The pre-requisite for maintaining our independence is improving our performance. Our first challenge is to be the company which has the fastest response. Our competitors are two to four times larger than we are, but we want to be the first to launch products on the market and to meet customer demands. If we cannot be big in size, then at least we are shrewd, a word we value at Danone.

Decentralisation and integration

Although our group is getting larger and larger, our president reiterates his commitment to decentralisation and his desire to remain in touch with the markets. In the group, a managing director who is in charge of an activity in a country is the decision-maker even if he operates in a cultural environment which helps integration. Headquarters can merely suggest options to him, but cannot impose conditions. We think that there are more disadvantages than advantages in looking for synergies and the success of our decentralised management can be seen in our local brands in China and Indonesia, for example. The desire to preserve our autonomy, while at the same time integrating entities into organisational and cultural plans, led us to develop what we call the *networking attitude*.

In an important group, certain tools for running the company are necessary and like all large companies, Danone has ERP software. Those in favour of centralisation expected a tool which was capable of controlling and managing the activity ; as far as I was concerned, I thought that it was a reasonable way of helping us to boost business. The installation was difficult. The first units which were asked to adopt well-defined procedures experienced difficulties. However, since headquarters is not powerful enough to impose a specific way of proceeding, we encouraged direct discussion between departments that were about to install the ERP and those that had already tested it, in order to avoid mistakes. This was how the networking and exchanges of 'good practices' came into existence.

Direct discussion between managers

In the beginning, we tackled knowledge management in the traditional way, using technology, by installing files, databases, a network etc. Those who were involved were not ready and consequently this method did not work. We therefore decided to look at behavioural patterns.

Usually when a first-level manager has a problem, he goes to his boss, who in turn asks his boss, etc. This procedure continues until a level is reached where those in charge of different units discuss the manager's problem among themselves in a non-hierarchical way. The question is opened for discussion and a solution suggested : this solution then goes back up through the hierarchical pyramid of this unit and then down the hierarchy of the other unit. At each level, the problem may become more complicated, may take more time and may result in a loss of information.

Direct discussion between managers at the top level is more efficient. Although this may appear straightforward, the procedure is difficult to put into place as it clashes with traditional managerial culture. Bosses are reticent to let their teams have direct discussions. However, in a group employing ninety thousand people, the solutions to the problems of one team are likely to exist either entirely or partly elsewhere. It is therefore a case of organising contacts

to increase the circulation between the levels at the base of the pyramid. Our target population is the eight thousand four hundred first-level managers.

Important cultural and organisational issues

The word *networking* includes the word *working* and it is indeed the method of working which we are changing by introducing the concept of working using networks. We are changing behaviour : the manager on the lowest level of the pyramid should react by asking his colleague (his hierarchical equal) about a problem, and not his boss.

In so doing, we encounter obstacles such as the fear of becoming useless. If an employee puts forward an efficient method which he has perfected, he then risks losing control of it, of no longer differentiating himself from others and no longer being necessary. This makes one think of the syndrome of “*not invented here*” ; adopting the solution of someone else signifying that I do not know how to solve the problem myself. Bosses also have a sense of fear ; if members of their team find solutions, then the bosses are of no further use.

Starting at the end

To solve these problems, we started at the end. In traditional knowledge management, one starts with the databases, then the content and finally the networks. We did the reverse of this initially creating a culture of discussion and contact, sharing and solidarity. We gave the managers a desire to work in networks and this is why this process was managed by the human resources department rather than by the IT or organisation departments.

TALK : Benedikt BENENATI

In view of the size of the group and the reduced means reserved for knowledge management, we cannot lead a project but merely make it smoother.

The ‘nice’ stories

Based on my previous experiences, I operated on a principle which is very popular with the Anglo-Saxon world, namely ‘keep it simple and stupid’. We had to sell the idea by explaining things simply, almost simplistically. Managers who have a problem are the ‘takers’ ; those who have solutions are the ‘givers’ ; and the discrete intermediary who organises the fruitful exchange is the ‘facilitator’. When the taker meets the giver and the discussion (‘exchange’) takes place, there are benefits in terms of time, mistakes are avoided, and there are results. This becomes a ‘nice story’.

The networking tools

We encourage the use of media, other than boring Power Point slide presentations, especially videos. Hundreds of videos present accounts of the exchange of methods which have brought tangible advantages. For example, one such video tells the story of marketing people in France who were inspired by the concept of a product which succeeded in Brazil. The giver, who was clever, makes money out of his solution and the taker does not feel as if his abilities are called into question.

The *Little book of practices* lists the ‘good practices’ which are displayed on one page which sums up the problem, the solution, the tangible advantages and the practical details of putting them into practice. The taker is satisfied with the solution, and the giver gets a listing in the book. Sometimes I substitute ego management terms for knowledge management terms and therefore the use of photographs of those involved is important. These little books which formalise the knowledge are our version of the intranet sites of important virtual companies.

The market place

We have already organised eight 'market places', covering all the departments in the group and the three sectors. The last market place was for R&D managers ; the next one will be about security. The market is a device which aims to initiate exchanges and convince sceptics about the legitimacy of the approach, thanks to the tangible results. We have convinced the directors, who organise the conventions, to incorporate two hours of market place into the three-day convention schedule.

Before the convention, we prepare for the event. We choose the good practices, we list them in a *Little book of practices*, we devise the event around a theme (such as a typical Provencal market, a Hungarian market, Star Wars, the American West, etc.), and the givers get ready by rehearsing their presentation which does not exceed ten minutes. The market place is very organised.

The convention begins with a morning of normal presentations ; the market place occurs in the afternoon. The givers dress in such a manner that there is no visible way of distinguishing their hierarchical rank and therefore each person can take on the role of another character and overcome his inhibitions. The givers have stands whereas the takers read the *Little book of practices* and prepare to go to the market. Following the presentations, they ask the giver questions and each taker has seven cheques which he gives to seven givers as a sign that he is interested in a particular good practice : signing a cheque is not a formal commitment to the transaction. The cheques symbolise the transaction. The number of cheques acquired is a sign of the relevance of a good practice. The facilitator keeps the cheque stubs which help him follow the good practice exchanges in his community and to tell nice stories, if there are any.

The directors are often reticent before coming to the market place, but once they arrive, they are enthusiastic and these meetings work very well.

Message in a bottle

We also host sessions entitled 'message in a bottle'. The taker explains, in two minutes, using a message in a bottle to an audience of twenty potential givers who are willing to help, because they in turn will become takers. The meeting takes place without any observers, so that people do not feel inhibited to talk about their problem.

T-shirts

At one meeting where we ran out of time, we suggested that those taking part write their problem on a white T-shirt and discuss these subjects with their colleagues for an hour-and-a-half.

Virtual tools

Networking can also take on a virtual form, such as the intranet site for good practices which was created following the convention for those in charge of human resources. The *who's who* is an ordinary company directory in which each of the nine thousand individual entries includes a box entitled 'networking attitude' which people who want to take part in sharing their practices tick. We are still wary about using the virtual tools which will eventually arrive.

The communities

The communities ensure that the exchanges between the market places are perpetuated. We have identified eighty-five communities. The networks are an integral part of the Danone culture and our methods merely serve to strengthen them. The facilitators are the shy heroes of these communities. They organise exchanges between the first-level people and we feature their names in the *Little book of communities*.

Changing management

Franck Mougin : A manager referring to our approach said : « *you are changing our way of working !* » Gradually we are removing the barriers. The ‘message in a bottle’ sessions have aroused interest and have significantly contributed to solving problems. The non-hierarchical process between managers on the same level of the pyramid has gained strength thanks to methods which we are constantly updating. The impact on performance is noticeable ; direct exchanges accelerate the change in practices. All that remains is for the facilitators to keep the mechanisms in place.

If a company has to create value for its shareholders and its clients, it should also create a cultural value for its employees. Networking is a way of contributing to this. However, this method is still seen to be subversive by some managers even though the directors are convinced of the positive effects of these ‘nice’ stories.

DISCUSSION

Good or better practices

Question : *You make the distinction between good practices and better practices. The better practices are the prerogative of companies that standardise and communicate via virtual channels whereas the good practices are the object of pillage.*

Franck Mougin : A good practice for one company is not necessarily a good practice for another.

A holiday atmosphere

Q. : *Your practices remind me of Club Med : egalitarianism, a good humoured and playful atmosphere, dressing-up, an exotic location and the facilitator in the role of the ‘gentil organisateur’ (name given to helpers at Club Med sites). In your example, it is like holidays at work where one’s ego is bolstered in a situation where ordinarily it is in danger. A second analogy makes me think of Claire Hébert-Suffrin’s networks of exchanges and knowledge in which exchanges such as ‘creole cooking lessons in return for piano lessons’ are set up ; here, each person is both a knowledge giver and a taker.*

F. M. : Club Med is a very French product whereas the market places are international. We have not had any particular cultural reactions even though the Americans were the most reticent to take part in this process.

Dressing-up

Q. : *I am surprised that the Americans do not want to play the game. I would have thought that it would be more difficult to do so in countries where there is a more formal hierarchy such as in Asia.*

Benedikt Benenati : I led a ‘message in a bottle’ session for human resources directors in China. People took part very willingly. At the end of the session when we asked the takers to congratulate the most promising relationship for exchanging good practices, they could not make up their minds and in the end everyone went on stage to be applauded !

F. M. : The Japanese, who were petrified at the beginning, got into the mood of things once they got dressed up. A director from the Asian-Pacific zone who appeared to be quite detached, dressed up as a Buddhist monk and was in charge of a stand without being recognised.

B. B. : In one of our market places, the director of the convention refused to dress up in spite of our insistence. The market place was not a success and people were nervous.

Q. : *How do you go about dressing up people in conventions, which are often formal occasions, and how do you organise the return to professional life once the market place has finished ?*

F. M. : The market place is held on the first afternoon and continues into the evening. The following morning, we begin with the film of the market place which has been edited during the night and then the convention continues.

Q. : *I would like to suggest an analogy with the 'restos du cœur' (French association equivalent to soup kitchens). Coluche (its founder and a comedian) realised that it was humiliating to receive charity and the idea which prevailed at the creation of the restos is that a festive event makes one forget one's humiliation. Calling the organisers 'arseholes' was also intended to put everyone on the same footing. At Danone, dressing-up takes away the hierarchical atmosphere and allows people who have a problem to voice it. Another analogy can be made with an important company which had to invent solutions for people who could no longer take early retirement at fifty but did so at sixty. The ideas emanating from work groups were put in the market place and the management moved between the stands acquiring ideas to change the company !*

Problems and solutions

Q. : *The problem-solution tandem is not all that easy. Companies do not have problems but have worries. In an entity which is losing money, the first idea that comes into one's head is to change the boss or the sales and marketing people. Once this knee-jerk reaction has passed, the problem is generally diagnosed very differently by the producer of the product, the sales and marketing people and the financial manager. However, in your market place, people know what their problem is and someone has a solution. This presupposes that there was a huge amount of work done prior to solving the problem.*

F. M. : The problem-solution tandem is a pretext. The work required in the early stages to produce a solution is great : 80 % of the success depends on work carried out initially. We carefully and systematically examine what takes place in the units. In addition, the problem-solution tandem is the simplest way of presenting things but in practice, the exchange is a building process. The presentation accelerates the process. People enjoy themselves but they also produce good results.

Q. : *The practice communities prove to be useful once one knows how to define the problems and solutions. However, the innovations which change everything most often come from discussions in which the problems are not yet clearly defined. Should we entrust radical innovations to communities or put creative community structures in place ?*

F. M. : The aim of networking is not to solve all the company problems including innovation. However, the ability of people to exchange may give rise to innovation. In addition, we have specific structures that bring together people from research, development and marketing and, unlike communities, they are not created spontaneously.

Concrete exchanges

Q. : *How does one create similar exchanges in the virtual world ?*

F. M. : The virtual does not work, people exchange ideas by interacting face-to-face. Without physical contact, the database is not used.

Q. : *How can one make people want to share their experiences ? Does sharing have an effect on one's career ?*

F. M. : We do not remunerate people who take part in the market place. The existence of a community presupposes that there are rights and duties including the duty to exchange ideas. In one of our sector communities, specialists enjoy exchanging their methods with people who have the same vocabulary and a fine-tuned understanding.

Work in the initial stages

Q. : *What is your role in the identification of good practices ?*

B. B. : The technique is methodological. What is important is the value of the good practices which appear in the *Little book*. It is a question of digging them out and formalising them to make them available in an enjoyable, playful setting. This phase begins with the agreement of the person organising the convention. Experts identify the issues on which the good practices are based. For example, the financial director chose the rapid closure of accounts since he knew that there were some who knew how to do this and others who did not. Next we divided our knowledge into subjects. We make the good 'in the field' practices emerge either by asking all the employees for their ideas, or because people at headquarters have already pinpointed the people who have good practices. For the human resources convention, we kept twenty-three out of ninety practices for the market place, based on criteria such as costs, the feasibility of transactions, its appeal as a presentation, etc.

F. M. : The additional value of central management is that it retrospectively permits an understanding of what interests people. To organise teams, the Russians used a very simple method, the café meeting. Everyone copied them and in Asia it became the tea meeting. Sometimes the practices are more sophisticated but one should remain moderate and be careful not to be tempted to produce elaborate solutions. An elaborate solution has to be made simple.

Assessment of the system

Q. : *The components of training define several degrees of assessment ; satisfaction as a result of the training session, efficiency (did the transaction take place ?), changes in behaviour and the improvement of the company's results. How do you ensure follow-up in each of these aspects ?*

F. M. : The networking attitude does not really represent a change in behaviour for people at Danone. It is written in our genes, we have merely formalised the processes. The results are followed by the facilitators. We assume that good practices improve business but we do not look very carefully to see how much money we are making as this might destroy the method. If the work in the early stages is done well, the transaction can take place and the results improve. The rapid closure of accounts is a convincing example.

The values of the company

Q. : *You have not mentioned the limits to which the institution will go to maintain practices which are either almost illegal or because they call into question the way in which the system works.*

F. M. : We do not know if this sort of situation arises. Furthermore, the framework in which the group works is flexible. For example, we have a research and development centre which employs five hundred researchers, but if a product is invented elsewhere, this would not prevent it being used by the group. We can accept that a director may have founded his own research centre and created a product like Actimel. However, the installation of an ERP throughout the group has led to a certain standardisation of processes. It is a rigid system with a certain amount of flexibility around it.

Q. : *What happens if a manager refuses to play the game ?*

F. M. : The type of people we recruit embrace the group's values, namely enthusiasm, openness, proximity. The Danone culture would exclude a manager who refused networking, and therefore, no sanctions are necessary.

Q. : *Managers tell you that you are in the process of changing their way of working. Would it not be an additional sign of success if they said instead « we are in the process of changing our way of working » ?*

F. M. : This shows precisely that the process is not yet finished, but we are getting there.

Q. : *How did you put these practices together ? Was it a natural progression because of the company culture or was it the result of a variety of mistakes made in the installation of technological tools ?*

F. M. : Soon after I arrived in the company, the president asked me to discuss networking or knowledge management at the group's convention for managing directors. He was interested in the subject as a result of the ERP project the aim of which was to provide us with the key performance indicators of each unit and therefore allow us to compare them. Then we had to organise a convention about improving our client service where people from different product sectors were invited. Because we did not know how to manage and organise this convention, we thought about a different form of meeting, the market place. We created a Provencal style market with hens, a sheep, and stands in a hotel in Roissy and it worked. Serious people in the sector had fruitful exchanges and this encouraged us to continue in this direction.

B. B. : Before I worked in the knowledge organisation department at Danone, I worked for a British company on the installation of a traditional knowledge management system based on technological tools and so I was very aware of the mistakes which were to be avoided.

Q. : *Economic reasons justify the approach you have taken. However, changes in behaviour which you mentioned could be excused by social arguments. Are such arguments ever revealed or used ?*

F. M. : Economically related arguments have the advantage of being more convincing, but in my opinion the networking project helps create value. We develop solidarity and sharing between people.

Centralised or decentralised ?

Q. : *I worked for Danone for a number of years. As a managing director, I could not use my company's results as I wished, nor was I able to employ whomever I wanted. As Antoine Riboud (the former chairman of Danone) said « money and men belong to me, you have the rest » ! This limits the extent of decentralisation but with a policy which is recognised and supported by the president (the dual economic and social project) and coherent and transparent practices in the use of the results and the choice of employees there is nothing to be said ! Today, I belong to two associations for former Danone employees, one for sales and marketing people, the other for former Danone managing directors who are today active in other very varied organisations including Club Med ! This illustrates the very old networking attitude at Danone which to its credit is now formalised and universal !*

F. M. : The freedom of a managing director is certainly limited, but compared to our competitors, we are more decentralised.

Q. : *There are many first level managers. How does one choose which of them take part in conventions ?*

F. M. : In 2002, we began at the top of the pyramid, the aim being to filter down progressively. Every two years, a manager's barometer shows, among other things, the manager's involvement in networking. Our aim is that in 2007, 70 % of first-level managers will take part in networking operations. In 2003, it was 30 %. However, in preparation for the next convention, we have been asked to help set up an exchange of good practices for first level managers and also employees who are not managers.

Making things simple is complicated

Q. : *You have taken up the motto « keep it simple and stupid », but this is not the correct wording. It gave rise to a discussion regarding the best-seller In Search of Excellence written by consultants at McKinsey. The president of Aluminium P echiney at the time, Georges-Yves Kervern, confirmed that this justification for stupidity is merely a means of disguising a dictatorship : what we are able to say simply are very brutal orders. As a response, the management at McKinsey said that the true motto was « keep it simple, stupid ». If you give out clever instructions, people will not understand them : you have to be intelligent to give simple instructions. This is my understanding of the work in the early stages of the exchanges of problems and solutions. This is where management authority can be felt. For example, the choice of working on the rapid closure of accounts is a strategic decision. Thus people exchange practices in order to achieve this goal. However, the fact that those on the ground discuss this, does not in any way call into question the authority of the management...*

F. M. : I agree that simplicity is complicated and this is exactly the manager's problem. As far as managers' power is concerned, I did not mean that it would disappear...

Good practices and skills

Q. : *How do you combine your approach with the management of skills ? I am struck by the similarity in the conditions which you identify as favourable for the transfer of good practices and the conditions for the successful transfer of skills : the lack of hierarchy, the lack of competition linked to remuneration and the freedom to choose partners. What do you think is the link between the two approaches ?*

B. B. : My colleague, who manages and organises the community for skill development and I work closely together. At a forum during a training programme for four hundred managers, we organised several 'message in a bottle' sessions. Here the academic approach of managing skills ties up with our interactive approach. We have not yet devised a formal joint strategy, but we are working on it.

The communities

Q. : *The communities experience pressure between the wish to retreat into their shells and opening up to the outside world. Are you interested in the way in which communities emerge, live and die ?*

B. B. : Eighty-five communities have been listed, some are very open, others very private. My aim is to work with their facilitator and to equip them with methodological materials and tools.

F. M. : In the market places, we also tell people about communities which already exist so that they can sign themselves up, but we do not list them systematically.

Q. : *What is the role of the facilitator ? How does he benefit from playing this role ?*

F. M. : Facilitators play this role in addition to their primary function as managers. They are very motivated to make their community work : they are the troubadours who tell ‘nice ‘ stories afterwards.

Presentation of the speakers :

Franck Mougin : managing director, human resources, Groupe Danone. His entire career has been dedicated to human resources in various industrial groups ; he was director of human resources for CGEE-Alsthom, then for the Luchaure group, at Matra Electronique, and Fruehauf France. He was subsequently appointed director of human resources for the SESR group (General Trailers), and director of human resources for the BPB plc group in London.

Benedikt Benenati : director of organisational development-networking in Groupe Danone. He is in charge of organisation and mobilisation projects including the initiative ‘networking attitude’. Following his studies in political science, he has been working since 1993 for industrial groups and international organisations in communication and knowledge management.

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