TALENT MANAGEMENT AND SUCCESSION PLANNING
DANONE PRACTICE

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Why Talent Management Matters?

According to the Boston Consultancy Group (BCG) – 2009 Report

BCG
The Boston Consulting Group

European Association for People Management

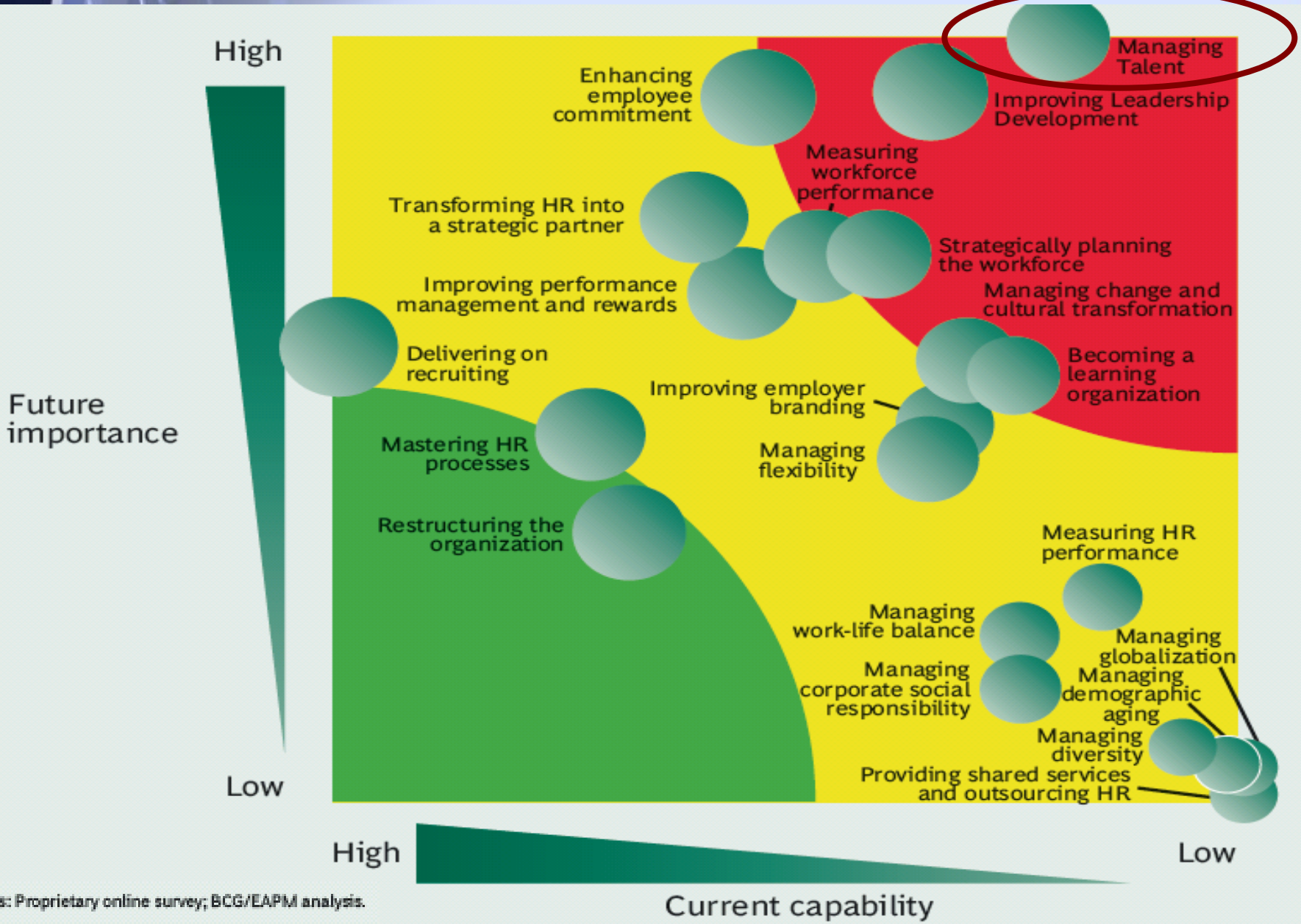
2009 Edition: Europe
Creating People Advantage

"Talent and Leadership are becoming even scarcer resources."

HR and other executives in Europe, identified the top future challenges and 7 topics emerged are:

- ✓ Managing talent (# 1 topic in 2007 and 2009)
- ✓ Improving Leadership Development
- ✓ Strategically Planning the Work Force
- ✓ Enhancing Employee commitment
- ✓ Measuring Work Force performance
- ✓ Managing Change and Cultural Transformation
- ✓ Becoming a Learning Organization

Why Talent Management Matters?



Sources: Proprietary online survey; BCG/EAPM analysis.

Who is TALENT?

Talent = competence * commitment * contribution

If any one is missing, the other two will not replace it.

Contribution
"meaning and purpose"

•Contribution occurs when employees feel that their personal needs are being met through their participation in their organization.

person

Competence
"able"

• Knowledge, skills, and values required for today's and tomorrow's jobs.
• Incompetence leads to poor decision making

Commitment
"willing"

• Committed or engaged employees work hard; put in their time; and do what they are asked to do.

A Talent Formula - Dave Ulrich©

Who is TALENT?

Realize that talent matters, but it isn't all that matters!

Keep an eye on B players!

A Players

- They define the standard for exceptional performance by consistently delivering results and inspiring and motivating others;
- A players are the best 10 to 20 percent,

B Players

- They are solid performers who meet expectations but who may have limited upward mobility;
- B players are the middle 60 to 70 percent

C Players

- They deliver barely acceptable results.
- C players are the bottom 10 to 20 percent.

Talents are **"A" players** in the company and needs to be paid attention to. But do not forget **"B" players**, who are in the majority of the company and fuel the stable performance of the company.

The War for Talent - By Ed Michaels, Helen Handfield-Jones, and Beth Axelrod, November 2001

ABOUT DANONE

1966-1996: From Container to Content

BSN

Antoine RIBOUD

1966: BSN
1969: Take-over bid on St-Gobain
1970: Evian, Kronenbourg

GERVAIS-DANONE

Daniel CARASSO

1919: Barcelone
1929: Paris
1941: New York

1972 **BSN-Gervais-Danone**

1994 **Danone**

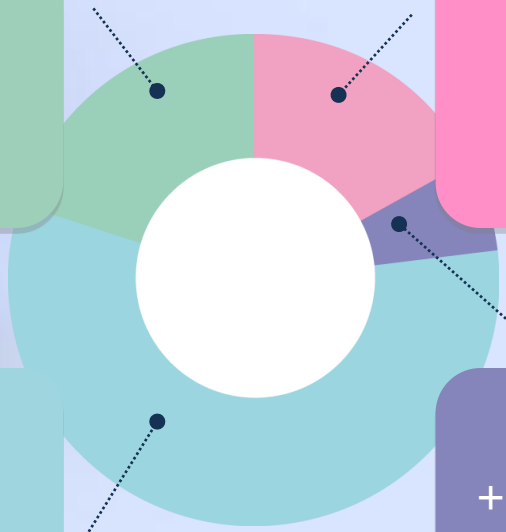
2007 **Merge with NUMICO**

Danone, with 180 plants and around 94,000 employees, has a presence in all five continents and over 120 countries. In 2009, Danone recorded € 15 billion in sales

Sales by business line

3 Billion €
+7.9% growth in 2009
Baby Nutrition

2.6 Billion €
+1% growth in 2009
Waters

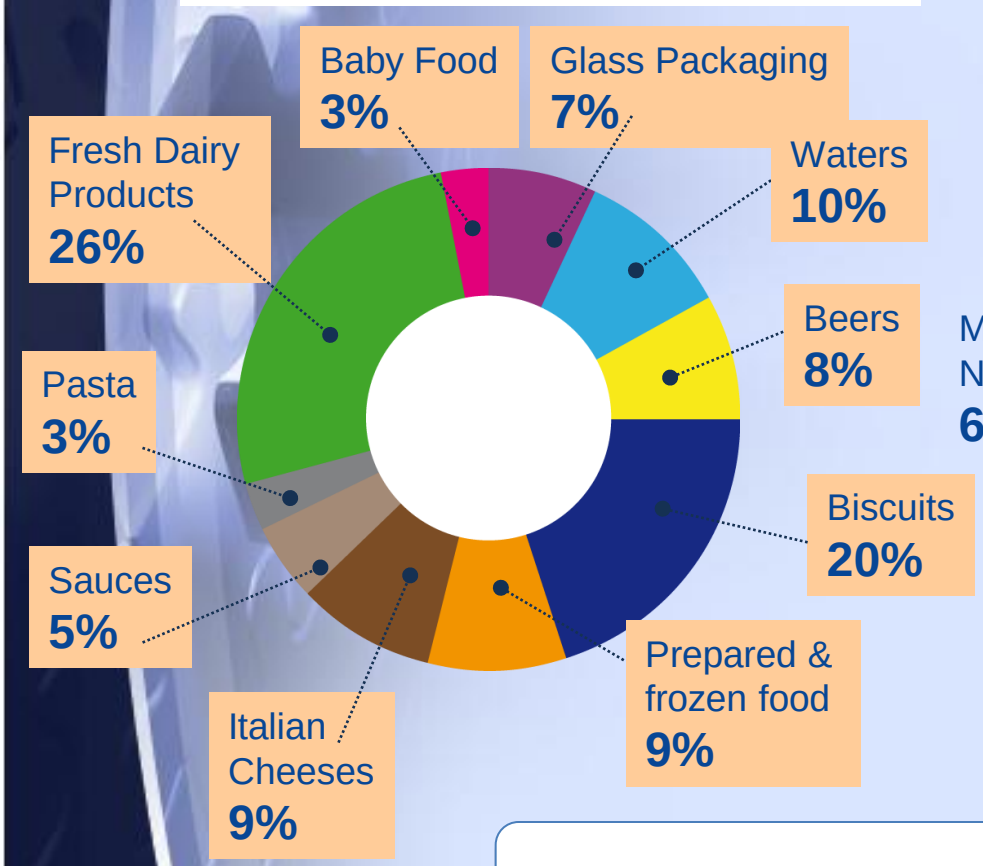


8.6 Billion €
+1.6% growth in 2009
Fresh Dairy Products

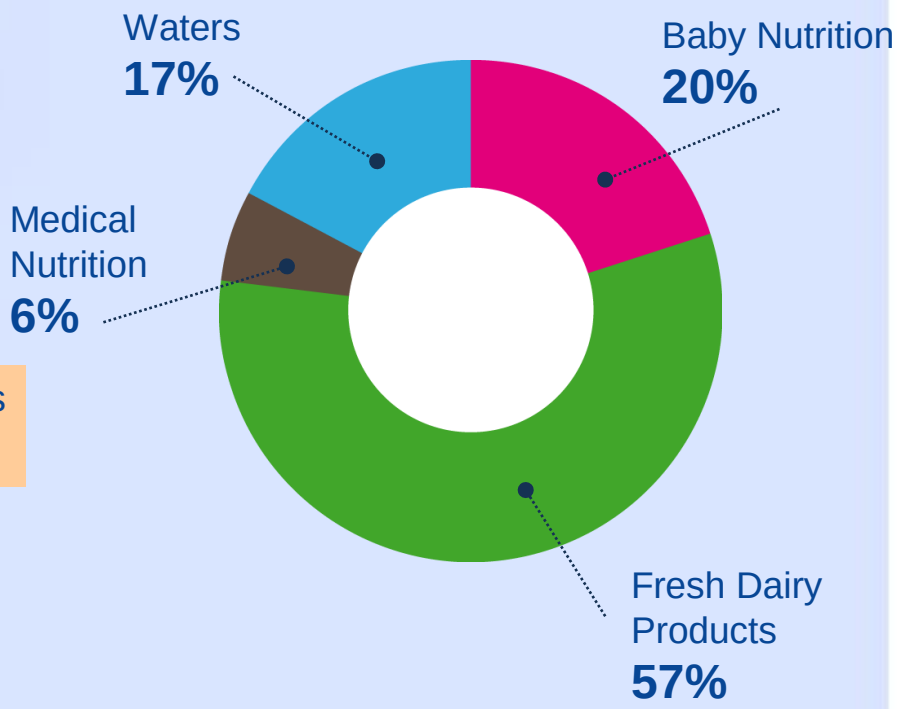
0.9 Billion €
+11.4% growth in 2009
Medical Nutrition

1996 – 2009: business transformation

Sales breakdown in 1996

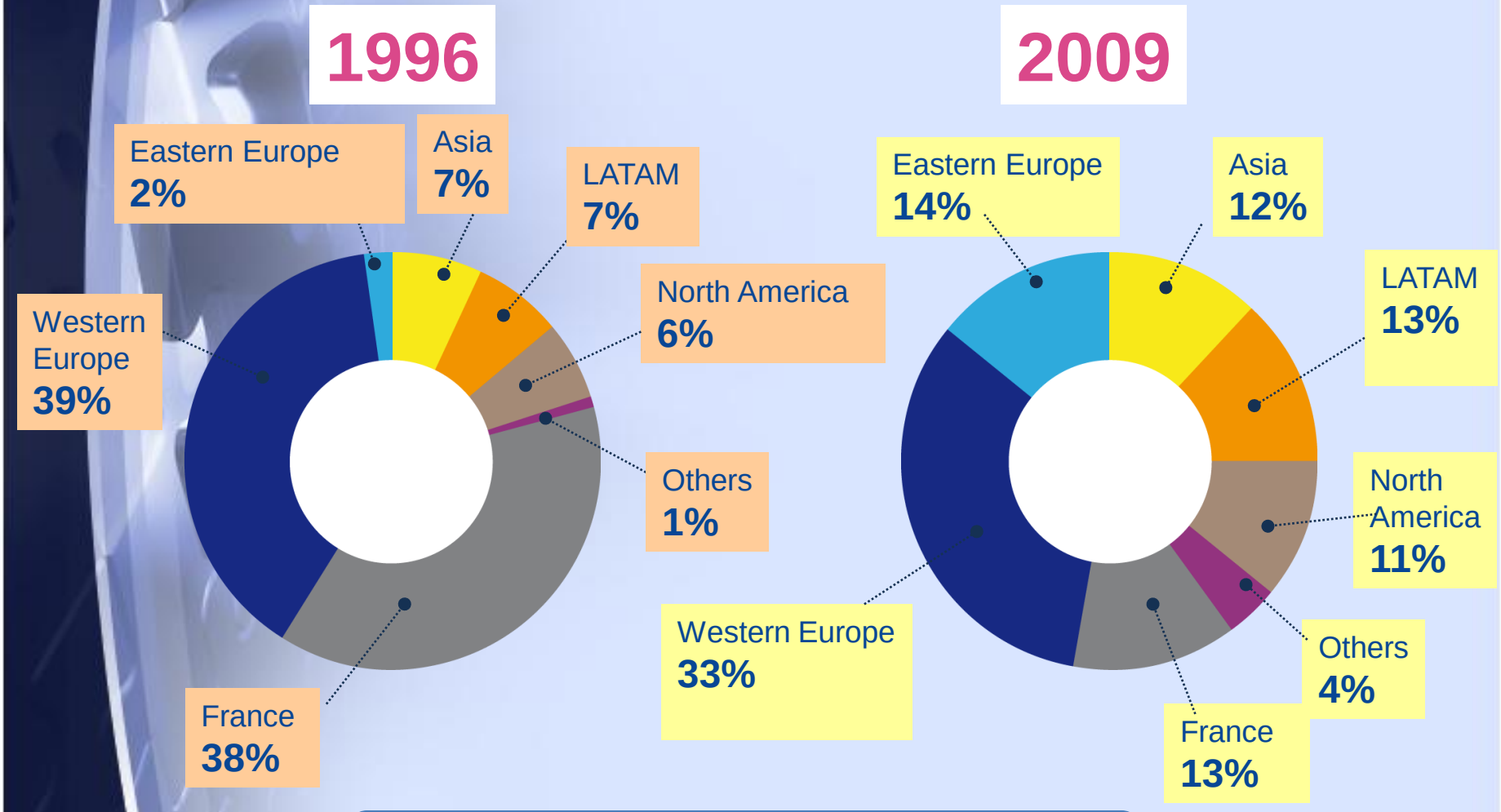


Sales breakdown in 2009



39% Health food 100%

1996-2009: geographical transformation



77% **Western Europe** **46%**

DANONE PRACTICES TALENT MANAGEMENT & SUCCESSION PLANNING

Danone practices for Managing Talents & Succession Planning

1) Development Plans

- Individual Development Plan
- Growth Commitment

2) Development Tools

- Danone Leadership College
- Mentoring & Coaching

3) Succession Planning

(People and Organization Reviews)

Danone Performance Cycle

1) Growth Commitment vs IDP's…

Individual Development Plans (IDP) are done yearly and takes into account development needs of all Danone Employees by different learning opportunities (training, on the job, learning from others, reading...etc)

The Growth Commitment takes into account the person (talents) as a whole, with their mid-long term professional / life ambition and sees how this can be translated into a win-win opportunity for the person & for the company.

IDP IN PRACTICE	GROWTH COMMITMENT
Competencies development	Competencies, Engagement, Fulfilments
Based on Today (improving competencies for the job)	Based on Future
Mainly training + next job	Broad dimensions
Annual	Mid term

INDIVIDUAL DEVELOPMENT PLAN

Document	Revision	Revision Date	Page no
P-HRF-009-02	0	0	1

Competency to Develop	Development Objectives	Priority	Development Activities for Realizing Objectives	Calendar	Support	Success Indicator	Measure	Status
		1 ☐ 2 ☐ 3 ☐						Y ☐ N ☐
		1 ☐ 2 ☐ 3 ☐						Y ☐ N ☐
		1 ☐ 2 ☐ 3 ☐						Y ☐ N ☐
		1 ☐ 2 ☐ 3 ☐						Y ☐ N ☐

Employee:	**N+1:**	**N+2:**
Signature:	Signature:	Signature:

1) GROWTH COMMITMENT: Ambition

Danone's ambition is to become**:**
the Great Place to Grow recognized internally & externally

The **Growth Commitment is a 2 ways' binding commitment** based on **mid/long term** (3-5 years) **professional/personal project**, and linked to an **expected contribution/needs** of the business.

The Growth Commitment aims at taking into account the personal aspirations of Danoners in order to enhance growth AND superior engagement.

1) Growth Dimensions

Time horizon

Year 4

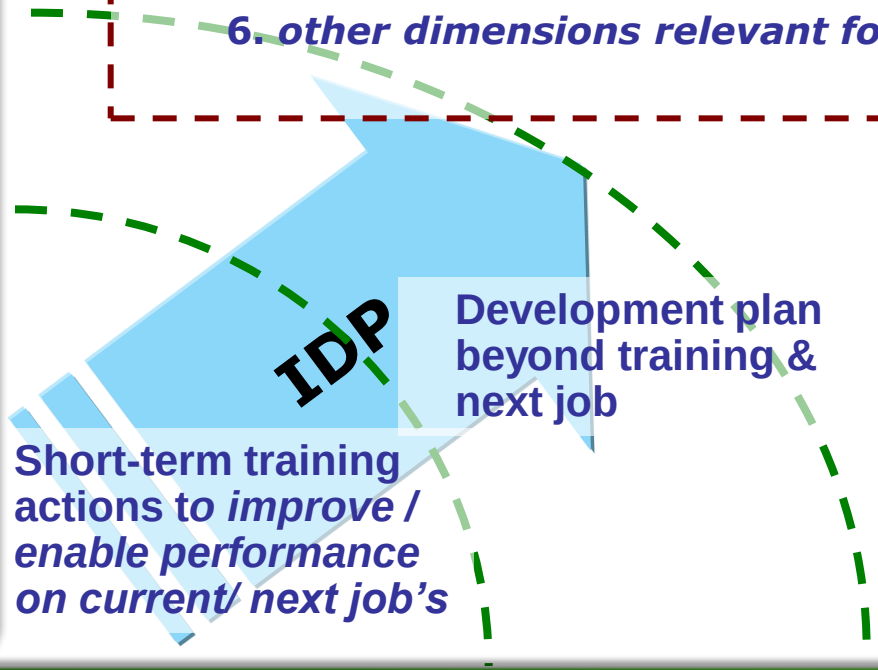
Year 3

Year 2

Year 1

GROWTH COMMITMENT

1. Developing competencies & skills for M/LT project
2. Creating conditions for quality life & health @ work
3. Enriching / sculpting my job
4. Getting experience alongside my job
5. Changing job position
6. *other dimensions relevant for individual & Danone*



2) Danone Leadership College Goals:
Build a *distinctive leadership* culture *for All Danoners*

DANONE MISSION
& "New Danone"

DANONE VALUES

DANONE LEADERSHIP "CODE"
attitudes, ways of being

PEOPLE GROWTH
ATTITUDES & SKILLS

COMMITMENT & EMPOWERMENT
TOWARDS BUSINESS OUTCOMES

2) Danone Leadership College (DLC)

OBJECTIVES

- Build a distinctive Danone "breakthrough leadership culture", enabling business breakthrough outcomes and people growth

- Embarking 15 000 team leaders in a distinctive leadership culture to empower, grow & engage all Danoners

- Get inspired & learn the "Danone Leadership Code"; start to translate it into day-to-day behaviors & practices

- Apply those attitudes & tools in the business context, to address specific challenges & generate outcomes

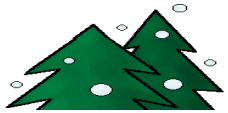
- Get prepared to invest in people growth, and prepare Growth Commitment

2) Mentoring and Coaching Sessions

Danone Dairy Turkey has started **Mentorship programs** since 2008 for 6 months periods. Also for further fueling performance, **Executive Coaching** sessions are provided to Managers.

Internal mentors within company are working with professional coaches. Purposes for "Mentorship program":

- Develop an internal development tool
- Create development opp. both for mentors and mentees
- Further increasing communication between employees and managers (Directors and senior managers as mentors)



Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	March 09
2 Sessions	2 Sessions	2 Sessions MDS 1	2 Sessions Review Meeting	2 Sessions	*2 Sessions* *MDS 2*

Building rapport
Setting direction
Identifying a development plan

Progress on Objectives
Following up
Meaningful Closure

Evaluation of the program

3) Succession Planning / People & Organization Reviews

"Danone People & Organization Review meetings" are held yearly to discuss Danone organizational developments and needs in short/mid term and to shape succession planning. Main topics and areas of focus are:

- **Talent Management and career planning** for short/mid terms

- Within a certain period of time (1-3 yrs); which postions, roles, talents can **take more responsibilities** to have an opportunity to grow within company, within Danone companies or international and opportunities of promotions, departmental moves are planned & discussed,

- **Organizational needs and human resources** are evaluated inline with company strategies and functional requirements

3) Succession Planning / People & Organization Reviews

taking in to consideration of sustained performance and "CODE" Leadership attitudes:

Sustained Performance (3 years)

1

2

3

4

5

Sustained performance describes the **track record** of the individual over time **(last 3 years)** in different tasks and jobs.

It is assessed through the PDR grid in terms of: **GLOBAL PERFORMANCE:**

"Performance is based on overall contribution and annual individual objectives assessment, taking into account the context and the way objectives have been met"

Ability to grow in Danone : CODE

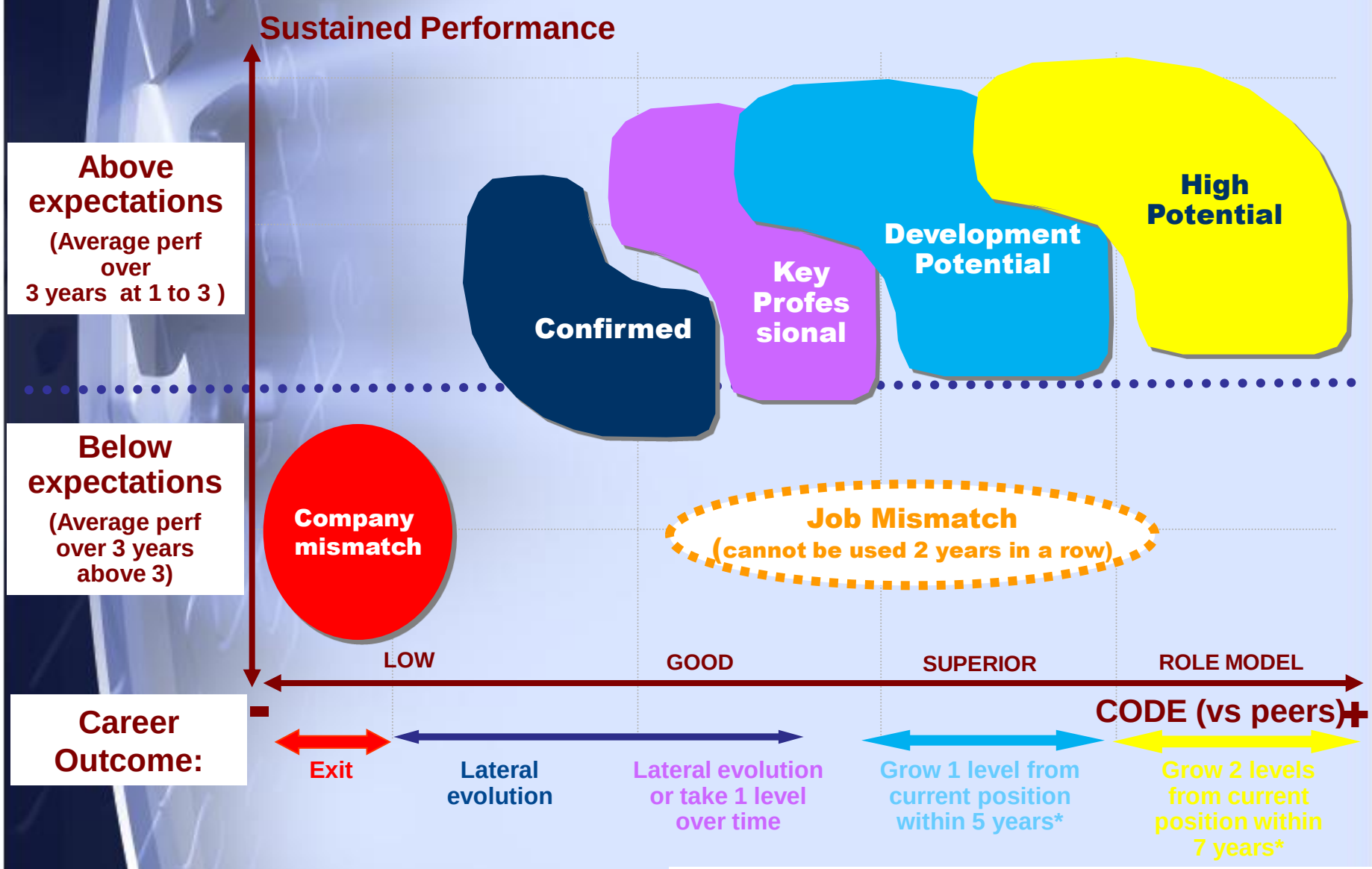
« Danone Leaders are COMMITTED to an ambitious future OPEN to learn & share with others DOERS who deliver results fast by EMPOWERING & developping people »

C O D E

-

+

Danone potential & career model



* Can be faster, according to specific country/function context

High Potential

Profile

- Sustainable high performance, mainly above expectations
  (1 or 2 in PDR, 3 if in stretched conditions) over the last 3 years
- Performs according to high standards even in different type of roles and contexts
- Demonstrating CODE “Role model” leadership compared to most

Individual development

- Eligible to grow at least **2 levels** from current position **within 7 years***
- Give visibility on the next 2 career steps
- Build “Tailor made” development plan
- Create opportunity to be known by Comex member(s)
- Expose to stretched or/and diverse situations (e.g.: expose outside area of expertise, explore cross functional paths, transversal project…etc)

Development Potential

Profile

- Sustainable consistent **performance, in line or above expectations** (mainly 2 or 3 in PDR) over the last 3 years
- Demonstrating CODE **“Superior”** leadership compared to most

Individual development

- Eligible to grow at least **1 level** from current position **within 5 years**
- Give visibility on next career step
- Build a specific development plan to:
  - Anticipate promotion
  - Develop them to their maximum (e.g: functional/ managerial training, exposure, mentoring, cross functional move…)
- Take the right level of risk to unleash potential (check “environment”: level of mentoring available, profile of the teams, complexity of the business…etc)

Key Professional

Profile

- Sustainable consistent **performance, in line or above expectations** (mainly 2 or 3 in PDR) over the last 3 years
- Specific contribution to the business (knowledge, know how, network…) which may be difficult to find outside Danone. **Would be a loss if leaves.**
- Demonstrating CODE **"Good"** leadership compared to most

Individual development

- Grow within the same level of classification
- May be eligible to grow 1 level over time, based on experience/expertise
- **Nurture motivation and develop specific skills through**: job enrichment, job rotation, focused training…
- **Specifically recognize contribution** (e.g.: give opportunity of tutoring/ knowledge sharing roles, give project responsibility, seize internal & external visibility opportunities, customized reward policy…)

Confirmed

Profile

- Consistent **performance, in line or exceptionally below** expectations (mainly 3 in PDR) over the last 3 years
- Demonstrating CODE **"Low"** leadership compared to most
- Career management may raise an issue for the Company and/or for the Danoner on medium term

Individual development

- Evolve within the same level of classification
- Make sure the level of performance is in line with expectations through adapted immediate management
- Develop better employability through development plan (max 5 years in same job, job enrichment…) and training

Company Mismatch

Profile

- **Performance not matching with required level , below expectations (4 or 5 in PDR) over the last 3 years**
- **Demonstrating CODE "Low" leadership compared to most**

Individual development

- **Manage exit from company (according to local legislation)**
  - Action plan to solve issue to be started within 6 months

Job Mismatch

Profile

- Last annual **performance below expectations** (4 or 5 in PDR)
- Sustainably performed at expected level in a different role in former positions
- Demonstrating CODE **"Superior"** or "Good" leadership compared to most

Individual development

- Set an action Set an action plan:
  - Put in place conditions of success in current position (immediate management, mentoring, training…)
  - Or move as soon as possible to another position allowing to build on past demonstrated capabilities
- Close coaching in new position from N+1 and HR

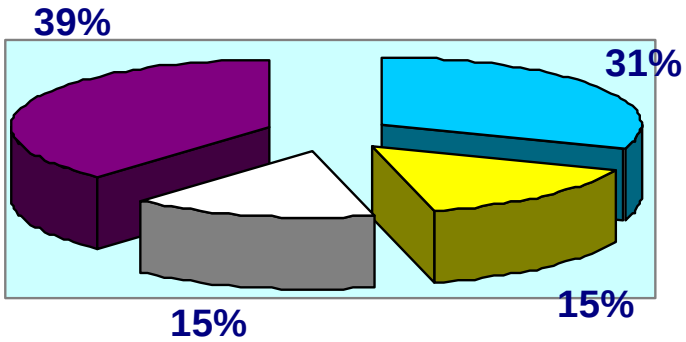
New Arrival

Profile

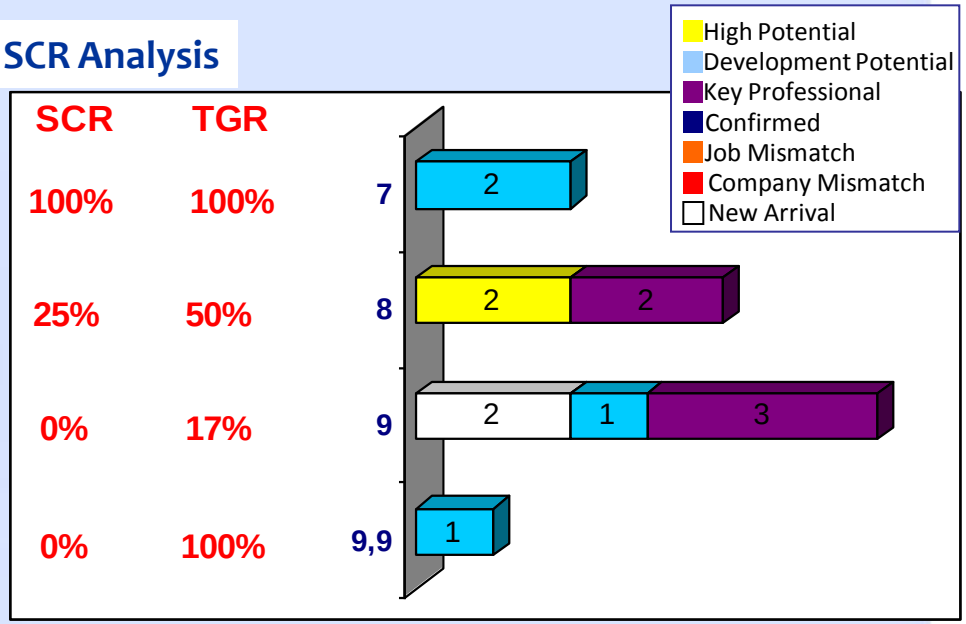
Applies only to new arrival in the Group and for the first 6 months in the company

Analysis of Potential

TGR Analysis



SCR Analysis



Talent Generation Ratio (TGR) measures if we generate enough potential at each level of classification

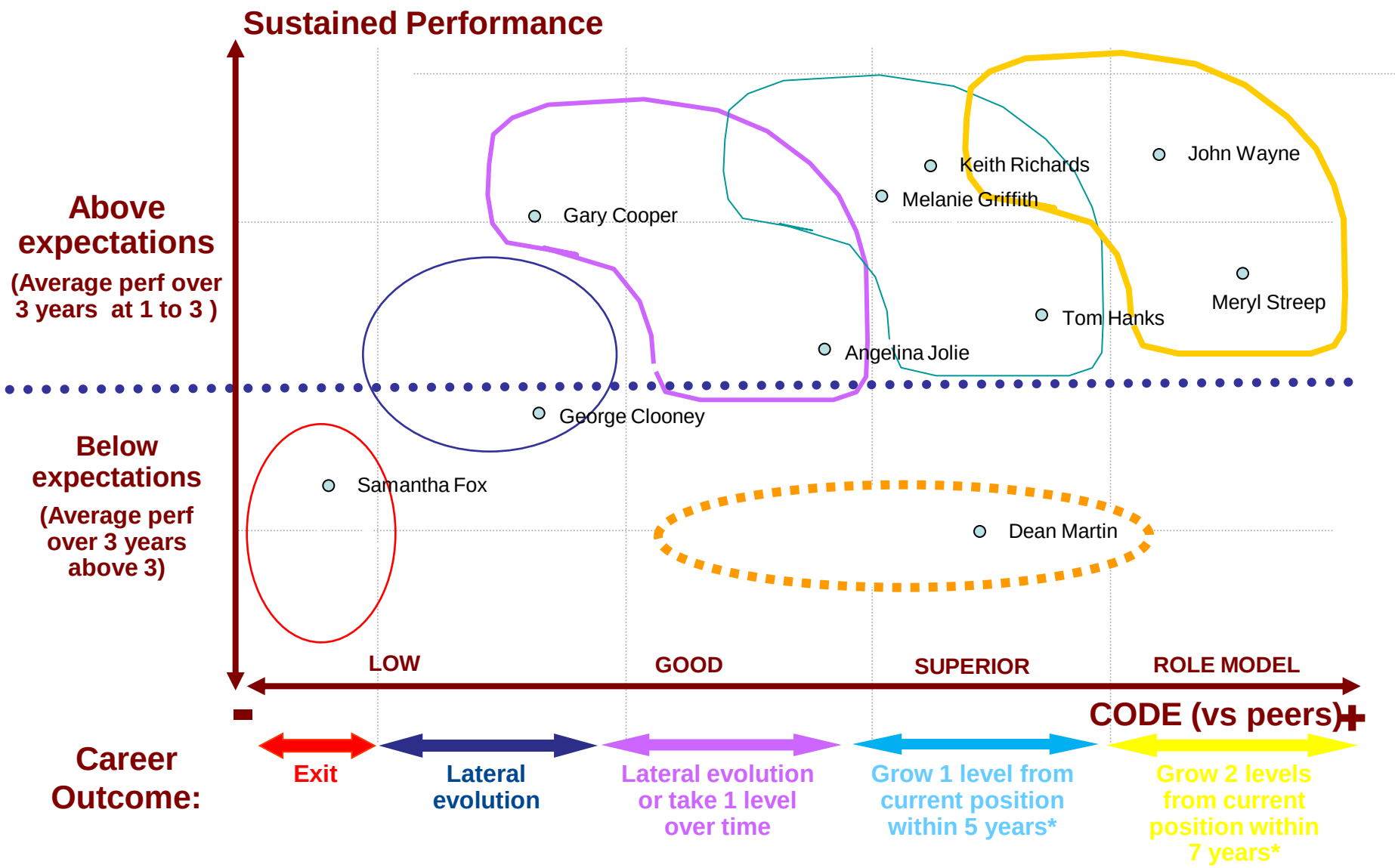
Succession Coverage Ratio (SCR) measures if the evolutive population from level N covers needs at level n+1. If SCR = 100% then the evolutive population at level n covers exactly the needs of level N+1

TGR SCR Calculation

TGR: High Potential at Level L + Dev. Potential at Level L / Total Population at Level L (exc. New Arrival)

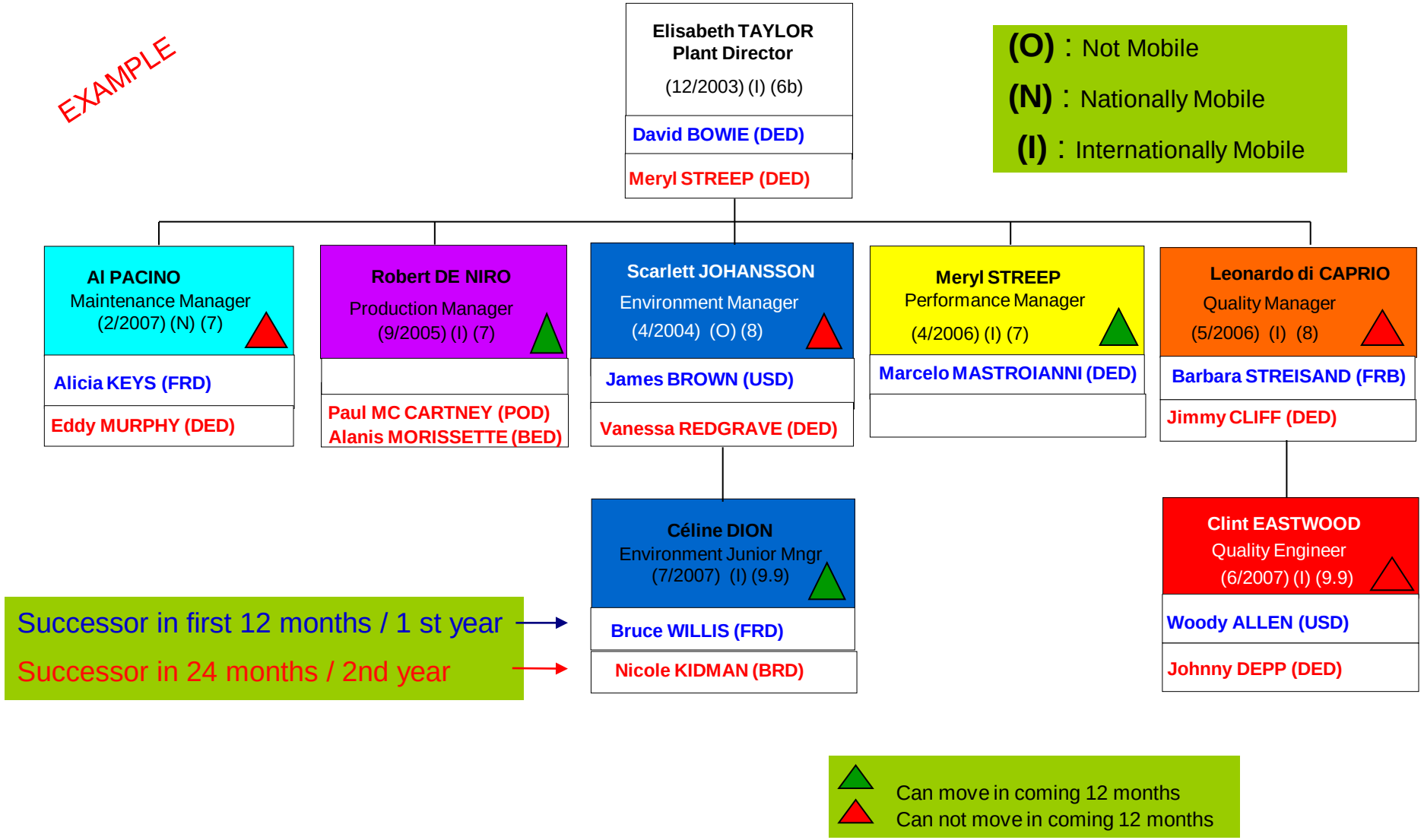
SCR: High Potential at Level L-1 +Dev. Potential at Level L-1 / Total Population at Level L (exc. New Arrival)

Example of positioning



* Can be faster, according to specific country/function context

Example of Succession Org Chart



Career Report – Example

Name	Position	Pos.Entry Date	Emp.Class.	Potential	Perf.	CODE	Strenghs	Development Areas	One Year Successor	Two Year Successor
Accounting										
xx	Controller	01.03.2009	8 Manager	Confirmed	3	Good	Willing to grow & develop his techinical skills, Working hard to develop his skills , good communication with cross functional peers , open to feedbacks & develops , committed & loyal	Cross functional effectiveness (needs to push others more), further develop presentation & planning skills getting exposed to Exco more with personal effort.	Bruce Willis	
Financial Reporting										
yy	Finance Manager	01.09.2007	8 Manager	Dev Potential	3	Superior	Reliable Ambitious İnnovative Committed	More open & direct communication with direct reports & Exco Develop networking Strategic Approach to corporate treasury methodology		Andy Garcia

THANK YOU

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