

Global Knowledge Management at Danone (A)

At Danone we don't talk about strategy, we react to the context around us. For me, it's like a Lego box that you buy for your children. They start to play, trying to find a way to build the image on the Lego box. At the end of the day, they give up, throw out the box, and put the pieces away. The next weekend you put all the Lego pieces on the floor and then the strategy starts. They try to imagine something. Not what was on the box, but what they have in their heads. That is strategy at Danone for me: It's Lego.

—Franck Riboud, Chairman and Chief Executive Officer, Groupe Danone

At the Paris headquarters of consumer-goods company Groupe Danone, Franck Mougin considered his options for furthering knowledge sharing in the company. Appointed executive vice president of human resources (HR) five years earlier in May 2002, Mougin had been working to implement a concept called the Networking Attitude. The Networking Attitude was a way to share knowledge across groups in the geographically dispersed company. With employees in 120 countries, Danone considered it strategically vital to accelerate knowledge sharing across country business units (CBUs). As Mougin explained, “At Danone we don't have time to reinvent the wheel. We want our time to market to be shorter than that of our competitors, who are much bigger than we are. If we cannot be big, at least we can be shrewd.” In 2006 the French company had revenues of 14 billion euros (€), compared with Swiss packaged food giant Nestlé with revenues of €60 billion, and America's Kraft Foods with revenues of €25 billion.

Mougin had hired Benedikt Benenati as organizational development director in April 2003 and given him responsibility for the Networking Attitude. Together they had developed several tools—notably, knowledge “marketplaces” and “sharing networks”—to help employees connect with each other and share good practices horizontally—peer-to-peer—rather than relying on hierarchical lines of communication. From 2004 to 2007, Danone employees shared almost 640 good practices with colleagues. Overall, the Networking Attitude had made practical information accessible to about 5,000 of the more than 9,000 Danone managers around the world.

Mougin and Benenati were pleased that the Networking Attitude—a program that incurred very little cost and almost no budget—was seen as highly successful by 86% of general managers, according to an internal survey. But now, in July 2007, the two wanted to take the work further. Benenati had recently experimented with variations to the original concept: The Networking Attitude events initially included only managers. Some recent events targeted non-manager employees. Other new events invited Danone managers to share practices with suppliers and customers. Finally,

Benenati was working on “co-building events” where employees from different units within Danone networked with the goal of creating *new* practices or products rather than sharing existing ones.

These extensions of the concept’s application posed certain management challenges. With its increasing complexity and breadth, the Networking Attitude’s informal spirit—which to Mougin was essential—was in question. Some managers wanted to give the Networking Attitude more structure, such as by tracking results or rewarding employees for networking. But Mougin feared that the spirit of the Networking Attitude might get lost. He knew he needed to make a decision on how to proceed.

Danone: From 1966 to 1996

The modern history of Groupe Danone had its beginnings in 1966 when French glass bottle company Souchon-Neuvesel merged with industrial glass manufacturer Glaces de Boussois. Antoine Riboud had been involved in Souchon-Neuvesel (a family company) since 1943 and was named CEO in 1965. He was appointed chairman of the merged company, Boussois-Souchon-Neuvesel (BSN), in 1966. In 1968, BSN attempted a hostile takeover of French glass industry giant Saint-Gobain, five times the size of BSN. The takeover attempt fell through, but the event made Antoine Riboud a well-known figure in French business. Instead of continuing his company’s specialization in glass, Antoine Riboud decided to enter the food business with acquisitions of mineral water company Evian, French brewer Kronenbourg, and Société européenne de brasserie (the European Breweries Company). By 1970, BSN had become the leading French manufacturer of beer, mineral waters, and baby food.¹

Venturing into Yogurt

The company carrying the name Danone was originally established by the Greek doctor Isaac Carasso in Barcelona, Spain, in 1919. Diagnosing locals with digestive problems Carasso introduced a Balkan tradition that treated such conditions with yogurt. He imported cultures from Bulgaria and the Pasteur Institute in Paris, France, and initially sold his yogurts through pharmacies as medicine. Carasso was the first person to perfect an industrial process for making yogurt and named his company after his son Daniel.²

Daniel Carasso moved to France in the late 1920s where he ran the company after his father’s death. At the dawn of World War II, Carasso handed over Danone to friends and fled to the United States, where he established his business under the name Dannon. After the War, Carasso came back to Europe to revive the business there. He merged Danone with French cheesemaker Gervais, creating Gervais Danone, and acquired companies producing pasta, ready meals, and fresh packaged foods. In 1973 Gervais Danone merged with BSN, creating BSN Gervais Danone, the biggest food company in France.

For Antoine Riboud, the merger was an opportunity to enter new markets with a decisive shift toward food products. Witnessing his company’s growth, Riboud ventured into another area close to his heart: social enterprise. In a speech in the early 1970s he insisted that companies should have

¹ “History of Success, 1966–1980, from bottles to beverages in France,” Groupe Danone corporate website, http://www.danone.com/wps/portal/jump/DanoneCorporateIntl.Company.History.1966_1980, accessed August 2007.

² Matthew Gwyther, “The MT Interview: Franck Riboud,” *Management Today*, August 1, 2006, via Factiva; “Danone: from Greek shop in Spain to empire rooted in France,” *Agence France Presse*, July 21, 2005, via Factiva; Donna Larcen, “Yogurt snack trend booming—new varieties are keeping fat-free snack lovers satisfied,” *Charleston Daily Mail*, March 8, 1995, via Factiva; Thomas Fuller, “PepsiCo Says It Won’t Try to Buy French Company,” *The New York Times*, July 26, 2005, via Factiva; and Dannon Company Website, http://www.dannon.com/about_company.aspx, accessed August 2007.

social goals and should be managed “with the heart as well as the head.”³ He presented the company’s strategy as comprising both social and economic goals. “When you think of Antoine Riboud, you think of a civic company, close to the interests of the society and environment,” said Pierre Labasse, author of a book on the company. “He was seen as keeping the interests of his employees at heart.”⁴

During the 1970s and 1980s, BSN Gervais Danone refocused on food by selling off the company’s industrial glass section and establishing a strong base in Europe with acquisitions of Italian and Spanish food companies. In 1986, BSN Gervais Danone entered the growing biscuits (called “cookies” in the U.S.) industry by acquiring General Biscuit, with operating companies in Germany, the Netherlands, Belgium, France, and Italy. Later, the collapse of the Soviet Union meant new opportunities for BSN Gervais Danone in Eastern Europe. The company started to export to Eastern Europe, and later entered joint ventures with local producers, then acquired companies, including Russian biscuit maker Bolshevik. To reach consumers in emerging markets such as Asia, Latin America, and South Africa, BSN Gervais Danone relied on buyouts and partnerships. In 1994, the company changed its name to Groupe Danone.

Franck Riboud

In 1996, Franck Riboud took over from his father Antoine as chairman and CEO of Groupe Danone. The youngest of Antoine Riboud’s children, Franck Riboud was a sports enthusiast and an engineer by training. He had held various positions within Danone, working his way up to a top position in the beverages division. As the Riboud family held only about 1% of the company’s capital when Franck Riboud was made chairman and CEO, some accused the family of nepotism: “I had no legitimacy,” he recalled.⁵

Riboud proceeded to restructure the company, which in 1996 had a broad product offering and an operating margin of 8.9%. Danone was primarily a French-Spanish group; the French market then accounted for 42% of turnover. Riboud consolidated Danone’s product portfolio from nine categories, selling noncore brands such as sauces, pasta, beer, and cheese. Three new product divisions were created: Fresh Dairy Products, Beverages, and Biscuits, with three international brands at the forefront of the new strategy: Danone, Evian, and LU. Said Pierre Deheunynck, vice president of people and organization development:

When Franck Riboud took over in 1996, he did three very smart things. First, he directed to company’s focus towards health and nutrition. Second, he turned a Western European company into an international organization with operations worldwide. And third, he changed how the organization was managed. He created the expression *jeu de jambe*, or footwork,⁶ which perfectly describes Danone’s approach to dealing with many issues in a flexible way.

³ Dominique Vidalon, “Danone founder Antoine Riboud dies,” Reuters News, May 5, 2002, accessed via Factiva.

⁴ Thomas Fuller, “French fear eye of ‘ogre’ is on Danone,” *International Herald Tribune*, July 21, 2007, accessed via Factiva.

⁵ Gwyther, “The MT Interview: Franck Riboud.”

⁶ “Jeu de jambe” means dribbling and is a term used in various team sports such as soccer or basketball. It refers to the player moving a ball in a series of changes in direction and position to create opportunities to score a goal. According to a company glossary, *Danone words*, “Footwork is a matter of flexibility, pragmatism and daring, the capacity to bounce back and get over past failures. Just as sportsmen continually and rapidly replace their feet, managers have to take the right strategic stance.”

Danone in the Twenty-First Century

With its focus on nutrition and promoting health through three product divisions, Danone appeared to have a clear strategy for the new century. As CEO, Riboud's larger vision extended beyond ordinary customer segments to include promoting health to people throughout the world. Meanwhile, some of Danone's product lines were in a state of transition.

Health Through Food

Riboud continued to build on his father's vision of double social and economic goals. In 2001 he launched the *Danone Way*, as a practical and sustainable approach to building socially responsible corporate values into the company's policies and aspirations. As part of this initiative, Danone took responsibility for and assured excellence throughout the product life cycle, from the guarantee of quality raw materials and protection of water reserves in production, to the promise of affordable products for the consumer and environmentally-sound disposal options. Riboud also had a mission of bringing health through nutrition to people around the world. He explained:

When I visit a CBU I am always given a presentation about the buying power of the consumer in category A, B, C, D, or E. For instance, out of 250 million people in an area we can launch a product for the 50 million of them who are in category B. But I started to wonder why we didn't look at category C, so we developed a strategy focused on making our blockbuster brands affordable for those consumers. But what about category D, or the people living on two dollars a day? They are also part of our mission to bring health through food to a maximum of people, because they make up 80% of the population in emerging countries. It's not charity; it's sustainable development. We have to create a new economic model.

In 2004, Danone started a project with that objective in South Africa, where the local subsidiary launched the yogurt Danimal in the city of Soweto. Retailing for 13 cents and sold through a distribution network of local women known as "Daniladies," the yogurt was enriched with vitamin A, zinc, and iron. In 2006 a similar project took shape in Bangladesh, where Danone formed a joint venture with the Grameen Group, a pioneer in the field of microcredit and a 2006 recipient of the Nobel Peace Prize. The Grameen Danone Foods Social Business Enterprise created a yogurt targeting the poor in Bangladesh living for less than 2 USD per day. Shakti Doi, meaning "power yogurt," would retail for 3–4 cents and be launched in fully biodegradable plastic.

Meanwhile, Riboud appointed French soccer player Zinedine Zidane as ambassador of Danone's Program for Children.⁷ Zidane was involved in initiatives involving children in India, Indonesia, and Egypt. In November 2006, Zidane inaugurated the first dairy plant in Bangladesh. Riboud said, "I'm deeply convinced that our future relies on our ability to explore and invent new business models and new types of business corporations. This partnership with a company as iconic and visionary as the Grameen Bank is, for Danone, a huge step in that direction and in better achieving our mission: to bring health through food to the largest number of people."

A Strong Position in 2006 and Beyond

Under Riboud's leadership Danone was a thriving international company. Riboud had launched a research center in Paris in 2002, and established a vital business division in the Asia-Pacific in 2004. Danone had acquired more than 40 businesses in Asia, Latin America, Eastern and Central Europe, Africa, and the Middle East. In 2007 the company showed an operating margin of 13.4%, with France

⁷ Gwyther, "TheMTInterview: FranckRiboud."

accounting for 22% and Western Europe 54% of revenues. Of the 90,000 employees working for Danone worldwide, 47% were employed in the Asia-Pacific region. Danone was the global leader in fresh dairy products and was tied with Swiss packaged food giant Nestlé in beverages. Danone was second only to American food company Kraft Foods in biscuits and cereal products worldwide. Of Danone's €14 billion in 2006 revenues, €8 billion were generated in the dairy division, €2 billion in biscuits, and €4 billion in beverages. Danone's four main blockbuster products, Activia, Actimel, Vitalinea, and Danonino (all in the dairy division), represented €4 billion in revenues (see **Exhibit 1** for selected financials).

In July 2007, Kraft Foods made an offer to purchase Danone's biscuits division for €5.3 billion; the deal was expected to go through by the end of 2007. A week later, Danone launched a takeover offer to acquire Royal Numico N.V., a Dutch baby food company, for €55.00 per Numico share, or €12.3 billion. To Riboud, these developments were in sync with the company's mission to bring health through food to a majority of people. In January 2008, Danone would reorganize into four business lines: Fresh Dairy Products, Water and Beverages, Baby Food, and Clinical Nutrition.⁸

Managing Knowledge for Competitive Advantage

Making product, customer, and operational information available to Danone employees around the world where and when they needed it was a challenge in the global company. Mougin and his colleagues recognized a tension between a more efficient top-down approach and local managers' desire for autonomy. They also confronted questions about the role of information technology in managing knowledge.

Local Markets

By the early 2000s, Riboud was committed to maintaining close touch with local markets, despite Danone's wide-ranging presence on five continents. Mougin viewed decentralization as essential to Danone's strategy. He explained, "In the group, a managing director who is in charge of an activity in a country is the decision-maker, with P&L responsibility. 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 decentralized management can be seen in our local brands."⁹

This strategy led Danone to have products that differed from market to market, to stay close to consumers. Mougin believed this allowed Danone to move quickly, as needed in a competitive market where it was not the largest player. "While it takes Nestlé an average of 12–18 months to get a new product to the market, we can do a launch in three months. Some of our competitors have a lot of good ideas for new products, but we are able get them to the market earlier, because our frontline manager can execute quickly."

Decentralization and Integration

Mougin recognized that being decentralized could be confusing for frontline managers. They lacked clear directions from headquarters and often didn't know whom to turn to for advice. And,

⁸ Groupe Danone press release, "Groupe Danone reshapes its management structure," July 31, 2007.

⁹ Adapted from Franck Mougin and Benedikt Benenati, "Story-telling at Danone: a Latin approach to knowledge management," Les Amis de l'École de Paris, April 1, 2005.

there was little horizontal communication among the large divisions. Fabien Razac, a marketing director, explained that it was difficult for CBUs to learn from each other:

At Danone, we don't have a lot of quantified organizational expertise. The expertise that we have is the sum of our individual knowledge. We don't have a library with a bunch of files where you can go if you need to know how to perform a certain task. The key learnings are embedded in individuals around the world, and there is little incentive to formally categorize things into databases. You have to talk to people and network to do your job.

The schizophrenia between bottom-up and top-down is there all the time. You need the top-down to re-prioritize and re-concentrate, and you need the bottom-up to nourish—to listen to the market, the latest ingredients, the latest innovations, to know what works with the competition. . . . It's because of this confrontation and the local autonomy that we create value.

Prior Approaches to Knowledge Management

Danone had made prior attempts to leverage company talent—people, knowledge, and products—without centralized governance. In the late 1990s, Jacques Vincent, a former vice president, had initiated the Growth Program to foster growth through sharing brand assets among the CBUs to develop blockbuster brands. Deheunynck elaborated:

The Growth Program was a short-term focus shift from portfolio management to growth management. We had 2%–5% quarterly growth, but it was very volatile. Because Danone is so entrepreneurial and decentralized and has a “not invented here” syndrome, Jacques Vincent wanted us to use our CBUs to leverage practices rather than to use consultants. We looked for good performers in areas such as renovation, innovation, proximity, affordability, etc. If we were able to put these ingredients into one basket, we would over-perform our competitors. The Growth Program enabled us to maintain consistent growth at around 5%.

The Growth Program was replaced by Growth Too in 2003. Growth Too aimed to accelerate growth by identifying, analyzing, and formalizing good practices in the 70 CBUs—primarily in the fields of marketing, sales, human resources, and organization—to ensure that these good practices were adopted by all CBUs.¹⁰ The dairy division introduced a concept called the diamond—a hexagon charting six key parameters of a brand used to measure a brand's effectiveness and progress. Via Growth Too, the diamond had been widely spread throughout the company. Said Deheunynck, who became the leader of Growth Too:

The diamond is used throughout Danone now, as is the pyramid on our affordability mission. The pyramid organizes our markets and our typologies of consumers [A to E]. For instance, in India and China, A-consumers can afford bottled water, while E-consumers may drink contaminated water, but this will differ across countries. Many consumers can't access our products. Our future consumers are probably below the current ones, so we need to adjust our strategy over time. This pyramid is used in all BUs today, and thanks to Growth Too we helped the BUs to modelize their tools and their practices.

Next, Danone created “Acceleration Units”—international working groups that specialized in a particular concept or brand. An Acceleration Unit might have between 4 and 40 high-level members from a single function or from multiple functions—for instance marketing directors, R&D directors, or supply chain directors. Acceleration Units sought to identify good practices within a specific area

¹⁰ *Danone words*, http://www.danone-values.com/US/mots/pages/fiche_5_1.html, accessed September 2007.

(for instance, in marketing, or within the Activia brand) and then to formalize and circulate them, enabling CBUs to improve performance, or roll out new products faster.¹¹

Nicolas Riom, general manager of Danone France and former marketing director at the fast-moving consumer goods (FMCG) companies Procter & Gamble and Kraft Foods, came to Danone with several ideas on how to exchange good practices across the organization:

Because Danone is fast-moving and entrepreneurial, we might be less efficient in some operational functions, but we gain in entrepreneurship and linking operational people to the business. This is part of our uniqueness, so we try to invest in that feature, rather than trying to imitate the big companies. This is where this idea of networking comes in, to get the frontline managers to talk to each other to exchange practices as fast as possible. We wanted to build a model that was a continuous improvement process and we came up with the Danone Operating Model, a list of 144 formalized best practices, using a tool called THEMIS.

Launched in 2001, THEMIS was Danone's group-wide SAP (business software) system. Mougin believed that Danone's 90,000 employees needed tools for coordination. Implementation of the well-defined procedures of SAP proved difficult. Said Deheunynck:

We struggled a lot with the rollout of THEMIS. We thought that an ERP [enterprise resource planning tool] was necessary because the organization was so decentralized. We didn't realize it at the time, but I think that the THEMIS project was countercultural, simply because we are not process driven. Being controlled by headquarters has always been a challenge for Danone. Managers cannot be P&L responsible while having any sort of tool or system imposed upon them from above.

Danone headquarters did not want to impose one way of proceeding with the implementation, and Mougin encouraged direct discussion between departments about the software, leveraging the experiences of those who had already tested it. This networking and the informal exchanges of practices that followed became eye-openers for Mougin.¹²

Emmanuel Faber, executive vice president of Danone, Asia-Pacific, pointed to frontline managers as the appropriate target for practice sharing:

The head of the logistics depot in Finland should network with someone in the Czech Republic, Italy, Argentina, and China, who all have the same function. At the end of the day these people know which processes we need to change and what the consequences of changing the processes are. The frontline managers deal with the issues on a daily basis. They may not be the most important people in the hierarchy, but they are the critical-mission people.

Faber underscored the importance of helping frontline managers network. Whereas general managers collaborate to "drive top-line growth"—perhaps, sharing advertising strategies—frontline managers traditionally lacked such opportunities. Yet, as he explained, "Networking among frontline managers is about optimizing processes to generate the resources that can fuel this top-line growth."

¹¹ Ibid., http://www.danone-values.com/US/mots/pages/fiche_7_0.html.

¹² Adapted from Mougin and Benenati, "Story-telling at Danone: a Latin approach to knowledge management."

The Human Connection

Mougin thought that traditional knowledge management—using technology, uploading files, building databases—was not the optimal path for Danone. Most Danone employees did not use portals and felt most comfortable talking to each other. Systems and processes also slowed down the business, according to some Danone managers. Mougin, having recently hired Benenati (in 2003), therefore decided to look at behavioral patterns and more specifically at interactions between people.

“I found out that sharing wasn’t a natural thing,” Benenati said. “We had to find a way to encourage people to share.” He realized that direct discussions between top managers were efficient, but that sharing at lower levels clashed somewhat with traditional managerial culture. He elaborated:

Managers may be reluctant to let their teams discuss among them. If members of their team find solutions, then managers are of no further use. But in a group with 90,000 employees the solutions to the problems of one team are likely to exist entirely or partly elsewhere. So we had to organize these contacts to increase communication between the levels at the bottom of the pyramid. Our target was the 8,400 first-level managers.¹³ (See **Exhibit 2** for an illustration.)

Instead of starting out by creating databases, then filling them with content and finally establishing personal networks, Benenati wanted to reverse the method and start by creating a culture of discussion, contact, sharing, and solidarity, helping managers want to work in networks. “That is why this process was managed by the human resources department rather than by the IT departments,” he explained. “I wanted it to be first of all a change in behavior. It’s about attitude.”

The Networking Attitude

The Networking Attitude was launched at a Danone conference in the city of Évian-les-Bains in Eastern France in the fall of 2002. Mougin recalled, “We presented the Networking Attitude to Danone’s general managers as our way to circulate good practices and make people in units far from each other share knowledge.” Razac explained his take on the concept, “The objective of the Networking Attitude is to show people that 50% of their daily work should be copy-paste, at least in marketing.” Said Catherine Thibaux, director in charge of the Danone Way and rating agencies relations, “To me, the Networking Attitude is a means for the company to move faster and to perform in a better way. It’s a way to work transversally and to break the silos, to absorb and combine talents and knowledge coming from different places within and outside the organization.”

“Make It Yours”

To make the Networking Attitude distinct from other knowledge sharing attempts, such as THEMIS, Benenati wanted the Networking Attitude to appear low in formalization. He said, “People had to embrace the Networking Attitude like a game and accept it like it was their own project.” Mougin and Benenati designed social tools to stimulate sharing and use of knowledge, including marketplaces, message-in-a-bottle, T-shirts, Who’s Who, and communities.

Marketplace Marketplaces were held during other meetings or conferences within Danone. Thus, people were not invited specifically to them and were usually unaware that they would occur during a conference they were scheduled to attend. Mougin’s team normally requested two hours of

¹³ Ibid.

time to run a marketplace; it occurred between other sessions scheduled by the target group. Mougin called this the “Cuckoo” strategy, as the Cuckoo bird borrowed other birds’ nests to lay its eggs.

Facilitators arranged and ran marketplaces, acting as intermediaries to organize the exchange of practices. They chose a strategic business topic and contacted 5 to 10 colleagues about three weeks in advance to mobilize them to act as *givers*—offering *good practices*, or solutions to problems. The rest of the participants were to act as *takers*; managers with problems or issues to resolve (see **Exhibit 3** for a presentation of marketplace actors). Before the marketplace, the facilitators collected givers’ good practices and wrote them down in *The Little Book of Good Practices* printed before the event (see **Exhibit 4** for examples of these books). On each page the book displayed one good practice, summing up the problem, the solution, the tangible advantages, and the practical details of putting it into practice. No idea was too small; in fact, the ideas had to be small and tangible to make them applicable. If an idea was too large or complicated it would be decomposed into smaller ideas that were easier to handle. Said Mougin, “The most important thing is to make it simple.” The giver had his or her photo on the page, making the person easily recognizable. “This is our old-fashioned version of the intranet,” said Benenati (see **Exhibit 5** for an example of a good practice).

Marketplaces were brought to life by devising them around a theme, ranging from a French food market to Star Wars to the Wild West (see **Exhibit 6** for an example). The room would be full of colors and music to create a lively atmosphere. “It is designed to look haphazard and informal to make people relax and have fun, but it’s actually very organized,” Benenati said. Preparing for a marketplace took weeks. Givers and takers dressed up in costumes, obscuring hierarchical rank, and taking on the role of another character and helping to overcome inhibitions. “It’s much easier to ask for help when you are pretending to be someone else,” added Mougin.

While Mougin and Benenati encouraged the use of videos, stories, and symbolic objects, PowerPoint was banned. “We wanted to avoid having people sit in a room looking at a presentation. They do that all day in conferences and we wanted to take them out of that setting,” Benenati said. However, Benenati understood that managers had to be convinced of the benefit of asking for help from their peers. He reported, “To make sharing happen, you have to show the nice story. Start with a good ending and explain how you get there afterwards. We use videos to show the exchanges that take place. The story has to be short, like a 30-second elevator pitch.”

Benenati and his colleagues created little books with story examples. One book featured 33 summaries of transferred good practices in diverse functions. For example, a story entitled, “If time is not on your side,” described how the marketing team at Danone Brazil had helped the marketing team at Danone France. The story involved Marie-Laure in France, who faced Nestlé’s launch of a new fat-free dessert in her segment, and a colleague in Brazil, Cecilia, who had a new, somewhat similar dessert product in her portfolio, *Corpus Delicious*. Marie-Laure took Cecilia’s concept, renamed it *Taillefine*, changed the packaging, and launched the new brand in France in less than three months. Not only was time saved, but a €20 million business was created and sales were superior to those of the competitor. Added Benenati, “We used the successful launch of Taillefine in France to show that networking could bring together two countries as far apart as Brazil and France. For the first time we had someone from the French unit saying thanks to someone from outside of France.”

While takers could go through the list of good practices in the book and prepare to go to the marketplace, givers would prepare their stands. When approaching a giver who had a good practice of interest to the taker, the latter would “pay” one of seven “interest checks” to the former, symbolizing the transaction. The number of checks acquired by a giver was a sign of the relevance of a good practice, which would be noted by the facilitator to follow the good practice exchanges in his or her community (see **Exhibit 7** for the check book).

Juliette Penot managed HR for the nine factories and three warehouses of LU France, Danone's French biscuit subsidiary. As manager of the subsidiary's safety approach, Penot knew that sharing good practices among the 12 plants was important. She helped organize the first marketplace on safety in 2005, with a mix of workers, plant managers, and union representatives. Franck Riboud, Jacques Vincent, and Franck Mougin attended (see **Exhibit 8a** for a photo). "Top management being here was a way to show commitment," Penot maintained. "You need management commitment, because you have to prove that it's really important to the company—otherwise people don't take it seriously." Added Mougin, "This requires long preparation, strict rules, and organized followup."

Penot and her colleagues established a network of 12 members working on plant safety. The members met each quarter for one- or two-day meetings to share good practices, and connected between meetings as well. One member, for instance, notified his network of an incident that could have produced grave consequences. Said Penot, "In three days, all members of the network had replied to his e-mail with their own suggestions on how to improve this procedure in the future. Everyone had checked their equipment to avoid an accident waiting to happen." Penot reported concrete results. "We have been able to bring down the number of accidents in our plants significantly thanks to our sharing of good practices," she said (see **Exhibit 8b** for data). In September 2006, Penot held a second marketplace to demonstrate that commitment to these practices continued.

So far, 19 marketplaces had been undertaken within Danone in 15 countries. "They have all been quite successful," Benenati noted. "Only one marketplace didn't work out, and that was due to the sponsor of the marketplace refusing to include costumes. Without the costumes and the role-playing, it doesn't seem to work." Benenati believed that it was necessary to bring about a lot of emotions. "You have to feel humility, love, and joy, and this in a loosened-up environment with a lot of music. People don't like to stand up in a room and ask a question that everyone can hear," he explained.

Message-in-a-bottle The message-in-a-bottle session brought takers with problems to a smaller audience of potential givers. Said Mougin, "It's like an Alcoholics Anonymous meeting; there are problems and helpers and many do's and don'ts." Benenati added, "These givers are more than willing to help because they in turn will become takers. It's a bottom-up approach with more spontaneous connecting." These sessions took place without observers so that people did not feel inhibited to ask for help or raise issues. So far, about 115 message-in-a-bottle sessions had been organized involving more than 3,000 people.

T-shirts T-shirt sessions could be incorporated into conferences or meetings if time was too short to conduct a marketplace or a message-in-a-bottle session. Participants wrote suggestions on the front of their T-shirts and problems on the back and then mingled in an energizing learning session. The idea materialized when Benenati needed a less time-consuming networking variation, "I found myself in lack of time and ran to the closest H&M to buy a bunch of T-shirts at €3 a piece. We've only tested the concept two or three times, but it can be a very structured, yet informal, alternative."

Followup

After a marketplace or message-in-a-bottle session, the facilitators—with Benenati—organized followup measures to help participants take the acquired knowledge and the new network the next steps of the journey. Benenati maintained, "We don't want to teach people how to network. We want to give them the motivation to do it by showing them what can come out of it." Several tools had been put in place to ensure that this could happen, as described below.

Who's Who The Who's Who was an internal directory on the Danone intranet that had a box entitled "Networking Attitude," which people who wanted to take part in sharing could check. All

employees at Danone had their own profile, and had the option to check a box with some key topics saying *I'm happy to share* (see **Exhibit 9**). Explained Benenati, "The idea is that if you have a problem, you can with a few search words find someone who can help you in the area where you need help." Danone employees did not agree on the success of the concept. While some used the directory every day, others saw no use for it in the state it was in. Said Thibaux:

The Who's Who was supposed to be a tool to get to know people and help people find colleagues that possessed specific knowledge. If you punch in a keyword, for instance "diversity," then you will see all the people that have put that as a competence. But it doesn't work at all. I think very few people use it. At Danone you can't just say that from now on everybody will be doing this. That's just impossible.

Communities Communities (*networks*) ensured that people continued to exchange good practices even without marketplaces. Danone had identified 59 networks, each with a leader and 10–15 members. Members met regularly, once every 6–18 months. Between meetings, members fed the network with information and questions to keep it alive. In some communities, participation in meetings was mandatory. Nicolas Abadie, sales director of the *Danone dans la Vie* unit, recalled:

Four and a half years ago when we started this network that I am in, we had the top management pushing on our side. It was top-down and it was easy for us to say, "You are going to organize that and you better attend." From there it has changed dramatically and now, four years later, I'm happy to say that it's the local environments that are pushing their local people to network with other people.

Assessing the Networking Activities

Mougin and Benenati believed the Networking Attitude's initial objectives had been reached: people across Danone had strengthened personal networks and shared practices with colleagues. "Because of the Networking Attitude, far more people know who to ask for help now," said Kim Cartledge, supply chain director for Danone beverages. Tangible results proved that people from different divisions benefitted from each other's experiences. So far, 4,181 checks had been signed for *opportunity for growth*. Even though checks weren't commitments, Benenati was proud. Thibaux said:

Benenati has clearly done an extraordinary job and I think that today—even though we can go even further—we have progressed a lot compared to when he arrived. Benenati's strong advantage is his personality, which is the reason this has worked at Danone. All the things that happen at the marketplaces are not always to my taste, but I have to admit that it works—it contributes, people participate. They let go, and there are fewer barriers [to sharing].

CEO Riboud was supportive of this informal approach to knowledge management, commenting, "At Danone we promote good practices through networking. We do not do this through technology, because if you think that an IT system will create a network, you will not be going anywhere. You need the relation and exchange between people. At Danone we foster games between people during which they can exchange ideas. I see this as our competitive advantage."

Explaining why one or two marketplaces fell short of the others' success, Benenati reflected, "For Anglo-Saxons, the Networking Attitude was nothing new. . . . They were a bit '*so what?*' about our sessions, because networking is normal for them. For Latin companies, however, it's not. And for Asian companies even less so, which is probably why it has been a significant success in Asia."

Marketplaces had become popular in Mexico, where Martin Renaud, the general manager for the mineral water Bonafont, had organized a marketplace involving distribution centers and employees

below management level. He noted, “People are so proud to present their ideas to someone else—ideas that they developed themselves. It empowers people, because the ideas come from their own ranks instead of from the head office.” After the marketplace, Renaud and his team selected the 10 most popular practices and asked all the Mexican distribution centers to implement them.

Benenati wanted to assess the Networking Attitude’s impact. Since no formalized tracking existed, he followed up on one marketplace in Marrakech, Morocco, in 2004, by sending e-mails to the 300 participants who indicated an interest in a good practice through the check system (see **Exhibit 10** for good practice tracking). One colleague, however, argued against followup, saying, “We shouldn’t police and track the impact of this. We shouldn’t act as bean counters.”

Benenati did receive some feedback. For example, a finance marketplace in Budapest, Hungary, had as its objective to help people to close their accounts at D+4, the target of the company. Marie-Catherine Boinay, director of reporting consolidation, testified, “Many people were not closing at D+4, but at the Budapest marketplace we showed them how to do it. The objective has definitely been reached, because all of our units close at D+4 now and it has had a lot of benefits in terms of organization.” (See **Exhibit 11** for a selection of exchanged practices.)

As the number of marketplaces grew, some saw the impact as limited. Cartledge observed, “Many great ideas are implemented as a result of networking, but not as many or as fast as we’d like. We should help the takers implement the ideas they take home.” Others wanted even more networking but believed that the framework was lacking. In his capacity as R&D director for consumer science at Danone Research, Alain Montembault lived this every day. He highlighted, “IT is an absolute key success factor for this company. But in Danone it is seen as a cost. We need IT and we need more facilities to support our research, to share folders, to store research, and to maintain the long-lasting management of our data.” Yet others believed that more stimulation was needed. Said Riom:

I’m a strong supporter of the Networking Attitude. We have put a lot of energy into this and there have been benefits in transversal communication and having people meet each other. But regarding impact on business, I would say it is limited. No one has networking as a target, and if it’s not in your core targets you are not going to be that involved. Networking is a tool to improve your efficiency in solving your key issues or priorities. If it’s not focused on solving your key issues, it will not be very useful.

Thibaux believed that networking had not yet been integrated into business processes, stating:

I believe that coaching and mentoring can bring us a long way, but I think that it should come from above and that it should be part of the [performance] objectives. Networking has to be acknowledged, and you have to create rewards for the best contributors to networking. They are not rewarded for doing this. For instance, I’m a part of a network, but it’s not in my objectives, I’m not evaluated on what I do in that regard.

Thibaux was also concerned that people simply had too much work to put networking as a top priority—especially when it was not rewarded. He explained, “To me, people’s workload is a major obstacle to the Networking Attitude. It happens that people tell me, *“well, if it’s not in my objectives then I’m not going to help you.”* It’s rare, because it’s not the Danone style, but it happens.” Meanwhile, some saw differences across groups, believing that the dairy division was more likely to network than the beverages division, for example, due to the cultural history in that group.

Extending the Networking Attitude

Mougin and Benenati believed that the Networking Attitude had the potential to be taken further and that sharing could be taken deeper, wider, or richer. Some attempts had already been made.

Deeper: more employees Mougin believed that all 90,000 Danone employees could benefit from the Networking Attitude to share good practices. Mougin had tested this belief with a marketplace for assistants that worked well, with some assistants claiming that it was the first time anyone had asked their opinion. “This is about empowerment and appraisal,” said Benenati.

The assistant marketplace required extensive preparation. As for all marketplaces, the participants received e-mails in advance asking for good practices. None replied. “The executive assistants were not used to being asked for their opinion,” said Thibaux, who worked hard to get assistants to offer good practices. Once they did, many found it valuable. Marie-Therese Debarge, executive assistant in the People and Organization department, reported, “It was very useful for me to participate in this marketplace and to share best practices with my colleagues. We learned a lot from each other. Now I can call them instead of trying to find a solution by myself.”

While almost everyone believed that going deeper would benefit the organization, some thought that specific considerations would have to be made before taking this step. Cartledge was in favor of going deeper within the organization, but highlighted that “much of the richness of the Networking Attitude comes from crossing countries. When you get to a certain level, there are language barriers.” Meanwhile, others were more skeptical. “I would focus more on the quality of the networking rather than going deeper,” Riom noted. “You need proven successes, and then it will extend.” Deheunynck believed that Danone’s emphasis on marketing and sales left manufacturing, supply chain, and purchasing with less senior management attention. “Quite a few general managers don’t visit their factories on a regular basis, which can be an issue when more than 50% of our employees worldwide are in manufacturing.” He continued:

The performance of this company is not the 10,000 senior managers but all of our 90,000 people. However, some still believe that the contribution of non-managers to total performance does not merit including them in networking activities and that we will not gain what we spend to make it happen. What we do know from our own surveys is that performance is always better when there is clear alignment between senior management and employees.

Wider: outside the company Mougin and Benenati contemplated using their tools to build external bridges to partners, suppliers, customers, and consumers. Danone had tested one such marketplace in Spain, Poland, and France, with pre-selected suppliers. Renamed The Innovation Challenge, these marketplaces featured suppliers that competed on coming up with the best solution for Danone on a strategic business issue that Danone had communicated to suppliers in advance. The supplier with the best solution won a contract with the company. Danone also invited consumers to discuss products in development. Philippe Bassin, vice president of sourcing, supply, and development in the dairy division, and the sponsor of the concept, said, “We brought the outside inside in an extended company to connect and develop.” Cartledge was also enthusiastic, “There are no limits to what you can do. CBUs now start to invite suppliers to meetings to share best practices.”

Sharing practices with retailers like Wal-Mart or Carrefour was also an option for Danone, which like any FMCG company, lacked direct contact with consumers. “When there is a shortage of our products on the shelf, Danone is penalized by the retailer for its loss of sales,” explained Deheunynck. Danone was starting to collaborate with mass retailers to find ways to ensure on-shelf availability. “It’s direct profit at no cost,” Deheunynck noted. “But we cannot run the show by ourselves. To reach

this common goal we need our customers, and they don't have the Danone DNA. It's also more dangerous for us, because if we help our customers to progress, our competitors will benefit as well."

Richer: for innovation Mougin and Benenati considered going a step further than sharing knowledge—to create new knowledge by inviting employees from various divisions to network with the aim of coming up with new processes or products. So far, Danone had conducted seven so-called co-building sessions. One was focused on 'shifting from water to beverages. During one week, the members of the executive committee of the beverages division discussed the strategy with the general managers of all the CBUs. On the third day, yet another group was brought in—and in total 160 people fine-tuned Danone's beverages strategy. Explained Deheunynck, "It made people aligned in one week. That's what we call getting richer. If we just keep sharing practices we are not going to survive, because the good practices of today are not going to be the good practices of tomorrow."

Cécile Diversy, HR director at Danone Waters France, saw potential, "Nestlé has 10 times as many resources as we do, but we still manage to create new solutions and processes... because of the human aspect." Reported Cartledge, "We have classical networking and we have co-building sessions, where people bring something they want to construct and ask their colleagues to help."

In 2004, the Innovation Task Force had been established with about 80 Danone employees and some external experts to promote innovation. Essensis, a yogurt that nourished the skin from the inside, was an outcome of this team effort and launched in 2007. The idea of launching a product in the cosmetofood¹⁴ category had been tested in Belgium, Spain, France, and at headquarters. Razac elaborated, "Essensis is an example of a very centralized project. It was born out of two or three local ideas and we brought together the people working on the project in the various countries and integrated them in a corporate project group." The cross-functional team managed to get the product to the market in seven months. Razac continued:

For the people involved, this work was done on top of their normal job. [This means] you have to motivate them even more, because it means working for the central business, for an idea that could benefit their own business as well. You need to convince a local general manager [to support it] because people have other things to do than to work on a product that might be launched in five years.

The Future

Mougin and Benenati had much to discuss. Networking involved so many stakeholders that satisfying everyone would be difficult. Should they extend the concept to be deeper, wider, or richer? Should they impose more structure, evaluation, or rewards on the Networking Attitude to make it more viable for the long term? Or should it remain as it was? Benenati wondered whether formal reward systems would be at odds with the spontaneous nature of networking and its aims. Mougin preferred developing new ideas to structuring and evaluating systems anyway, believing, "That's the Danone way of doing things." It was clear to him that some divisions were more advanced than others when it came to networking and innovation, but he wished he had more systematic quantitative measures of the Networking Attitude and its impact on Danone.

¹⁴ "Cosmetofood" is food that has health or beauty objectives and can be considered somewhat medical.

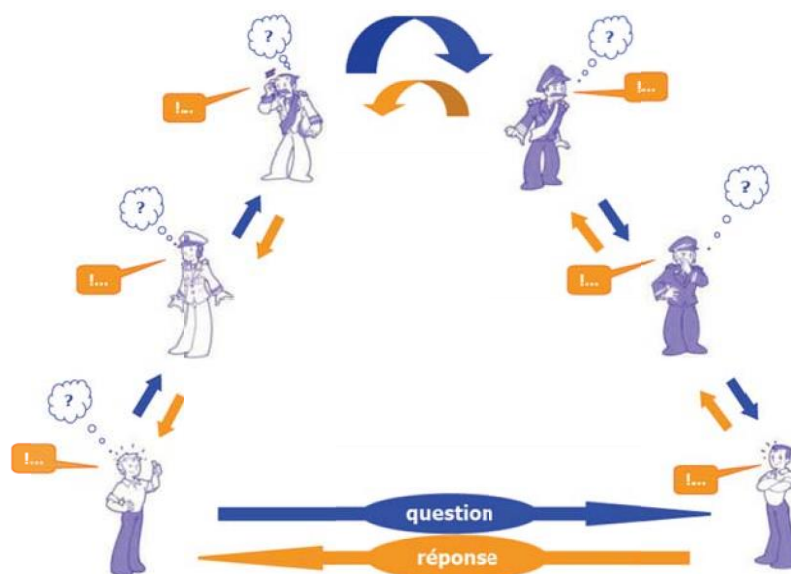
Exhibit 1 Groupe Danone Selected Financials, 2004–2006

€ million	2004	2005	2006
Revenues	12,273	13,024	14,073
Organic growth	-	+6.7%	+9.7%
Trading operating income	1,608	1,738	1,914
Trading operating margin	13.10%	12.35%	13.60%
Net income (excl. non current items)	910	1,031	1,194
Net income (attributable to the Group)	449	1,464	1,353
Cash flow provided by operations	1,574	1,716	1,891
Capital expenditures	(520)	(607)	(6,92)
Purchase of businesses and other investments	(98)	(636)	(5,75)
Free cash flow	1,204	1,303	1,516
Net Revenues by Business Line			
Fresh dairy products	6,510	7,184	7,934
Beverages	3,201	3,473	3,942
Biscuits and Cereal Products	2,562	2,367	2,197
Group total	12,273	13,024	14,073
Net Revenues by Region			
Europe	8,096	8,179	8,582
Asia-Pacific	1,965	2,235	2,429
Rest of the World	2,212	2,610	3,062
Group total	12,273	13,024	14,073
Total employees	89,449	88,184	88,124
Western Europe	22,492	20,985	20,688
Outside Western Europe	66,957	67,199	67,436

Source: Groupe Danone.

Note: By November 2007, Groupe Danone had sold its Biscuits Division to Kraft Foods Inc. and bought a 95.34% stake in Dutch baby food and clinical nutrition company Royal Numico N.V.

Exhibit 2 Communication Flows



Source: Groupe Danone.

Exhibit 3 Marketplace Actors



The Giver

The *Giver* is sharing the experience of sorting out a practical problem encountered in her/his own CBU.

Givers have been identified and mobilized beforehand to illustrate in a concise way good practices, and they are happy to share this experience and know-how with Takers who visit their stand at the marketplace.



The Taker

The *Taker* is anyone who finds it useful to use a solution proposed by the Givers.

The *Taker* confirms her/his interest in the good practice by signing a cheque to the Giver and therefore agreeing on a potential exchange. Once this "transaction" is complete (e.g., once the *Taker* has effectively transferred the Giver's good practice in her/his own CBU and is experiencing a tangible benefit), then we could say that this is a "nice story."



The Facilitator

The *Facilitator* (member of the content team + sponsor) is there to help. The *Facilitator's* role is to make sure the right solution is proposed to the right people at the right time, and in the right format. Her/his job is not to multiply "transactions" but to encourage good exchanges between Givers and Takers in order to have nice stories.

Source: Groupe Danone.

Exhibit 4 The Little Book of Good Practices




Source: Group Danone.

Exhibit 5 A Good Practice

B1

scorecard reporting based on actual figures

ON DISPLAY TODAY!



my problem

- closing deadline d+5 does not allow a scorecard based completely on actual and analysed numbers

the solution

- tighten the deadline for sales, manufacturing and subsidiary book closing => closing at d+1; cost split and variance split at d+2.
- automisation for monthly accruals.
- reorganisation of trade terms management.
- own development for the forecast in essbase.
- "closing meeting" floating during d+3 between controlling and financial accounting.

the benefits

- more transparency in ttm => cann per customer and product at d+2.
- time for analysis from ar1 at d+3 plus last postings.
- time for analysis of OFCF.
- scorecard reporting based on actual and analysed numbers.
- result reporting at d+4.

practicalities

- no time for delays, substitutes must be clear.
- the rule for cost center reposting should be very tough.
- do as many actions as possible in the old month (e.g. interface run payroll).
- the whole company must be included in this process, that means they must know and understand the necessity of being fast.

more questions? just call me!

Stefan Kost
Danone Germany
+49-8962733240
stefan.kost@danone.com



the little book of  good practices

Source: Groupe Danone.

Exhibit 6 A Marketplace



Source: Groupe Danone.

Exhibit 7 The Check Book



Source: Groupe Danone.

Exhibit 8 Safety

8a) Safety Marketplace attended by Franck Riboud (pictured)



Source: Groupe Danone.

Exhibit 8 (continued)

8b) Results of Sharing Best Practices on Safety Issues in LU France

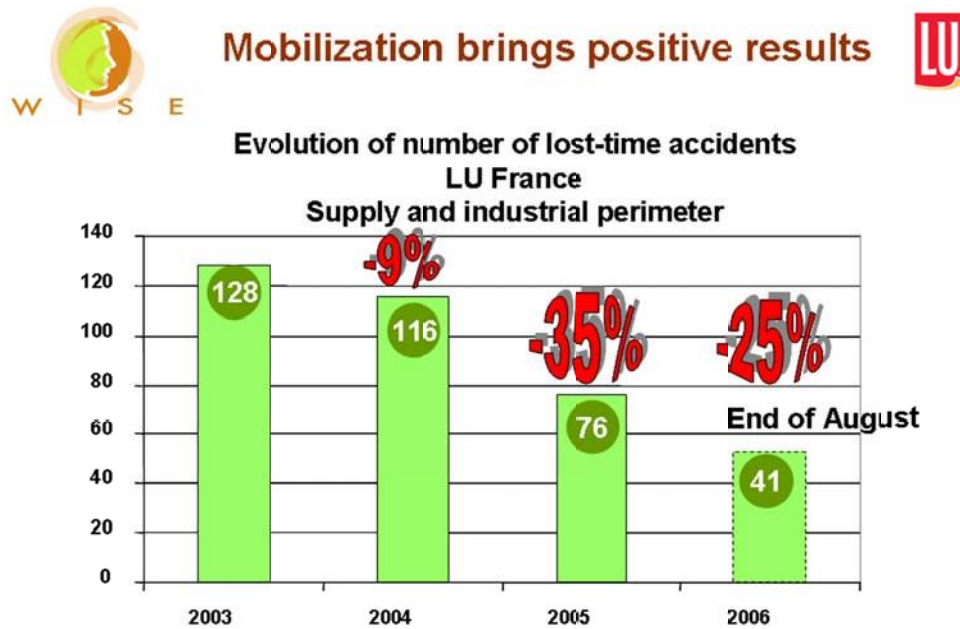


Exhibit 9 Screenshot of Who's Who?

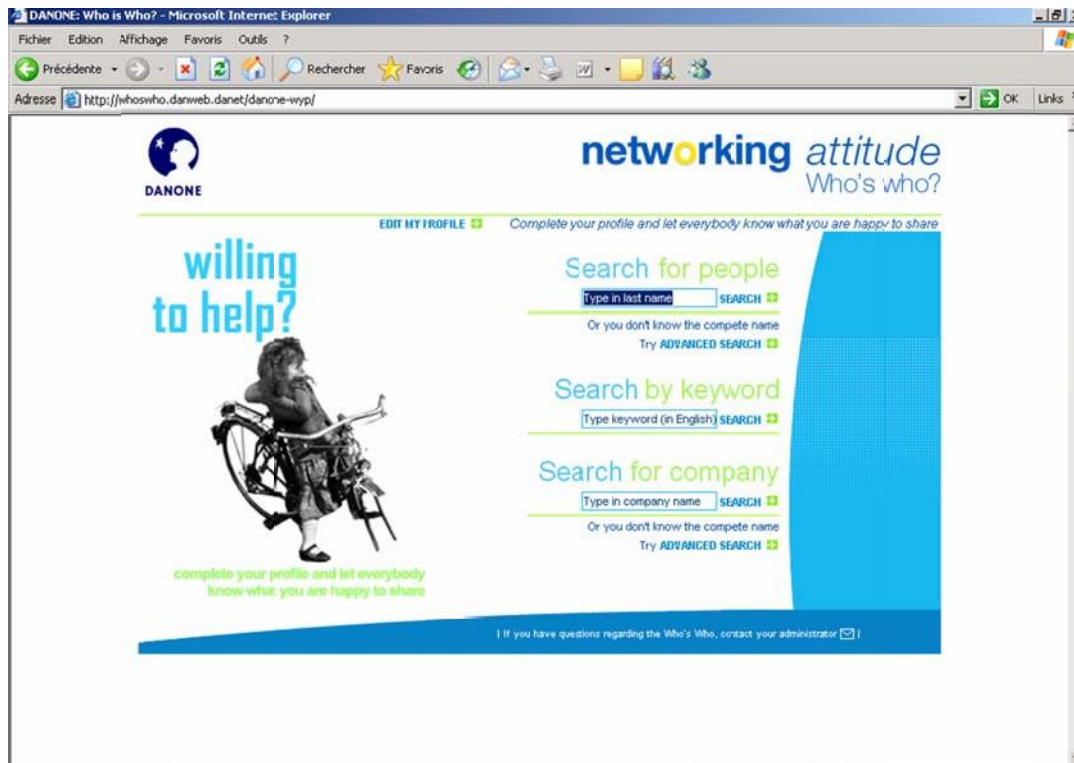
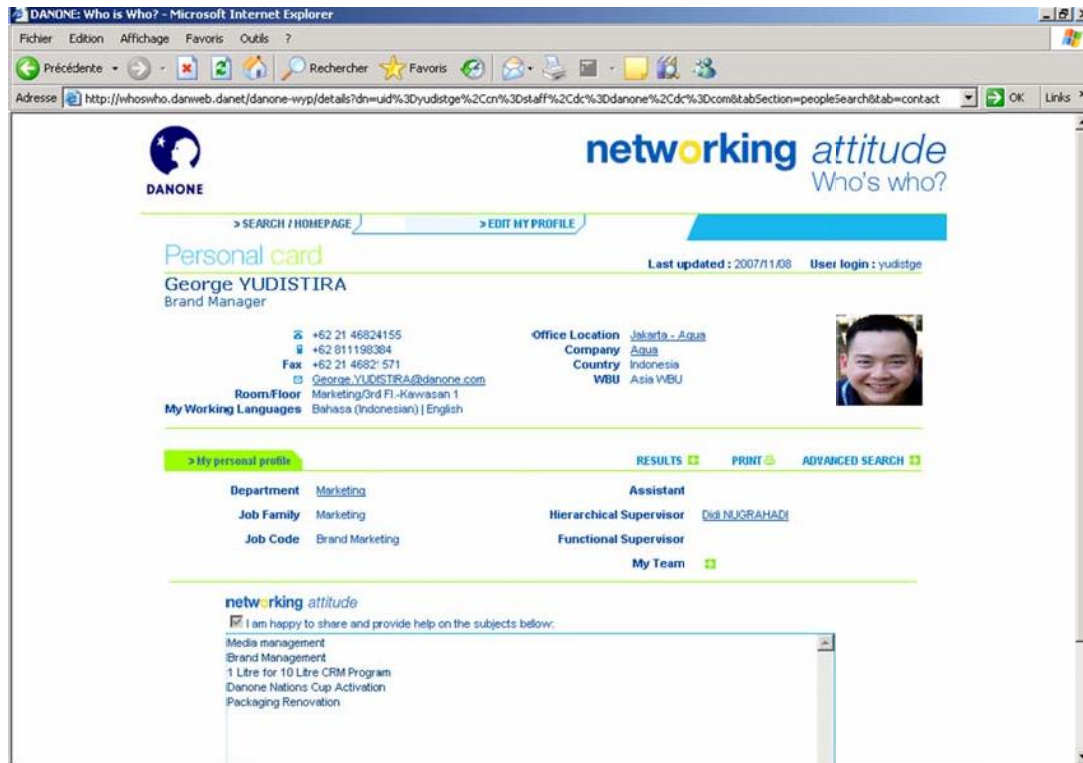


Exhibit 9 (continued)



Source: Groupe Danone.

Exhibit 10 Good Practice Tracking, Following HR Marketplace in Marrakech, Morocco, 2004

Use of good practice after three months with indication of interest	Tracking
I have already implemented the practice	30%
I am in the process of implementing the practice	32%
I have no intention of implementing the practice	28%

Source: Groupe Danone.

Exhibit 11 Selection of Exchanged Practices—Nice Stories

Function	Issue	Solution from Colleague	Result	Transfer
Marketing	In Finland they don't eat biscuits for breakfast, so the LU breakfast biscuit was difficult to implement.	With an adapted communication campaign, the French breakfast concept was repositioned into a biscuit for little hungers in the mid-morning.	The biscuit became the best launch in Finland in 5 years, more than 18 months of product development was saved and a €1,5 million business was created.	From LU France to LU Nordic
Sales	Wanting to increase sales of beverages in German petrol stations where 57% of people didn't buy water or dairy drinks.	By installing lane chillers in petrol stations, consumers were challenged to change habits.	Increase of sales by 47% in water and 100% in dairy drinks in 3 countries. Turnover increase by 35% in 20 first German Total stations.	From Danone Group to Danone Germany
HR	Finding a Danone-adapted sales training program with high quality material at a low price.	Seven different colleagues shared their experiences and material with training programs in their businesses.	A tailor made training program based on existing experiences and saving more than €100,000 on external consultants.	From Danone France to Danone Canada
R&D	Making a 0% fat mousse is a difficult process and would take a lot of time and money.	Borrow the development technology from a colleague that already had a market leading product.	Six months of development processes were saved and a \$20,000 test avoided.	From Danone Canada to Danone Brazil
THEMIS	A new manager had to get up to speed on a software program that the team had used for months.	A colleague gave tricks, tips and advice based on his experience with the new software in his own team.	The colleague rescued the manager and the manager rescued the team from lacking behind.	From Danone Germany to Danone Belgium
Quality	Eliminating the risk of complaints over Plexiglas in biscuit packages.	Replace Plexiglas boxes using screws with boxes without screws—a safer solution.	No more Plexiglas in biscuit packages and no more complaints from consumers.	From LU France to LU France
Operations	Cost reduction in purchasing and supply chain.	Two colleagues with different ideas collaborated on implementing a global cost reduction project in all warehouses.	More than €1 million saved.	From Danone France to Danone France
Finance	Commercial overspend due to lack of visibility.	Visit to colleague in Germany to see implementation of monitoring tool.	Improved workflow, £1,5 million of overspend avoided, and 3 months saved in developing own intranet-based tool.	From Danone Germany to Danone UK

Source: Groupe Danone.