

# **Talent Management and Leadership Program at Danone China**

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Unlike the West and Japan, China remains a target market for foreign multinational corporations (MNCs). Challenges and opportunities for global talent management are all the more significant as young Chinese talents are much less eager than before to join non-Chinese MNCs. This article addresses the issue through an overview of the Danone talent management and leadership program in China. Based on a business case and an exploration of perception among corporate and local employees, the article reviews the implementation of a strategy as an example of what can be done and seeks to examine the set of talent management tools that allows the company to develop a Chinese talent pipeline. This innovative leadership program, internally named *Bo Le*, was designed through a collaborative involvement of all levels of Danone management in China. It is based on three major axes: attraction, development, and retention of local talents. The program has helped to increase the number of local recruitments, to reduce attrition rate, and to promote effective, local Chinese managers to strategic positions. Its success leads Danone to duplicate it in other Asian countries, such as Indonesia, Vietnam, and Thailand.

**Keywords:** talent management, leadership, recruitment, career, talent retention, China, Asia

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## Introduction<sup>1</sup>

In contrast with the economic conditions in the United States and Europe, Asia and emerging markets are sources of growth for many Western MNCs. Studies (McCool, 2007; Neal, 2007; Connell and Teo, 2010) demonstrate how many companies have been investing for years in Asia; along with Latin America, Asia is now at the core of their business. Especially in Asia, breaking into this market successfully requires understanding business and human resource management (Tung, 2008). In a practical guide for CEOs, Paine (2010) explains how to understand the market yet work with key stakeholders, including government; how to adapt to local conditions yet implement global standards; how to reduce costs yet maintain quality; and how to pay for performance yet build a people-centric workplace. Attracting, developing, and retaining Chinese talents are among the keys to success, but doing so appears to be challenging (Iles *et al*, 2008; Schmidt, 2011; Ulrich, 2010; Ulrich and Sutton, 2011; Zheng, 2009; Yahya and Kaur, 2010; Yeung, 2008).

To further explore the lack of Chinese talent, Ready *et al* (2008) explain that in China ‘the gap between employee supply and demand is especially wide when it comes to candidates capable of moving into senior leadership roles’. On top of this, China’s one-child policy has created a young generation of *little emperors*, who may wrongly perceive the feedback they are given to help them develop. Managing this generation requires particular attention, and at the same time they receive many job offers. Others reasons may be put forward: For example, the MNCs’ hiring packages (with higher status, safety net, long-term career path, and international assignment) are no longer significantly more generous and motivating when compared to the packages that local companies offer. Chinese graduates may be impatient, thus unwilling to wait too long for key positions. HR professionals in Western MNCs mention this impatience and that the common reaction of Chinese employees who do not get top jobs after a couple of years is to leave the company. Historical reasons can also be a factor: During the 2008 crisis, MNCs, except in the luxury field, reduced staff, hiring, and expenses. Many graduates remember that period and want to avoid having the same experience in the future. Moreover, cultural reasons may play a part. First, young Chinese talents feel honored to join a national firm at a time when the reputation of Western institutions is fading. Second, the combination of a good international education and membership within their national culture (*Guanxi*<sup>2</sup> for example) can prepare young Chinese graduates for a successful career in a local company. In contrast, they consider that they will never be able to get the equivalent portfolio of key competences for success in Western MNCs. Third, the best Chinese talents often leave foreign multinationals with the conviction that they will become successful entrepreneurs. In other words, they will remain in their own country, be in a position to seize any emerging opportunities, and thus make more money as an entrepreneur than as a manager.

This shift in behavior among Chinese talent is a challenge for MNCs, which need to reshuffle their local HR policies swiftly if they are to staff for the upcoming growth in China, when it will no longer be possible to use expatriates to sustain the pace of growth in terms of both the quality and number of staff (Jenkins, 2006). Confronted by the difficulty of attracting, retaining, and managing Chinese, MNCs need to reconsider their traditional way of managing human resources and to find ways to meet the demands of Chinese talents.

In such a context, the implementation of Talent Management adapted to these local challenges seems to be a significant solution to attract, develop, and retain local talents. This paper offers a descriptive overview of Danone’s process of implementing a talent management and leadership program in China that addresses the issue of attracting,

developing, and retaining Chinese managers. This article examines the above issues through a case study at Danone, based on a set of interviews with the HR Asia Pacific Director, China HR manager, HR talent management project executive, two business unit HR managers, and 28 Chinese managers. These lasted two years, from the beginning of the implementation of the Chinese talent management program until August 2012. Focus was placed on the corporate and local tools created through a collective approach driven by the HR Asia Pacific director that involved all the Chinese managers, from junior to executive, regardless of their positions in the hierarchy. To complement the corporate HR interviews, the HR Talent Management project executive conducted interviews with the Chinese managers in English. Before analysis, qualitative data were transcribed and meaningful segments coded so as to discover important themes and relationships. To assess the data, internal company HR documents and statistics were analyzed. Data analysis was conducted in an ongoing and iterative, non-linear, manner.

## 1. HOW DANONE SHIFTED TO ASIAN MARKETS

Danone is a leading global food company with a mission of ‘providing health through food to as many people as possible’. It is also one of the fastest-growing food companies in the world. It targets the young, adults, and senior consumers in over 120 countries on five continents. In 2011, Danone had more than 160 production plants and more than 100,000 employees around the globe<sup>3</sup>, generating sales of more than 23 billion USD, of which more than half were from emerging markets. The company has some of the best-established brands in the sector, including *Evian*, *Volvic*, *Badoit*, *Activia*, and *Danone yogurt*. Danone is a fairly decentralized company, a lean organization, where each of the business units has a large degree of decision-making authority. The firm practices proximity management as a key component of its distinctive culture.

New Markets have become the growth engine for Danone. For example, sales rose 20% in Russia, in the United States, and in Brazil. Others countries that have contributed to the new geographical shape of Danone include Mexico, Argentina, South Africa, Saudi Arabia, and China, where sales more than doubled in 2010 and growth is at more than 20%. In ten years, Danone has seen a huge shift through a business and geographical transformation, with a continuing commitment to innovation and research and to social and sustainable development. For the leaders of the company, financial and social performance are inseparable and they do not hesitate to explore new business models that enable them to bring affordable nutrition and economic growth to the developing world.

The company has experienced three main stages of transformation. First, business transformation took place from 1996 to 2009. When Franck Riboud took over the reins in 1996<sup>4</sup>. He decided to continue geographical expansion while refocusing on three core businesses with high growth potential: bottled water, biscuits, and fresh dairy products. As a consequence, Danone now has a business dedicated solely to health and nutrition with a coherent brand portfolio. Second, at the same time, a geographical transformation was initiated. Danone moved towards growing markets, as did many MNCs. Its market share in Europe decreased while increasing in emerging markets, especially in Asia. There was a real market shift aligned with zones of growth in consumption. In 1996, the biggest part of sales was achieved in Europe: 77% versus 17% in emerging markets and 6% in North America. In 2010, half of the business was in emerging markets 49%, with only 39% in Europe, 10% in North America, and 2% in Japan. The top 10 countries in 2010 were France, Russia, Spain, USA, Mexico, Germany, Indonesia, UK, China, and Argentina. In 2011, activities in Asia represented 51% of the total business of the Group. Third, a structural transformation took

place in 2007 when Danone changed to New Danone, a 100% health-oriented food company. During that year, the Danone biscuit line was sold out to Kraft, and Danone acquired Numico, a Baby Food nutrition business. It is clearly linked to food for health, and both benefit from high margins and vigorous growth worldwide. This brand is completely attuned to the firm's mission of 'bringing health through food to as many people as possible'. Danone had already been acquainted with baby nutrition over the previous 30 years with its brand Bledina, the market leader in France. From an interview of Franck Riboud in April 2008: 'Acquiring Numico gives us real global leverage in the sector. And the company is a real jewel – sales growth is vigorous, and its research capabilities have a well-deserved reputation for excellence. Moreover, it has a dedicated, highly-skilled workforce and an outstanding line-up of local brands. Finally, its form of business culture is close to Danone's own'.

Despite all of these transformations, the Group's values, embedded since its creation, always stay the same: focus on adaptive leadership, business growth, and people-centric orientation. Since 1971 the firm has described this culture as being led by a 'dual commitment: economic and social'. People are considered as essential elements of the company – far beyond processes. First, Danone is a people-focused place to work and is well-known for developing leaders. Many young graduates join Danone to learn how to become a leader. For many years, the firm had a proven track record in fostering talents in Western and Eastern Europe. Having a position in this company is regarded as proof of having been taught effective methods of management and leadership. That is why for generation Y in Western countries, Danone is recognized as 'a great place to work'. For example, in 2009 the *Danone Leadership College* (DLC) launched a multi-year program, based on a common language for diverse employees worldwide, to empower and strengthen proximity management. The objective was to increase employee autonomy and to turn Danone into a 'great place to grow'<sup>5</sup> so that it would be much more than a great place to work. This program, known by the acronym CODE<sup>6</sup>, works to spread Danone managerial attitudes and helps people to build careers rather than merely fill positions. In contrast to most leadership programs, CODE doesn't focus on the top leaders of the company. It aims to promote leadership skills and the empowerment of 15,000 team leaders, and then after a two-year first stage, to share the same leadership behaviors through all levels of the organization, including Sales force and Manufacturing workers.

In 2012, Asia has become one of the key business-growth drivers in the world for Danone: The region represented 14% of the Group sales in 2010 and close to 50% of the top-line growth of the Group. For the first time in 2011, the emerging markets, including Asia, have accounted for 50% of the Group's business. To fuel its growth, the firm needs to develop a much bigger talent pipeline in Asia. To do so, reinforcing its employer branding seems crucial. Two countries, Indonesia and China, represent 80% of the business in Asia. This area is a strategic long-term market for Danone. There is a strong business growth for the company in this region. The Asian organization follows the same pattern as the general Group organization. Each worldwide division is headed by a regional business Vice President. One HR VP leads the HR function across the region. This HR VP works with Regional HR business leaders. In each country, a General Manager working with his/her HR director heads each division. Asia is a key market and China is a driver.

## **2. DANONE'S CHALLENGES IN CHINA**

Danone has more than 10,000 employees and 21 plants in China. The four business lines of Danone are represented in the country (Fresh Dairy Products, Waters, Baby Nutrition, and Medical Nutrition). China is one of the most dynamic and fast-growing markets for the Group,

with double-digit growth. Danone entered the Chinese market in 1987. Danone started by developing a yoghurt business in the late '80s and then, in the late '90s, it expanded its activities to beverages, beer, sauces and biscuits. By the end of the last decade, as in Danone's other regions, some of the businesses were disposed of to realign with the Group's new focus on healthy products. *Bio*, the yoghurt invented in 1987, is a huge success in China. Consumers rank it as the best for treating gastrointestinal disorders. In the Waters market, *Robust* is ranked among the top 10 beverage brands. *Mizone*, vitamin-enriched bottled water, is ranked number one in its category and its sales have increased by 40% since 2009. *Evian*, *Badoit*, and *Volvic* also have a strong presence in the market. *Dumex* (Baby Nutrition) has been the leader in the Chinese market since 2006, and the brand is present in 1300 cities. *Nutricia* (Nutrition) is number one in medical nutrition in the Chinese market (present in 220 cities and more than 1,000 hospitals). Danone's first R&D center in Asia opened in Shanghai in 2005, and employs 40 experts. Danone is also sponsoring an institute in China, established in 1998, with the mission to publish studies and foster exchange of information on the links between health and nutrition. Today, the resources and HR team consists of 7 people. This dazzling growth is epitomized by the volume of sales. As Danone grows faster in China, it needs more and more talent to sustain this business development. Or, as in its experience in the experience of other Western multinationals operating in the region, it faces a struggle to find and keep the best talents to support its future growth.

From a Human Resource point of view, Danone faces several issues in China. First, the firm has a high attrition rate (over 16% in 2011). For Danone, in emerging markets, the highest score of manager attrition rate and manager hiring is in China, which is twice the rate of Indonesia for manager attrition rate and three times more than Indonesia for manager hiring. Moreover, to fuel its growth in China, the group plans to create nearly 5,500 jobs in the country between 2011 and 2015 across different functions, sales, marketing, medical, manufacturing, sourcing and suppliers development, supply chain, finance, and human resources and at different levels. Second, the firm faces a scarcity of Asian talents to meet next year's requirements. The need for action is huge, as Danone will require 1,300 managers in China by 2015. It is time to build the pipeline, as managers will be needed for new managerial positions as well as to replace other managers who are being promoted to higher positions. Third, one of Danone China's main objectives is to reduce the proportion of expatriates in its operations to be able to develop local leaders. Danone intends to reduce the proportion of expatriates from 40% to 20%. The goal of the HR strategic plan is to accomplish this as soon as possible. For example, for director positions in China, the firm needs to move from 47 people in 2011 to 74 in 2015. Many reasons can explain this choice: to break into the market, to rely on local people and their better knowledge of suppliers, consumers, and partners, as well as to cut international mobility costs. Fourth, Danone China needs to build and reinforce the talent pipeline. All companies need to have the potential to refill key positions and to fuel their growth. Manpower planning is a quantitative and qualitative projection of the needs and of the offers. It is a reflection of both the number and type of people needed. For Danone, after taking a quick snapshot of the current situation in China for marketing and finance positions, there appears to be a scarcity of candidates for 2015. In other words, this means that the company must look towards recruiting many Asian leaders and transferring expatriate abroad.

To face this challenge, the firm has completed a situation assessment through an employee survey. The conclusion is that there are very few local candidates for co-direction (CODIs) positions in Asia, a limited talent pool other than some junior-level initiatives taken by some Cross-Business-Units (CBUs), and poor visibility as an employer. Danone is considered as a western-centric company without any Asians at the Director or Executive level, none amongst the heads of Asian operations (106 expats in Asia and 5 Asian expats in Europe). Even though

the internal processes and natural tendency are inclined to favor Western profiles, decision-making by Asians is possible. It is necessary to implement a real strategy for expatriate replacement, to develop local candidates, and to create a strong managerial pipeline at all levels and for all functions in the organizations. Moreover, Danone has a positive differentiation and is seen as an organization that offers more autonomy and responsibilities and has a strong commitment to Talent Development in China. Indeed, the biscuits business unit built a few years earlier and sold out to Kraft as part of a Biscuits division has played a leading role developing managers. The key conclusion of the analysis is that any Talent Management strategic plan should stimulate local initiatives and involve key players through a strong regional ambition, clear Action plans, and Key Performance Index (KPIs), including *Bo Le*, the Talent Management program.

This challenge raises different questions about how to: implement the right organization to be able to grow; ensure the speed and the quality of recruitment; design or improve the succession and action plan to develop an internal recruitment function; spread the Danone culture and knowledge; maximize the effectiveness but reduce the cost of international mobility; retain Asian talents in competitive markets; and establish a strong HR differentiation?

Moreover, external recruitment is costly and presents many drawbacks, which increases the motivation to develop an efficient internal pipeline: External recruitment includes head-hunting, has an average lead time of three to six months (of missed opportunities), induction costs (training in Paris, exploring other countries, and training on specific subjects), and training in the firm's culture (indirect costs of learning Danone ways of working, knowledge, and culture). These elements represent about one year of salary and there is always a risk along the way that the integration of new recruits will fail. It is also difficult to recruit in China because candidates have many opportunities to choose from. In addition, very often, Danone is not really known, especially as an employer and there is a lot to be done to develop its employer branding. Finally, Danone, as with other multinational companies recruiting in Asia, has access to a limited number of candidates who speak English, compared to local companies, which do not have to face this issue in their recruitment process.

### **3. DANONE CHINA'S BO LE, TALENT MANAGEMENT AND LEADERSHIP PROGRAM**

The name *Bo Le* refers to the god of horses in Chinese mythology. *Bo Le* could recognize the best horses among thousands, the ones that would be able to be trained and run further and faster than the others. This expression is still used nowadays to describe a person who has the specific ability to spot and develop talents. It is a very strong symbol and it was chosen with the aim of motivating the whole organization to reach the agreed-upon goal.

This program has its roots in a Danone talent pool led in Asia, which revealed that the group did not have enough talents to realize its ambition of sustainable growth in the region. This challenge required swift action. The idea was to develop a common goal to tackle this issue in a collaborative way. As a result, a group of 20 people, the *Bo Le* team members, representing Danone in Asia (people from different functions, CBUs, and countries) was created to identify this necessary common goal. The program has been developed by a cross-division, multi-country, and multiple-function team and a Steering Committee has been set up. The team consisted of regional members: 1 general manager, 4 marketers, 2 from Sales, 4 from Operations, 5 from HR, 2 from Finance; the national representation was 8 from China, 5 from Indonesia, 3 from other countries in South East Asia, and 2 from Japan; the divisional representation was 5 from Baby, 5 from Dairy, 6 from Water, 2 from Region; the Asia Pacific

HR VP was leader of the project. The *Bo Le* team members have a dual role: First, to co-build the program based on collected information in a bottom-up approach; second, to function as change agents within their respective local organizations to make *Bo Le* happen.

The program was launched in January 2010. By March of the same year, the group had already interviewed over 100 people, internally and externally. The group came to the conclusion that the shared goal should be to build a powerhouse of Asian leaders to grow Danone in Asia. These leaders would grow with Danone while expanding the Group in Asia. A committee was created to work with each of the Attract, Develop, and Retain streams, with the aim to set up clear objectives for each stream to ensure the attraction, the development, and the retention of future leaders for Danone in Asia. Each of the streams and related committees is sponsored by one of the business regional Vice Presidents. The way this shared goal was defined is a mirror of the Group's way of working. This process empowered junior managers and people from various parts of the organization to develop a strategic goal (instead of following a top-down approach). The objective is to involve all the key stakeholders to realize the program, from managers on the ground to General Managers (GMs) and executives. Indeed, the *Bo Le* members represent all the functions, all the countries, and all the business units of Danone in Asia. They have a role to communicate the various steps of the process to their groups, get feedback, and bring it back to the directing team. Based on this shared goal, HR teams at country and Country Business Unit level have built road maps to ensure the acceleration of people development in all the CBUs across the region. Concrete actions and KPIs<sup>7</sup> have been put in place to ensure implementation. The program's three main streams (Attraction, Development, and Retention) are the basis of the roadmaps.

To attract young Chinese talents, Danone is strengthening its employer-branding image in China. Danone is not well known in China in comparison with Europe, where the firm is regarded as one of the 10 best companies to work in. The dispute with former partner Wahaha has also blurred the company's image and contributed to spread the impression that it is 'only a financial institution, constantly buying and selling businesses in China, with a very short-term view', according to the HR Talent Management project executive. In this context, it is particularly important for Danone to show that the company has been active in China for a long time (since 1987 with its initial activity with fresh dairy products) and that its intention is to stay and develop its businesses and its people over the long term. One of the country business units has already been recognized as one of the best places to work (*Dumex* China – 2011). In order to reverse these misperceptions and to build its reputation as an employer of choice, Danone has put a lot of effort into different initiatives. One of them consists of building strong partnerships with universities: 34 universities have been selected and 8 university road shows were conducted in 2011, with 3,800 participants. At the end of the 2011 Campus campaign, over 19,000 CVs had been collected. Furthermore, a website named *joinDANONE.cn* has been put in place. New functions have been added, such as the possibility to take part in a competition (vote for your favorite art work for the *iDanone iHealth* competition) and a mailbox to receive applicants' questions, and so on. The website includes new sections as well (Danone China CSR, GM face to face, or growth stories from managers and trainees). In 2012, Danone China also intends to launch a Chinese version of *DanCommunity.com*, a website on which an external audience (young graduates, researchers, and prospective employees) can meet and discuss online with *Danoners*<sup>8</sup> (ranging from managers up to the General Managers). The example of *DanCommunity* shows that every country has been developing its own initiatives to implement the *Bo Le* goals, but at the same time, thanks to Danone's networking and exchange of best practices' culture, it seems to have a convergence across the region.

To develop young Chinese talents, Danone China has first put in place solid management trainee programs. Their aim is to prepare trainees to become managers in three years. The trainees are recruited via the *Trust Business* game. The trainees are exposed to different positions and different bosses along the way and are accompanied by a mentor and a coach who changes each time the trainee moves to a new position. Right from the start, these young Danoners can see that the company intends to develop them over the long run. The program is built around the idea of developing both technical and leadership skills. Second, at the end of the three years, the trainees are expected to be able to manage one sub-area autonomously and coach inexperienced staff on it. They are also expected to be able to take care of a small team or project. The mentor helps provide career guidance right from the beginning, whereas the coach supervises daily work. An internal communications program, called *Danone Connections*, which features a social network, has been put in place to let employees know more about Danone, to promote proximity, to build up connections, and ultimately to enhance employee engagement. Trainees are in charge of this activity, so they both learn to develop their organizational and presentation skills and increase their exposure to the whole team. During the first year, they get to know their team and their division. During the second year, they explore more dimensions of their Cross-Business Units (CBU) and finally, they get the possibility to be exposed to other CBUs during the last year of the trainee program. Between 2010 and 2012, the number of management trainees in China has increased from 3 in 2009 to 47 in 2012. 277 new employees were also recruited in 2011, as well as more than 20 interns. Third, an assessment center has been created to determine candidate competency and potential when recruiting. Targeted people are Management Trainees, New Sales Force, and New Industrial Force. For Management Trainees, Danone uses a business case with 3 assessors to evaluate 6 candidates, relying on group discussion, presentation and analysis, and a fact-finding and competency-based interview to assess each participant. Fourth, a *Center of Excellence* (CoE) has been implemented. In terms of learning and development, the key objectives of the CoE are: to increase training options for employees, especially for those from small CBUs; to develop even more cross-CBU training, which allows Danoners from China to know each other better through networking opportunities; to support the *Bo Le* initiatives, such as cross-CBU or function moves to allow more exposure of talents; to make sure that Danone China University will be recognized as a strong corporate university both within and outside of Danone. Fifth, Danone China has implemented a semi-annual Development Center program to review talents' performance, identify their development needs, and develop learning plans to boost their careers. The targeted people are management trainees. Trainees prepare a 15-minute presentation, sharing what each has achieved and felt during the past 6 months. The trained and certified assessors are RD managers, coaches, senior managers, and heads of the related department. Managers review their performance results, demonstrated competencies, and adherence to CODE principles. Sixth, *Dumex* China has implemented a pilot sampling program targeted at employees who will be promoted to a managerial position during 2013. Thanks to this program, the future managers can: understand & prepare for the new requirements and potential new challenges faced in managerial position; enhance self-awareness and self-confidence; improve their ability to solve problems and lead a team; and accelerate the development of their managerial competencies in a short time. The sampling program is more than training – apart from a total of 7.5 days of in-class training, the participants are requested to learn by coaching and mentoring, sharing experiences with peers, and more importantly, by learning on the job and through self-study. During the process, the support of their managers is crucial. Their current managers need to ensure they attend the class training on time, conduct the mid-year Personal Development Review (PDR, a Danone global performance and development process), with them, and provide regular coaching to them. Seventh, *Dumex* China has also developed a



Young Talent Program (different from the management trainee program) and a Talent Exchange Program, which provided opportunities for moves between Germany, China, and Indonesia. In addition, a deferred cash program has been designed and implemented. It is a grant system with the objective to give incentives for employees to reach their targets and to stay at Danone. The entitlement unfolds every January and the retention period covers two years. Standard grants cover all permanent employees except for Level 6 and above. The payment is arranged in the third year. For instance, staff under the 2012 plan receive their entitlement letter in January 2012 and the payment in 2014. The standard grants can be multiplied to create premium grants for potential/good performers. A precise communication plan, in three different phases, was designed to make sure that Danoners hear about it and engage in this program. It encourages staff to reach their objectives and stay within the company, but it also gives a sense of collective performance and achievement. Both are designed to develop our young talent pipeline. It also enables young professionals who have missed the management trainee opportunity to still have the possibility to be developed at early stages of their career in the company. To join, they have to show particularly good results and potential. Then, the firm promotes the internal development and international mobility of its employees and proposes a relevant scope for career opportunities in the mid- and long-term. There are numerous possibilities to switch from a function, a position, a business unit, or even one country to another. At the same time, the company allows countries a great degree of autonomy and supports local empowerment, which provides Danone with a competitive advantage.

To retain young Chinese talents, a global Group initiative, *Dan'Cares* aimed at ensuring that all employees benefit from health insurance for identified, key health issues. *Dan'Cares* has improved the health insurance status of 7,000 employees in China. Moreover, the firm encourages in-house work and shared processes, provides compensation and benefit packages, and supports Continuing education. In 2009, in-house work and IT tools were supported by the deployment of *Dan 2.0*, a program promoting the culture of networking and crosscutting cooperation (blogs, chat, and video). This new tool turned the hierarchy upside down and increased the sharing of savoir-faire among employees. It focused on the Communication 2.0 sub-program through technology (instant messaging, web-conferencing, video conferencing, sharing big files, and mobile devices) and on the Collaboration 2.0 sub-program through Advanced Behaviors (social networks, search engines, and intranet). It provides the *Who's Who*, a kind of social network like Facebook, Twitter, or Myspace. To strengthen connectivity and cooperation, *Who's Who* enables Danoners to develop a Mypage, a tool to introduce oneself and share one's expertise or know-how. The employees can also develop a Myblog, a place to post texts, photos, and videos. On *Who's Who*, Danoners are also able to create new communities or join existing ones, where they can share areas of interests and expertise. There are numerous communities, dealing with subjects as diverse as HR, marketing, finance, specific projects, or supply chain. There is a function called 'message in a bottle'. An employee, facing a particular problem, can send such a message to ask for help and expertise from other Danoners all across the world. This process is based on a cultural expectation in the company. Since 2003, sharing information is seen as a key factor in performance. Therefore, Danone has promoted a 'networking attitude' between managers in order for everyone to share good practices. On top of that, these technologies have allowed Danone to reduce its carbon footprint by reducing travel cost. The compensation and benefit packages play an important role in retaining talents. In China, attrition rate is high (about 16%) and people (especially managers) do not hesitate to leave a firm if they can get a better salary in another company. So, Danone has decided to increase the salaries at the median level. At the same time, level of attrition rate depends also on the quality of management and trust in the company. Employees are very interested in the safety-net package (medical benefits, savings,

compensation, and retirement package) that only Western companies offer. This is particularly important in Asia where children are often expected to take care of their parents. Consequently the program *Dan'Cares* is deployed as a tool for attraction as much as for retention. Another important aspect of retention is the graduation fund, which engages in multiple activities. An Academic and Graduation Fund has been created to develop young talents in targeted universities. It also works with external consultants to develop strong competency and training systems. To develop sales supervisors and line managers, Danone Water China has also designed and implemented a program called *Good to great*, with a development center that pays particular attention to development of proximity skills among directors and managers. All of these measures helped reduce the attrition rate from 45% to 20%. Medical Wuxi China has developed a mini MBA for future leaders. Exit interviews have also been conducted on a systematic basis to find the reasons for leaving Danone, so as to develop concrete actions to limit future resignations.

In conclusion, the *Bo Le* program in China is a real success to in attracting, developing, and retaining young Chinese talents. The number of young graduates has increased significantly. Some CBUs have also made extra efforts to push further ahead and have been recognized for this. *Dumex* China was selected as one of the top 10 best companies to work for in China, according to a study made by Towers Watson and Fortune 100. The engagement rate was 93%<sup>9</sup> (the Towers Watson national norm for China is 82%).

#### 4. DISCUSSION AND PROPOSALS

Talent Management (TM) is becoming mainstream both in academic research and management practice (Michaels and Handfield-Jones, 2001; Pfeffer, 2001; Boudreau and Ramstad, 2007; Boudreau 2010; Capelli, 2008a, 2008b; Berger and Berger, 2010; Cantrell and Smith, 2010; Dejoux and Thevenet, 2012a, 2012b). Many authors (Farndale *et al*, 2010; Reilly, 2008) have described the context, the meaning, and the added value of TM. According to Boudreau and Ramstand (2007), talent management is a new approach to human resources that takes the discipline finally into the realms of a decision-based science. The authors suggest a direct and practical link between individuals with pivotal talents (people who have a rare combination of rare skills) and the success of the company. Cappelli (2008a, b) advocates that talent management is a sort of magic remedy for managing human resources at a time of uncertainty. He proposes four structural principles: make and buy talent to manage demand-side risk, reduce uncertainty in talent demand, earn a return on investment by developing employees, and balance the interests of employees by using an internal labor market. Lawler (2008) stresses the idea that companies should devote more time to looking after their people problems. He has a broad perspective on organizations focused on human capital. He proposes a model of organization called HCOs (Human Capital-centric Organizations), which demonstrate distinctive traits. Danone and its talent and leadership program is well-positioned within this approach. HCOs are characterized by five principles: First, human capital concerns are integrated at the earliest stage of the strategy. Since 1972, Danone has striven to balance economic, financial, and human resources objectives. This key orientation is put into action on an everyday basis, and explained in all its external communications. For example, in the 2009 annual report published on the Danone website, the Executive Vice President of Human Resources, Muriel Penicaud, stated: 'The function of Human Resources is to drive transformation and create the conditions for the group's development, through nurturing a company culture and helping individuals and teams to grow. In 2009, four major themes were identified making Danone a 'Great Place to Grow not just now but into the future'<sup>10</sup>. Second, HCOs ensure that every aspect of the organization takes account of these talented people and

that each post is filled by someone with the precise talent required. *Bo Le* is a symbol of this trait. Its objective is first to enable all managers to face the huge challenge of attracting, developing, and retaining people by putting people in the jobs that fit them. Third, performance is one of the most important aspects. Danone integrates this culture of performance through measurement indicators for all position without exception. During an interview, one manager said: ‘Trust does not exclude performance, measure and control’. Fourth, information systems are used with an equal level of attention to measure both the costs and the performance of financial assets and of people. Danone is extremely well engaged in new technology, with internal social networks, a Chinese website, Danone communities, and internal development. This IT effort serves both the performance and the fluidity of the work environment. Fifth, Human Resources is the most important of all the support functions. At Danone, the Human Resources department has power and a strong influence.

Apart from the proximity between Lawler theory (2008) and the practice of talent and leadership management in Danone discussed above, the next points that need to be examined are how Danone’s implementation of talent management in China allows us to make general proposals to face the issue: how to attract, develop, and retain young Chinese talent? Three proposals can be addressed: First, to attract young Chinese talents, it is important to reinforce employer branding based on products and not only on the company. Second, to develop Chinese talents, it is important to prove that the glass ceiling can be broken, and that Chinese staff have already been promoted to senior executive positions and been encouraged towards international mobility. Third, to retain Chinese talents, it is important to develop a social network and to present the firm as a knowledge company where people can learn, grow, and be promoted more quickly than in the standard Western promotion cycle.

Finally, even though this research lasted two years from the beginning of the *Bo Le* launch in China to now, it is subject to limitations: It is an in-depth business case focused only on one firm. Even if that case has produced viable results, it is impossible to generalize from them. Results were intentionally interpreted in the form of proposals and therefore should also be seen as interesting starting and reference points for further studies.

## 5. CONCLUSIONS

To face the issue of developing business in China, in 2010 Danone implemented its *Bo Le* Talent Management Program, both to transform the HR structure and to attract, develop, and retain young Chinese talents. The *Bo Le* program has been extended from China to become a regional Asian Talent Management program. It focuses on accelerating the build-up of a talent pool in the huge, fast-growing Asian market. Developing this talent pipeline ensures that the company will have the right high-standard talents to sustain rapid growth in this strategic region. The program was a success for two reasons: First, it achieved its goal of attracting and retaining talents. Second, it allowed for implementation of a collaborative and continuing process to develop an autonomous talent pipeline. In addition, this program seems well-enough structured for launch with local adaptation in other Asian markets, such as Indonesia, Vietnam, and Thailand. In conclusion, even if a local touch seems important, a talent management and leadership program must surely build on global and corporate guidelines, while responding to specific local challenges. This program has since inspired the Group’s Latin America division to build its own Talent Management program. This case is a good illustration of Lawler’s HCOs model and illustrates a balanced company focused on both financial and people interests with geographical and business growth. An interesting

issue would be to study the advantages and the drawbacks of such a program in countries with difficult economic conditions, such as in Europe and the United States.

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<sup>2</sup> *Guanxi* comes from Confucius and refers to the concept of drawing on connections or networks of contacts, which an individual may have through his/her family, friends, and individual or professional relationships.

<sup>3</sup> The distribution of the more than 100,000 employees<sup>3</sup> at Danone is: The 184 Danone plants are distributed as follows: Europe, 80; Asia-Pacific, 49; Rest of the world, 55.

<sup>4</sup> In 1996, health food represented 39% of the firm's activities fresh dairy products, 20% biscuits, 10% bottled water; 9% prepared and frozen food, 9% Italian cheese, 8% beer, 7% glass packaging, 3% pasta, 3% baby food, 5% sauces.

<sup>5</sup> For example, DANONE was ranked number 6 out of the top 100 ideal employers by business schools and universities in France in 2012.

<sup>6</sup> CODE means: Committed (being committed to living the Danone values each and every day; being dedicated, steadfast); Open (demonstrating empathy and respect on all levels; networking, connecting outside Danone); Doer (taking responsibility and risks to show the way forward; being practical, resourceful, and responsive; doing the necessary leg-work efficiently and effectively); Empowered (delegating to other employees, which means relying on the potency of group strength; providing regular and constructive feedback based on accurate individual assessment. Developing healthy ambition, search for opportunity to grow, for self and others).

<sup>7</sup> Key Performance Indicators.

<sup>8</sup> *Danoners* are people who work at Danone.

<sup>9</sup> In Fortune China.

<sup>10</sup> <http://www.danone.com/en/careers/experienced-candidates/develop-your-talent/human-resources-policy.html>.