For all Danone's success in becoming the world's biggest dairy products company, its financial performance lagged behind that of other leading food and beverage multinationals such as Nestlé, Unilever, PepsiCo, and Kraft Foods. These companies managed through closely integrated, centralized global business divisions; a more consistent approach to market development; and with stronger headquarters control over national business units.

Danone's distinctive management style had been molded by the idiosyncratic approach of its CEO. "I was never made for this," Franck Riboud told the *Financial Times*. "I preferred surfing. I never planned a career path. I came into Danone by accident."[2] The same article described Riboud as "rumpled, tieless, favouring zip-up jumpers and colourful language" and seeking inspiration from people and travel rather than from management books. There was no doubt that Danone's unusual leadership style and freewheeling approach to business development had encouraged initiative, adaptation, and growth. But would the next phase of Danone's business development require a more disciplined and systematic management style?

Danone's Development, 1973–2011

Groupe Danone was created by the 1973 merger between the French glassmaker BSN built by Franck Riboud's father, Antoine, and Gervais Danone, a French/Spanish dairy products company famous for its Gervais fresh cheese and Danone yogurt. Under Riboud Senior, Danone diversified into beer (Kronenbourg), water (Evian), Italian cheese (Galbani), biscuits (Lu, Nabisco), sauces (HP), and baby food (Blédina).

In 1996, Franck Riboud replaced his father as chairman and CEO. The younger Riboud redirected Danone's development: divesting the glass, beer, sauces, Italian cheese, and biscuits business and refocusing around four major divisions: dairy products, water, baby foods, and medical nutrition,[3] and shifting Danone's toward international expansion, especially into emerging market countries.

During his 15 years as Danone's CEO, Franck Riboud imposed a consistent strategic direction on the group, even before taking over as CEO he outlined the criteria guiding Danone's strategy:

> Our priorities for international growth are the businesses where our know-how equals or betters that of the world leaders. Which of course means fresh dairy products, biscuits and water. But we do not rule out any of our businesses on principle, provided we can rapidly win strategic weight in the region concerned. As for these regions themselves, what counts for us is the size of the population and the outlook for rapidly rising standards of living. Countries in Eastern Europe meet the criteria, as do those in the Asia-Pacific area, in particular India, Indonesia, Malaysia and China. The same goes for Latin America, especially Mexico, Brazil and Argentina.[4]

Franck Riboud's rebuilding of Danone's business portfolio involved a multiplicity of acquisitions, piece-by-piece process of divestments, and creation of joint ventures and non-equity alliances. Only rarely did Danone enter a country through greenfield start-up.

- *Acquisitions*: Between 2000 and November 2010, Danone acquired 37 companies (including YoCream in the US and Numico in the Netherlands). In addition, it acquired minority stakes in 26 companies. It divested 34 companies, including its entire biscuit division.