

charge of an activity in a country is the decision-maker even if he operates in a cultural environment which helps integration. Headquarters can merely suggest options to him, but cannot impose conditions. We think that there are more disadvantages than advantages in looking for synergies and the success of our decentralized management can be seen in our local brands in China and Indonesia, for example. The desire to preserve our autonomy, while at the same time integrating entities into organisational and cultural plans, led us to develop what we call the networking attitude.⁵

Franck Riboud viewed decentralization as a key attribute in pursuing Danone's strategy of growth:

Now is the time to widen our lead on competitors and I'm convinced that Danone is well equipped to do that. We have the right culture for it, and our lean, decentralized organization gives the managers of our subsidiaries full responsibility—the most effective motivation. That agility, that freedom from unnecessary constraints, is an even more decisive competitive strength in our current environment.⁶

Decentralization allowed Danone to align its brands and products to the characteristics of local markets. Danone both retained and continued to introduce local brands when most other consumer goods multinationals were migrating consumers from national to global brands. Decentralization also meant that Danone could be quicker than competitors in planning and launching new products: Danone's front-line managers could execute new initiatives without the need for extensive consultation or approvals from above. Such flexibility and speed were central to Danone's goal of quickly establishing itself as a leading player in markets which were developing rapidly. Thus, in Asia where the demand for dairy products was growing rapidly, Danone sought to move quickly in creating products with high customer acceptability and sought to ensure extensive distribution.

However, for Danone to add value to its individual business units, it needed to coordinate across its national subsidiaries in order to realize the benefits from global brands, centralized R & D, global products, and the sharing of know-how and best practices. As a result, Danone had put in place a number of systems in place to facilitate communication and coordination and create what Franck Mougín referred to as its "networking approach." At the basis of this coordination is an ERP system implemented by Accenture in 2000. This provides Danone with the information platform and standardized processes that facilitate communication, coordination, control and the exchange of good practices throughout the company.

Reconciling coordination with decentralization was reinforced by cultivating and diffusing a common approach to management. Danone's leadership development program aimed to develop team leaders "in a distinctive leadership culture inspired by our Danone Values and leveraging the strengths of the Danone Leadership CODE (Committed, Open, Doer, Empowered). Leadership development involved one-week residential programs at the Danone campus for groups of between 100 and 300 managers and Danone Learning Solutions—training programs that could be used by managers in any location. One feature of Danone's management development was an emphasis on team learning, including its "High Performing Teams Accelerator Workshop" and "Innovation Labs" methodology to develop collaborative approaches to breakthrough solutions.⁷

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