

# Four functions of management in danone group flashcard



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profitable company, we often wonder what its secret of success is. According to many business experts, a successful company always needs a strong management team that can manage and lead it through obstacles and challenges in the fierce competition.

Management is a vital part of an organization. It helps the organization to focus on its objectives and mission statements. It also does a lot of help in developing the right strategy for the staff to follow. With the four functions: planning, organizing, influencing, and controlling, management can include all the business activities of a company. Danone Group, the world's leading manufacturer in fresh dairy products, is proud to say that thanks to its great management board and teams, the company can achieve a strong and rapid development.

In 2010, the group has expanded its business scale to the emerging markets. In spite of the difficulties when entering the new markets, Danone has gained some significantly positive signals, and it was as the result of all efforts from the managers, from low to top level. This assignment is designed to discuss about the internal and external factors of the management functions in Danone Group. Firstly, it will define the management function terms: planning, organizing, influencing, and

controlling. It also gives some information about Danone Group for an easy understanding of the context.

Secondly, the factors, including globalization, technology, innovation, diversity, and ethics will be demonstrated. The assignment also analyzes the major effects that these factors can exert on the four functions of management. Content Four functions of management in Danone Group Management is defined as “ the process of getting things done through the efforts of other people”, it also includes “ the allocation and control of money and physical resources” (Mondy & Premeaux, 1995). A manager is the one that has higher level of power than the others in his team. He has quite heavy responsibilities and relentless pressure.

Managing a team will require strategic planning to identify the right goals to pursue, effective staffing and organizing to ensure the smooth operation of business, positive influencing to boost staff morale and finally, tight controlling to make sure that the performance can meet the job requirements. Definition Planning Mondy and Premeaux (1995) adopted the planning definition as the” process of determining in advance what should be accomplished and how it should be realized”. The first planning activity begins with creating mission statements which are the reasons for the company to exist.

Then, organizational objectives are established based on these missions and finally, managers develop the plans to fulfil the tasks and accomplish the objectives. The higher level a manager is, the more important planning is, because planning directs the company into its missions and strategy. It also

helps in forecasting changes and avoiding unexpected situation that can harm the company badly. Organizing Organizing is “ the process of prescribing formal relationships among people and resources to accomplish goals” (Mondy & Premeaux, 1995).

The organizing process includes three steps: considering organizational objectives, determining types of work activities, and departmentalization. Organizing is an essential function of management because it helps an organization to allocate its resources and assets effectively and efficiently. Besides that, the staffing function in organizing contributes a lot in managing human resources, which are the most valuable assets in the company. It makes sure that the right people will do the right job at the right time and in right position.

One more important thing in organizing is the organizational structure, which is the outcome of organizing. Organizational structure coordinates and motivates employees to work together in the mutual goal of achieving the company’s objectives and fulfilling the missions (Jones, George, & Hill, 2000). Influencing Influencing can decide and affect the organization and behaviours in a company. According to Mondy and Premeaux (1995), this function includes motivation, leadership, communication, group dynamics, power, politics and corporate culture.

Leadership is the most important in influencing because it is the key factor to determine the success of an organization, as Lucille Ball said: “ The supreme quality for leadership is unquestionably integrity. Without it, no real success is possible, no matter whether it is on a section gang, a football field, in an

army, or in an office". Motivation is considered as the result of a great leadership. With motivation, the staff morale is boosted, the employees are inspired, and the employee performances are improved significantly.

**Controlling** Controlling is the process of evaluating employees' performance, degree of achieving company's objectives as well as taking in time and necessary corrective actions to fix any occurring problems and improve performance. Mondy and Premeaux (1995) demonstrated the controlling process with three steps: firstly, establish standards, secondly, evaluate performance, and finally, take corrective action. In business, they also pointed out that the controlling should focus on both inputs (materials and personnel selection) and outputs (quality and quantity, financial, and employee performance), as well as the process itself to oversee the problems and correct it immediately.

**Company profile** Danone Group first started as a hollow glass manufacturer named BSN in 1967. In 1970, BSN adopted the food and beverage business, which marked the expansion of the company "from container to content". The company developed quickly and firmly and reached the global presences. In June 1994, BSN was replaced with the name Danone. Antoine Riboud, the founder and former chief executive officer of Danone, shared: "We wanted our name to be an added source of momentum for the global expansion that is now our priority."

The food industry has in the past treated markets as discreet entities separated from each other by the culinary traditions of countries or regions, but it is now caught up in the same swing to globalization as others. Because not only tastes, but also distribution and media are becoming just as global"

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In 2010, Danone Group sales is €17. 010 million. The Group has four business lines, including fresh dairy products, bottled water, baby nutrition and medical nutrition. Danone is proud to be the number one in fresh dairy products, the number two in bottled water and baby nutrition all over the world.

It is also considered as the number one in medical nutrition in European market (Danone Group, 2010a). Danone Group (2010a) announced its operating profit in 2010 as €2. 578 million, and the net profit as €1. 669 million. 100, 955 is the number of Danone workforce, estimated in the end of 2010. With the mission “ bringing health through food to as many people as possible”, the Group has implemented the strategy of “ growth first”, which means “ growth in all four divisions and across all regions where we operates”. Franck Riboud, the Chairman and Chief Executive Officer of Danone

Group, indicated that the first priorities would focus on the emerging countries, which had had high growth potential and rapid returns. These economies contributed up to 49% of Danone’s total business. Management in Danone Group The success of Danone Group is the results and efforts of the Danone management team. “ At Danone, we’re passionate about leadership, not micromanagement. For us, releasing the power of the team is all about providing the right mix of support and freedom. So to be a successful leader here, you’ll need to know when to step back, trust others and see the big picture.

But just as importantly, you'll need to know when to be hands-on and play a key role in the team's performance", it is the secret of great performance in Danone. The Group always focuses on people in order to enhance a strong and healthy growth against its formidable competitors and to get over during the economic downturn. Miss Muriel Penicaud, the vice president in human resources of Danone, said that their engagement towards their employees and their ecosystem, and the employees' commitment to their vision, were all drivers for growth (Danone Group, 2010a).

The Danone Leadership College is developed in all level of management in the Group, " from executive suite to factory floor, and from warehouse to sales office". The managers in Danone know how to coach and develop their team, energize and unite them as well as listen to the team and enable empowerment to fully exploit the team' talents and ideas. Following the Danone Leadership CODE (Committed, Open, Doer, Empowered), the top management team has not only gained sustainable growth but also made Danone become a Great Place to Grow.

Internal and external factors affecting four functions of management Mondy and Premeaux (1995) indicated that the organization was affected by a number of forces, both external and internal, and they also added that " top management has perhaps the greatest concern for external forces, while management at all levels must confront forces inside the organization. Lower level managers face an internal environment markedly different from that of more senior managers". There are five main factors that affect significantly the four management functions.

These factors consist of globalization, technology, innovation, diversity and ethics. Globalization Globalization is defined as “ a trend toward greater economic, cultural, political, and technological interdependence among national institutions and economies” (Wild, Wild, & Han, 2010). Globalization makes the business scale bigger. It leads to numerous changes in management because the more globalized a company becomes, the more complicated its organizational structure becomes. Danone is a global company; therefore, it often requires a great number of employees and managers in its expansion.

The cross cultural working environment raises a lot of obstacles in behaving, managing, and communicating with a diversity of workforce. Because of the cultural differences, managers have to deal with not only his cultural conflicts but also the conflicts among staffs. “ Think globally, act locally” is a popular strategy to implement in globalization. However, it is not easily done with the cultural differences and the language barriers. Besides that, competition also arises and develops more quickly in a global context.

The global competitors often have very strong financial capability and so many sophisticated marketing methods to attract consumers. Consumer behaviours and their shopping styles need to be researched in deep and detailed level in order to pursuit a right marketing campaign to get them. As a nutrition company, Danone encounters numerous in its first step into globalization because this market is very sensitive and it is hard to change the consumers' minds because once they believe in a product, such as fresh diary product, infant milk, and mineral water ... o use for their family and children, they are loyal to it. Supply chain is also a big issue in globalization.  
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Britt (2007) said: " For the first time, new competitors from regions around the world with flexible supply chains are effectively competing against established market leaders that have formidable brands, customer loyalty and deep resources" With all the above challenges, globalization makes powerful impacts in four functions of management, especially strategic planning. Because planning will play a substantial role in draw out the suitable international strategies as well as forecast the pcoming changes and opportunities to reduce cost and develop profitably. " Companies considering international production need to select from many potential countries, each likely having more than one possible location. Depending on its product line, a company that wants to market internationally might have an equally large number of markets to consider. Whether it is being considered as a site for operations or as a potential market, each international location has a rich mixture of cultural, political, legal and economic traditions and processes.

All these factors add to the complexity of planning and formulating strategy for international managers" (Wild et al, 2010). Technology Technology is viewed as the competitive advantage for a company because change is constantly happening. Advanced technology does a great help in reducing the numbers of workforce, reducing the production cost and promoting the effective operation in a company. Mondy and Premeaux (1995) showed the importance of technology advances in computer hardware and software, " These developments have the potential of improving management and raising employee productivity".

They also added that " failure to keep up with developments on this rapidly changing area can threaten a firm's competitive position and possibly even  
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its survival. " In the four functions of management, controlling is affected heavily by technology. Technology brings modern equipments to enable an organization to securitize itself with watching system and identification. It helps to control the information systems and the flow of information in and out the company. Danone managers can check his accountant any time to see if there is any cheating.

They also control the manufacturing systems in other places without going out of the office. Besides that, technology also impacts organizing functions because it " permits all human resource areas to be tied together into a single information system. Data from several input sources are integrated to provide needed output data. Information critical to the firm's human resource decision making process is readily available when the system is properly designed" (Mondy & Premeaux, 1995). In Danone, human resource management is modernized with latest soft-wares and applications so that the anagers can follow and monitor the human resource needs effectively and efficiently. With technology, communication is easier. Danone managers can hold teleconference to decide an important and strategic plan with the other managers in different countries. Innovation Urabe, Child, and Kagono (1988) defined innovation as " the generation of a new idea and its implementation into a new product, process or service, leading to the dynamic growth of the national economy and the increase of employment as well as to a creation of pure profit for the innovative business enterprise".

With the emornous advantages that innovation can offer, Danone is very confident to lay all its business operation and management on innovation. "

To maintain the Danone's long-term competitive advantage, Danone  
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Research is constantly challenging to offer products with meaningful differentiation in terms of health and nutritional benefits, packaging, texture, taste and sensory signature” (Danone Group, 2010a). Danone has international research and development (R & D) centres in five countries: France, UK, Germany, Dutch and Singapore. R & D in Danone is considered as “ the very core of life”.

The Group offers affordable products for many countries and regions in the world, so cost reduction that goes along with nutritional needs in every product is always the first priority. To perform this, radical innovation is Danone’s choice. In 2010, the Group carried out a study of eating habits, dietary practices, culinary heritage and the symbolic value of food in order develop products that fit naturally into local diets (Danone Group, 2010a).

Diversity Diversity workforce is both an advantage and a disadvantage for a business organization.

In one hand, diversity is an advantage because it encourages a global sharing of culture, life style, and behaviours. People learn a lot when they work in a diversity workforce. Diversity also brings creativity for a company because people from different cultures have different thinking and they can offer very unique ideas for a product development. In the other hand, the disadvantages of diversity are discrimination (race, gender, and age), ethnocentrism and tokenism, which can cause numerous and serious conflicts in the work place.

Diversity put an overwhelming influence on the organizing and influencing functions. It raises a lot of issues in human resource management,

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leadership, and motivation because of the cultural barriers. It requires managers to have a deep understanding of their employees' various cultural background, to always treat the employees fairly as well as to unite the employees in a team and motivate them to work their best for the company's objectives and fulfil their personal goals at the same time. In Danone Group, diversity is encouraged and developed.

They believe everyone has their own abilities and skills, not exception for skins, ages or nationalities. In June 2007, Danone signed the commitment with UITA " to encourage all the DANONE subsidiaries to discuss diversity issues with their local employees, to examine their HR processes, take initiatives and establish improvement measurement indicators". " All Danone companies in France (Danone SA, Danone Produits Frais France, Danone Eaux France and Bledina) have signed special Disabled agreements or Diversity agreements to fight discrimination.

These agreements contain specific measures to support the disabled" (Danone Group, 2010b). Ethics Ethics is undeniably essential to the business practices because business malpractices can cause harm to not only the consumers, society but also the environment in some extent. Business ethics is expected in many ways, but the most effective business behaviours are corporate social responsibilities. Corporate social responsibilities are the major factors to affect the management functions.

Because these responsibilities firstly require the recognition of top managers in order to have both short and long term plans, planning function plays a very important role. Next, the company needs to organize the staff and

resources to carry out these plans. Influencing function is used to make the employees understand the vital of corporate social responsibilities and implement them properly. Finally, controlling functions will follow up and monitor the plans to make sure the plans were executed in the right way to bring profits and reputation for the company. Frank Riboud, Danone CEO, stated: " My vision for Danone: a company that creates economic value while creating social value". The company aims to a sustainable development that is not only environment friendly but also society beneficial. Conclusion The assignment gave us a clear understanding about management and its functions in a practical business context, Danone Group. With planning, organizing, influencing, and controlling, all aspects and activities of a company are completely managed.

To be a leader in fast moving consumer good market, Danone's competitive advantage is its strong management team and a strong and loyal workforce. Besides that, the company always pays special attention to the external and internal factors, including globalization, technology, innovation, diversity and ethics, which can affect its management functions, in order to formulate the suitable and immediate strategies for its sustainable development. Bringing health through food to as many people as possible" is a noble mission that Danone pursues and tries to make it happen for a better world. References Britt, D. (2007, September 17). Impact of globalization in creating sustainable competitive advantage. Retrieved January 16, 2012, from Supply Demand Chain Executive: <http://www.sdexec.com/article/10289694/impact-of-globalization-in-creating-sustainable->

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