



Corporate culture and competence building as a long term value driver

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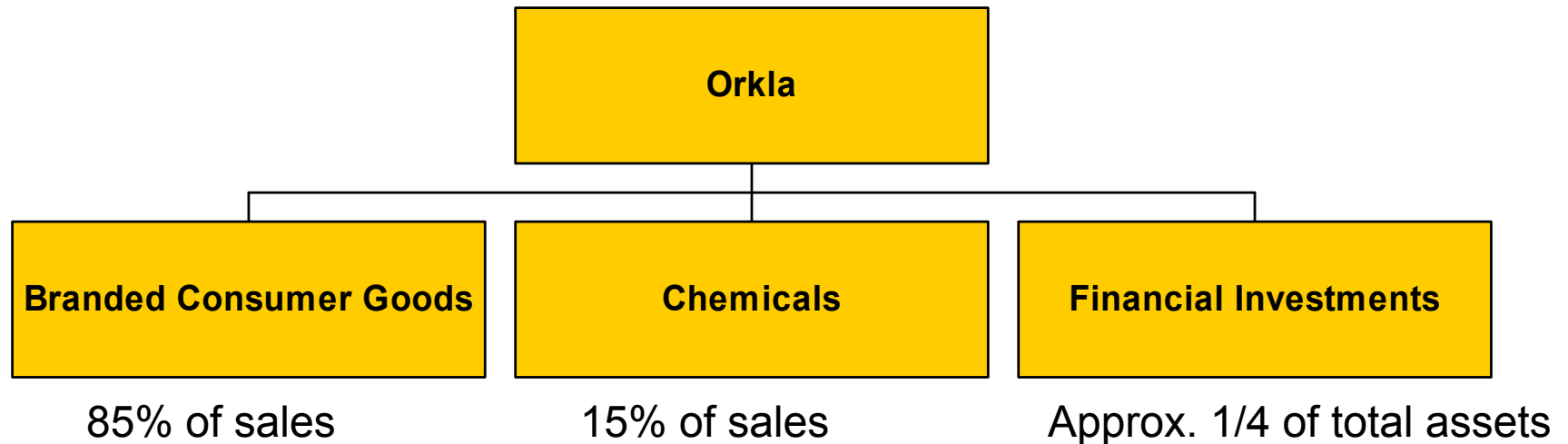


Agenda

- ▶ Orklas development and basic thinking
- ▶ Competence and Corporate culture as important drivers for building advantage and value
 - Corporate Culture
 - Management Development
 - Competence Building



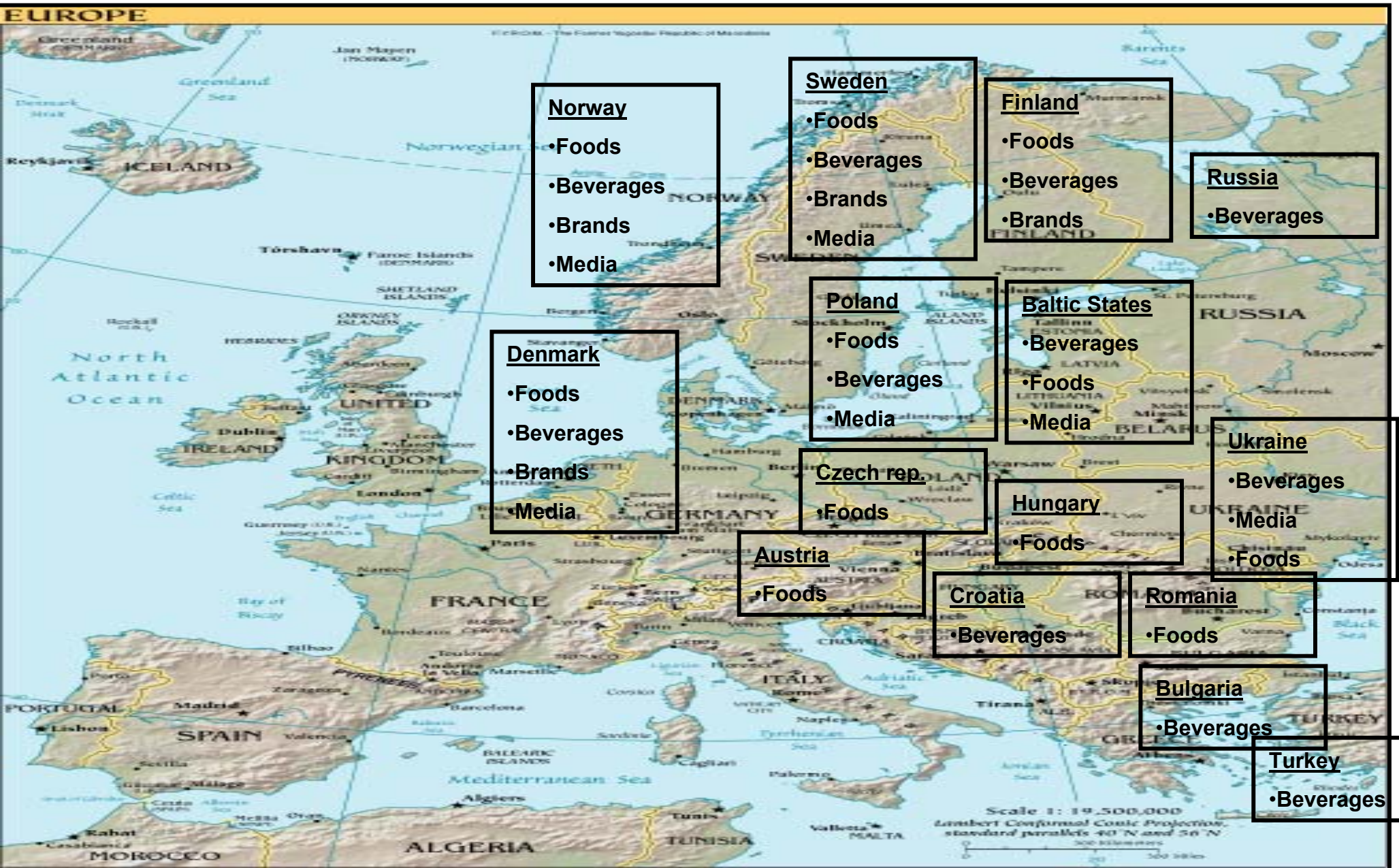
The Orkla Group

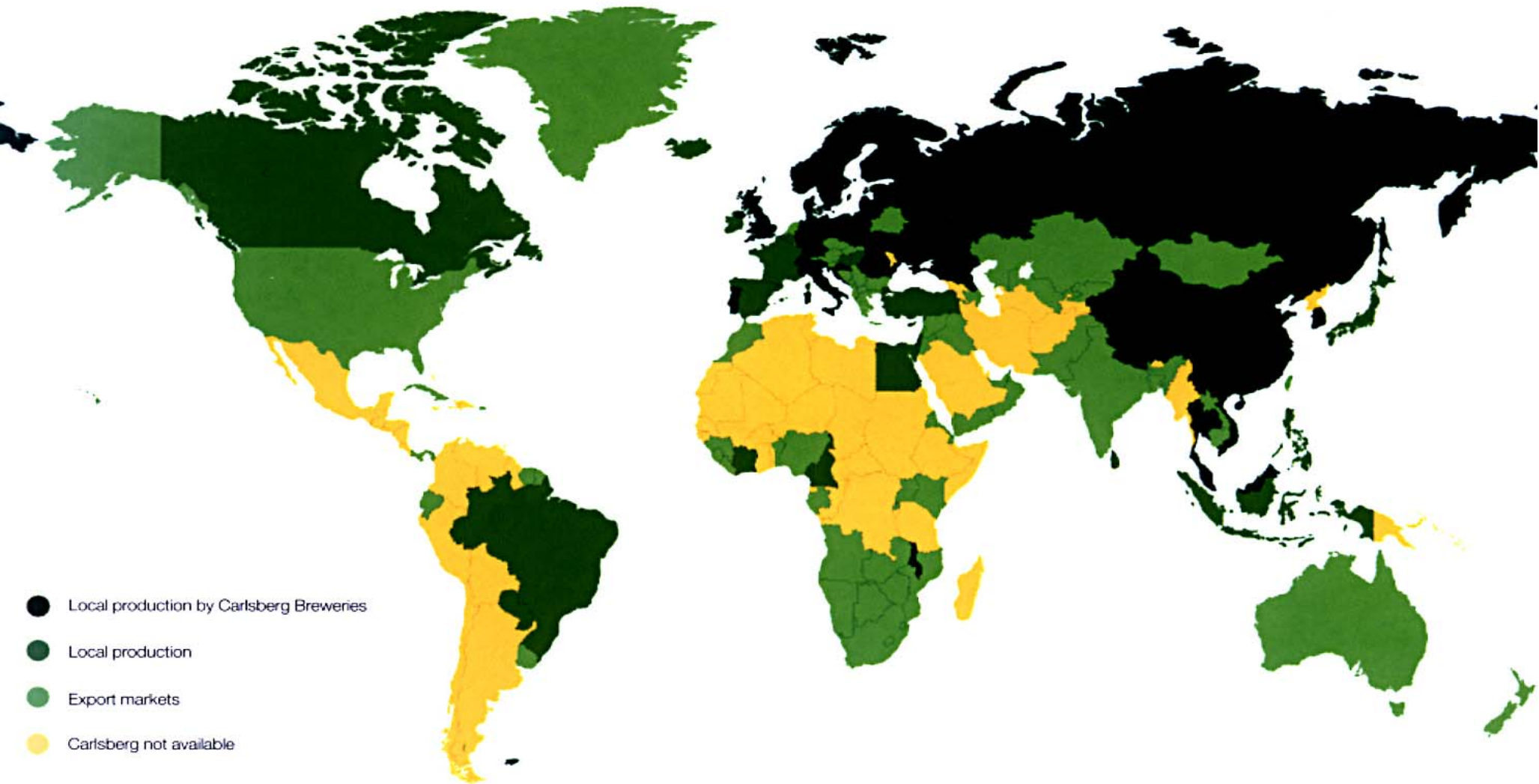


- ▶ Operating revenues USD 6 billion – 3/4 outside Norway
- ▶ Market capitalisation USD 4 billion
- ▶ EBIT USD 440 million
- ▶ 32,000 employees

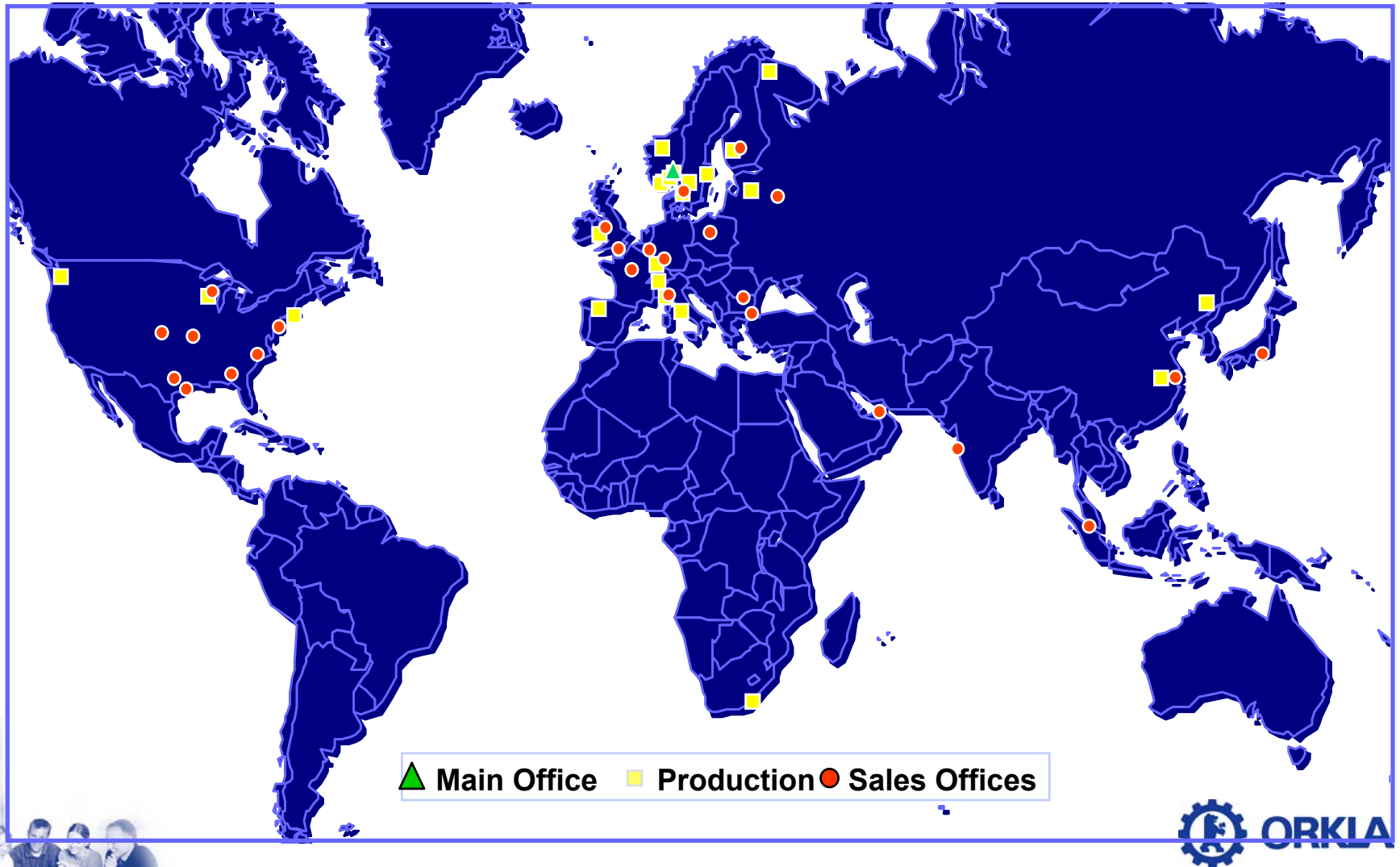


Growth through geographical expansion in the Nordic area, and Central & Eastern Europe



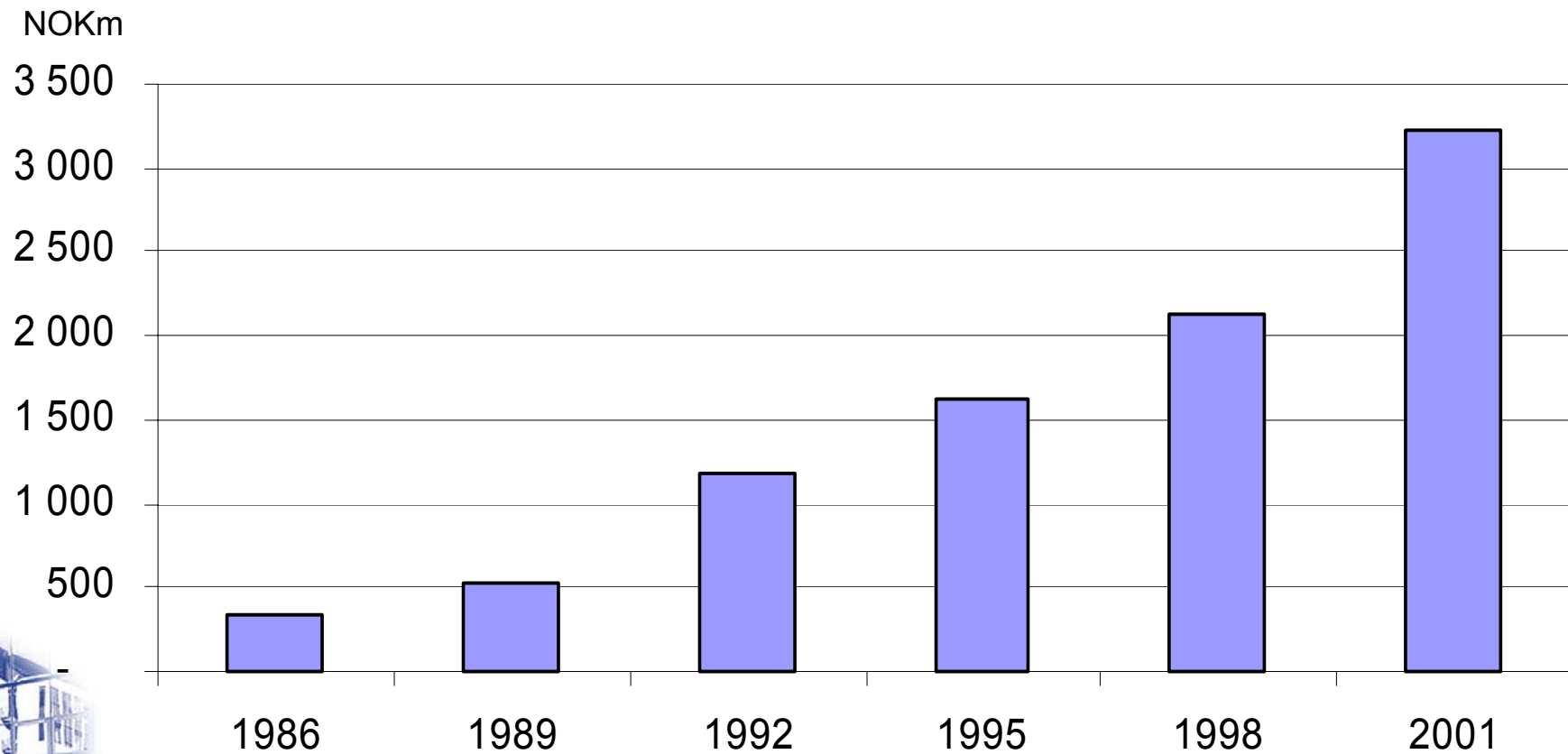


Geographical Expansion



Orkla seen in perspective

EBIT* CAGR 16% over 15 years

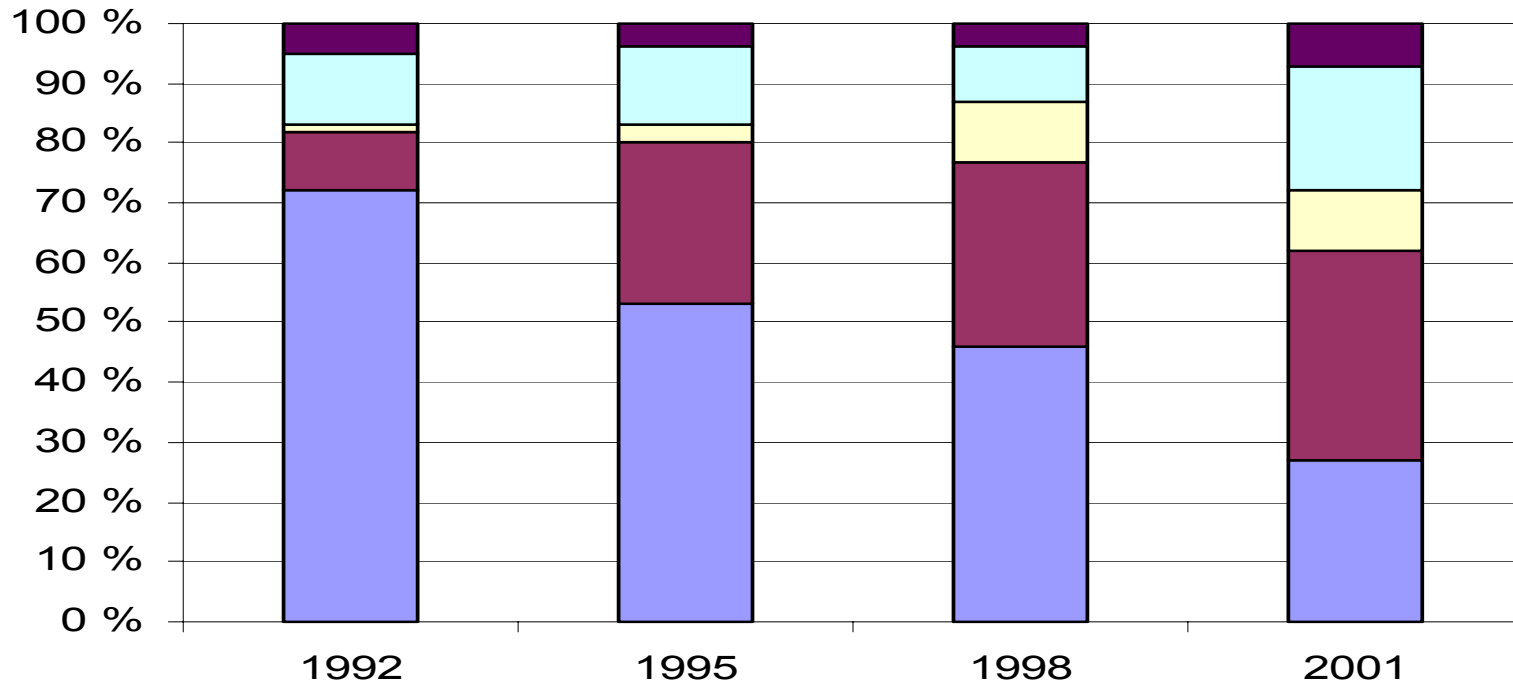


*) before other revenues and expenses



Orkla seen in perspective

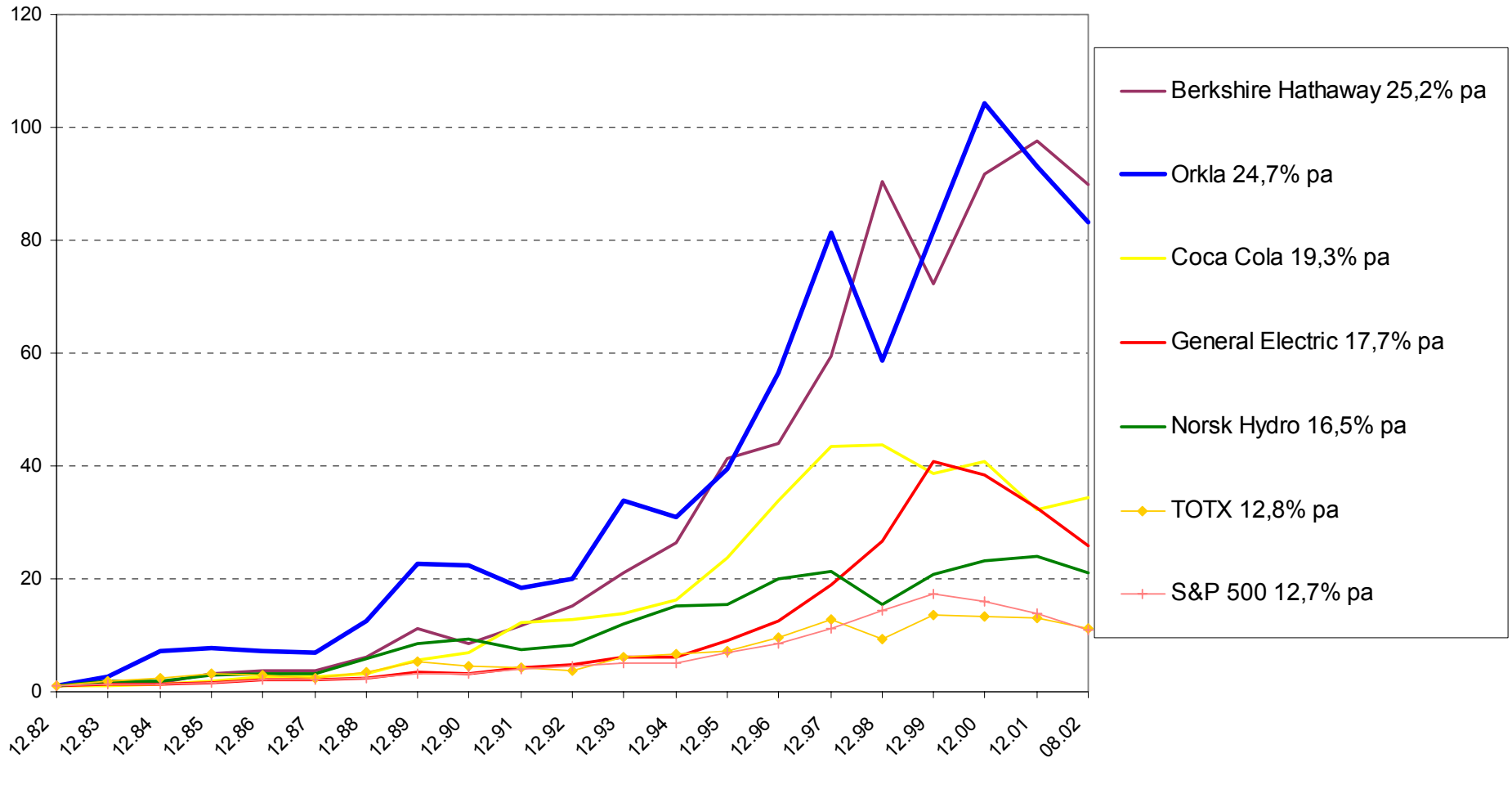
Geographical distribution of operating revenues



■ Norway ■ Rest of Nordic Region ■ Eastern Europe
■ Rest Western Europe ■ Rest World



Indexed comparison January 1983- August 2002



All series include reinvestment of dividends



Goals and basic thinking

Long-term value creation - more than our competitors

...by being a dynamic and growing company



Goals and basic thinking

How will Orkla create profitable growth?

- ▶ Focus on operations as well as on structural opportunities
- ▶ Dual structure; both industry and financial investments
- ▶ Achieve competitive advantages through building a strong organisation
 - Corporate culture
 - Core competencies
 - Management development

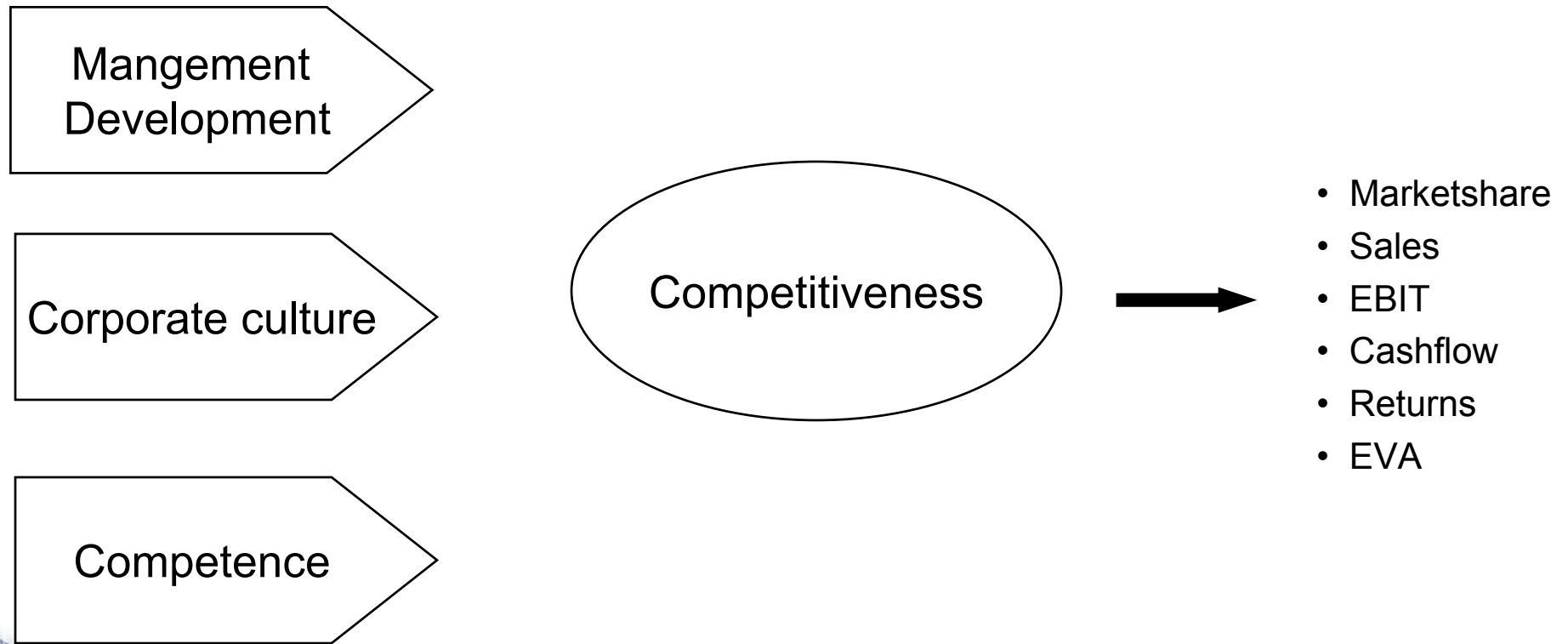


Goals and basic thinking

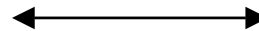
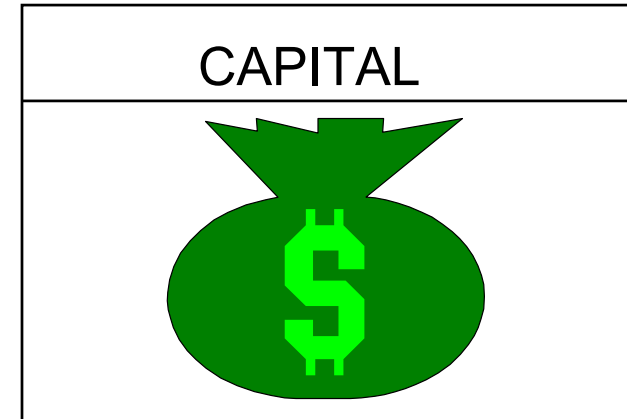
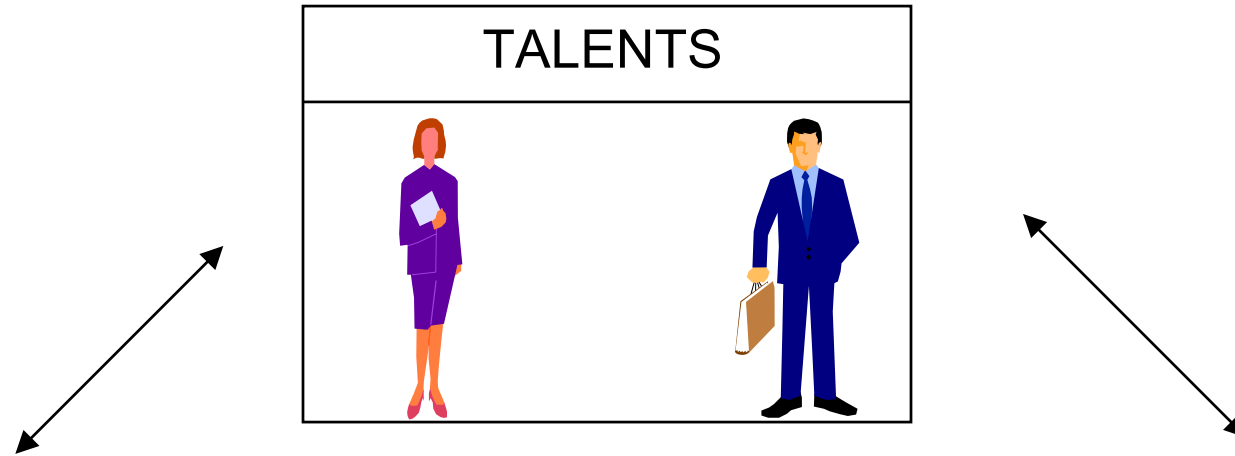
- ▶ How does Orkla's structure support profitable growth?
 - Provides a broad frontier of opportunities within our core competencies
 - Allows for a "healthy opportunism" in allocating funds to the best performers
 - As we expand geographically, the broadness of our product portfolio will be reduced



Important drivers for building competitive advantage and value



Three competition arenas - expertise and corporate culture will give us the edge



Facts-based Management

- ▶ Leadership is
 - to give direction
 - to set the goals
 - to know "how we do things"
 - understanding company culture

- ▶ Leadership is
 - to obtain results through others
 - to create enthusiasm
 - being "TOGETHER" and "CLOSE TO"
 - being flexible
 - to enjoy the success of your employees



Requirements to top level management

- ▶ Experienced and well trained in working through other people
- ▶ Knowledge and skilled in the core competence of the company
- ▶ Personal self awareness and cultural insight



Leadership should be measured

- ▶ Results obtained
- ▶ Improvement performance
- ▶ Organisational climate
- ▶ Development of expertise (the number of new specialists, their advancement in formal and general competence, etc)
- ▶ Improvement orientation
- ▶ Initiating and creating change
- ▶ Attitudes to the unions



Corporate culture = the prevailing attitudes

- ▶ All companies have a corporate culture: good, neutral or bad – but it is often left unattended and neither controlled nor developed
- ▶ A healthy corporate culture promotes company objectives and supports the desired work approach
- ▶ A strong corporate culture permeates the company's actions and behaviour over time



At Orkla, our aim is to have a clear, healthy and strong corporate culture that contributes to the creation of value



Creating value through corporate culture

How does a good and healthy corporate culture support the competitiveness ?

- ▶ Guiding business actions in the right strategic direction
- ▶ Giving identification, confidence og a good climate for internal cooperation
- ▶ Giving self-confidence to the company



Some expressions of Orkla's culture (I)

“In”

- ▶ Strategic loyalty
- ▶ Systematic processing
- ▶ Facts based management
- ▶ Business-oriented
- ▶ Bottom-line driven
- ▶ Business rationale

“Out”

- ▶ Ad-hoc strategies
- ▶ Impulsive decision making
- ▶ Glossing over - belief in myths
- ▶ Civil-servant culture
- ▶ Activity driven
- ▶ “It’s in our strategy”



Some expressions of Orkla's culture (II)

“In”

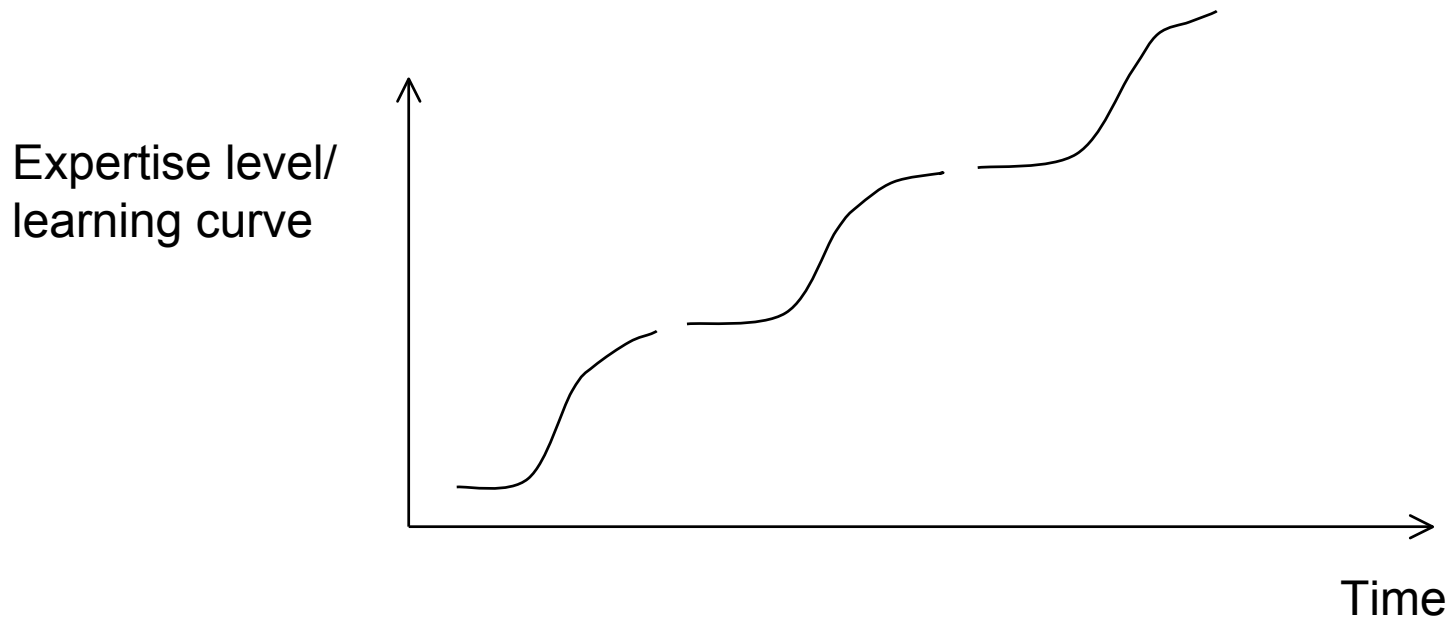
- ▶ Improvement-oriented
- ▶ Empowerment
- ▶ Merit
- ▶ Knowledgeable management
- ▶ Involving leaders
- ▶ Normative competence

“Out”

- ▶ Status quo tyranny
- ▶ Non-committing headlines
- ▶ Hierarchy
- ▶ A good leader can lead everything
- ▶ Lone decision makers
- ▶ Unsystematic learning



The learning organisation



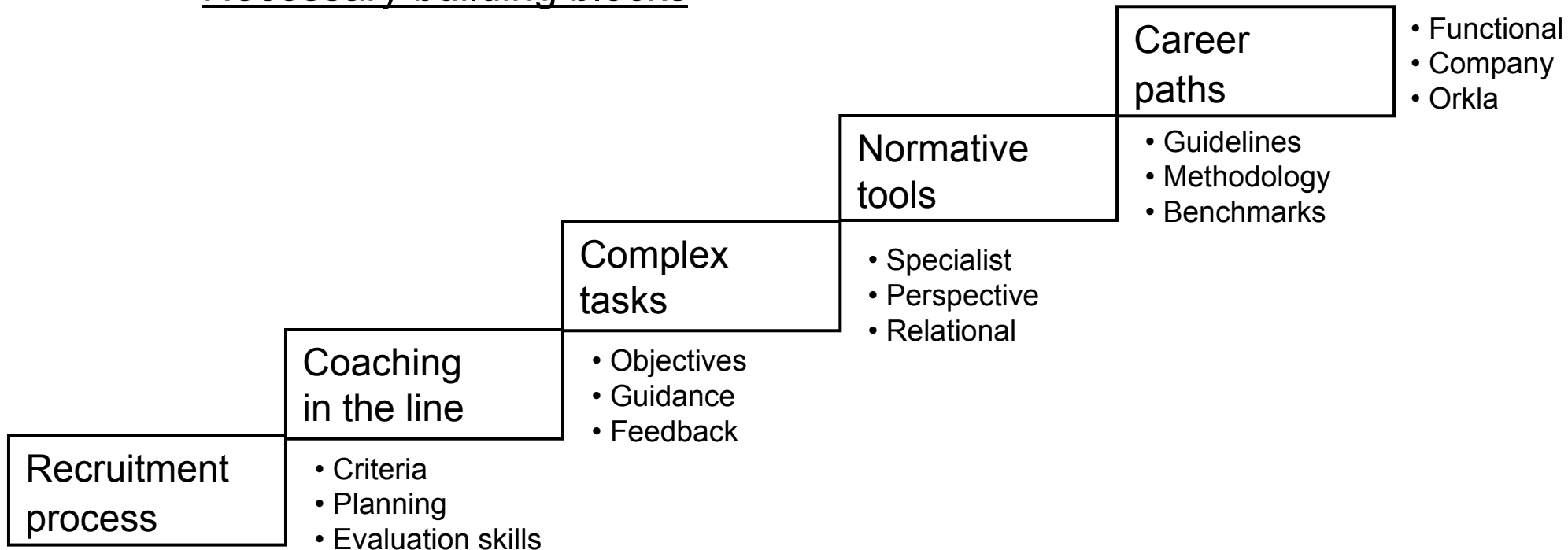
Characteristics

- ▶ Systematic development of expertise/learning
- ▶ Skills accumulated through assessment of achieved results/improvement areas, development of normative methods, line coaching, written procedures, filing systems etc.
- ▶ Starts at a “higher level” over time



Training-bases supporting “on-the-job training”

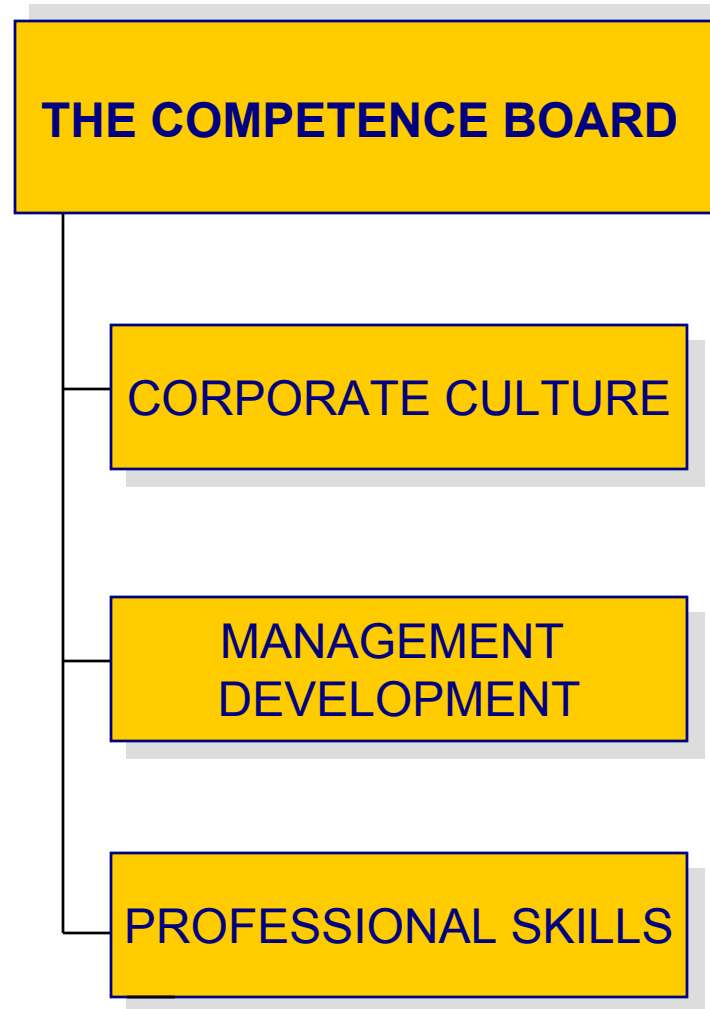
Necessary building blocks



Systematic training



Organisational development at Orkla



Questions and comments

- ▶ Thank you for your attention !
- ▶ Please ask questions or give comments.

