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# HR Conference

## Compensation and Benefits

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**Nutricia Russia**

**Our Journey to “Employer of  
Choice” Valley**

**By Elena Ivanova  
HRD of Nutricia Russia & KZ**

**Anastasiya Lyutinskaya  
HR Business Partner  
Medical, Marketing, Sales**

**Moscow  
May 19, 2011**

# HR Multi Year Strat Plan

**2011 - 2012**

## Our Legacy Behind

- **Russia is a "3" Star CBU**
- **Engagement Score  $\geq 90\%$**
- **Recognized Employer of Choice (Internal/External)**
- **Baby Russia is Exporter of Talent**
- **HR-culture Gardener**

**2010 - 2011**

## 'Full On' with Core HR

- Excellence in HR: Core Policies Review & re-design
- More Agility in Way We Operate: DanGo Compliance & Synergies
- Commitment to Talent Growth 4 ALL:
  - a) IDPs & Growth Contracting HP/DP
  - b) Career Planning
  - c) "Danone in Your Space" external sourcing programme
- Fundamental to ALL: Dan Care Project & Wise Culture
- HR credible business partner to All Functions

**2009-2010**

## Fuel Transformational Journey

- Accelerated Integration with Danone under New Danone
- Right- Sizing & Right Staffing - All Functions
- Creating L&D Culture & Environment
- Consistency & Focus on Org. Efficiency

**2008 -2009**

## Re-Set Organization

- Capabilities Gap Analysis
- Extensive Data Mining
- Fixing the Basics in HR

Transformational Journey Into World Class Organization

# What do we do to reach our long term destination... ?

- **Internally:**

- Work on **RETENTION** and are prepared to invest into that ..

- **Externally:**

- Partner with young generation, identifying our future successors..

Why do we need this Partnership?

- Promote Baby Category, our Organization, its Values and Believes

***YOU NEED ALLIES TO GOSSIP YOUR SUCCESSES: INTERNALLY AND EXTERNALLY***

# Retention Key Drivers.. (why bother?)

## **External**

- Sustain Tough Market Environment (Competition through Pharma and Baby)
- Improve Employer Proposition
- Bridge the Gap for Reward Mix for Key Talent

## **Internal**

- Stabilize Team at N-1 level and reduce turnover
- Retention of Top Talent
- Sustainability of Internal Transformation
- Harmonize Work Environment
- Grow Management Seniority at Key Levels



# Key Parameters



<b>Eligibility</b>	N-1: HP & DP: 25 managers	
<b>Design 2010</b>	~up to 20% from Grade Median TC * 2,5	
<b>Plan is Choice Based</b>	Incentive award as deferred cash	Education Allowance
<b>Metrics &amp; KPIs</b>	Basic: Individual Performance and Russia Key Economic Targets	
<b>Vesting Period</b>	H2 2010 – 2012 for Incentive Award	2011 – 2013 for Education Contract
<b>Execution</b>	Payout May 2013	Actual Spend is 2011



# KPIs Achievement Matrix



<b>KPI \ Year</b>	<b>H2 2010</b>	<b>2011</b>	<b>2012</b>	<b>Weight</b>
<b>PDR Rate</b> (Ind. Performance)	100% & above	100% & above	100% & above	25%
<b>ROP</b> (Profit)	E2'10 - 100%	B'11 - 100%	B'12 - 100%	25%
<b>CANN</b> Sales Turnover (Value)	E2'10 - 100%	B'11 - 100%	B'12 - 100%	25%
<b>OFCF</b> (Cash Flow)	E2'10 - 100%	B'11 - 100%	B'12 - 100%	25%

## Calculation principle:

	<b>1 of 3 year achieved</b>	<b>2 of 3 years achieved</b>	<b>3 of 3 years achieved</b>
<b>Target Rating</b>	0%	50%	100%

# Level of Investment

	# of employees		Cost, Rub gross		Total (Value)
	Grade 7	Grade 8	Grade 7 (1125 KRub/prs)	Grade 8 (750 Krub/prs)	
Sales	4	5	Level 7 Median Total Cash * 7	Level 8 Median Total Cash Number * 18	
Medical	2	3			
Marketing	-	4			
IT	1	-			
HR	-	2			
Finance	-	1			
SP	-	3			
Total FTE	7	18			22 000 000
					€ 475 000*

- ~20% on Annual TC Median "As Is"
- No "aging factor"
- Budgeting rules and Accruals supported by Finance



# Actions 2010



## GM: Sponsor & Sign Off

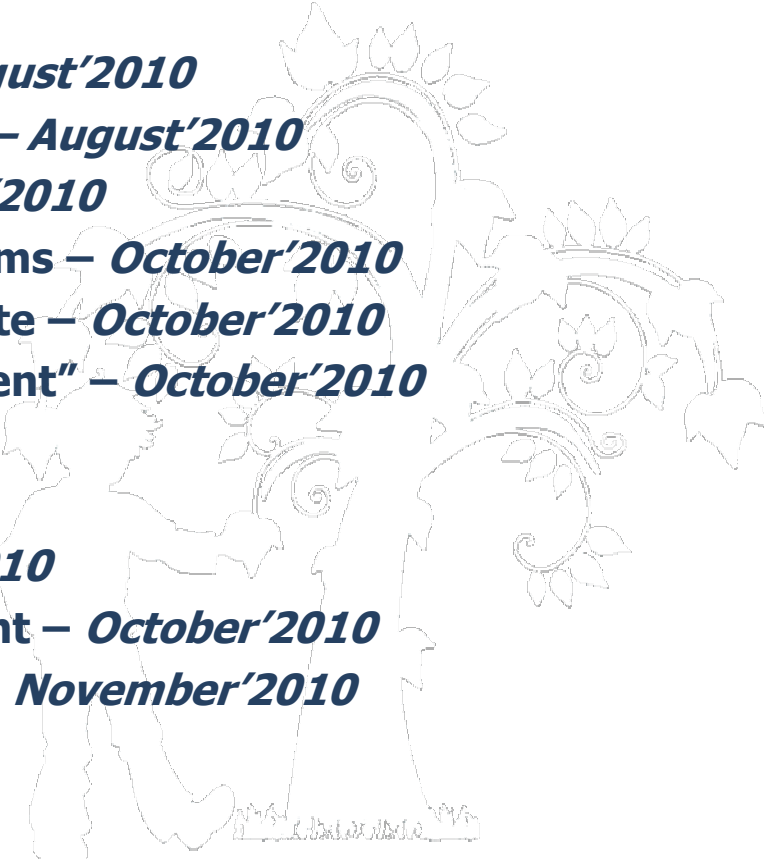
## Committee of Directors (CODI):

- ✓ Ensure commitment against Retention 4 Growth & Communication with Teams

## HR Role: Program "Gardener"

- ✓ Support CODI if needed - *July – August'2010*
- ✓ Q/A with eligible employees – *July – August'2010*
- ✓ Budget/Report (AOP) – *September'2010*
- ✓ Create recos for Educational programs – *October'2010*
- ✓ Create Educational Contract template – *October'2010*
- ✓ Create Program "Rules of Engagement" – *October'2010*

## Program Participants:

- ✓ Confirm Plan choice – *September'2010*
  - ✓ Selection of MBA School or Equivalent – *October'2010*
  - ✓ Educational Contract management – *November'2010*
- 

# Future Steps

2011: Enrollment &  
commitment to investment

➤ HR monitors effectiveness via

KPIs:

- Seniority
- Regretted turnover %
- TGR - Talent Generation %

➤ Develop reco on Program next  
vesting period



# INTERNSHIP PROGRAM

## WHAT FOR:

- To promote **Employer brand** among young talents via students network
- To attract **extra resources** for special projects
- To build external **succession pool** (immediate and long term)
- From **social responsibility** point of view – to help young talents identify their preferences in future career planning

## HOW:

- Attract** – via Career days in leading universities + co-project with HBR web-site
- Select** – 5 steps evaluation: screen CVs, conduct telephone interviews, study essays, deliver Assessment center, arrange individual interviews
- Deliver** – 2 months Internship (July 1 – August 31), real projects, coaching from immediate manager, detailed feedback after



# INTERNSHIP PROGRAM

## POINT OF DIFFERENCE:

- **NO SALARY:** we look for only those young talents who **do understand the value of this summer “investment”**
- **PROFESSIONAL ORIENTATION:** we help them to choose right career direction on the stage of assessment center
- **DEEP DIVE INTO BUSINESS:** we assign real projects and coach them on real achievements using real data
- **SUPPORT FROM STAKEHOLDERS:** managers are eager to invest th in order to return on talented staff



## WE WANT:

- Using tailor made approach **attract and retain OUR talent**
- Based on DANONE Values and mgr's expertise **develop talent** for future success in the Company
- Promote an idea that **building Employer brand is each and every manager's responsibility**

# Employer Branding for highly regulated industry

**AstraZeneca best practice**



# Agenda

About AstraZeneca

Our Commitments

Challenges of employer brand  
building in pharmaceutical industry

Current projects: AstraZeneca  
experience



**Everyone cares about health**

**Young or old. Rich or poor.**

**Around the world. It's one thing  
that we all have in common**

**AstraZeneca is here to make  
a difference to people's health**

# **70 years of innovative medicines**

## **Touching the lives of many people**

**Doctors and patients**

**People who pay for healthcare**

**Our shareholders**

**Our employees**

**The wider community**





# Our focus is on six areas of medicine



# AstraZeneca: innovation-focused global biopharmaceutical company

## AstraZeneca at a glance

- ✓ International biopharmaceutical company founded almost 100 years ago
- ✓ Growing presence in over 100 countries
- ✓ Over 61,000 people employed worldwide
- ✓ 6 TA: cancer, cardiovascular, gastrointestinal, infection, neuroscience, and respiratory and inflammation areas
- ✓ Worldwide sales in 2010: over \$33 billion



## R&D leadership

- ✓ Over \$4 billion annual investments in R&D
- ✓ 14 major R&D centres in 8 countries
- ✓ More than 150 molecules in pipeline



## AstraZeneca in Russia

- ✓ > 40 innovative drugs in 7 therapeutic areas registered in Russia
- ✓ Represented in 68 Russian cities
- ✓ Over 1000 people employed
- ✓ Among Top-10 most influential Russia pharma market players in 2010



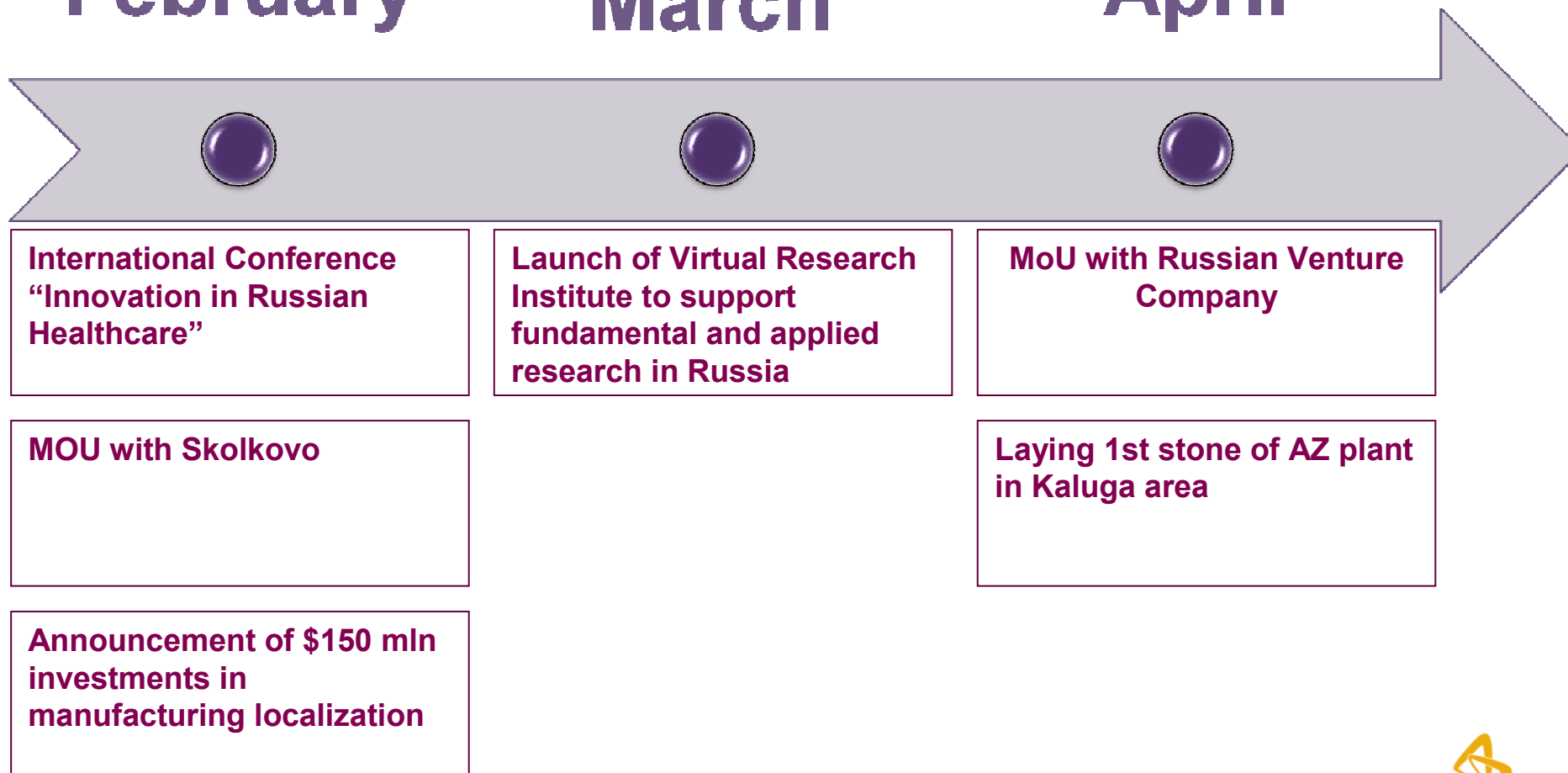
# AstraZeneca supports innovations in Russia.

## Milestones of 2011

**February**

**March**

**April**



# AstraZeneca Commitment: In Russia for Russia

## Major directions of investments to the innovative development of the Russian pharmaceutical industry

### Manufacturing commitment:

To produce in Russia innovative medications that will make a meaningful difference to Russian patients' health

❖ \$150m investments in local production site

### R&D commitment:

To stimulate the innovative development of the Russian Pharma science that will contribute to Pharma industry modernization

❖ MOU with Skolkovo and RVC  
❖ Project to support innovative research of RU scientists



## Our mission...

**Making the most meaningful difference to patient health through great medicines**

## ...and values



**Integrity and high ethical standards**



**Respect for the individual and diversity**



**Openness, honesty, trust and support for each other**



**Leadership by example at all levels**



**We have made important commitments across all our activities in discovery, development, manufacturing and marketing**  
**Here are some examples:**

# Our commitments

Accurate and effective communications in **sales and marketing**.

Consistent global standards in **clinical trials**.

Responsible practice and prioritising welfare in **animal studies**.

Providing a safe workplace and promoting **health and well-being**.

Working to minimise our impact on the **environment**.

Ensuring that our own ethical standards are matched by our **suppliers**.



# Corporate responsibility and Compliance standards



**Our reputation is built on the trust and confidence of all our stakeholders and is one of AstraZeneca's most valuable assets**

All activities are conducted in accordance with our Code of Conduct

Our Code of Conduct and Global Policies are designed to provide clear direction as to how our high level values are to be translated into consistent actions across all areas of our business





**Our most important resources are  
the talent, skills and commitment  
of all the people who work in our  
business globally**

**Our people are our future**

# People with purpose

## Culture of creativity



We want our people to **understand** their roles, have **confidence** in their abilities and take **pride** in their contribution.

To achieve this we have to provide effective leadership and an open and inclusive culture:

**Clear targets** that contribute to the business's objectives.

**Learning and development** that helps people achieve their full potential.

**Communication, dialogue**, open debate and opportunities for feedback.

**Respect and inclusivity**, rewards based on merit and performance.



# Main drivers of our success are our employees behaviors

## Culture and behavior



### Courage

- Making smarter decisions and following them through
- Taking the right kind of risks and being accountable
- Standing up for ethical behavior

### Creativity

- Being inventive, enterprising and problem-solving
- Finding new and better ways of doing things
- Being innovative and making best use of available resources

### Collaboration

- Connecting with people inside and outside of AZ to access skills that we don't have ourselves
- Believing in the power of partnership
- Showing respect for individuals and diversity



## Challenges of employer brand building in pharmaceutical industry



No possibility to promote the company's brand through products' advertisement (Russian law for Rx products promotion)

Most of target audience is limited with health care professionals and pharmaceutical and medical universities graduates

Target audience is rather difficult to achieve through media channels



# Target audience and Employer Branding targets

**External Candidates**



**AZ- Employer of Choice**

**Fresh Graduates from  
Medical/Pharmaceutical  
Universities**



**Loyalty to AZ as the  
Employer and Brand**

**Agencies and other 3d  
parties**



**AZ Employer Brand  
Ambassadors**



# Key messages for target audience

## Candidates (ATL)

High ethical standards

Transparent and Innovative  
biopharmaceutical company

Innovative HR solutions for employees'  
selection and development

Attractive social package

## Labor Market (BTL)

AZ is planning to invest in Russia's  
Public Health service – local  
manufacturing, R&D, social activities

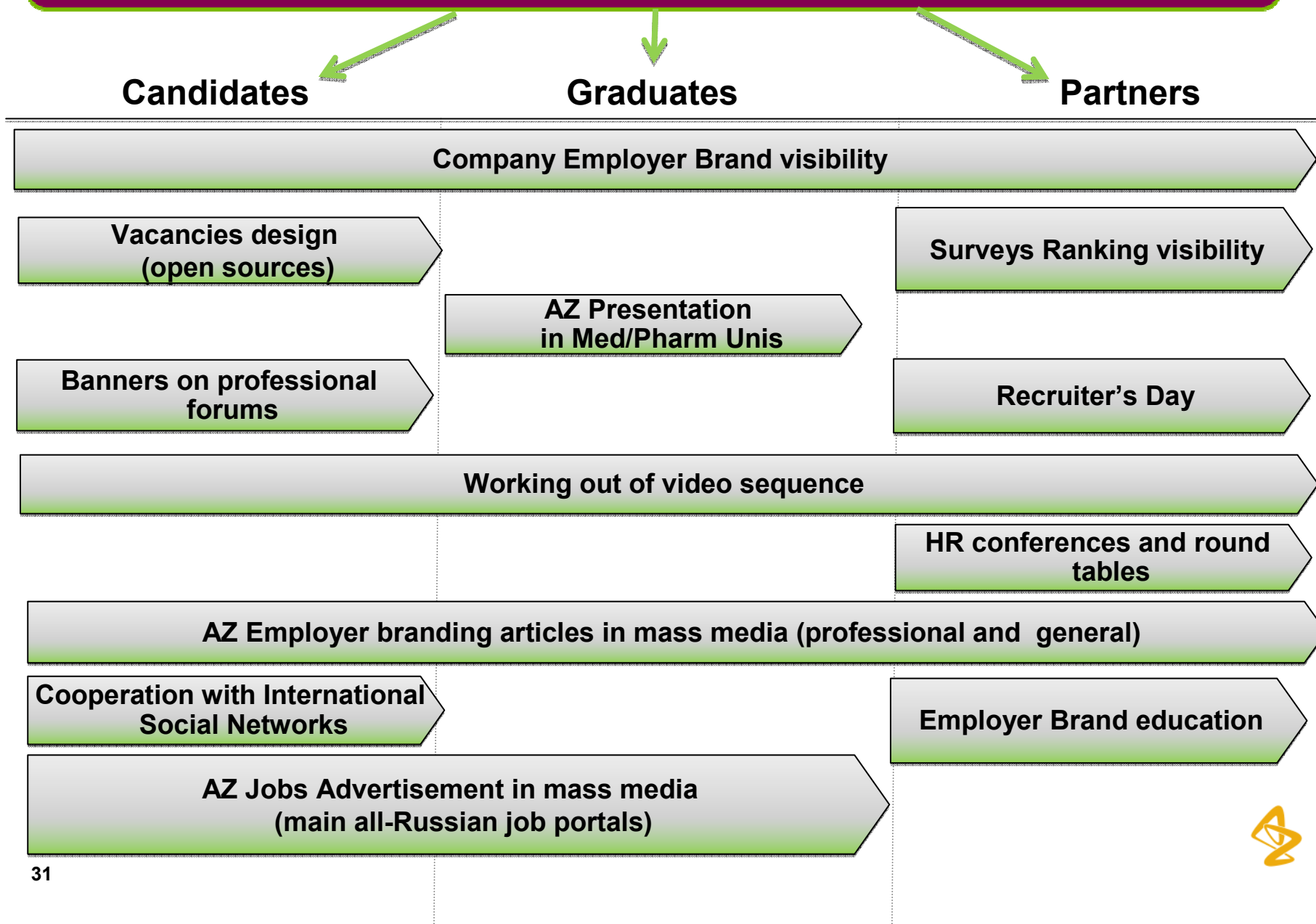
Global experience and high rating on  
Russia labor market

Most meaningful difference to health  
through great medicines that bring  
benefit for patients and add value for  
our stakeholders and society

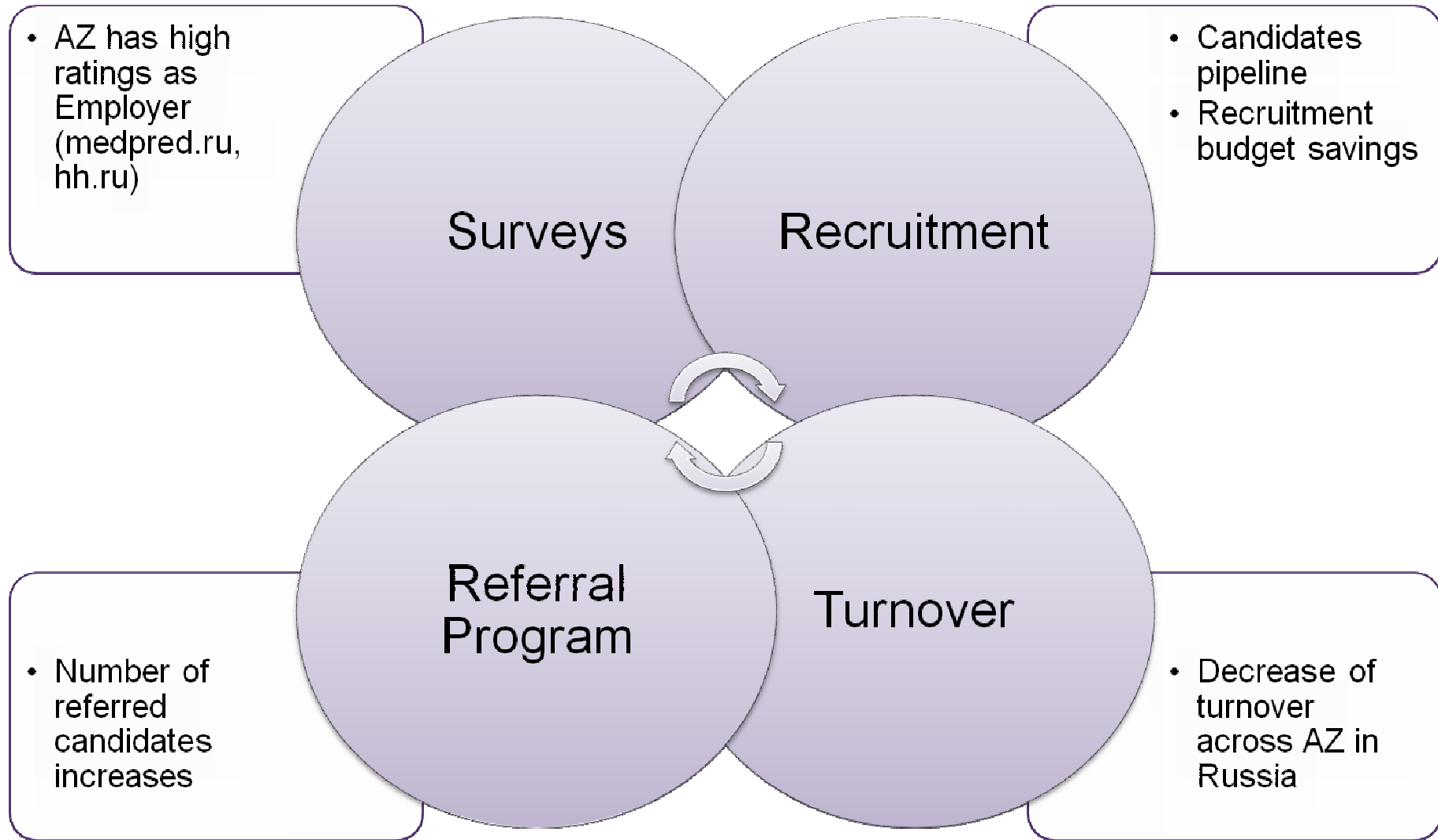
The fastest growing company  
in Rx segment Russia



# Plan of Employer Branding Activities in 2011



# Effectiveness of Employer Branding activities





**Thank you for your time and interest**

**For more information about AstraZeneca  
and activities worldwide, visit  
[astrazeneca.ru](http://astrazeneca.ru) or [astrazeneca.com](http://astrazeneca.com)**

# *Evaluating the Impact of Employer Branding*

Ruxandra Stoian  
Partner, HR Services

May 2011

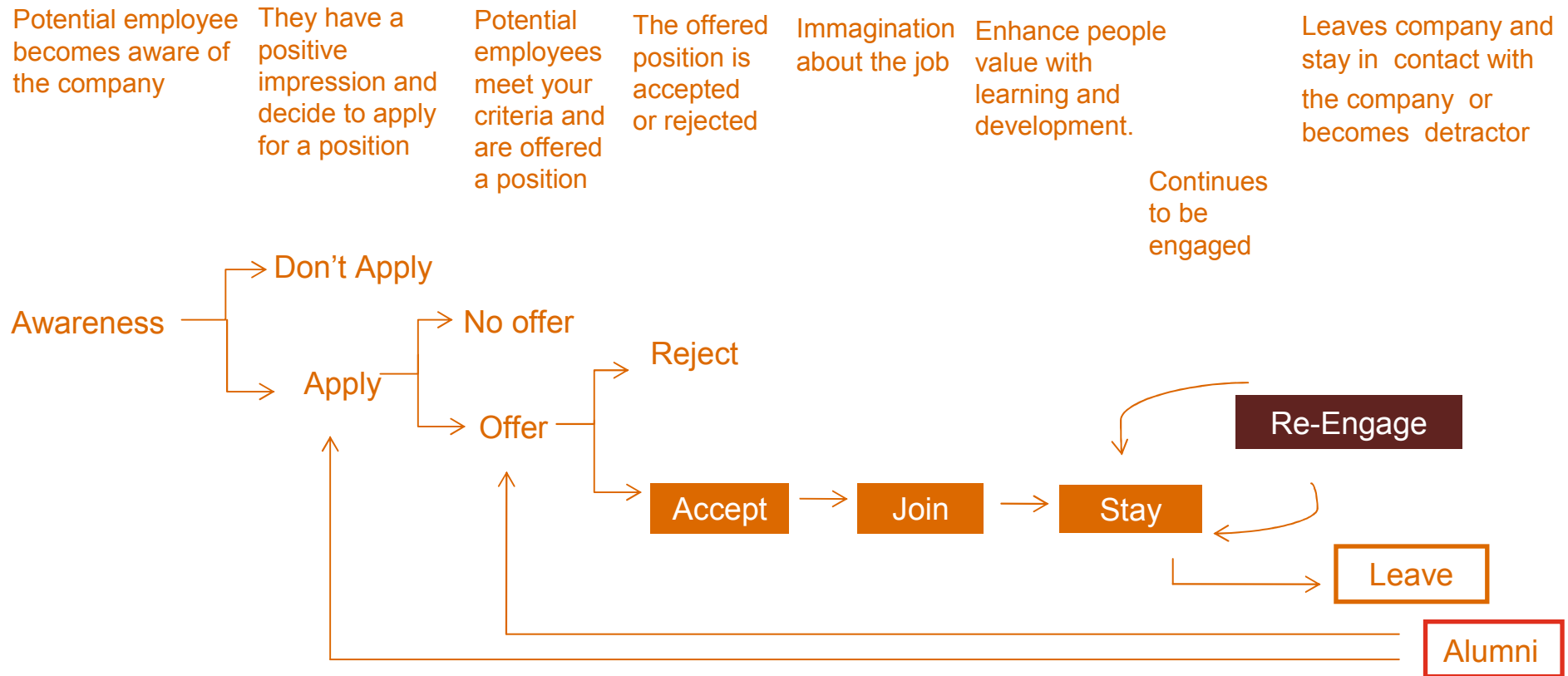
## ***Employer branding context***

The image that employees and others have about the type of the employer an organization is. It gives current and potential employees information about employment experience or “the deal”.

the package of functional, economic and psychological benefits provided / employment and identified with the employing company..”

“..employer value proposition is determined by instrumental and symbolic benefits..”

## Employment Life Cycle – impact of branding



## *Impact assessment*

Image	<ul style="list-style-type: none"><li>• Brand awareness index</li><li>• Employer of choice</li></ul>
Recruitment	<ul style="list-style-type: none"><li>• No of applicants / Hits</li><li>• Recruitment process KPIs (Time to recruit, Acceptance rate, etc)</li></ul>
Acceptance (new recruits)	<ul style="list-style-type: none"><li>• Turnover (by segments),</li><li>• Absenteeism</li><li>• Engagement new joiners</li></ul>
Retention/engagement	<ul style="list-style-type: none"><li>• Engagement survey scores</li><li>• Resignation rate</li><li>• Referrals</li></ul>
Post employment	<ul style="list-style-type: none"><li>• Referrals</li><li>• Re-join rate</li><li>• Feed-back (SN, Alumni network)</li></ul>

## **Financial Impact (?)**





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# **Employer value proposition: which C&B strategy can attract and retain the best people?**

**Natalia Douvanova**  
**Head of HR**  
**BASF Business Center Russia & CIS**  
**19.05.2011**



Employer Branding is a strategic concept that should be used by every company that wants successful **long-term attraction, recruiting and retention** of ideal employees.

## Strong employer brand provides:

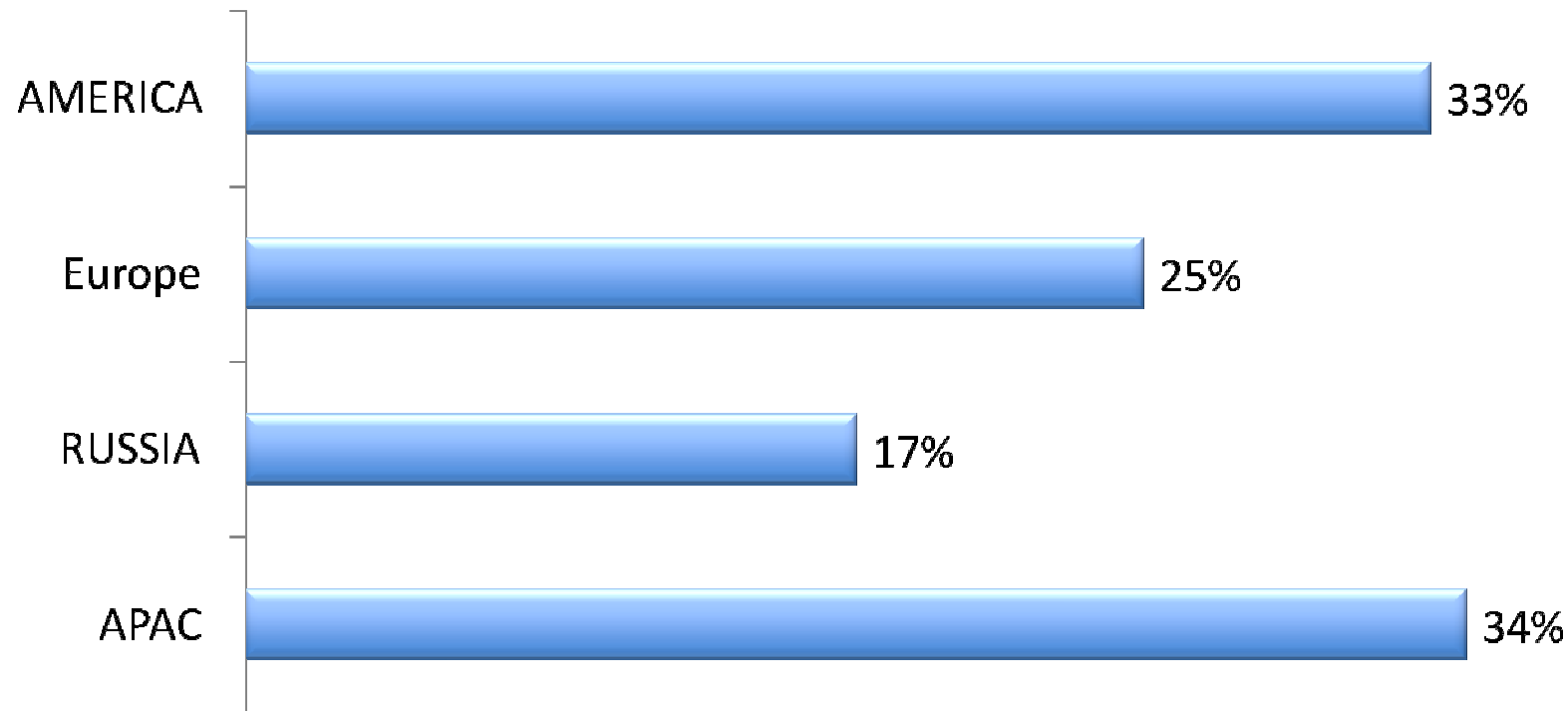
- better quality candidates at a lower cost
- companies with a strong employer brand reputation are able to attract candidates away from their current employers with a significantly lower increase in compensation (11%) than companies with a weak employer brand reputation (21%).\*

\* Corporate Leadership Council Study

## Two types of Compensation strategy

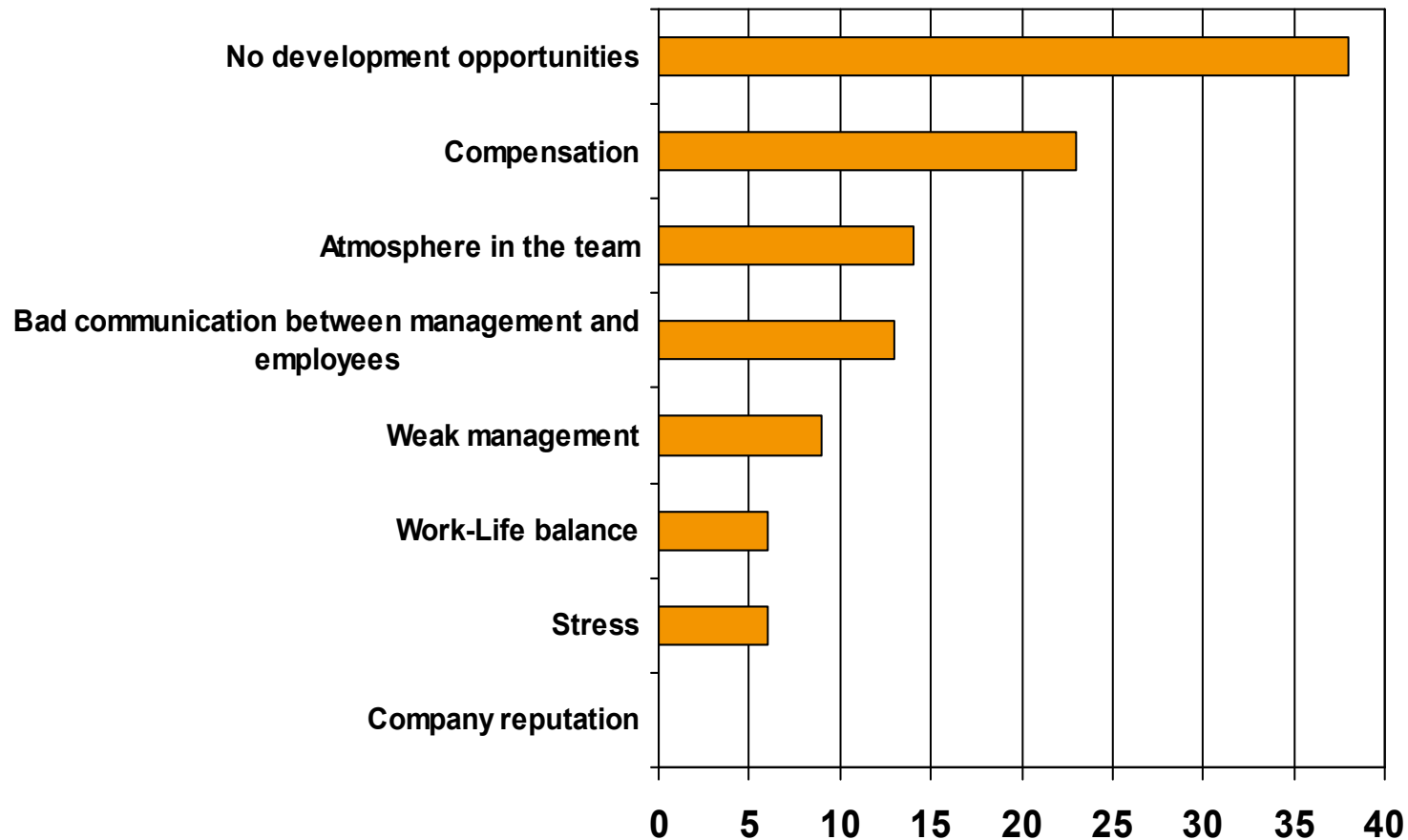
1. Very high salaries, no long term benefits, no retention tools, no development program, limited career opportunities
2. Market median oriented salaries, competitive benefit set including long term benefits, people development and career opportunities

To what extent the qualification of candidates conforms to the requirements of the market? \*



\* Kelly Services Survey

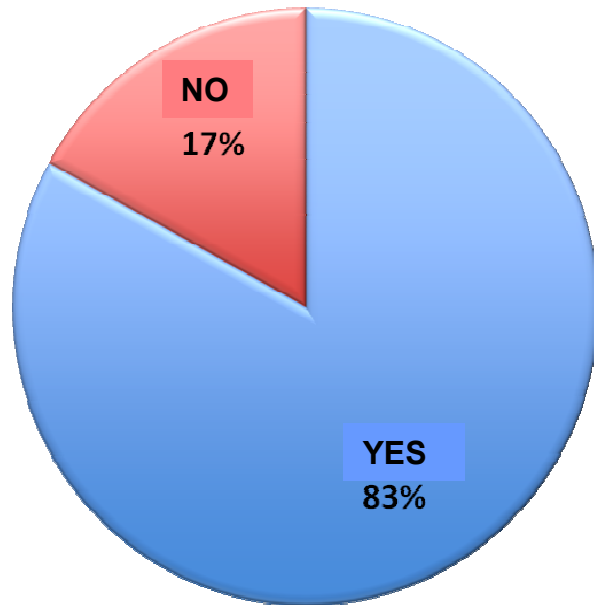
# What is the weighty reason for you to leave your employer? \*



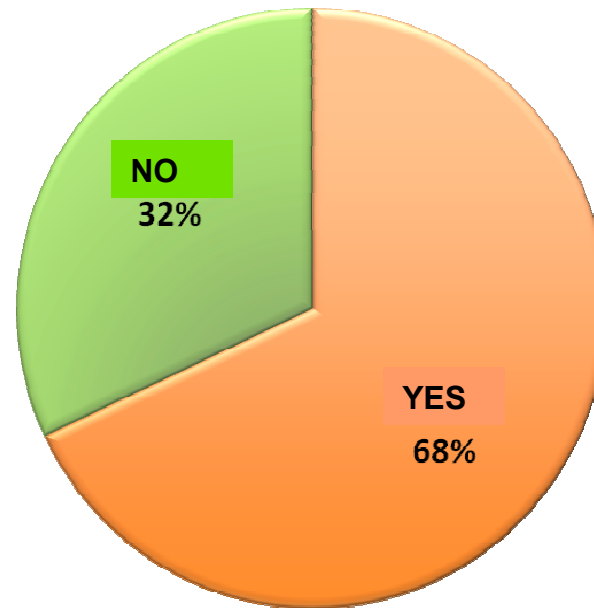
\* Kelly Services Survey

# Loyalty to employer

Are you employed now?



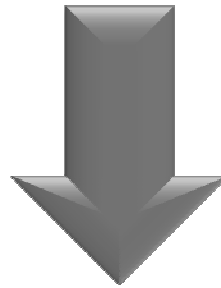
Are you interested in the new job?



\* Kelly Services Survey

# Conclusions

- High deficit of qualified specialists on the market
- In general no loyalty of employees to the employer
- Development & Career opportunities are priority for employees



Growing of specialists by the company

Career opportunities

Right position on the pay market

Compensation strategy based on long term benefits

**Employer branding**

**Can lead the company to success!**