

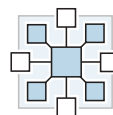


Quality · Responsibility · Mutuality · Efficiency · Freedom

MARS

Case Study:

The Secret to Mars Corporation's Success
(And it's Not Chocolate)



Corporate University Xchange

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Company Investments in Corporate Learning Improve Business Performance

A global company with strong, identifiable values is hard to find these days. As companies grow and expand across borders and oceans, corporate culture often becomes diluted and inconsistent, with different ideals and philosophies emphasized at each location.

But this is not the case at Mars Incorporated, home of some of the world's leading snack food and pet care brands, from Snickers® and M&M's® to Uncle Ben's® Rice and Whiskas®. Started in a home kitchen in Tacoma, Washington, in 1911, Mars has quickly grown into a US \$21 billion company with more than 40,000 employees. How did this privately held, family-owned business achieve such stellar results while maintaining its core values? Through a commitment to employee learning and development.

At Mars, all employees are called associates and are viewed as the company's most valuable assets. Led by Mars family members for decades, the company had a clear focus on its principles and people. Yet as Mars senior family members retired and management changed hands, executives feared that this culture and focus would disappear. In addition, continued decentralization and globalization of the company highlighted the dire need for improved, formalized training.

To harness its culture, continue company growth and aid associates assuming new managerial roles after family leaders retired, Mars turned to business learning and development leader Corporate University Xchange (CorpU). A membership-based organization with extensive research and benchmarking studies on human capital development, CorpU has helped Mars institute an effective corporate university and participate in a global network of business learning leaders, fostering the company's continued success and leadership position.

Increases in productivity and enhanced employee engagement have been traced to Mars University and the company-wide dedication to learning. In just one example, cost savings of over \$300 million were realized as a direct result of a curriculum teaching lean thinking. By investing in the development of its people, Mars has achieved tangible business results that are likely to continue into the long-term future.

Mars' Five Principles

Born with polio, Frank C. Mars often found himself in his mother's kitchen, where he kept busy helping her hand-dip chocolate. His passion for confections continued to blossom through 1911 when he started selling butter cream candies from his home. Shortly thereafter, Mars Candy Factory was opened and the company grew quickly from its family roots.

Since its inception, Mars has focused on five core principles: Quality, Responsibility, Mutuality, Efficiency, and Freedom (see sidebar for detailed explanation). Seen as a competitive differentiator and an essential ingredient in the company's success, these principles guide Mars, its strategy and its culture. They shape how employees, customers and brands are treated, and keep the company focused, especially important in times of growth. The Mars family members embodied these principles and worked to ingrain them into associates worldwide.

However, the company faced several challenges as it matured. First, as the third generation of family members who were leading the business retired, it became increasingly difficult to ensure that the guiding principles were strongly embedded throughout the organization. With the impending leadership transition, the corporate culture was in danger of extinction. There was a need to more formally communicate what made Mars unique and to describe how the founding principles were to be implemented to help the business achieve its strategic goals.

Other challenges included the diminishing talent pipeline and continued decentralization at Mars, with employees advancing to managerial roles and assuming accountability for running local operations. Recruited internally, these managers largely had no experience of running a business. The organization needed to equip them with the skills and knowledge required to lead their units effectively.

Lastly, learning initiatives were fragmented and disorganized. An internal Mars audit revealed that over nine different programs were being used to teach the core values. Numerous learning methods, vendors, and tools were used throughout the company and there was variety in the quality and content of materials employed, leading to inconsistency. There was also duplication of effort, with two parallel programs run by functional competency and learning and development teams.

“There was quite a lot of overlap in our learning programs,” recalls Lynn Davis, Mars University Effectiveness Manager. “In some cases, there was even complete disagreement between the two different streams.”

Change was needed. When Paul Michaels took the helm as President of Mars Incorporated, he advocated for a corporate university as the solution to the abovementioned issues. Not only would learning initiatives be streamlined and optimized, but the ongoing training would bolster the leadership pipeline and help the company continue to attract the industry’s best and brightest.

Building the Path to Better Learning

While Mars certainly has chocolate and pet food down to a science, developing a corporate learning program was not its forte. The company turned to CorpU to provide direction and best practices in instituting Mars University and transforming learning into a business advantage.

The first step that CorpU took was to have Mars identify its key business goals so that learning programs were aligned with achieving these objectives. At Mars, Return on Total Assets (ROTA) is the leading measurement of business performance, with a stringent emphasis on maximizing output with minimal assets. Also, innovation, lean manufacturing, and associate engagement are three prominent corporate ideals, and it is around these principles that Mars University was built.

CorpU also developed a guide book with information regarding roles and responsibilities of key team members and a marketing communication plan to roll the program out. It also includes a detailed funding model, curriculum plans and information on establishing a learning management system. Perhaps most importantly, CorpU guided Mars on how to evaluate its learning program to ensure progress.

To provide structure and efficiency, CorpU instituted a governing body for Mars University, led by President Paul Michaels and consisting of the deans of each of the ten colleges. The Lean Operations Systems College and Management and Leadership College are transversal, applying to all associates regardless of area of work. Eight additional colleges are structured around functional departments, including Supply, R&D, Marketing and I.T.

“By using CorpU’s expertise on a range of issues from measurement to learning management systems, governance structure, curriculum development and deployment principles, we were able to speed up the learning curve and get Mars University up and running very quickly,” says John Shepherd, Chief Learning Officer, Mars Incorporated.

A Global Curriculum

Present in 65 countries, the global reach of Mars Incorporated illustrated the need for a unified learning program that could cross country borders. This reach also made the formation of one physical university building impractical. Mars University is largely virtual, with learning taking place throughout the world, facilitating easy access by each and every associate. However, courses follow specific curriculums, and can be delivered in classrooms as well as through eLearning tools and online communities.

“Now, our corporate learning is as good in Bangkok as it is in Washington,” says Davis.

A global learning management system coordinates and tracks learning for each Mars associate. Prior to implementation, 80 different programs were used to maintain learning records, from spreadsheets to databases and web-based tools. Today, associates use one system to research courses, register for programs, and review their training histories. Managers can also see progress made by reporting associates toward learning and advancing their careers.

Part of a Learning Network

Corporate learning must be just as dynamic as the businesses it serves. Mars not only used CorpU as a trusted consultant in designing its university, but it is also a part of CorpU’s membership base, the largest paid network of learning executives. Comprised of leaders from over 100 companies, a majority of which are Fortune 500 and Global 2000 firms, the CorpU network facilitates information sharing through events, research collaboration and the new CorpU TV (tv.corpu.com), which includes video content showcasing human capital development trends and applications. This has helped Mars continuously improve its university to maximize efficiency and effectiveness.

“We borrow shamelessly from other organizations,” says Davis. “We face challenges that many other organizations have faced and solved before. Why reinvent the wheel?”

For example, CorpU put Mars executives in touch with their learning counterparts at Caterpillar to help better align learning with business objectives to improve overall performance. They also learn tips and tricks at CorpU seminars, which promote networking about corporate university building and business learning.

“Through CorpU, we are able to connect with leaders of some of the best corporate universities out there,” says Shepherd.

Continued Business Success

With a new and improved learning program in place, several tangible business results have been realized. First and foremost, since Mars University was instituted, the company has seen a significant increase in profitability as measured through ROTA. Improvements in customer service and employee engagement, as measured through the Gallup Q12® Engagement Survey, have been documented as well, particularly with regard to the effectiveness of line managers. Mars managers are able to motivate and engage their teams more effectively due to the improved training.

The Lean Operating Systems College, tasked with teaching lean business practices, has had particular success. As a result of the college's curriculum, deployment of lean tools throughout the business have delivered over \$300 million in savings.

While nothing is ever certain in business, a solid learning initiative, a strong human capital team and continuous learning are strengthening Mars' outlook for future growth. The company is likely to continue to maximize its most valuable asset – its people.

Mars' Five Core Principles

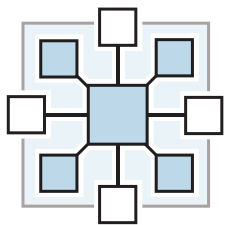
- **Quality:** Quality is the first ingredient of quality brands. The consumer is our boss, quality is our work and value for money is our goal.
- **Responsibility:** All associates are asked to take direct responsibility for results, to exercise initiative and judgment, and to make decisions as required.
- **Mutuality:** A mutual benefit is a shared benefit and a shared benefit will endure.
- **Efficiency:** Use resources to the full capacity, waste nothing and do only what we can do best in order to maximize productivity.
- **Freedom:** We need freedom to shape our future and profit to remain free. Family ownership was a deliberate choice.

About Corporate University Xchange

Corporate University Xchange (CorpU) is the leading provider of corporate learning research, benchmarking, and advisory services. Founded in 1997, CorpU's mission is to help organizations maximize human capital to deliver improved business results. The company's independent benchmarking studies and research conducted with Fortune 500 and Global 2000 companies provide unparalleled insight into trends and best practices in areas such as corporate training, leadership development and performance management. With the industry's largest paid membership network of Chief Learning Officers and Learning & Development practitioners, CorpU also has 30,000+ business leaders subscribing to its complimentary periodicals and webinars. For more information, visit www.corpu.com.

About Mars Incorporated

Mars Incorporated is a family owned company that produces some of the world's leading confectionery, food and petcare products and has growing beverage and health & nutrition businesses. Headquartered in McLean, Virginia, Mars Incorporated operates in more than 65 countries and employs more than 40,000 associates worldwide. The company's global sales are approximately \$21 billion annually. Founded in 1911, the company manufactures and markets a variety of products under many of the world's most recognizable trademarks, including MILKY WAY®, M&M'S®, SNICKERS®, MARS®, UNCLE BEN'S® Rice, and PEDIGREE® and WHISKAS® petcare products. For more information, visit www.mars.com



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