



MAERSK



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Charge



MAERSK

Goal

Improve Geographic Diversity

Strategy

Recruitment

Retention

KPIs

Define Targets

Measure Progress

Costs

Implementation

Future Value

Situation

Solution

Analysis

Action

Impact

**Risk &
Financial**



MAERSK



The GILD Program

Recommendation



Global Initiative for Leadership & Development



Situation

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Impact

Risk &
Financial

Targets & Impact



PROGRAM GOALS

**40% Diversity in 4
years**

10% Improvement

**Management Trainee
Retention to 70%**

50% Improvement

Field-to-Corporate

Situation

Solution

Analysis

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Impact

**Risk &
Financial**

Roadmap

Analysis – Why?

Action – How?

Impact – So what?

Situation

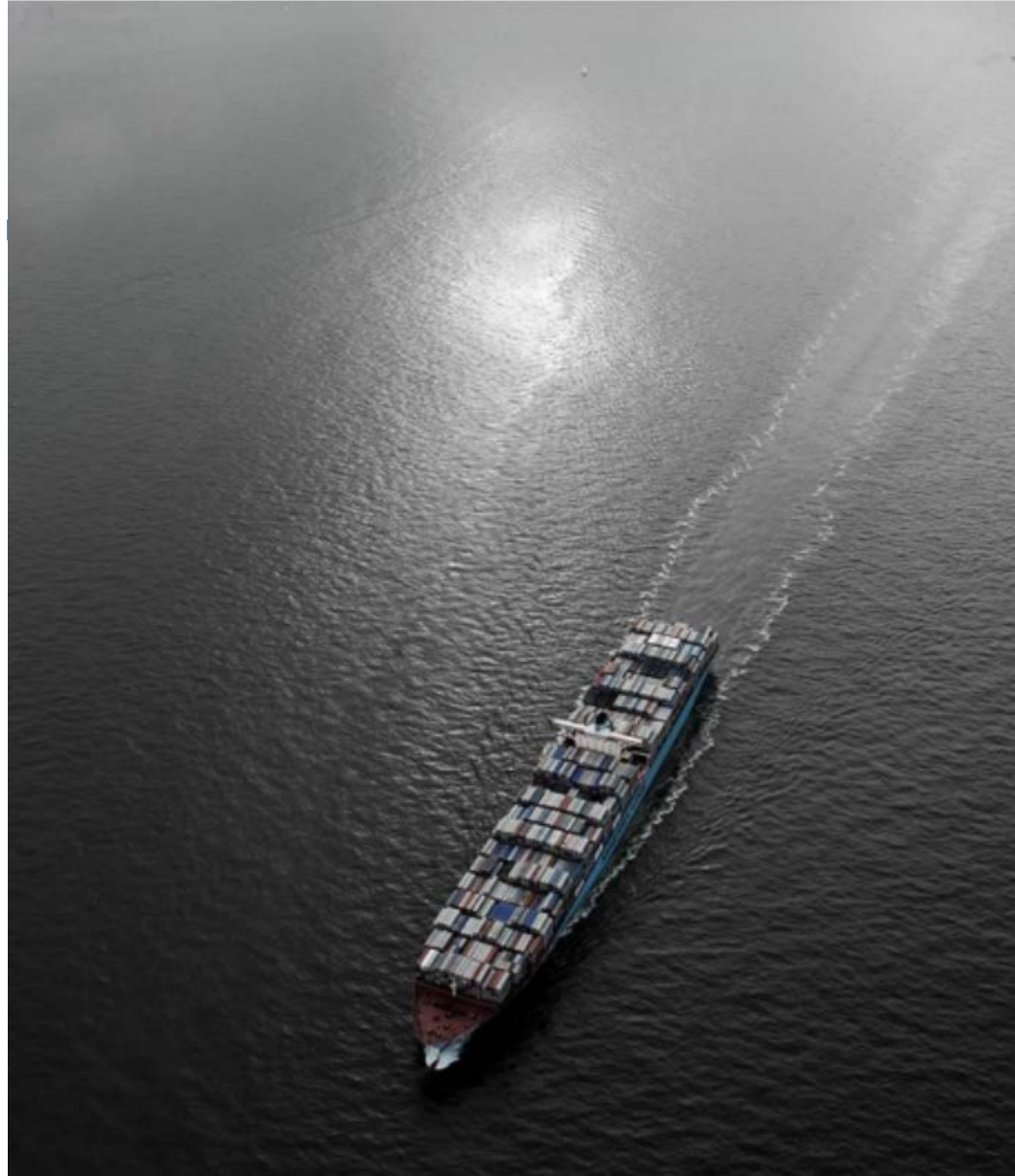
Solution

Analysis

Action

Impact

**Risk &
Financial**



Decision Analysis



GILD	Acquire HR Consulting Firm	Acquire more Diverse Business	Internal Revamp

Attractiveness		
1	2	3
Weak		Strong

Situation

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Roadmap

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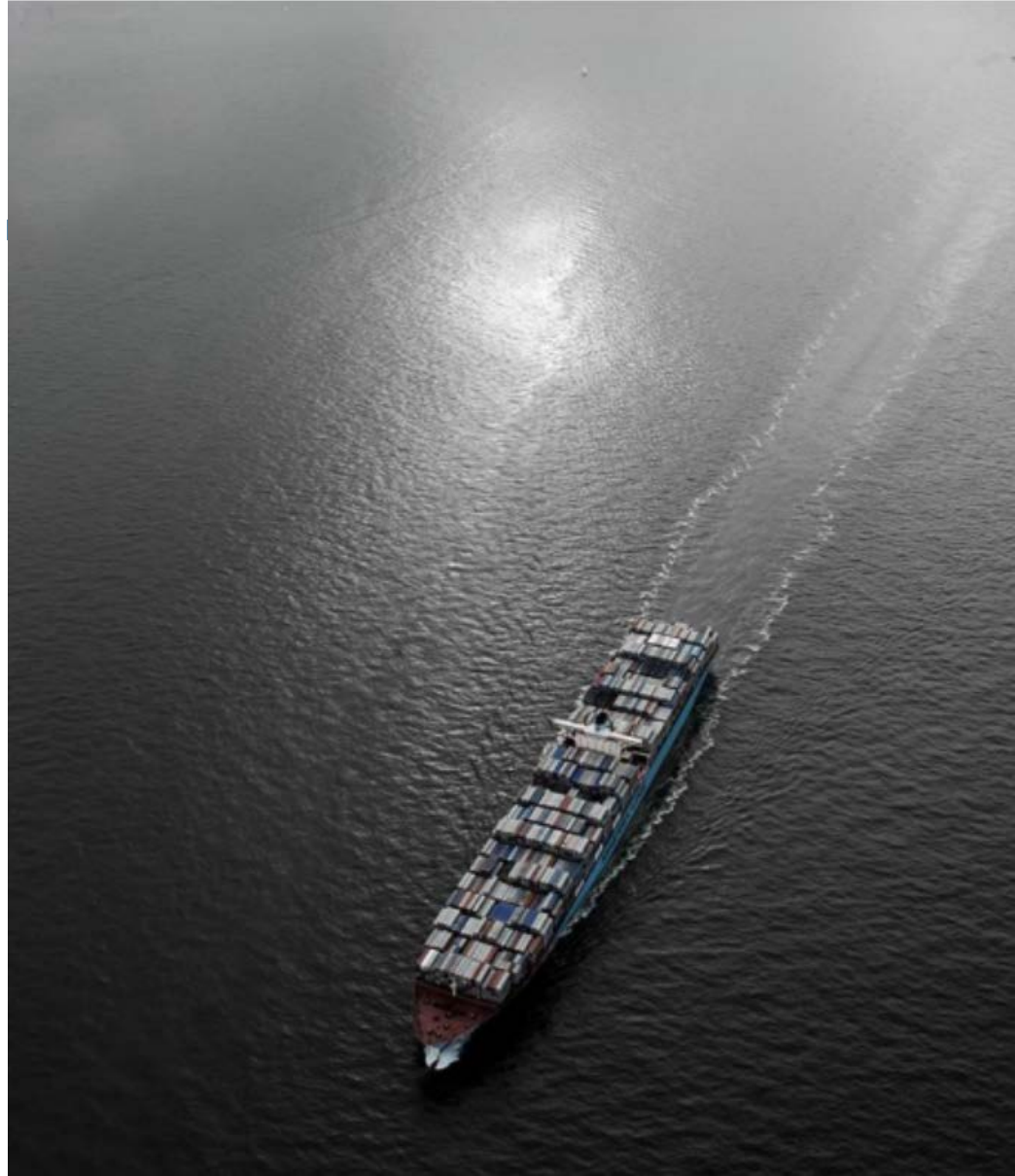
Solution

Analysis

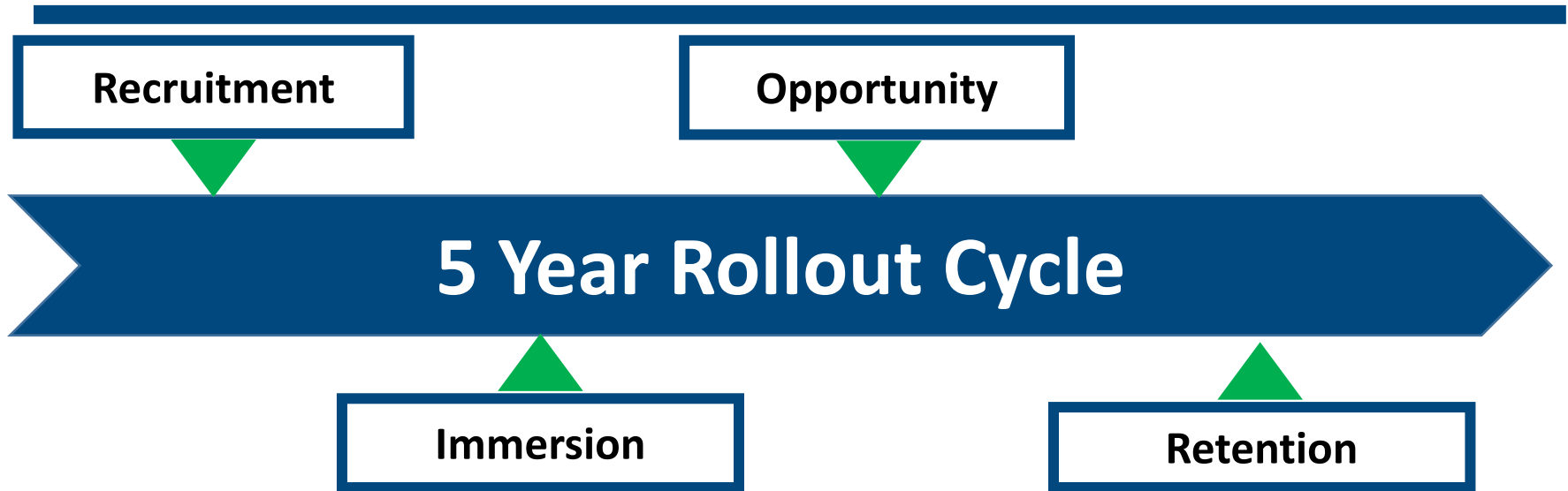
Action

Impact

**Risk &
Financial**



Implementation



Preparation	Now	Q1 2014	Q2 2014
Identify talent markets			
Establish business school program			
Organize process implementation			
Identify & Attract			

Situation

Solution

Analysis

Action

Impact

Risk &
Financial

Milestones



Program	2014	2015	2016
Intensive English			
Company Immersion			
Begin Business School			
Develop Impact Plans			

Repatriation	Q1 2017	Q3 2017	2018
Begin local management program			
Implement community impact projects			
Evaluations			

Situation

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Risk &
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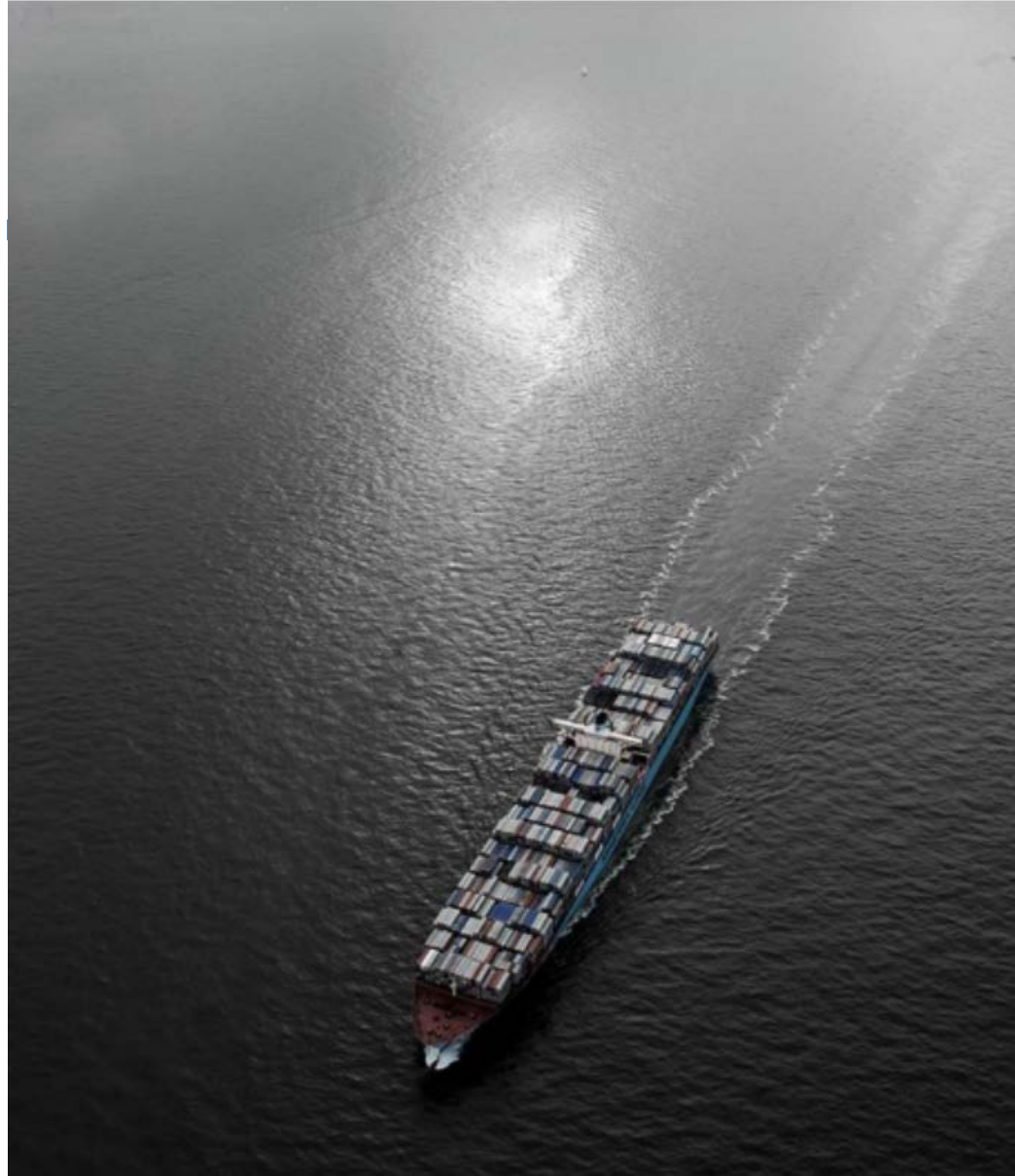
Solution

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Action

Impact

**Risk &
Financial**



Impact



**Recruit Best
Talent**

**Groom Future
Managers**

**Improve
Retention**

Multiplier Effect

- Employee-Manager Relationship
- Cultural Similarity

Situation

Solution

Analysis

Action

Impact

**Risk &
Financial**

Key Performance Indicators MAERSK

Retention

90% Program Retention

**Community Impact in
Emerging Markets**

**85% Impact Plan
Completion Rate**

Participant Performance

**80% of Participants are
“High Performing”**

Situation

Solution

Analysis

Action

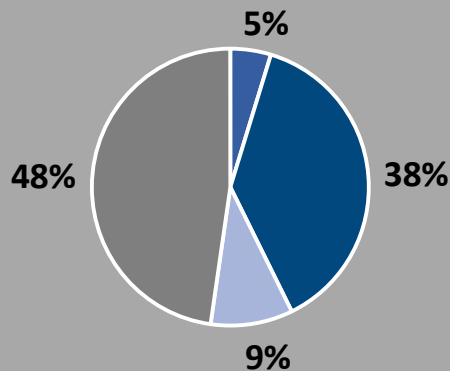
Impact

**Risk &
Financial**

Costs and Benefits



Costs



- Preparation
- Program
- Repatriation - Other
- Repatriation - Investment

\$42 million

Direct Savings

Program Retention

Multiplier Effect

\$18 million

Intangible Benefits



Situation

Solution

Analysis

Action

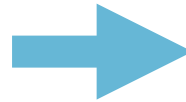
Impact

**Risk &
Financial**

Risks & Mitigations

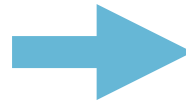


Competitors



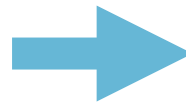
**Best Industry Training
Resources**

Voluntary Attrition



**Competitors don't have
same opportunities**

Culture Clash



**Bringing participants to
Denmark**

Situation

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Impact

**Risk &
Financial**



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Appendix



Financial	Implementation	Impacts	Strategy	Risks	Company	Hofstede
Total Cost	Mentorship Program	Diversity	Feasibility	SWOT	Maersk Leadership Poll	Brazil
Preparation Costs	Candidate Selection	Empowerment Flow Chart	Scope & Results	PEST (EL)	Principles - Diversity	Mexico
Program Costs	Country Selection	Empowerment Org Chart	Acquire Business	Quality of Training	Principles - Inclusion	China
Repatriation Costs	Cultural Exchange	Retention	Acquire HR Firm	Acceptance	Principles - Social Benefits	Egypt
Direct Savings		Retention Factors	Internal Revamp	Culture Clash	Turnover Competition	Nigeria
Intangible Benefits		Retention over 4 Years		Voluntary Attrition	Community Involvement	Turkey
		Community Impact		Competitor Analysis	Diversity Activities 2012	Peru
		Participant Performance		Evaluation System	Core Businesses	Malaysia
		Impact Plan Criteria		Point System	Investor Considerations	India

Presentation Appendix



Intro

Charge

Story

Recommendation

Decision Matrix

Timeline 1

Timeline 2

Impacts

KPI

Costs and Benefits

**Risks and
Mitigations**

Appendix

Goals



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↑ Brand in
emerging
markets

90 % Retention of
Local Hires

Meet future
labor needs



Increase company wide geographic diversity 40%

Situation

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Impact

**Risk &
Financial**

Hofstede - Brazil

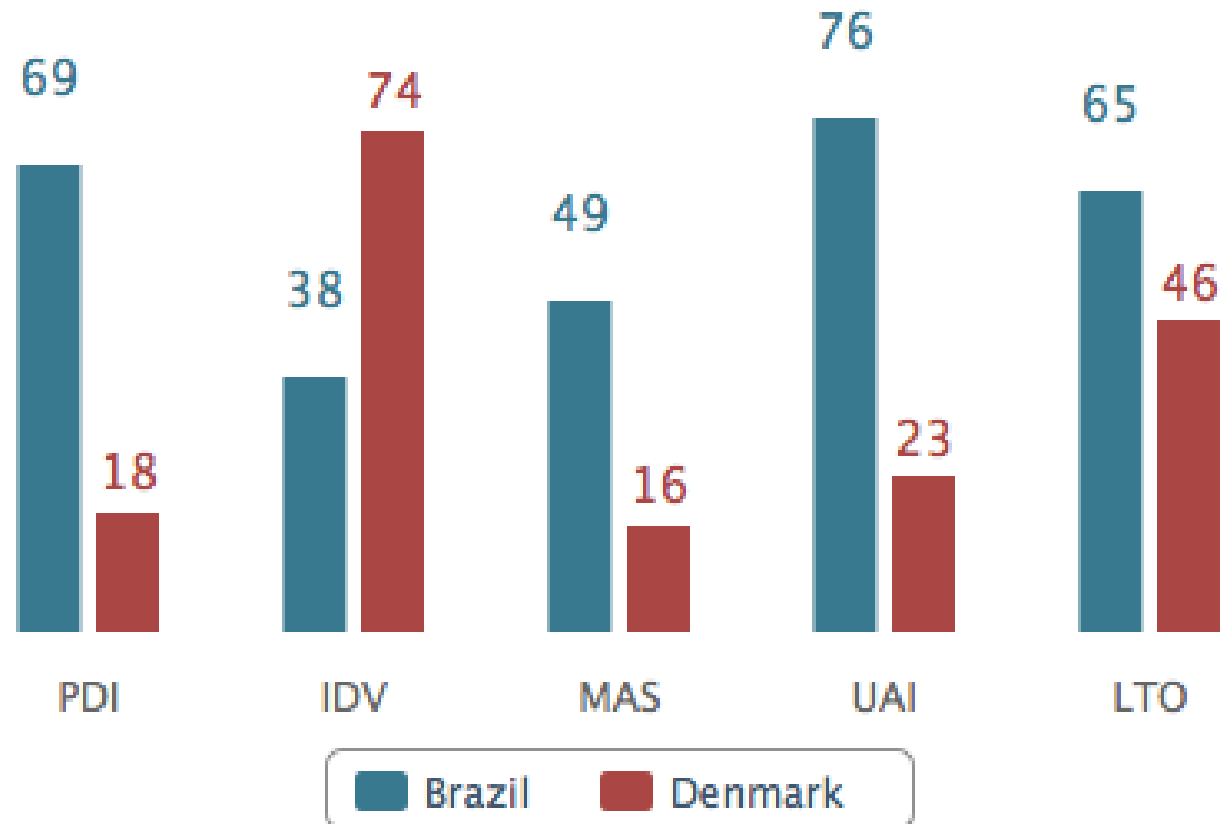


MAERSK

Brazil

in comparison with the below

- Power Distance
- Individuality
- Masculinity
- Risk Aversion
- LT Orientation

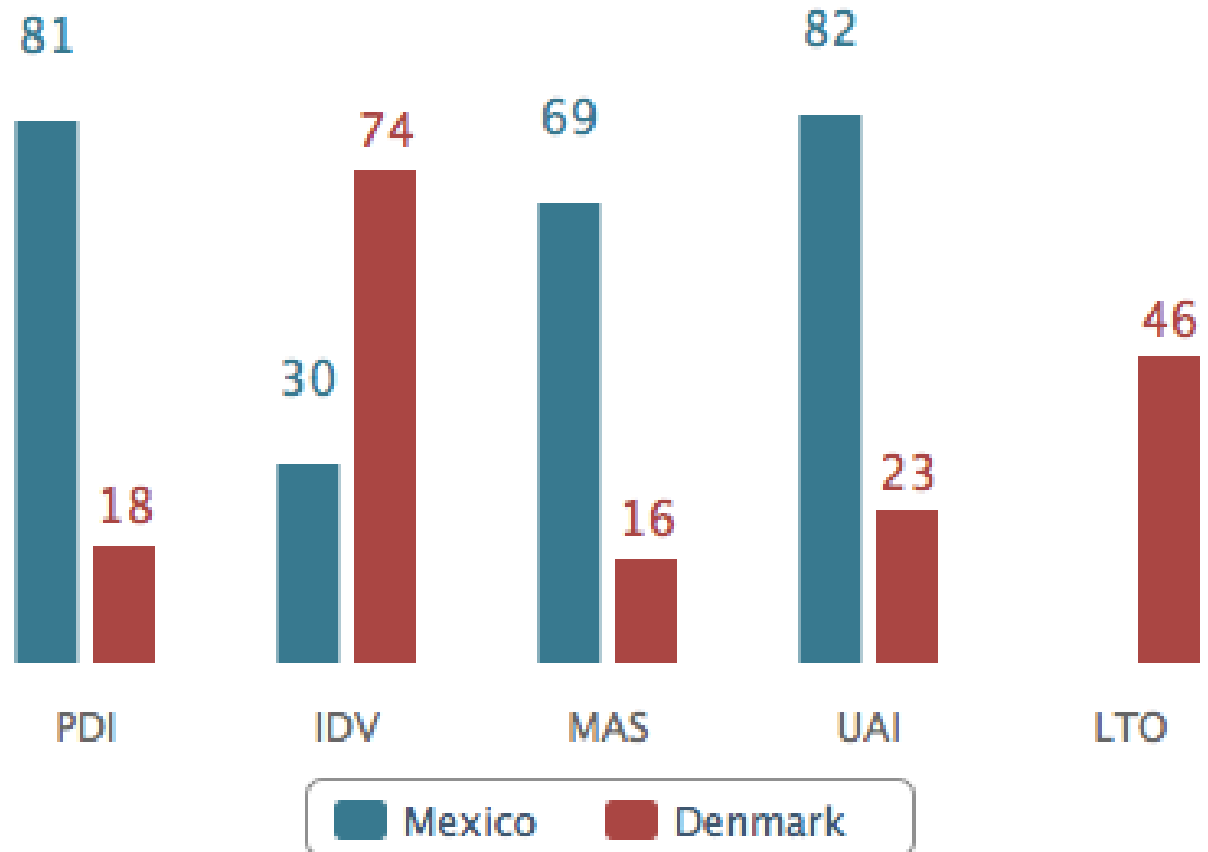


Hofstede - Mexcio



Mexico
in comparison with the below

- Power Distance
- Individuality
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- LT Orientation



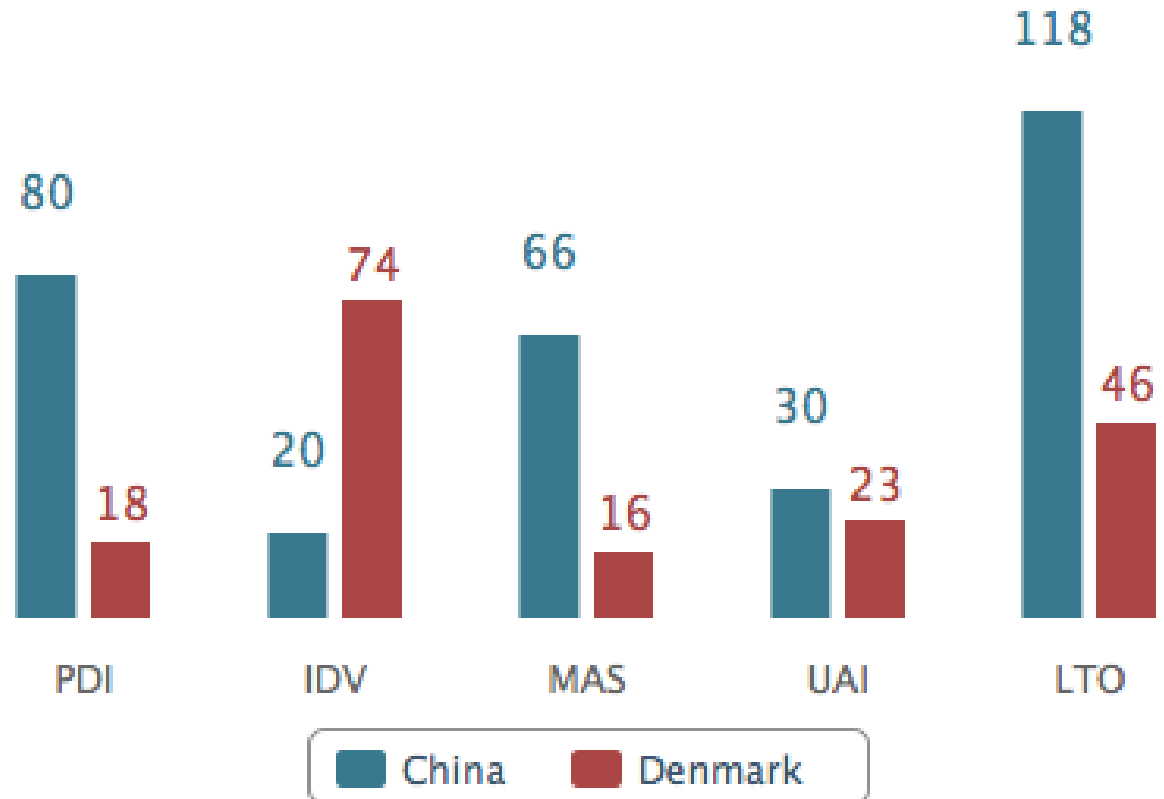
Hofstede - China



China

in comparison with the below

- Power Distance
- Individuality
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- LT Orientation

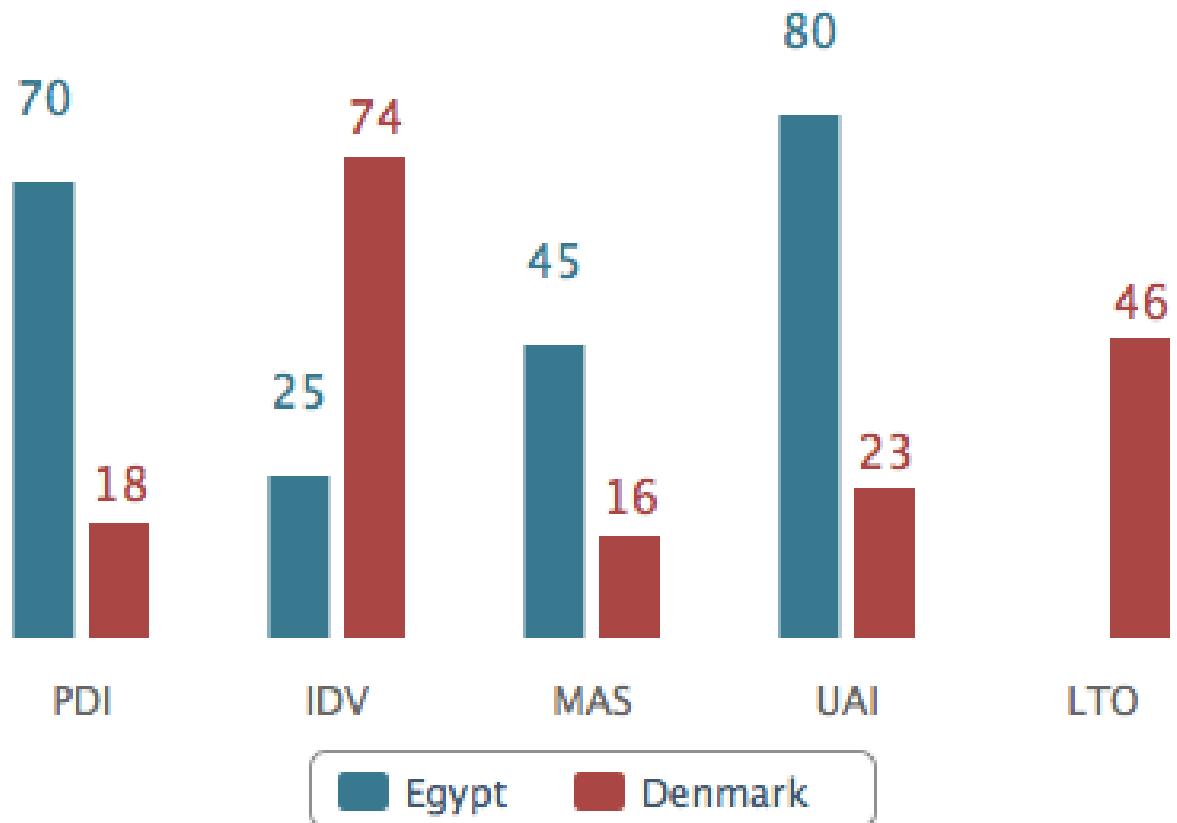


Hofstede - Egypt



Egypt
in comparison with the below

- Power Distance
- Individuality
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- LT Orientation



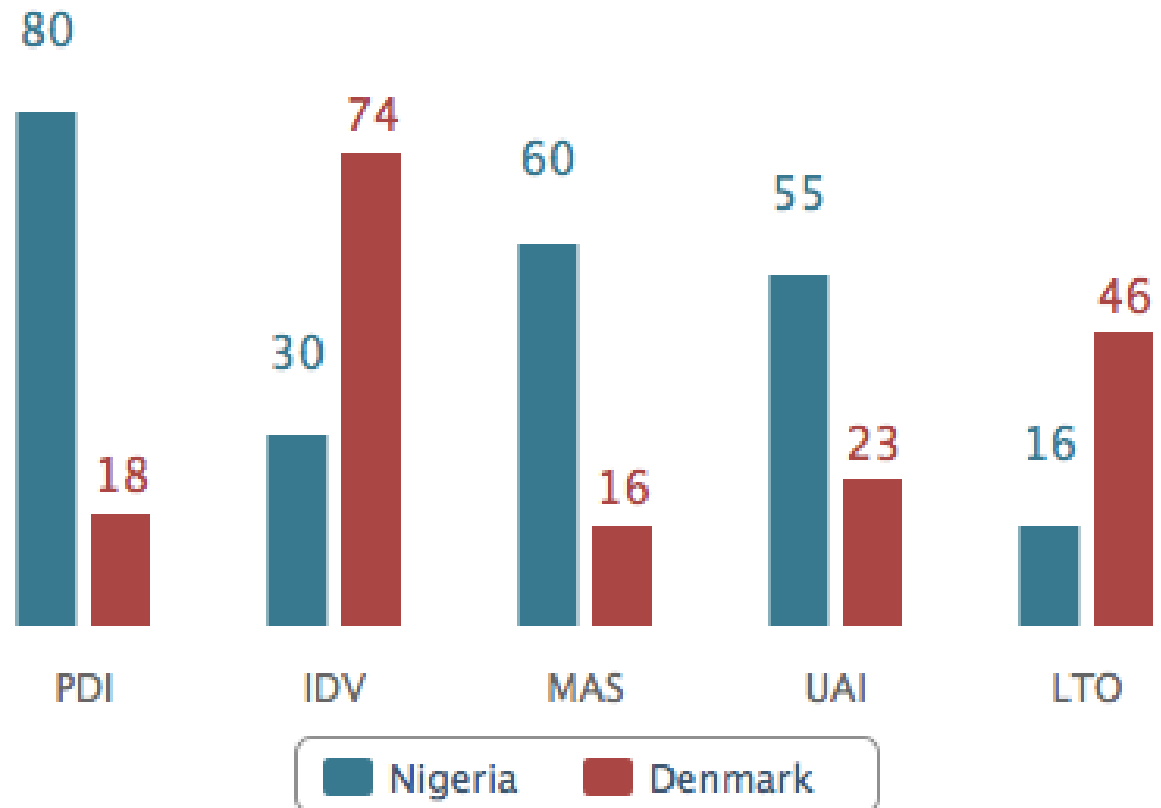
Hofstede - Nigeria



Nigeria

in comparison with the below

- Power Distance
- Individuality
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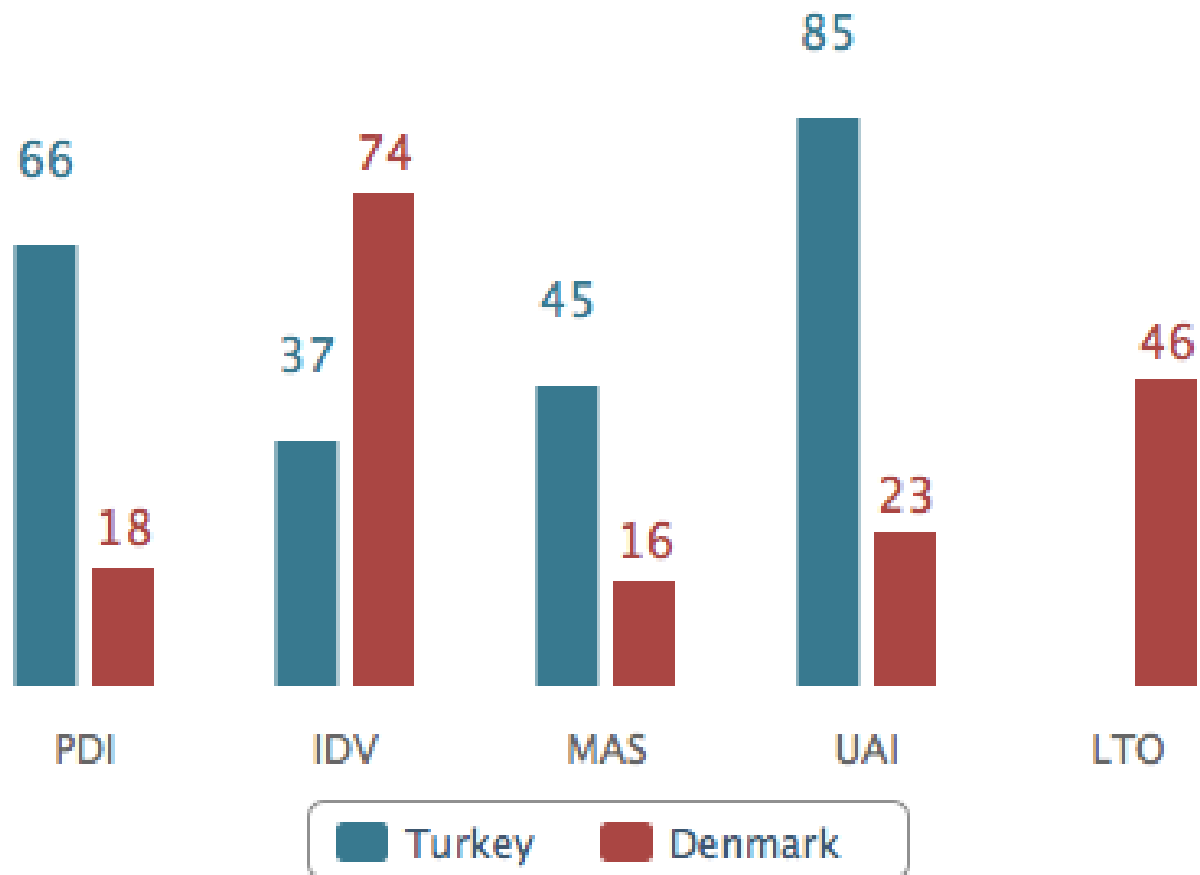
Hofstede - Turkey



Turkey

in comparison with the below

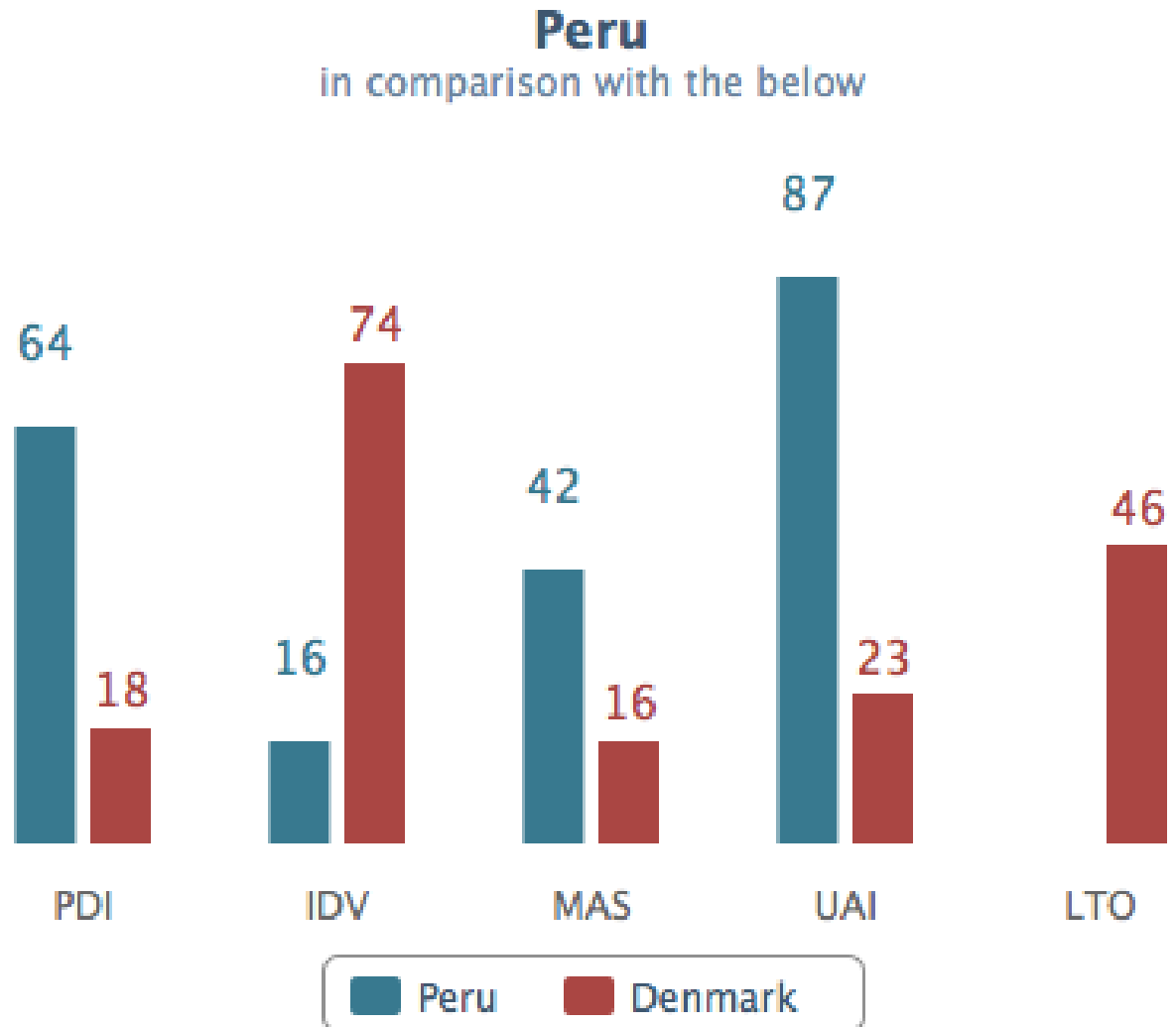
- Power Distance
- Individuality
- Masculinity
- Risk Aversion
- LT Orientation



Hofstede - Peru



- Power Distance
- Individuality
- Masculinity
- Risk Aversion
- LT Orientation

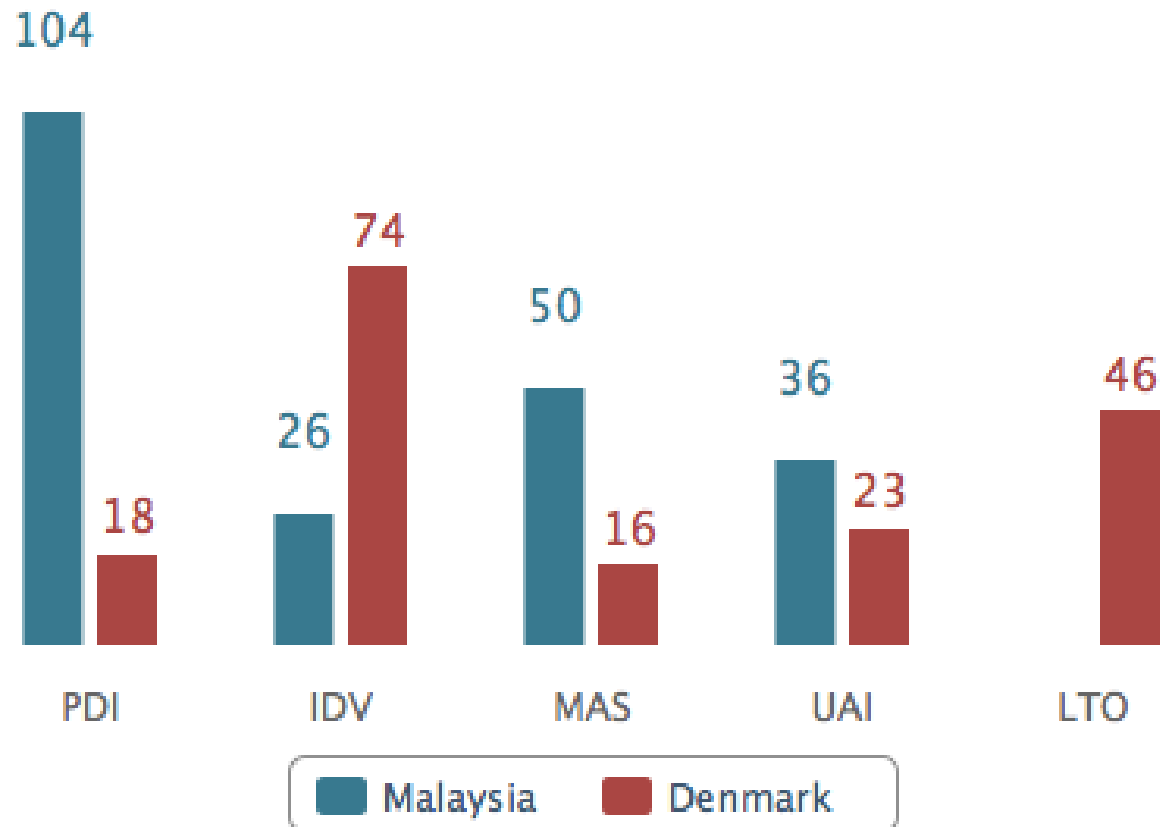


Hofstede - Malaysia



Malaysia
in comparison with the below

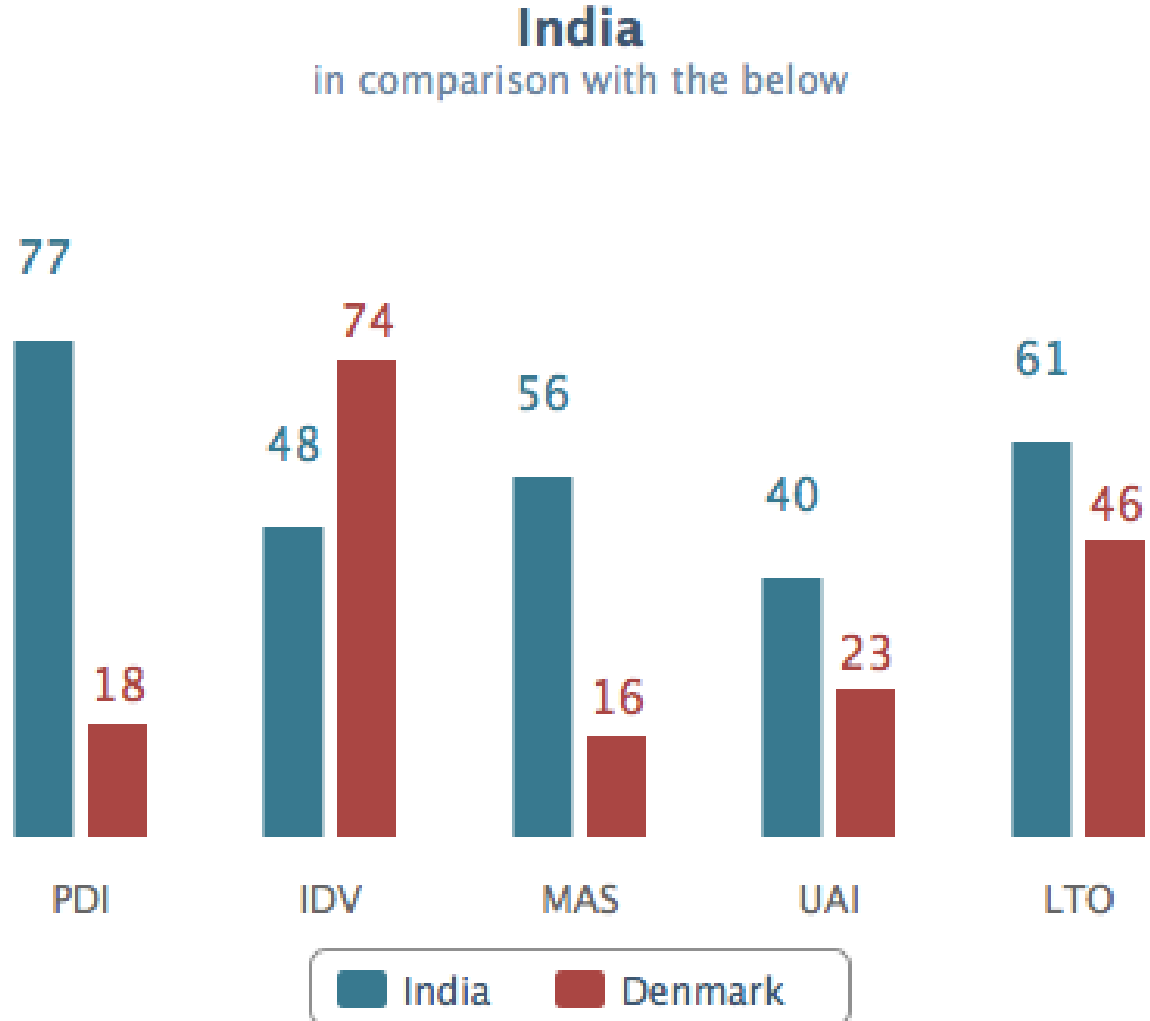
- Power Distance
- Individuality
- Masculinity
- Risk Aversion
- LT Orientation

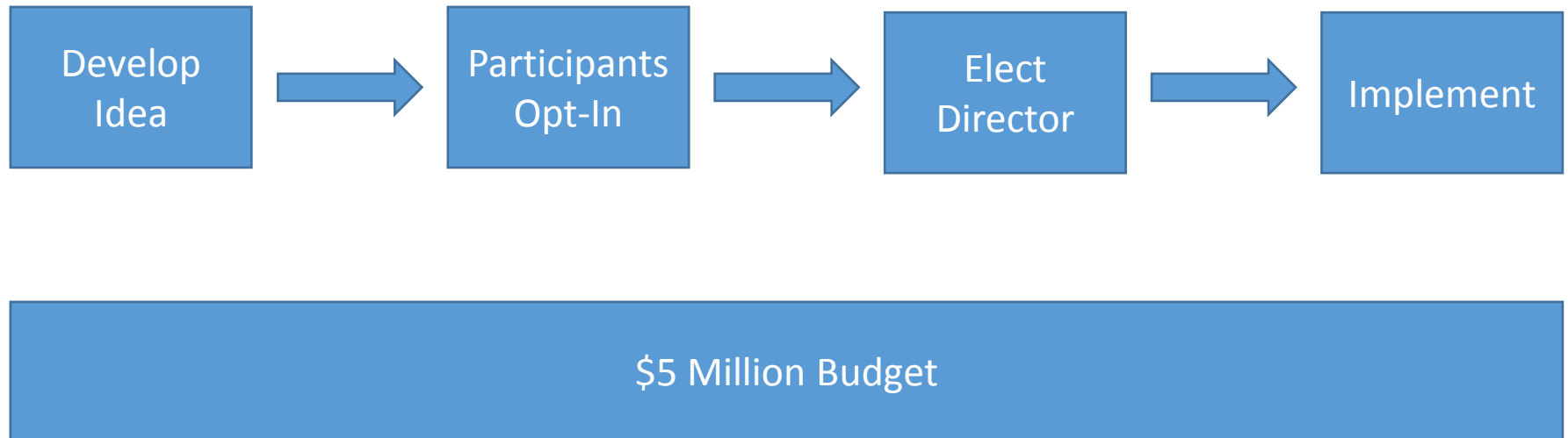


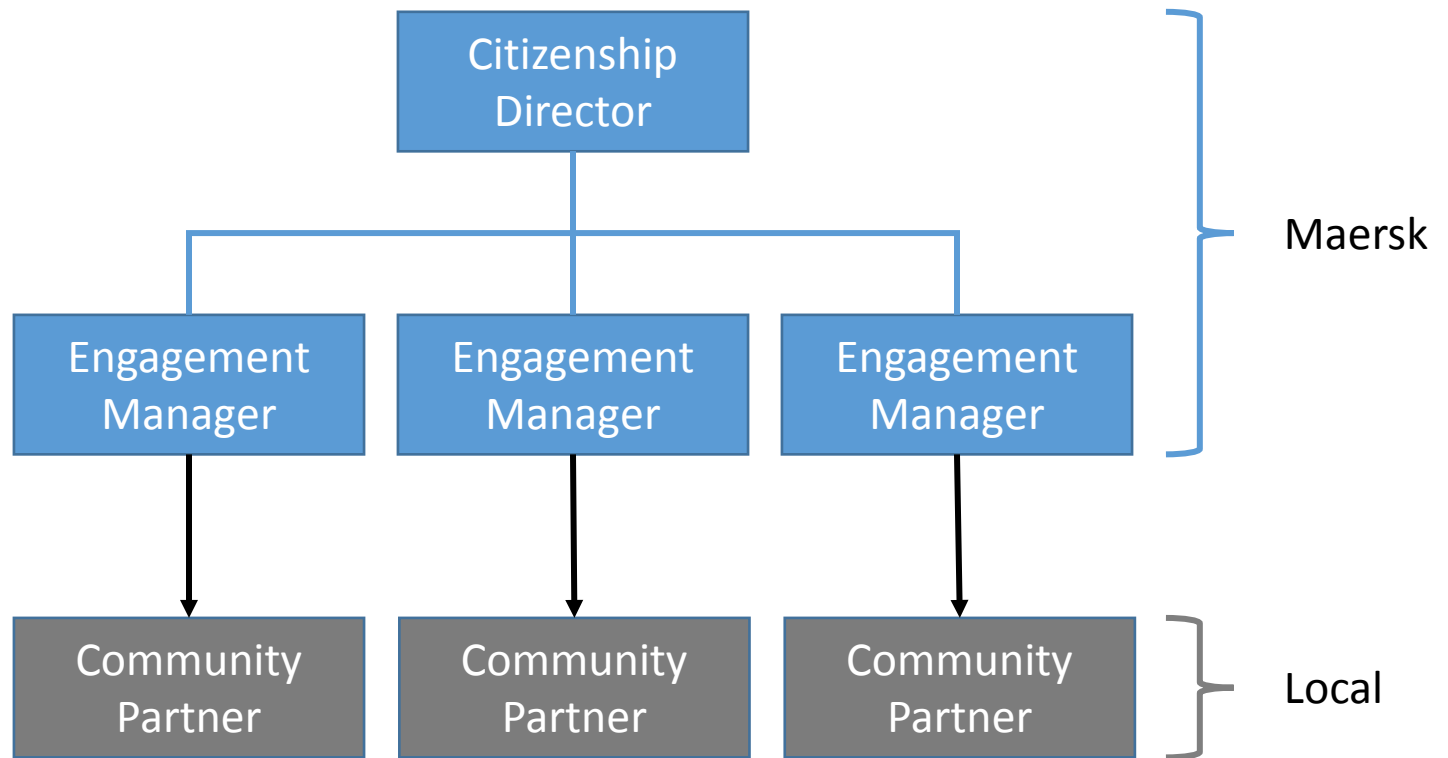
Hofstede - India



- Power Distance
- Individuality
- Masculinity
- Risk Aversion
- LT Orientation



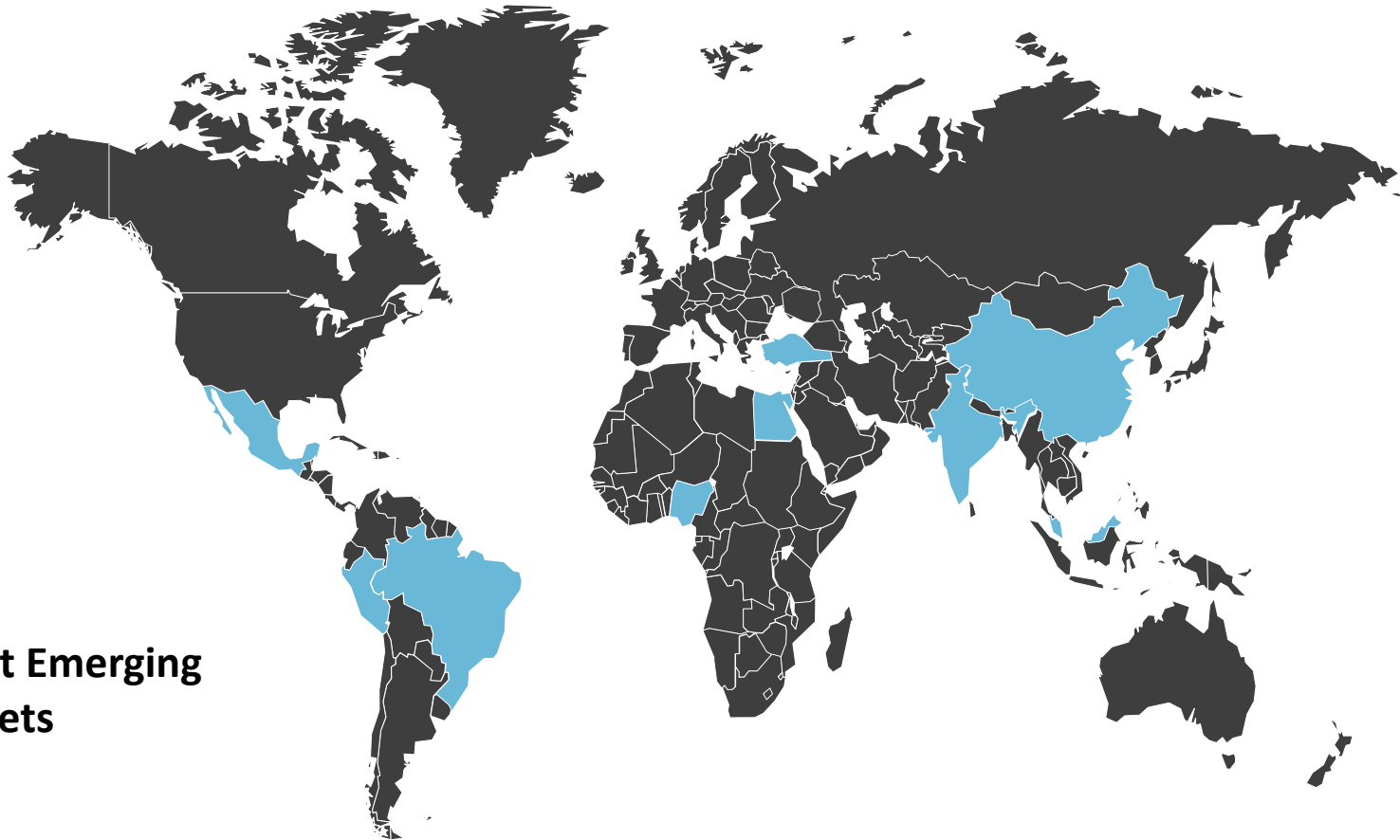




TC Rollout



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Situation

Solution

Analysis

Action

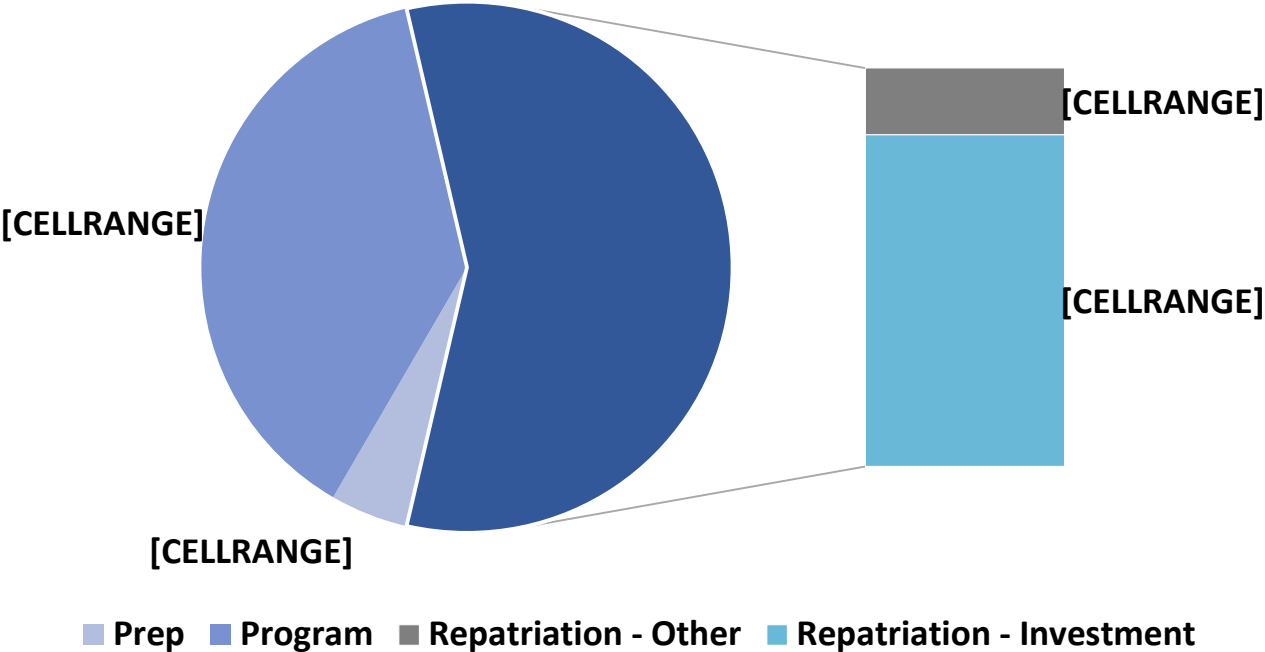
Impact

**Risk &
Financial**

Total Costs



Total Annual Cost



Total Annual Cost	\$41,920,000
% of 2013 Profits	2%

Preparation Costs



	Per Unit	Units	Total
HR Consultant to Design Recruitment Process	\$200	5000	\$1,000,000
Recruitment Officer	\$39,000	10	\$390,000
Admin (Visa, flight, etc.)	\$3,000	200	\$600,000
TOTAL			\$1,990,000

Source: Careerbliss, Forbes

Program Costs



	Per Unit	Units	Total
Copenhagen Business School Tuition	\$33,750	200	\$6,750,000
Homestay Costs	\$10,800	200	\$2,160,000
Student Stipend	\$35,000	200	\$7,000,000
TOTAL			\$15,910,000

Source: SMU, CBS, University of Copenhagen

Repatriation Costs



	Per Unit	Units	Total
Impact Program Staff	\$46,000	30	\$1,380,000
4 Weeks of Volunteer Pay	\$6,600	200	\$1,320,000
Volunteer Matching	\$6,600	200	\$1,320,000
Impact Investment	\$2,000,000	10	\$20,000,000
TOTAL			\$24,020,000

Direct Savings

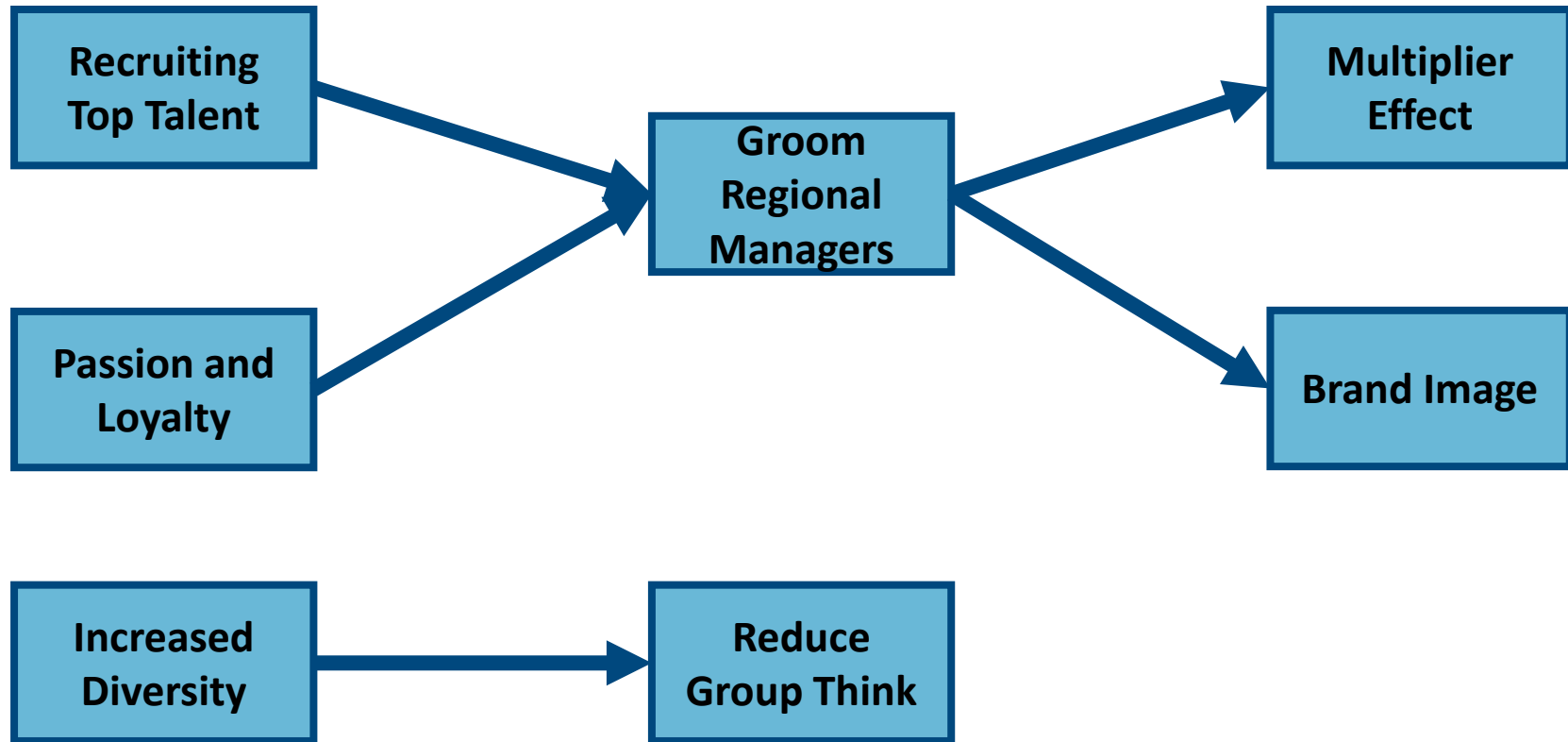


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	Average Salary	Cost of Turnover	Turnover Reduction	Turnover Savings
Per GILD Participant	\$84,000	150%	70%	\$88,200

\$17,640,000

Intangible Benefits



1-5% Growth in Maersk Brand Value in Emerging Markets

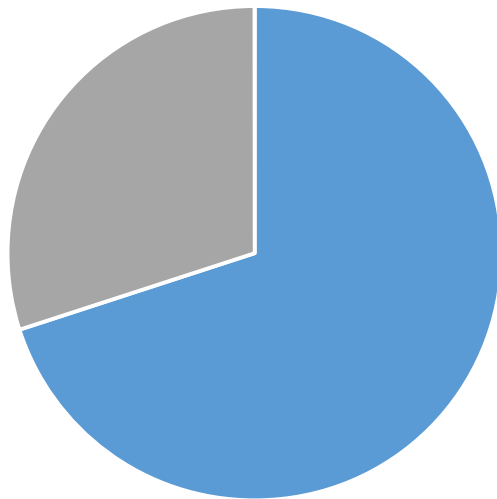


**\$30-152
million**

Diversity



Current



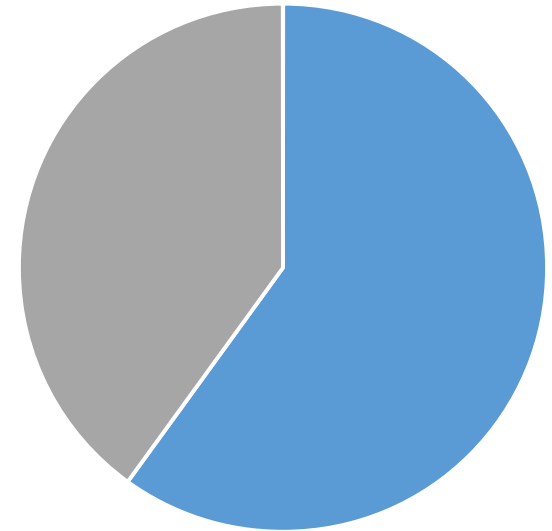
■ Danish ■ Foreign

GILD - 800

Local Hires – 10,800

Danish Hires – 1,800

In 4 Years



■ Danish ■ Foreign

Decision Factors



Feasibility

Cost

Implementation

Ongoing/Program

Future Costs

Cultural Fit

Company Values &
Beliefs

Danish
Culture/Hofsted

Pushback

Needs, Diversity of
Operations

Strategic Fit

Sustainability Plan

Growth Targets

Regional
Development

Triple Bottom Line

Decision Factors



Scope & Results

Addresses Issues

Increase Diversity, Short and Long Term

Increase retention for new recruits

Promote exchange of ideas (culture)

Potential Impact

Increase in diversity

Impact on retention

Internal benefits
Quantitative, Qualitative

External Benefits,
Community, Sustainability

Acquire more diverse business MAERSK

Pros

Experience with acquisitions

Increase market share

Large impact, fast

Cons

Expensive

Potential for culture clash

Acquire problems, debts

Lack of Integration

Doesn't address need for cultural change

Acquire HR Firm



Pros

Functional Expertise

Global network, local presence & experience

Expand Business Model, Increase Market Share

Cons

Expensive

Unfamiliar with company culture

Unlikely to match all markets

Not aligned with core competencies

Internal Revamp



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Pros

Less expensive

Address internal problems/goals

Long term process improvement

Cons

Less effective at addressing key goals
(diversity)

Tried and Failed

Not a core competency

NOT ENOUGH

Measures can and should be implemented, however the implementation of this sort of solution would not address the scope of the problem as effectively [as our proposed strategy].



70% find that “Leadership in my company is genuinely committed to attracting, developing, and keeping a diverse workforce”

Principles



We are a global company and we aim to reflect the communities in which we operate, as well as attract talent from the broadest pool possible.

Principles



MAERSK

We base our diversity and inclusion work on the principles that diversity benefits business results, that we will treat every employee with respect and dignity and that we will not tolerate discrimination or harassment of any kind.



When a company enters a community, it creates jobs and pays taxes, but also provides a wide range of indirect benefits.

Competition



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A recent study of APM Terminals' operations at Apapa, in Nigeria, shows that 72% of the company's 2009 turnover was channeled back into society.

Community Benefit



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Our group has a long tradition of community involvement that is highly decentralised and primarily carried out by our business units close to the communities themselves

Logistics Emergency Teams

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Diversity & inclusion **activities in 2012**

Priority 1: Support leaders in leading diverse teams	Diversity and inclusion modules were included in our leadership development programmes.	A diversity and inclusion dimension was added in our employee engagement survey.	A diversity and inclusion e-learning course was launched for all employees. More than 1,000 are enrolled within the first two months of the launch.
Priority 2: Develop and enable female talent	Sponsorship of the Women's International Networking (WIN) conference, and 26 of our leaders participated.	A Strategies for Success Programme for middle level female managers was launched globally with sessions in Singapore, Mumbai, Copenhagen and Panama with 96 participants. An IMD Strategies for Leadership Programme is offered for senior female managers for their preparations for top roles and board positions.	Senior management exposure through talent reviews.
Priority 3: Develop and enable growth market talent	HR councils have been initiated in five growth markets, to secure local transparency of talent and collaboration to build synergy and scale.	We sponsored 13 seats at the global conference, One Young World, which focuses on inspiring and empowering young leaders.	Senior management exposure through talent reviews.

Core Businesses



Core businesses



Maersk Line

Self-funded
EBIT 5%-points > peers
Grow with market
2014



Maersk Oil

400,000 boepd
ROIC at least 10%
during rebuild
2020



APM Terminals

USD 1bn NOPAT
Global leader
2016



Maersk Drilling

USD 1bn NOPAT
Significant position in
ultra-harsh, ultra-deep
2018



**Maersk
Tankers**

**Maersk
Supply
Service**



Damco

SVITZER

**Services & Other
Shipping**

USD 0.5bn NOPAT
Self-funded
2016

Investor Considerations MAERSK

Key investor considerations

Well diversified and balanced portfolio	<ul style="list-style-type: none">▪ Diversification across a broad range of businesses with focus on: Maersk Line, Maersk Oil, APM Terminals, Maersk Drilling and Services & Other Shipping
World-class operator and market leader	<ul style="list-style-type: none">▪ Amongst the world's top independent oil and gas companies – geographically well-diversified▪ The world's largest container operator with a modern and efficient container fleet▪ World's 3rd largest and only truly global container terminal operator serving 60+ shipping companies▪ Top player in niche drilling markets▪ Market leading in high-end offshore supply service▪ Operating the world's largest product tanker fleet▪ World's largest tug operation through Svitser▪ Generations of experience has created 'best-in-class' efficiency and expertise
Balanced operating cash flow	<ul style="list-style-type: none">▪ Strong historic cash flow▪ Natural hedge oil production vs. bunkers▪ Balanced composition of business and geographical risks
Conservative financial profile	<ul style="list-style-type: none">▪ Strong financial profile with low leverage and proven cash generation ability▪ Conservative dividend policy▪ Assigned BBB+ and Baa1 (both stable) from S&P and Moody's
History of performance	<ul style="list-style-type: none">▪ More than 100 years history of strong performance and growth throughout the cycle
Stable ownership	<ul style="list-style-type: none">▪ Family trusts controlling the group have a long term view on the business

Retention



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90% Program Retention

Program

Timeline

Targets

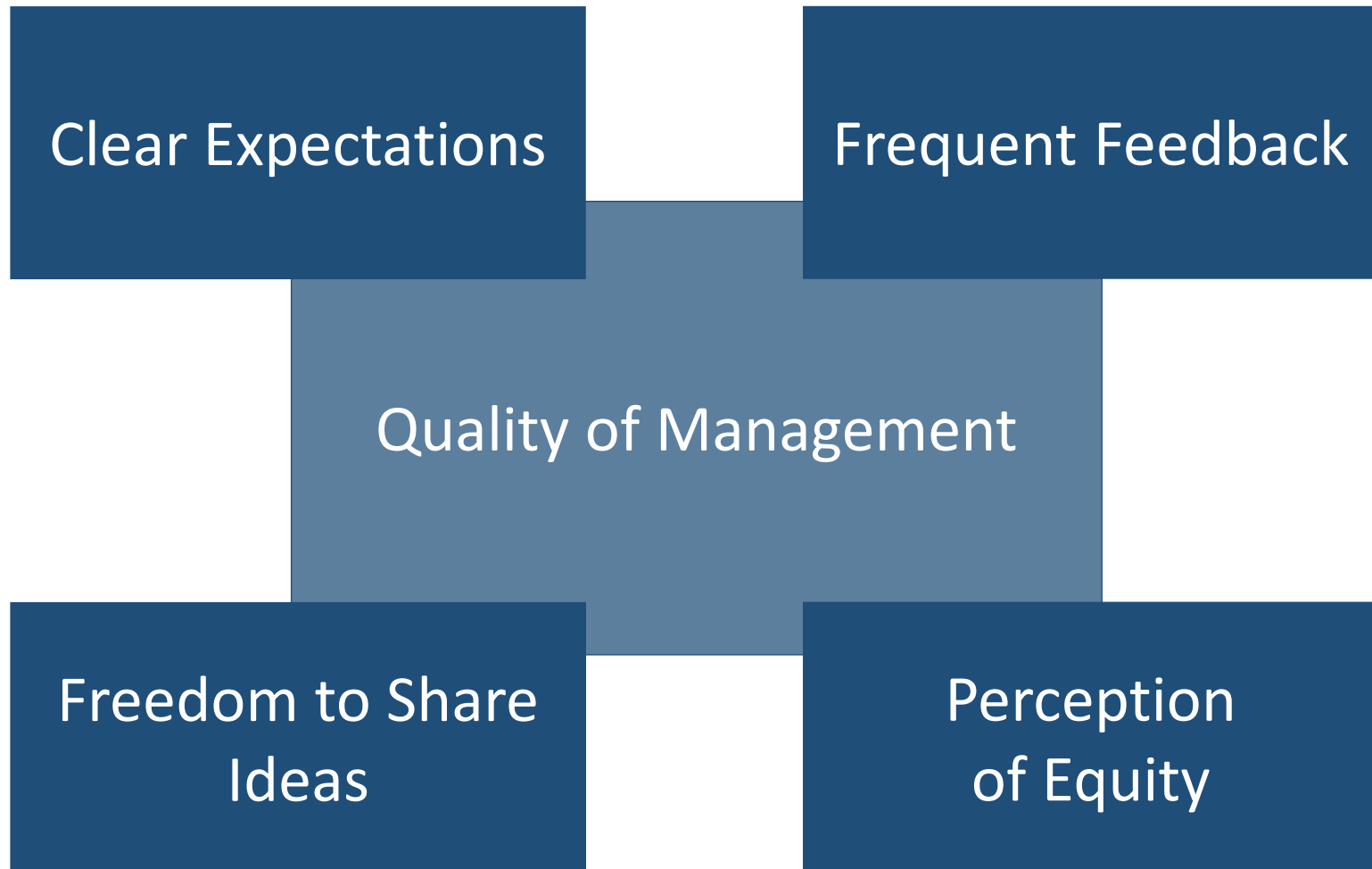
200 Participants

4 Years

90% Retention in
GILD Program

Recruited on
Yearly Basis

Retention Factors



Retention Over 4 Years



	Number of Hires	Retention
GILD Program	800	90%
Hires in Growth Markets	$12,600 \times 80\% = 10,080$	90%
Total Local Hires	10,880	90%

Community Impact



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85% Impact Plan Completion Rate

Schedule

Budget

Stated Goals

Max Timeline:
1 Year

Max Budget:
\$5 Million

Goals defined during
GUILD Training

Participant Performance



80% of Participants are “High Performing”

Position Classification

Performance

Action Plan

Primarily Middle-Tier:
“Impactful”

People Strategy Sessions
Ratings

Areas for Growth
Follow-through

SWOT Analysis



Strengths

- Market share
- Strong global brand

Weaknesses

- Turnover rate
- Homogenous culture

Opportunities

- Enhance diversity
- Emerging markets

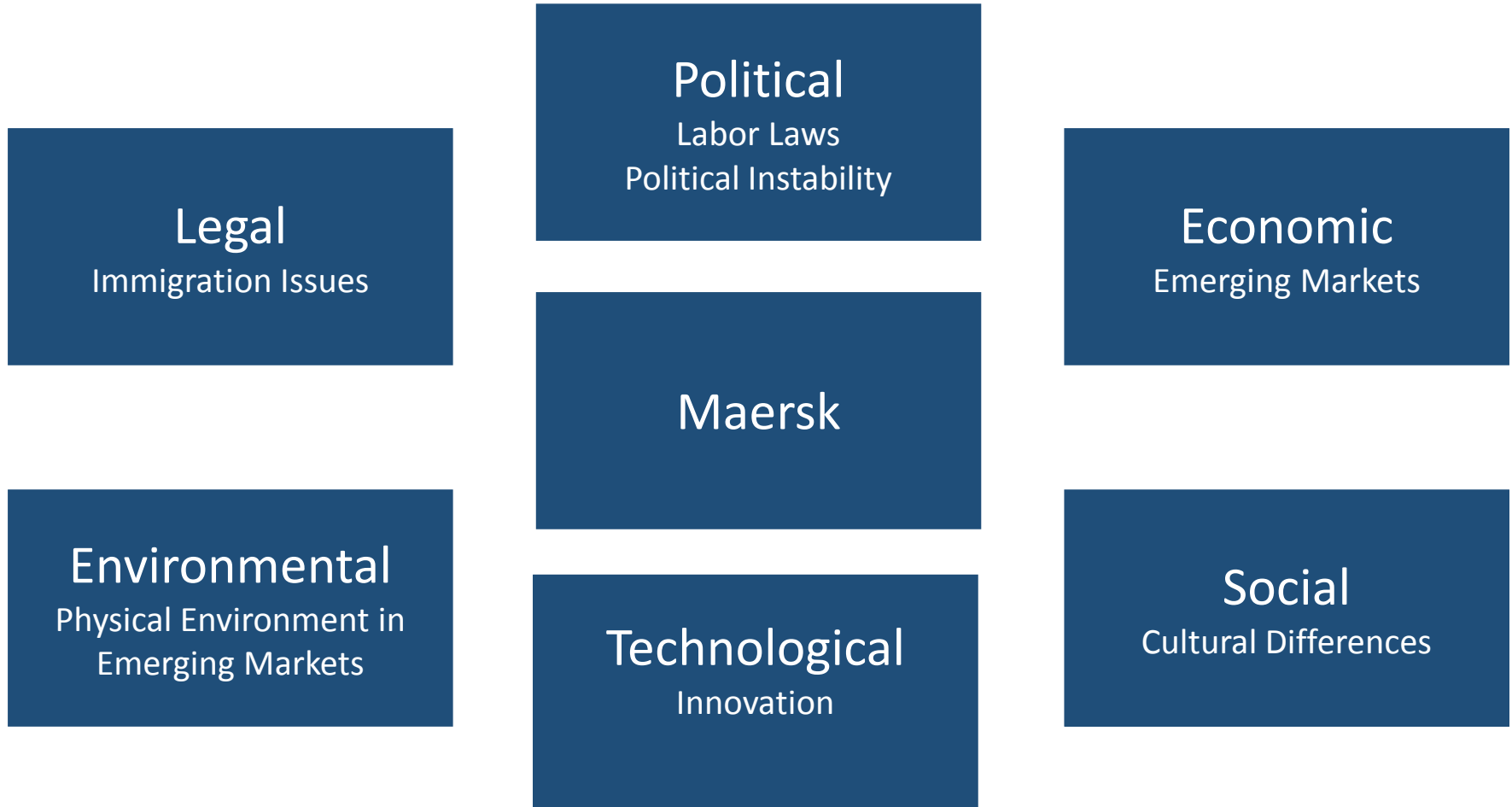
Threats

- Hiring by competitors
- Fluctuations in Demand

PEST(EL)



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Mentorship Program



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Copenhagen

Repatriation

Continuous 1:1 mentorship relationship

Quality of Maersk Training

Proven Leadership

Maersk is an innovative leader in Training and development of skills used in maritime, energy, and container transportation.

E.R. Offshore

"Through the theory and very realistic simulator exercises on one of the best courses I have ever been on."

Trusted The World Over

Maersk is the go-to provider for training the world over. Sought out by even their competitors.

ExxonMobil Canada Ltd.

"Maersk Training's efforts to provide advanced training to the seafarers assigned to support customer's operations is a key contribution to ExxonMobil's success."

Cutting Edge Methods

Hands on learning experience that utilizes virtual training, on board, and at-sea training environments



Acceptable Plans for use of “giving back” Funds



Education

- Supplies and Infrastructure



Water

- Accessibility and Sanitation



Local Business

- Grants and support for local business



Criteria for “Give Back” Plans

Required Characteristics

Benefit to Society

- Benefits widely accessible

Achievable

- Plan must be completed within one year

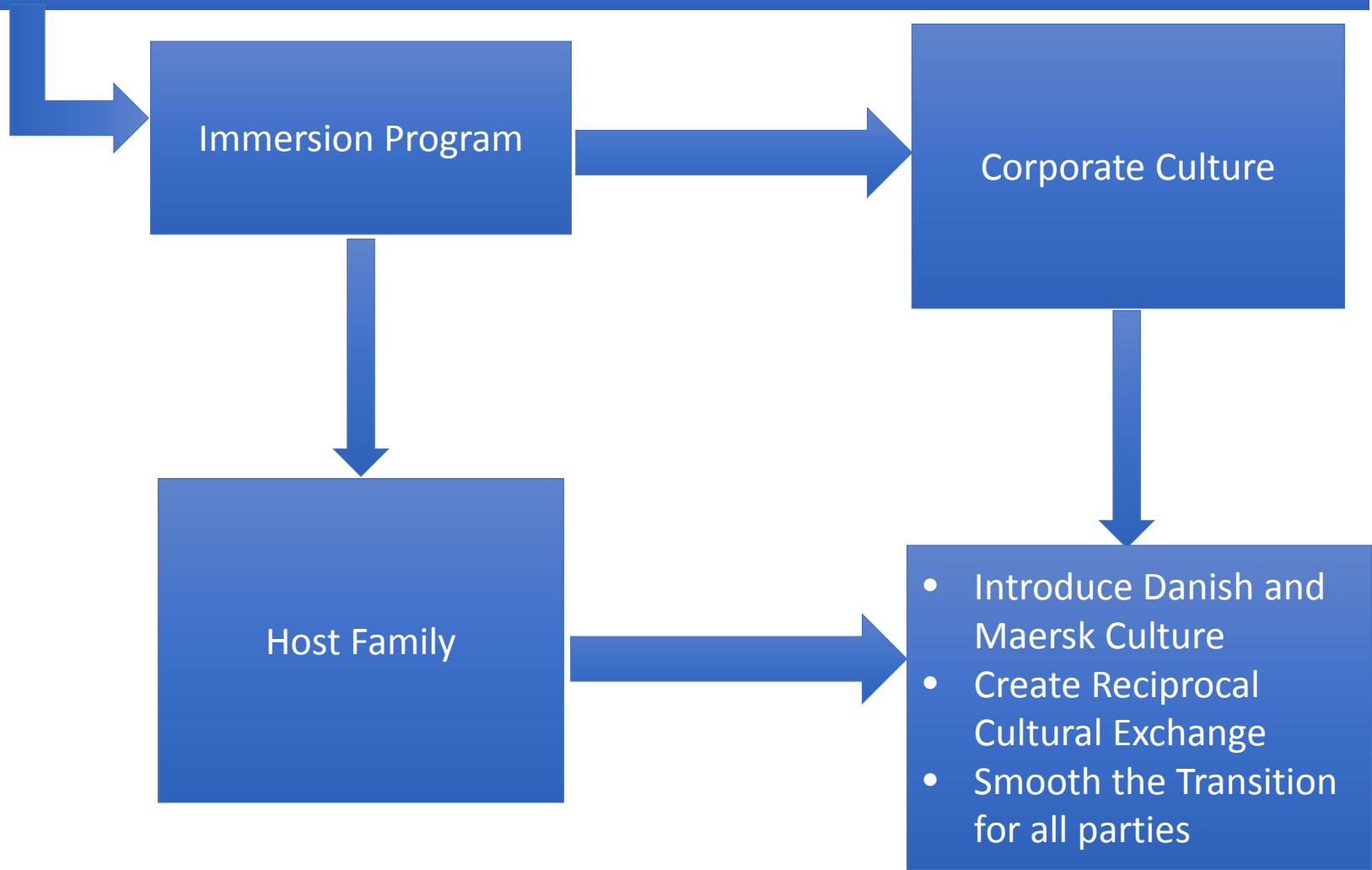
Measureable

- Plan must be measureable throughout project's life



Culture Clash

Rapid Influx of diverse cultures always has the potential to create conflict



**MAERSK**

Voluntary Attrition

Employee

Competition (Salary)

Maersk	CMA-CGM	Hapag-Lloyd	MSC
\$86,000	\$78,000	\$60,000	\$75,000

Resources

Profits (2012; In millions)

Maersk	CMA-CGM	Hapag-Lloyd	MSC
\$4,038	\$361	\$344	\$340

Salary Info:
Hoover.com
Glassdoor.com
Salary-quest.com

Competitor Analysis



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	Maersk	MSC	CMA CGM Group
Market Share	15%	13%	8%
Operations	130 countries	270 ports	150 countries
Employees	117,000	30,000	18,000



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Candidate Selection

Students at Training Centers

Local High
School/College
Applicants

Academic Performance

Invitation to Apply

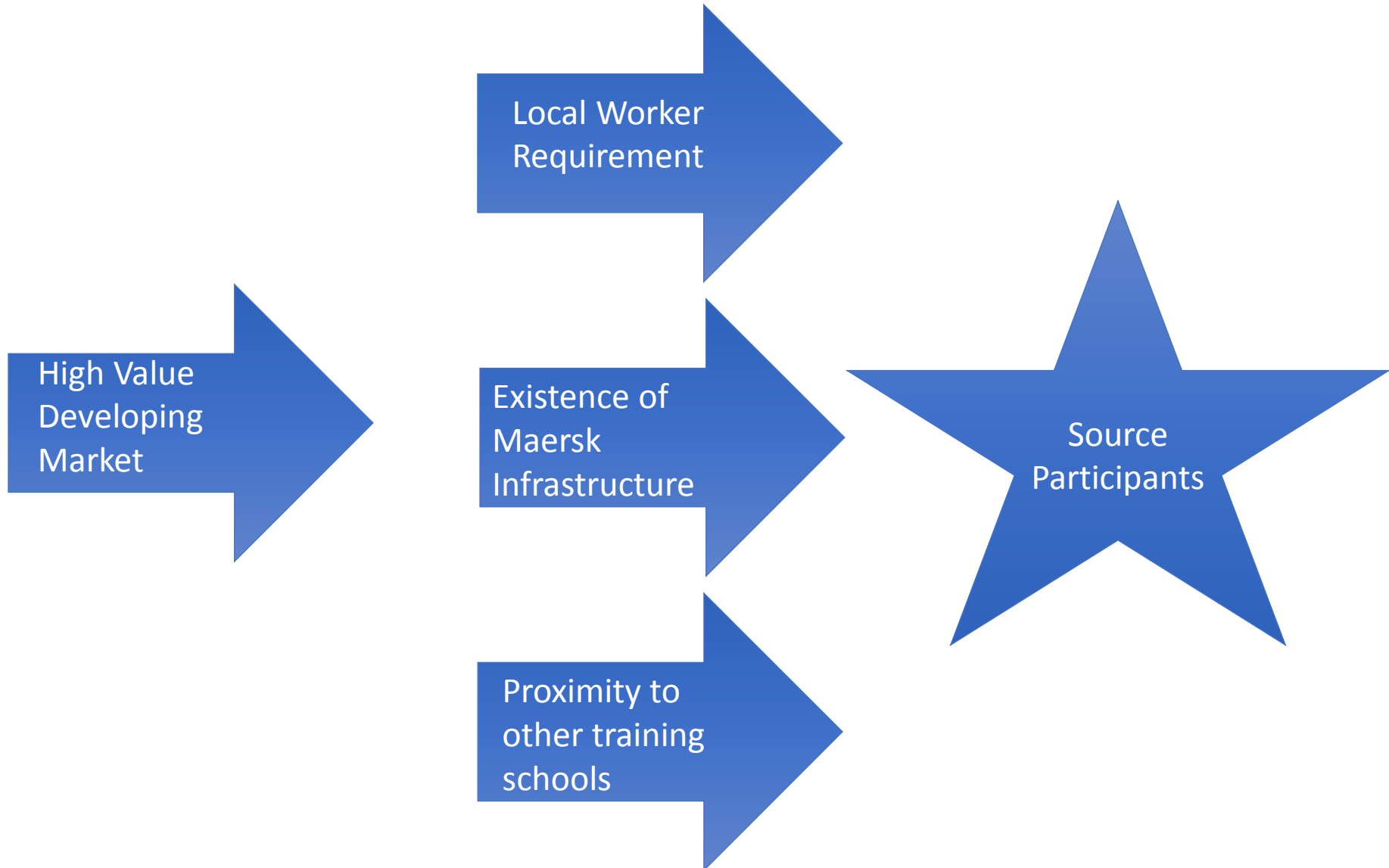
Peer and Evaluator Recommendations

Dedication to Community (50% of application)



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Why These Countries?





3 Tiered, 10-point, Evaluation System

Ground up
evaluation

Surveys given to workers
in the areas managers
are assigned

2 way
exchange

Employees are asked to
rate the effectiveness

Evaluation of
completion
of duties

Direct supervisors
provide a detailed
analysis of productivity
and effectiveness



10 Point System

1-3 Points
Less
successful

4-6 points
Successful

7-10
Very
Successful

Utilizing a similar final grade system to the PSS, we allow for comparability while differentiating the program from existing systems. This mitigates the “resentment” effect that might occur as a result of the addition of this program.