GEOPGRAPHIC DIVERSITY

enhancing geographic diversity throughout the MAERSK company

A PRESENTATION BY MAERSK MANAGERS JONATHAN BANNICK, TARA GHASSIMEKIA, SAM TANNER, AND DEMETRA XENOS
PURPOSE DEFINES ALL THAT WE STRIVE TO ACHIEVE.
The Maersk Group must sustain a culture of **UNITY and INTERACTION** between all employees.
“OUR MENTALITY WAS DANISH, OUR WAY OF THINKING WAS DANISH, OUR LEADERSHIP TEAM WAS DANISH, OUR TALENT PROGRAMS WERE ONLY DANES, OUR TRAINEE PROGRAM WAS ONLY DANES.”

- BREUM
CURRENT AREAS FOR IMPROVEMENT

I) DIVERSITY

→ lack of geographic diversity
→ pursuit & definition of diversity

II) TURNOVER RATE

→ expectations
→ lack of passion
DIVERSITY IS IMPORTANT. BUT HOW DO YOU DEFINE THE CONCEPT?
WHAT IS DIVERSITY? | P.E.M.

MENTAL

PHYSICAL

EMOTIONAL

DIVERSITY
WHAT IS DIVERSITY? | P.E.M.

PHYSICAL
- Race/Color
- Sex/Age
- Location

EMOTIONAL
- Personality
- Values
- Relationships

MENTAL
- Thought
- Education
- Goals
WE MUST CONSISTENTLY REMIX OUR STYLE TO KEEP UP WITH INDUSTRY & ENVIRONMENTAL CHANGE.
DIVERSITY | TURNOVER
REMIX | EXCEEDING THE EXPECTATION

DIVERSITY

RECRUIT

RECOGNIZE

RETAIN

TURNOVER
RECRUIT

physical

The Key Markets
diversity

diversity/turnover

RECOGNIZE

emotional

IAP

diversity/turnover

RETAIN

mental

The Maersk Reunion
turnover
GOALS

RECRUIT

employees in underrepresented demographics by targeting booming markets that are key to the growth of the company as a whole.
GOALS

RECOGNIZE

the importance of diversity across the company by instilling programs that foster self-growth and cultural awareness.
GOALS

RETAIN

high performing employees by creating opportunities to expand their networks and climb the corporate ladder.
employees in underrepresented demographics by targeting booming markets that are key to the growth of the company as a whole.

the importance of diversity across the company by instilling programs that foster self-growth and cultural awareness.

high performing employees by creating opportunities to expand their networks and climb the corporate ladder.
START FROM THE BEGINNING.

RECRUIT
EMPLOYEES THAT ARE DIVERSE.
RECRUIT | THE BIG 5

BIG 5 COUNTRIES IN WORLD TRADE

CHINA

U.S.

GERMANY

JAPAN

FRANCE/UK
RECRUIT | SELECTED GROWTH MARKETS

CHARACTERISTICS

• Low labor cost
• Resource rich
• Growth-motivated
• First-mover advantage

MARKETS

BRAZIL
RUSSIA
INDIA
LATIN AMERICA
AFRICA
BUT WHY SHOULD WE RECRUIT FROM THESE MARKETS?
RECRUIT | THE REASONS

Building foreign relationships

Integration & appreciation of market diversity
RECRUIT | PROJECTIONS

78,300

~4%

153,821

total number of employees from
OIL + LINE + SVITZER + APM +
DAMCO + TANKERS

average expected growth rate
across all MAERSK subsidiaries
through 2020

expected TOTAL number of
employees by 2020
RECRUIT | PROJECTIONS

percent of new hires from selected key MARKETS 25%

percent of upper divisional employees from “Big 5” 10%

expected number of NEW employees by 2020 32,821
How does Maersk recognize diverse employees despite differences?
70% find that “Leadership in my company is genuinely committed to attracting, developing, & keeping a diverse work force.”
GLOBALIZATION + LOCALIZATION = “GLOCALIZATION”
RECOGNIZE | PSS + LOCALIZATION

needs of the firm

identification

needs of employee

PSS \rightarrow TALENT MGMT

needs of the firm

needs of employee

identification
International Acceleration Program
RECOGNIZE | STRUCTURE

- Talent management
- Employee emplacement
- Scenario planning

HR

PSS

IAP

- Mentoring
- Small teams
- Single department
- Medium to High Performance Employees
The Maersk Group is growing. How do we retain our sense of family?
RETAIN | THE MAERSK REUNION
35-40 diverse workshops

2,500 employee large event
WHAT

— Annual 7-day event
— Intensive training and cultural education
— Unite high-performing leaders across units

WHO

— Rotation of high-performers
— % quota from every level
  • Larger % quota from new employees
“WE EXPECT 3 THINGS OF OUR LEADERS.
ONE IS TO DELIVER **RESULTS**.
TWO IS TO BE A GOOD & **INSPIRING** LEADER.
THREE IS TO LIVE THE **VALUES** OF THE ORGANIZATION.”

- ALLEN
THE MAERSK REUNION
7 THEMES

Company Values
Team Building
Leadership Development
Diversity
Personal Growth
Conflict Resolution
Maersk Family
How do you measure the impact of innovation?
By **2020:**

- **25%** of new hires are from key markets
- **10%** of corporate MAERSK is from the “Big 5” markets
By **2025:**

- **5%** expatriate rate
- **20%** of “attracting, developing, & keeping a diverse work force.”
By 2025:

×2 retention rate of high performers

20% of 1st, 2nd, & 3rd degree connections to diverse employees
HOW DO WE REVITALIZE OUR PROGRAMS?
“REFLOATING A 125,339 TON BULK CARRIER COSTS TIME AND MONEY. NOT AS MUCH AS BUILDING A NEW VESSEL, THOUGH.”

- SVITZER
FINANCIAL ANALYSIS | IAP

$38 MILLION
COST OF IAP
(2020, ANNUALLY)

$12M
SALARIES, 100 EMPLOYEES

$30M
OPERATIONS BUDGET
$200K
INITIAL COST OF THE MAERSK REUNION

$5 MILLION
MAXIMUM REUNION COST (2020)
MAERSK IS EVOLVING. LET’S TAKE A MOMENT TO Recap.
RECAP | RECRUIT

**RECRUIT**

**PHYSICAL DIVERSITY**

**GROWING MARKETS**

**THE BIG 5**

**GOAL:**
- recruit diverse employee from key markets

**STRATEGY:**
- place recruiters in key markets
- anticipate creation of MAERSK infrastructure in said markets

**KEY PERFORMANCE INDICATORS:**
- 25% of new hires by 2020 are from key markets
- 10% of corporate MAERSK is from the “Big 5”

**PROBLEM SOLVED:**
- lack geographic diversity
GOAL:
- promote self-growth and cultural awareness

STRATEGY:
- International Acceleration Program (IAP)

KEY PERFORMANCE INDICATORS:
- 5% increase expatriate rate
- 20% increase in feelings of “attracting, developing, & keeping a diverse work force.”

PROBLEM SOLVED:
- lack geographic diversity
- high turnover rate
GOAL: 
- retain high performing employees

STRATEGY: 
- The Maersk Reunion

KEY PERFORMANCE INDICATORS: 
- x2 retention rate of high-performing employees by 2025
- 20% increase 1st, 2nd, & 3rd degree connections to diverse Maersk employees

PROBLEM SOLVED: 
- high turnover rate
FAMILY.
DIVERSITY.
MAERSK.
1. GOALS
2. STP ANALYSIS
3. MAERSK GROUP VALUES
4. MAERSK PROGRAMS
5. BARRIERS TO DIVERSITY
6. MANAGING DIVERSITY
7. TOP TRADING COUNTRIES
8. \( P = Pe^{rt} \) ANALYSIS
9. PROJECTED COMPANY GROWTH
10. BRIC & GROWING MARKETS
11. IAP CRITERIA
12. ORGANIZATIONAL STRUCTURE
employees in underrepresented demographics by targeting booming markets that are key to the growth of the company as a whole.

the importance of diversity across the company by instilling programs that foster self-growth and cultural awareness.

high performing employees by creating opportunities to expand their networks and climb the corporate ladder.
RECRUIT

physical diversity, the big 5 markets

**Situation:** Not enough effort in recruiting a diverse population

**Target:** Underrepresented demographics in booming markets

**Proposal:** *Based on size of markets, hire x% (#) member of those to be Maersk employees*
RECOGNIZE

mental diversity, ELC & “glocalization”

**Situation:** Understanding that diversity is important but nothing reflects it (externally they have a value, internally upper division doesn’t reflect it)

**Target:** Value of a multi-cultural diverse environment & those who promote it

**Proposal:** *Instill programs that foster self-growth & cultural awareness*
RETAIN

emotional diversity, the group event

**Situation:** Increased turnover rate, who stays v. who goes, family culture

**Target:** High performing employees & inter-organization relationships through expanded opportunities

**Proposal:** “7 ways to improve” (online article, appendix);

Set system of promotion up corporate ladder for exemplifying “diversity” (clients vs. company)
Constant Care
take care of today, actively prepare for tomorrow

Humbleness
listen, learn, share, and give space to others

Uprightness
our word is our bond

Our Employees
the right environment for the right people

Our Name
the sum of our values: passionately striving higher
• People Strategy Sessions (PSS)
• Damco International Workshops
• Scenario Planning

• Emerging Leaders Program
• Executive Acceleration Program
• MISE Programme

Programs as of 2013

*green = presently existing*
1. Inaccurate **stereotypes & prejudice**

2. **Ethnocentrism**

3. Poor career **planning**

4. An unsupportive & hostile **working environment** for diverse employees

5. **Lack of political savvy** on the part of diverse employees

6. Difficulty in **balancing career & family** issues

7. Fears of **reverse discrimination**

8. Diversity is **not** seen as an **organizational priority**

9. The need to **revamp** the organization’s performance **appraisal & reward system**

10. **Resistance to change**
R ROOSEVELT THOMAS JR’S GENERIC ACTION OPTIONS

#1 – Include/Exclude

#2 – Deny

#3 – Assimilate

#4 – Suppress

#5 – Isolate

#6 – Tolerate

#7 – Build Relationships

#8 – Foster Mutual Adaption
## Big 5 Countries in World Trade

<table>
<thead>
<tr>
<th>Country</th>
<th>Import %</th>
<th>Export %</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>9.6</td>
<td>12.2</td>
</tr>
<tr>
<td>U.S.</td>
<td>12.8</td>
<td>8.9</td>
</tr>
<tr>
<td>Germany</td>
<td>6.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Japan</td>
<td>4.6</td>
<td>4.4</td>
</tr>
<tr>
<td>France/UK</td>
<td>3.6</td>
<td>3.2</td>
</tr>
</tbody>
</table>
### APPENDIX | P=Pe^{(rt)} ANALYSIS

<table>
<thead>
<tr>
<th>key divisions of MAERSK</th>
<th>current # of employees in 2014</th>
<th>approx. rate of growth (%)</th>
<th>projected # of employees by 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and Drilling</td>
<td>9700</td>
<td>8</td>
<td>15676</td>
</tr>
<tr>
<td>Tankers</td>
<td>4300</td>
<td>1</td>
<td>4566</td>
</tr>
<tr>
<td>Svitzer</td>
<td>4500</td>
<td>4</td>
<td>5721</td>
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<tr>
<td>APM</td>
<td>24000</td>
<td>5</td>
<td>33746</td>
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<tr>
<td>Damco</td>
<td>10800</td>
<td>3.2</td>
<td>13086</td>
</tr>
<tr>
<td>Line</td>
<td>25000</td>
<td>5</td>
<td>33746</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>78300</strong></td>
<td><strong>---</strong></td>
<td><strong>106823</strong></td>
</tr>
<tr>
<td>Current # of employees in 2014</td>
<td>Estimated rate of growth (%)</td>
<td>Projected # of employees by 2020</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------</td>
<td>---------------------------------</td>
<td></td>
</tr>
<tr>
<td>121000</td>
<td>4.7 (average of 7 &quot;key&quot; divisions)</td>
<td>106419</td>
<td></td>
</tr>
<tr>
<td>121000</td>
<td>4 (minimum growth rate of largest division of Maersk)</td>
<td>153821</td>
<td></td>
</tr>
</tbody>
</table>
*This data does not take into account that the world economy is coming out of a recession. The percentages are based off of 2013 market growth rates which are likely to increase as we emerge from our economic recession.

Additional Data to Consider:
Global GDP Growth Rate: 2.7%/year
Average GDP in Emerging Markets: 5%/year

## APPENDIX | BRIC + GROWING MARKETS

<table>
<thead>
<tr>
<th>BRIC</th>
<th>EMERGING</th>
<th>NEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Saudi Arabia</td>
<td>Kazakhstan</td>
</tr>
<tr>
<td>Russia</td>
<td>Indonesia</td>
<td>Argentina</td>
</tr>
<tr>
<td>India</td>
<td>United Arab Emirates</td>
<td>Morocco</td>
</tr>
<tr>
<td>China</td>
<td>Malaysia</td>
<td>Ukraine</td>
</tr>
</tbody>
</table>

* According to Emerging Markets Logistics Index, 2013
People who are...

- Linguistically talented
- Desire to gain cultural perspective
- Strong interpersonal skills
- Committed; 5-year contract
Sample Agenda: November 15, 2016

- 7:30-9:30: Meeting with Team #1
- 9:35-11:30: New Employee Observations
- 11:35-12:30: Lunch with PSS Director
- 12:35-2:30: Focus Group Meeting
- 2:35-3:30: One-on-one’s
- 3:35-4:00: Debrief and Discussion with Team #3
APPENDIX | ORGANIZATIONAL STRUCTURE

Framework for corporate governance

Shareholders

Board of Directors
- Chairmanship
- Remuneration Committee
- Audit Committee
- Internal Audit

Executive Board (Management)

Organisation