Laroche Candy Company

Shweta Tewari

shweta.dbaff01031@spjain.org

SP Jain School of Global Management,
Mumbai, Maharashtra

ABSTRACT

In 1864 Hencricus Laroche started making high-quality chocolates in his personal kitchen through his acquired skill from a famous chocolate shop in Paris. He and his wife had differentiated their chocolate products into bars, wafers, and other shapes.

Keywords: Chocolate, Candy, Laroche.

1. PROBLEM STATEMENT OF LAROCHE CASE STUDY

A study on the link between succession planning and growth of business inclusive of key factors and strategies influencing both decisions

2. INTRODUCTION

In 1864 Hencricus Laroche started making high-quality chocolates in his personal kitchen through his acquired skill from a famous chocolate shop in Paris. He and his wife had differentiated their chocolate products into bars, wafers, and other shapes.

In the following years, Laroche sales boomed in Belgium and they set up production facilities in Kortrijk a nearby city in the Flemish province of West Flanders.

Laroche had additionally enjoyed probably the first mover / first few mover advantages of producing chocolates which were a luxury product and making it affordable to all at pocket-friendly rates by minimizing cost per unit through mass production.

However, in the coming years, Luc Laroche who was the fifth generation of his family to lead Laroche , born in 1946, was planning to retire and enjoy the coming years of his life on the personal front. Hence identifying a future leader/succession planning was crucial for the organization’s future as well as his personal goal as the company was his life due to which succession planning became critical for the business and future of Laroche.

3. ASPECTS

In the following decades, Laroche acquired similar producing companies and flourished and expanded its product lines and became the leading manufacturer of cookies employing over 2500 employees. Further becoming the largest manufacturers of chocolates and non-chocolate manufacturers in Europe by having a proactive approach to marketing, planning and therefore became a fierce competitor in the market place by having a diversified product line of 250 candy items.

Organizational Factors influencing Succession Planning

• History of Family succession statistics and failures.

• The importance of succession planning and management as the key mechanism for the growth and improvement of the quality and quantity of survival in current dynamic and turbulent period of any organization.

• Human resources strategy to succession planning program planning for manpower requirements of one of the greatest challenges facing today’s managers and leaders.

• Compliance and coordination with other processes of the organization
Succession planning strategy will be designed to be consistent with the overall strategy of attention.

Planning to succession planning in fostering a positive organizational culture

Succession planning has to be done according to the natural tendency of companies to prepare candidates for executive management functions with the size, diversity, and structure of the industry.

Ability to contribute to the survival of the organization's succession planning.

Planning to succession planning in the provision of financial success

A major part of succession planning is the Primary implementation of an effective succession management program treats. Identify potential successors as leaders, leadership development and a commitment to employee development and maintenance workers.

4. FACTORS BEHIND SUCCESSION PLANNING OF LAROCHE

• Personal factors of Leader Aging and retirement

5. ADVANTAGES OF SUCCESSION PLANNING

Further reasons to why succession planning and business growth are linked and important are mentioned below:

• Benefits the present business - Succession planning benefits the business now. Just as business practices have evolved over the years, succession planning has also grown and changed. It's no longer a plan that can only be accessed when leadership is going to change; a succession plan can be used before its "real" intent is necessary. It can be used to build strong leadership, help a business survive the daily changes in the marketplace, and force executives to review and examine the company's current goals.

• Succession planning keeps the mood buoyant. Change—a major component of a succession plan—is exciting and can bring a company unforeseen rewards. Still, change can be a source of tremendous stress, especially when people's livelihoods are at stake. As one puts the succession plan together, they have to consider its positive effects on the business. Planning for the future is exciting and, if done correctly, can inspire workers to stay involved and maintain company loyalty. It's true that a plan is often put in place to avert catastrophe, but it's also a company's way of embracing the future—a business strategy that is essential for survival.

• No one can plan for a disaster - You can't plan for disaster. No matter how good the leaders and current staffs are at revenue projections or economic predictions, no one can truly plan for disaster. Whether it's an unforeseen illness, a natural disaster, or a CEO's decision to suddenly retire, the reasons for having a succession plan in place before it is needed are endless. So while we can't plan for disaster, we can put into place a series of contingencies that will help your company stay afloat if, in fact, catastrophe occurs.

• Succession planning strengthens departmental relationships - When regular communication occurs between departments one is more likely to experience synergy, which breeds a source of strength. The link of succession planning activities with human resources is very crucial. After all, HR is about people. By including HR in succession planning, one can incorporate elements of the employee- evaluation process, which can help when deciding whether to fill vacancies with internal candidates.

• A succession plan can help sustain income and support expenses - A succession plan can provide answers as to what leaders and staff will need for future income, as well as what kinds of expenses one may incur once a person steps out of the main leadership role.

Expenses like about annual income and other benefits including health and dental insurance for the retiring leader and dependents, life insurance premiums paid for by the company, car, professional memberships, and other business-related expenses.

• Succession planning gives colleagues a voice - If there is a running family business, the process of succession planning will give family members an opportunity to express their needs and concerns. Giving them that voice will also help create a sense of responsibility throughout the organization, which is critical for successful succession planning.

• Succession planning gives a big picture - Some companies mistakenly focus solely on replacing high-level executives. A good succession plan can go further, however, and force companies to examine all levels of employees. The people who do the day-to-day work are the ones keeping the business going. Neglecting to add them to the succession planning mix could have dire consequences. As one develops the plan, it has to be incorporated in all layers of management and their direct reports.

6. CURRENT PRACTICES OF SUCCESSION PLANNING

• Top management involvement - It’s not an HR-driven paperwork exercise – the CEO owns it, and has regular reviews with the entire Board or a Board subcommittee. Contribution to the process by providing feedback, asking great questions, and holding the CEO accountable.

• Regular talent reviews - The Board reviews talent with the CEO, the CEO reviews talent with the executive team, each executive team member reviews talent with their teams, and the process cascades down throughout the organization. A wide net is cast for rising stars and poor performers are dealt with.
• Only identify viable successors for a handful of key “C level” positions - Then, they identify “pools” of high potentials for the top levels of the organization that can be developed for positions that may not even exist today.

• Take a “pipeline” approach to development, with the identification and development of talent at ALL levels of the organization.

• Hold the executive team accountable. They measure key activities and results, and often tie it to executive compensation.

• Align with business strategy. They “connect the dots” – they can clearly articulate the business case for doing succession planning (or the consequences of not doing it).

• Manage the irrational, political, and emotional dynamics of succession. Ask anyone who’s ever been in the thick of a succession planning program. Or talk to any CEO that’s faced with the prospect of “letting go”. It’s not for the faint of heart, and can’t be overlooked. This is the stuff that can’t be found in a textbook, but comes with experience and emotional intelligence.

• Assess performance and potential. They don’t gamble on past performance as a predictor of future success in a new role. That’s a high risk bet. They use a variety of effective ways to assess potential with relevant, consistent criteria.

• Integrate succession planning with performance management, recruitment, selection, development and rewards. It’s not some super-secret process done in isolation in a smoke-filled room.

• Make a serious commitment to development (time and resources). Succession planning without investing in development is nothing but a useless exercise in futility. The best companies spend more time developing candidates than they do creating lists.

7. OTHERS

Luc Laroche was the fifth generation of his family to lead the Roche company and as discussed was nearing retirement and would stop working in the next 2 / 3 years. His old son Davy had worked in the accounting department during summers in Laroche and was close to 35 years working in a reputed university as a professor. Robert, his other son had infrequently worked in the fields as a photographer and had about 10 years’ experience.

Luc had high hopes on Davy as Robert had his own path of life as a photographer which he intended to follow. However Davy, in order to maintain a balanced perspective on the issue of his succeeding his father, had become very familiar with statistics about the failure rate of family transactions. These statistics had triggered numerous concerns and fears about taking over the company from his father. Davy observes the following challenges as the future of Roche – Selling to a strategic acquirer or investor, selling to employees through an employee stock ownership plan.

They further hired an MC. Kinsey consultant to look into the matters of Laroche.

8. RESEARCH GAPS

Overly reliant on line manager’s perceptions.

• Influence of Business Size on succession planning.
• Influence of Education level of the owner of organization and the talent identified in succession planning.
• Influence of Communication amongst family members on business succession planning
• Influence of family involvement in the business on succession planning
• Individual competency development of the employee
• What different can an employee bring to the role/responsibility assigned to him
• Significant continued investment on self-development.
• Change in people matrix around them
• Change in Markets or technology
• Inadequate definition of Talent - individual adaptability, the experience of both functional specialist and generalist roles at an early stage.
• Sufficient cognisance of the differences in attitudes towards careers and career self-management between generations.
• Fail to take a sufficiently systemic perspective.