

Hiring the unknown:
Are consumer goods
companies attracting enough
outside talent?



HIRING THE UNKNOWN

For over 50 years, Odgers Berndtson has helped some of the world's biggest and best organisations find the senior talent to drive their agendas. We deliver executive search, assessment and development to businesses and organisations varying in size, structure and maturity.

We work with firms from across the consumer goods spectrum to discover and secure senior leaders. From international expansion, to digital transformation, we work closely with clients to recruit executives with the experience to match with their objectives.

We also do this across over 50 sectors, whether commercial, public or not-for-profit, and draw on the experience of more than 250 Partners and their teams in 28 countries.

Are consumer goods companies attracting enough outside talent?

Bringing in fresh ideas and approaches to unlock new commercial potential certainly sounds like a promising idea. For some consumer goods companies, hiring leaders from outside their sector has been a successful way to do just that. Our industry survey examines where this works best and how best to ensure hiring outside talent really does deliver the desired results.

We were recently briefed to find a leader who was different to the incumbent. “Bring us someone with fresh ideas and new ways of doing things,” was the instruction.

It was an exciting challenge. Often, we are asked to find cookie-cutter style candidates, as close to the incumbent and existing team, in terms of prior experience, as possible.

However, in this case, when we presented candidates from outside their world, one thing became apparent. The client was not ready for anything new and different. Instead, they reverted to what they already knew: candidates with the same experience and background as themselves, and who thought in the same, familiar way.

54%

of the senior management in the consumer goods companies we surveyed had worked at some stage of their career outside of the sector they were currently working in.

35%

of the senior management in the consumer goods companies we surveyed had never worked in their current sector before (i.e. were ‘cross-overs’).

AN APPETITE FOR CHANGE

We regularly mentor and advise candidates who are trying to move into a new sector or business, but are unable to make the jump. At the same time, we often see high profile leaders who successfully make that transition. The big question is: why do some companies have the appetite to hire these 'cross-overs', while others do not?

In this paper, we explore which specific industries within the wider consumer goods sector have more desire for cross-over hiring, why they do it and what can be done to make a cross-over placement more successful. We spoke to a large number of business leaders in the UK consumer goods field and the insights from our questionnaire findings are outlined in this paper. To begin with, we asked the leaders about the current market conditions in which their companies were operating.

BREXIT AND BEYOND. HOW ARE LEADERS FINDING THE UK CONSUMER MARKET TODAY?

Brexit and its current impacts on the UK economy are well known, but what other challenges are UK-based consumer goods companies facing and what are the specific implications of Brexit? Almost without exception, respondents described today's market as "challenging", "slow" or "tough", with only a handful saying it was "steady". One respondent even went as far as calling it the "toughest market I have worked in!".

It became apparent that the consumer electronics and durables sectors are finding it the most difficult, with food and drink, alco-bev in particular, being more optimistic. We also found that companies who have diversified are finding hope in new areas, with luxury brands particularly successful in exploiting profitable niches.

The general sentiment is that the consumer goods sector is "moving at a very fast pace and is changing almost daily". Consumer confidence and appetite to spend is definitely down.

There is evidence that companies are having to work harder to encourage brand loyalty and stimulate spend via a focus on promotions. Unprecedented aggressive pricing is also having an impact on market share and strategies.

All this is happening in an ever-changing retail landscape, forcing companies to continuously adapt strategies and re-assess channels in a highly competitive environment.

THREE STANDOUT TRENDS IN TODAY'S MARKET

Currency implications of weak Sterling due to Brexit

Cost reduction due to low consumer confidence (with Brexit being quoted as the root cause)

Change in the retail landscape with e-commerce and direct online selling changing consumer buying habits

CAN HIRING ‘CROSS-OVERS’ WITH SPECIFIC TALENTS HELP OVERCOME CURRENT MARKET CHALLENGES?

When we asked respondents whether hiring ‘cross-overs’ with a specific skill set (normally not found in their own industry) could potentially help overcome current challenges, the answer was unequivocal. Over 70% believed it was a positive step.

If that’s what respondents believed, does it match the data in the real world? In fact, our questions revealed that around half the leadership teams in consumer goods companies have worked in the same industry before, while only around 35% are actually cross-overs from other industries. Clearly, while respondents believe that hiring cross-overs can have a positive influence, in reality the appropriate hires are not matching that sentiment.

WHO IS HIRING OR NOT HIRING CROSS-OVER TALENT?

Our survey identified the sectors that are hiring from outside their usual circles and the roles being filled. Over 30% of respondents cited FMCG (including Household, Personal Products, Cosmetics & Beauty and Food & Drink) as the main exporter of talent. Other sectors were fairly equally-distributed, with no real stand-outs.

Sales, Marketing or Commercial Director style roles were typical, with leadership roles (Country Head, GM roles), and corporate functions like HR, Finance and IT also filled by cross-overs with no industry knowledge. Digital, an area we thought would attract more cross-over hires, was surprisingly low, representing around 6% of our respondents. This suggests more of a focus on bringing their hires into revenue generating, commercial roles as opposed to support functions.

Which sectors are cross overs coming from?

- FMCG **32%**
- Consumer Electronics **10%**
- Telecoms and Computing **10%**
- Luxury, Fashion and apparel **8%**
- Houswares and other durables **8%**
- Automotive, Manufacturing & Pharma **8%**
- On-line, Digital and E-comm **7%**
- Any Consumer **6%**
- Retail & Services **6%**
- Financial Services and Audit **5%**



What roles are cross overs being hired into?

- Sales, Marketing & Commercial **29%**
- Any **15%**
- Country Head / Leadership **16%**
- Functions (HR, Finance, IT) **14%**
- Process, Analysis, Supply Chain **10%**
- Account, Product or Brand **8%**
- Digital **6%**
- Retailing **2%**



The benefits (and drawbacks) of hiring leaders from outside your comfort zone

For a large majority of respondents, bringing in someone from another sector can potentially introduce a fresh perspective and a different point of view. Similarly, but slightly more nuanced, many respondents thought that a cross-over hire would introduce a more innovative approach or an unconventional solution.

Another common belief was that newcomers could bring with them specific experience, for example digital (e-commerce) skills or a similar technical skillset not often found in their sector. The respondents also valued other aspects of hiring a cross-over leader. For example,

the challenge to the status quo, a new or different management style and access to a wider network.

With these benefits, come challenges too. Here our findings were more varied, but with two stand-out negatives. The first was the time it takes to get newcomers up to speed, especially in such a dynamic and ever-changing economy. The second was the difficulty of fitting into the new company culture.

Of course, the latter can be an issue with any newcomer, but it's especially true for those from a completely different sector. Many respondents explained how new hires may

struggle not only with the culture, but with their expectations about the pace of the industry they'd entered, or perhaps a more traditional style of doing business.

In many instances, these sorts of hires have been made because the business wants to change. The role or challenge is often sold to the cross-over talent to lead that change.

However, when they join, the newcomer is often unable to make the changes as quickly (or effectively) as they had hoped. This becomes frustrating for them, and in many cases for the hiring manager too.

MAIN BENEFITS

Different point of view or fresh perspective

Specific experience (such as digital or more complex exposure in a larger platform)

Innovative or alternative (contrary) solutions and approaches

Forces change or challenges the status quo

Different (new) management style (results driven)

New or wider network

MAIN CHALLENGES

Steep learning curve – slower response or time to get up to speed

Culture clash

Managing expectations – in terms of pace, challenges, implementing change, demanding independence etc.

Lack of industry or sector knowledge

Industry dynamics (frustrated by those that are less sophisticated or too traditional)

The challenges of cross-over hires and the keys to success

If cross-over hires failed, why was this the case? We explored how best to handle the twin challenges of getting new hires up to speed and ensuring that they fitted into the new culture.

It appears that when companies make any executive leadership hiring decisions, culture is often the main area of focus. However, when hiring cross-overs, that focus can shift to factors such as leadership potential, prior diverse experience or a specific technical skillset. The cultural fit takes a back seat. This is a red flag that companies hiring cross-over

talent must not ignore. From our questioning, it became very apparent that on-boarding is a hot topic, with many respondents identifying that it is often not executed well. For any new hire to succeed, on-boarding must be handled carefully and effectively, even more so for those coming from a new industry.

Poor management of new hires can also be a reason for failure. For example, being managed by 'lifers' or those not embracing change can hinder the success of a cross-over talent who has, in fact, been hired to drive change.

The related areas of communication, mentoring and patience also need attention to ensure success.

Furthermore, when asked about potential challenges, an interesting attitude emerged. Respondents tended to put more emphasis on the cross-over hires having their own 'expectations', and less on the inability of existing management to handle them. Again, better management of those expectations, as well as better day-to-day mentoring of the employee may be key to success.

What are the best practices for cross-over talent success?

We asked respondents what is being done well and, in contrast, what they identified as poor practices. We also asked companies to identify what works in overcoming the challenges of hiring cross-overs. A clear majority felt that the best thing companies are doing is providing a good on-boarding process in the first 100 days.

Important components to good on-boarding are a clear induction process, including a 60, 90 or 100 day plan, strong mentoring and coaching, open and honest communication, as well as structured introductions across the internal business and external industry.

Similarly, when we asked respondents what is being

done poorly, on-boarding again topped the list with a 50% mention. Unquestionably, respondents saw the issue of on-boarding not only as critical in avoiding failure, but providing the best basis for success. Nearly 50% said effective on-boarding was the one thing companies could do better to ensure cross-over hires have a better chance to succeed.

Beyond on-boarding, the next four good practices mentioned were: providing freedom, being honest from the outset, listening to the newcomer's ideas, and finally, introducing the new cross-over hire to the relevant people, both internally and externally.

Over half of the respondents cited a poor on-boarding process as a critical reason for failure when hiring talent from outside the sector.

Conclusions

Our investigation has revealed that most companies believe that hiring professionals from outside their own sector is indeed a positive move in the face of a very difficult market.

Despite the many benefits of doing this, there are also clear challenges in getting a new hire up to speed and comfortable with the company culture.

It became very apparent that the recurring key factor to overcoming these challenges is the on-boarding or induction process. Poor on-boarding is the main reason cross-over hires struggle. By contrast, good, intensive on-boarding is one of the things done well in the companies where cross-sector hiring works.

Although every company approaches its on-boarding and induction in its own individual way, with varied opinions on duration and structure, we can identify these five main points as part of a successful induction process:

ONE

A clear, structured, time-specific programme (60, 90 or 100 days).

TWO

Open and honest communication from the outset, together with continued engagement surveys and feedback for both the new joiner and the team they are joining. This will enable better communication of the benefits they bring and what can be gained from them.

THREE

The provision of a mentor within the business who can hand-hold them through the process and avoid a 'sink-or-swim' feeling.

FOUR

Structured and impactful introductions to colleagues and managers, locally and globally, and to industry contacts such as customers and providers.

FIVE

Allowing newcomers time, freedom and expression, especially in the early stages, when their views, opinions and observations are untarnished by existing industry norms – the 'unconscious incompetence phase'.

FOR MORE INFORMATION

We hope this paper has illustrated how hiring fresh talent from outside the consumer goods sector is offering companies a valuable route to new ideas in a tightening market, but only if the on-boarding process is well-managed to make the most of the incoming talent. If you would like to discuss our findings further, please do not hesitate to get in touch. We would be happy to hear from you.



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