NIGEL WRIGHT GROUP

CONSUMER FOCUS

INSIGHTS INTO THE CONSUMER SECTOR

Welcome >>

CONSUMER FOCUS – ISSUE 7

NIGEL WRIGHT GROUP

Welcome to the latest edition of Consumer Focus Magazine, our dedicated annual publication for the global consumer industry. >>

As we go to print, the big story dominating the business news this year is the declining oil price. So far, this has amounted to a $1.5 trillion transfer of income from energy producers to consumers, which is excellent news for the consumer industry. Consumer businesses have also started the year by making significant investments in talent attraction, amidst what are some of the best conditions for recruitment there has been since 2008. We therefore anticipate 2015 to be a great year for both ourselves and our customers.

> "As we go to print, the big story dominating the business news this year is the declining oil price."

In this issue, you can read about some of the ambitious goals companies within the consumer industry have over the next 12 months, as well as gain an insight into our own plans to expand our business. We also catch up with senior executives from some of the sector's most dynamic brands, and cover a range of themes including employer branding, innovation and international growth.

In our emerging markets feature this year on page 34, we talk to experts about the perhaps understated, yet huge potential for growth in Turkey, Iran and Nigeria amidst enduring political instability, terrorism and, of course, the spread of Ebola. On page 58 Boston Consulting Group also offer some insight into the 'The Shifting Economics of Global Manufacturing', explaining how countries like China are now falling behind the likes of Mexico for cost competitiveness.

The debates in Europe have been dominated in many ways by the implications of the accounting scandal at Tesco and its impact on consumers and suppliers. On page 40 experienced food industry entrepreneur John Stapleton gives his views on this as well as telling us about his experiences growing and then selling New Covent Garden Soup Company (NCGS) as well as the latest developments at his current venture, Little Dish.

Industry suppliers are in the spotlight again in our cover feature on page 6 when Angus MacIntosh, CPO at global FMCG giant Beiersdorf, explains why the business has chosen to revert back to 'good old fashioned' procurement in an effort to get value for money and a better service from its suppliers as it expands production into China and other new markets across Asia, Africa and Australia.

Employer branding is a big theme in this year's magazine. As hiring returns to the fore, companies are increasingly aware that to compete for the best talent they must skillfully promote their attractiveness as an employer. On page 48 Group HR Director David Wilkinson from Premier Foods, the owner of some of the UK's best loved brands, takes us through the company's employer brand initiatives aimed at changing perceptions of the business as it looks to expand its workforce over the next twelve months.

Elsewhere, we learn about the global innovation agenda at LG (page 54), big changes in Norwegian retail (page 18) and the future of E-commerce in Spain (page 12). As ever, throughout this edition you can find out all of the latest news from our teams across Europe.

We hope you enjoy the latest edition of Consumer Focus Magazine and would welcome feedback on any of its content.

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CEO

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Contents >>

CONSUMER FOCUS – ISSUE 7

NIGEL WRIGHT GROUP

Raising the bar for Procurement at Beiersdorf

Beiersdorf AG, the German consumer products manufacturer, reported its strongest annual sales revenues since 2008 last year. Its portfolio of brands including Nivea, Tesa and Elastoplast are highly profitable in Europe and North America but less so in emerging markets. >>

To sustain its continued trajectory of growth, a core focus for the business over the next few years is expanding production into China and other new markets across Asia, Africa and Australia. In this article, CPO Angus McIntosh explains how Beiersdorf's Procurement division is gearing the business up for emerging market success.

GETTING MORE CONNECTED WITH THE DAY TO DAY

Procurement at Beiersdorf is a significant operation. There are over two hundred people working within the division, globally, managing relationships with around 7,000 suppliers. Its innovative sourcing pathways help the business to achieve its goals. In December 2013, the business appointed Angus McIntosh as CPO to lead the division.

According to Angus, 'Procurement at Beiersdorf has a very solid foundation but I recognised there was clearly a big opportunity for improvement. Beiersdorf is a commercially driven organisation that perhaps hadn't previously recognised the true value of its Procurement function. My objectives this year have been focused on making sure the function is more strategic, as well as more connected with the day to day challenges faced by our businesses.'

The foundations of Beiersdorf's procurement strategy are based on delivering across four key areas: growth, financial results, service and security. The approach that Angus has adopted to help the division deliver these objectives is to make Procurement become '...more assertive and more collaborative at


NIVEA
MEN
ORIGINAL
CARE

the same time.' This, as Angus explained, will make the division '...actually stand for something within the business.'

First and foremost, as Angus noted, building the right foundations is important and has, so far, involved a degree of 'functional engineering.' A conceptual structure based around compliance and governance, tools and processes and talent was adopted to drive the function forward. This organising framework, Angus explained, is intended to be the Procurement division's '...consistent language over time for the initiatives we want to run and how we report our progress.'

Once this was in place, Angus and his team set about engaging with the division's internal customers. This involved visiting the different regions and meeting the leaders in the business to understand their issues as well as going 'downstream' to visit the trade. 'With our managers, I spent a long time looking at Beiersdorf's and its competitors' products on the shelves and building a clear picture of how we were competing in the market place.'

This process of building connections and listening and learning, led to the development of an internal stakeholder management plan that '...provided a very clear list of business opportunities, relevant to the concerns of each of our business leaders. Fundamentally we need to make sure that decisions are made in the best interests of Beiersdorf, and not just in the interests of the Procurement function, by establishing a specific set of opportunities that address business needs, whether that is cost, speed-to-market or innovation.'

A BROADER WAY TO THINK ABOUT SUPPLIER PERFORMANCE

An extension of the assertive/collaborative model, as Angus explained, is to drive the same philosophy externally to the company's suppliers. This is a major aspect of Beiersdorf's procurement strategy and one which Angus contends needs major development. To make sure that Beiersdorf gets good value for money and good service from its suppliers, Angus and his team identified the top suppliers in the business and engaged with them directly, to decide whether the business would either get more assertive or more collaborative in the relationship.

Angus explained that the situation '...needed to be refreshed'. In recent years, Beiersdorf has become too dependent on some of its suppliers while some of its suppliers had become too dependent on Beiersdorf. The solution therefore is for '...Procurement to challenge some suppliers a little harder than we have in the past, while looking for ways to consolidate the relationship with others, by working more deeply with them.'

Angus contends that many of Beiersdorf's suppliers believe they have very strong bargaining powers due to the lack of choice, in some instances, within the market. That thinking is false he says and the task of his team is to 'disrupt their expectations'. In other cases, '...we have fantastic suppliers that are growing with our business and are highly competitive, investing for us and with us and we want to work more deeply with those suppliers.'

Basically, Beiersdorf needs to be clear about what is the right approach in the right situation. Angus explained that a big opportunity in this area is to make sure that once Beiersdorf is convinced that suppliers are offering their keenest pricing they are then evaluated on more than price alone. 'As I go around the business and talk to factories and supply chains, I'm frequently being asked to balance the suppliers' price with their operational performance when making decisions about how to allocate volume.'

Put simply, Beiersdorf is broadening the way it thinks about supplier performance by using a framework of supplier evaluation to address critical factors.

LOCALISING AND REGIONALISING CAPACITY

The procurement strategies outlined above are intended to facilitate improving Beiersdorf's capabilities within the high growth emerging economies, particularly in Asia, EMEA and LATAM as well as securing competitiveness in Europe.

Although cost is a constant challenge across all regions, 'below the surface' the apparent issues at the local level are diverse and require bespoke solutions. This means, as Angus noted, Beiersdorf needs to 'localise and regionalise its capacity.'

This is a major shift for the business. Building supply chains in growing regions while concurrently establishing production capacity means that Beiersdorf products are increasingly supplied from growth regions directly. New facilities are currently being established in Asia, Mexico and India.

To match this expansion in manufacturing, Angus explained, requires a significant step-change in growing Beiersdorf's supply of raw materials and packaging to match its production capacity. 'As capacity comes on stream, it is much better if we can supply that capacity with raw materials, packaging and services from within the region.'

In the past, Beiersdorf has tried to service growth in emerging markets through export volumes from Europe, but the Procurement division's priority is to gradually phase this strategy out completely. 'It's a very superficial form of localisation if all of your raw materials and packaging are imported from Europe.'

The challenge, in Angus's view, is to do this successfully 'without diluting our global leverage or fragmenting our category expertise.' By fragmenting purchasing into multiple areas, businesses can risk diluting their ability to drive value. 'As we regionalise our physical supply chains, we need to make sure that we don't fragment our category expertise or our commercial leverage.'

The other major obstacle in this regard, as Angus explained, is finding suppliers who are at the right stage of development. 'The supply base doesn't exist everywhere where we need it to, so it needs to be developed or invested in by our suppliers.'

Angus did note, however, that with globalisation and the increasing demands of other international customers, Beiersdorf's suppliers in emerging markets are developing technical skills very quickly and the overall approach to quality is improving. 'Our global suppliers are increasing their footprint, either through acquisition or direct investment. That helps us because they bring their standards into those markets.'

ANTICIPATING THE FUTURE

Safety, availability, cost and reputation are indicative of the risks facing all consumer product companies today. Angus explained how the Procurement division is taking a lead in protecting Beiersdorf against such risks.

A central component of the approach is establishing forward looking category strategies whereby '...our sourcing managers and category managers are constantly looking at future trends, trying to anticipate how the landscape might evolve.'

From an availability perspective, the purpose of this approach to procurement is to ensure Beiersdorf doesn't become locked into sectors of the supply market that are in structural decline. Large suppliers can change their strategy and exit markets which are marginal for them, but critical for Beiersdorf and, as Angus noted, 'we can do little to prevent this so we have to remain flexible and agile.'

Furthermore, ingraining this culture within the division, also helps Beiersdorf avoid being too reliant on single sourcing, which again, inevitably creates availability risks.

Quality and safety, according to Angus, are the number one priorities. Getting these factors right isn't easy, but the solution is based around the continuous qualifying and monitoring of the standards of suppliers. 'It is important to not take the integrity of your supply chain for granted.'

In terms of cost, Angus is adamant that Beiersdorf must remain vigilant of the fact that material prices could begin rapidly inflating again, just like they did between 2008 and 2011. Being too comfortable during this period of relatively stable commodity prices is a cultural attitude Angus is keen to avoid developing.

> "In recent years, Beiersdorf has become too dependent on some of its suppliers while some of its suppliers had become too dependent on Beiersdorf."

Generally, Angus explained, 'There are lots of different approaches to costs. We need to do more of everything; more hedging, more value engineering and better old fashioned price leverage and negotiation.'

Finally, with regards to reputation, Procurement has a vital role to play in auditing the ethical, environmental and labour standards of Beiersdorf's suppliers. 'Our main brand Nivea is all about care and that means we need to care, not just about our consumers, but about what happens upstream in the supply chain as well.'

'Reputation is hard won and easily damaged by a scandal or an issue.'

DEVELOPING A STRONG PROCUREMENT TALENT PIPELINE

Angus explained that Beiersdorf believes 'very strongly' in developing a procurement talent pipeline. He noted that in joining the business, following a 23 year career with Mars, a key talent objective of his is to ultimately develop his successor from within.

Part of his agenda as CPO is to 'raise the bar' on the level of potential of candidates Beiersdorf seeks to attract when recruiting within Procurement. At the same time, he and his management team are 'investing in the development of the people we have.'

In going to market for candidates, Angus argues that his division can now confidently say 'We mean business and we're going places. We are ambitious about raising the game of what we are doing, raising our contribution and raising our professional standards. We also have a raised level of visibility, which is giving us the momentum to add more value, get involved in more issues and make a procurement contribution to more things.'

The skill shortage in technical disciplines like procurement is a worldwide issue. For Beiersdorf, like other FMCG manufacturers, finding candidates with 'potential' is more important now than trying to identify people with specific category expertise.

'I want people who have the potential to do bigger and more senior jobs and move around and up in the organisation. That means they need to be mentally flexible, have high learning agility, good communication skills, good business acumen and commercial and analytical skills. That's more important to me than the individual category expertise.'

Angus noted that once these skill sets have been attracted into the business, Beiersdorf is raising the standard of its career management process, to help those people gain category knowledge and generally develop their careers within the business.

If you're interested in finding out more about opportunities at Beiersdorf, please visit www.beiersdorf.co.uk/careers

Recruiter HOT 100

Nigel Wright recognised for high growth in annual recruitment industry list

In November, Nigel Wright was delighted to confirm that it had retained its place in the 2014 UK Recruiter HOT 100.

In the most recent list compiled by Recruiter Magazine in conjunction with Agile Intelligence and The Guardian, Nigel Wright were placed 90th among a host of other recruiters that have performed strongly during the past 12 months. The ranking is based on independently researched data from over 700 companies with more than 20 staff and an annual turnover of over £1.5million.

Nigel Wright has a history with the Hot 100, appearing in the list during six of the last seven years. As in previous entries, the business was the only consumer sector specialist.

Following the recruitment of 49 new consultants to our UK and international divisions in 2014, the business is still seeking to add a number of new people to its UK division, with opportunities currently available at all levels in Newcastle, Aberdeen and London.

For more information, please visit: www.nigelwright.com/workforus

Featured interview >>

GEMMA SORIGUÉ, EXPERIENCE E-COMMERCE ENTREPRENEUR AND MEMBER OF THE FOUNDING TEAM AT LETSBONUS

The future of E-commerce in Spain

Gemma Sorigué is an experienced entrepreneur, who has spent over 12 years playing a major role in launching and growing online companies such as Atrapalo, Emagister and most recently LetsBonus, a collective buying service which was bought by US giant Living Social in 2012. >>

Here she chats about the challenges of working in a start-up culture, what to look out for when selling a business, as well as her views on the next major trends that will impact the E-commerce industry.

You were part of the founding team at LetsBonus. During the early years, what were the key challenges you faced and how did you overcome them?

For any new company, the most difficult challenge is always getting potential customers to trust in your brand. In our case, we needed to convince merchants that our platform was going to bring them a lot of new customers. The other stakeholder we needed to influence early on was our investors. Although we were the first collective buying site in Europe, it wasn't long before a number of other sites appeared, so we had to invest heavily in marketing campaigns aimed at making sure customers came to us first. The final challenge was identifying and attracting talent. We had to be really creative when recruiting, because our modest budget and the fact that we were a recently established company made it difficult in the beginning.

What brands or business models inspired you when you were setting up LetsBonus and how did you seek to differ from them?

We were obviously initially inspired by LivingSocial and Groupon, but we wanted to differentiate from our local competitors by offering a more premium platform, working with big brands that only offer quality products. We also chose to invest in offline advertising to attract customers and we were also the first collective buying site to use TV advertising. Furthermore, we emphasised our superior customer service and sought ways to diversify into new business channels such as travel, events and learning. These factors, as well as our talented, committed and motivated team, helped us to very quickly stand out in the market

LetsBonus expanded rapidly following its launch in 2009. How did you preserve the entrepreneurial culture of the organisation during that early period of rapid expansion?

It's not easy. During the early stages of development, you have a number of equally important but competing priorities such as raising money, acquiring customers and gaining market share in new countries, as well as trying to attract and retain talented people. We put a lot of effort into building our team from the start, making sure that we had the right kind of skills and commitment from our people to enable our business to grow. Crucially, we only recruited people who demonstrated entrepreneurial behaviour and understood the start-up mind-set and way of operating. At the same time, we invested in our brand so everyone in the business, as well as our customers, knew what we stood for and what our ambitions were. This helped LetsBonus establish a strong and recognisable culture.

Similarly, how did you seek to maintain high standards of customer and employee satisfaction when chasing aggressive growth targets?

LetsBonus's principle focus is to satisfy users who purchase products. Therefore, we constantly asked users for feedback about their shopping experiences and conducted mystery shopping exercises, acting immediately to rectify any usability issues. We also tried to compensate anyone who had a particularly bad experience with the site. Selecting the best merchants was equally important and we put a lot of effort into researching different markets and categories to make sure we were partnering with the best companies. Merchants were also our customers though, and we worked hard to understand their needs and make sure that the relationship was entirely reciprocal. We had to keep our employees happy too. We utilised a variety of motivational initiatives such as team building activities and staff parties, as well as bonuses and stock options. All of these things helped LetsBonus achieve consistent growth.

Gemma Sorigué

Living Social acquired a majority stake in LetsBonus in 2012. What were the main challenges you faced when preparing for the acquisition? What would be the key pieces of advice you would give to other similar businesses that are considering takeovers from lager companies?

Living Social was obviously a great match for LetsBonus and the sale helped significantly with the growth of our business. When this kind of merger takes place however, there is always going to be risk involved. For LetsBonus, a key risk was migrating our entire platform across because doing so would mean that we would essentially have to stop all innovation initiatives for twelve months. Both ourselves and Living Social therefore took the collective decision to delay the platform migration process while the business was still growing rapidly. The key piece of advice I would give to other businesses would be 'don't lose focus' on growing your business. Furthermore, always be absolutely clear from the start what sort of support you require. Do you simply need financial backing, or are you seeking a strategic partnership with a business that knows your industry? By deciding this early on, you will ensure the best solution.

Many professionals today are attracted to working for a 'start-up' enterprise. You've worked for three; what it's really like?

There are positive and negative aspects about working in that kind of environment. The positive things are the fact that you learn far more quickly than you typically would in a larger, established business. This is because you get to work in a variety of different roles in a very short period of time. Also, on a day to day basis, you work more closely with the founders of the business, enabling you to gain greater insight into how things work. Actually getting to see the results of your efforts and then being able to make strategic changes quickly makes it very exciting too. Your colleagues essentially become an extension of your family and going to work is more like a hobby than a job. This can also be a bad thing though because it begins to completely take over your life. There is also a distinct lack of procedure and protocol, especially early on, which can sometimes be frustrating. To succeed in that environment you must be flexible, positive, eager to learn, love team building and not be afraid of change, because there are a lots of changes taking place every day.

> "Consumers are increasingly worried about their privacy and consequently companies are having to work harder to reassure customers that their personal data is safe and can't be compromised."

You've worked in the E-commerce sector your whole career, what excites you the most about working in that sector?

The most exciting thing about the sector is the enormous amount of potential there still is to develop and grow it. This is especially the case in Spain where the market is changing quickly. It's true that the majority of Spanish people still prefer to visit actual stores, rather than shop online. This is partly due to a pervading fear of fraud, as well as the fact that getting online in Spain is also still fairly expensive compared to elsewhere in Europe. The reality is though that it's only a matter of time until Spain catches up with the rest of its peers in Europe, and the world. E-commerce sites continue to provide consumers with greater convenience, speed and usability features that are evolving and improving all of the time, which makes them very hard to ignore. The biggest opportunities perhaps exist in mobile commerce, which grew from 5% to 13% between 2013 and 2014.

What trends do you anticipate impacting the E-commerce sector over the next few years?

I think privacy, personalisation and segmentation are the big trends beginning to impact the E-commerce sector. Consumers are increasingly worried about their privacy and consequently companies are having to work harder to reassure customers that their personal data is safe and can't be compromised. This is actually becoming a key point of differentiation in company marketing strategies. Furthermore, consumers are demanding more niche products and services today that are specifically tailored to their individual needs. Customer segmentation for companies, therefore, is becoming increasingly complex. The other aspect in this regard is a need for greater efficiency in logistics. E-commerce businesses must ensure that purchases are delivered in a shorter time; this is a key driver of growth in the sector.

What motivated you to step down from your role at LetsBonus? What's next for you?

Every phase of your career comes to an end eventually. I'd been with the business since the start and helped it to consolidate its position as a market leader around the world (opening eight new markets in LATAM and Southern Europe during my first 12 months) and it just felt like the time was right to move on. People typically stay at internet start-ups from between one and three years; I've had the pleasure of serving LetsBonus for five. My next step in 2015 is to launch a new E-commerce venture with two other partners, one of whom is also a founding member of the LetsBonus team. It should go live within the next two to three months and we believe it will be a revolutionary new development in the Spanish E-commerce sector. I can't say anything else at this stage!

Market snapshot

SPAIN

The Spanish economy has undergone a major turnaround since emerging from its worst recession in decades last summer. A marked rise in household consumption, as well as growth of the country's gross domestic product rate, is evidence that the environment has changed for the better.

A Eurostat report published last year revealed that Spain was the third biggest job creator in the Eurozone between April 2014 and June 2014. As such, the number of people in work during the second quarter of 2014 compared with the first quarter grew by 0.7%, almost half a per cent more than the Eurozone average.

Despite product prices still falling and high unemployment in Spain, economists are hopeful that reforms enacted over the past two years will continue to enhance growth over the next few months.

What is the best piece of advice you have received in your career?

Always listen to common sense first.

What brands or businesses do you look to for inspiration?

Big brands that I admire include Amazon, Trip Advisor and Booking.com. Some other niche E-commerce sites that I've been impressed by in recent years are Westwing (furniture), Privalia (Fashion), El Tenedor (Restaurants).

How do you keep yourself busy outside of work?

I spend my weekends skiing during the winter and on the beach in summer. I enjoy travelling and discovering new restaurants and hotel. I love to spend time with my family and friends, listen to the music, go to the theatre and watch movies.

49 and counting...

Like many businesses enjoying more favourable economic conditions during the last twelve months, Nigel Wright's priority in 2015 is to continue searching for the best talent to help fuel its domestic and international growth. >>

As part of its strategy to consolidate its leading position in established markets and move forward with new growth opportunities, Nigel Wright has so far made no less than 49 new hires across its four divisions between January 2014 and December 2014.

In the UK alone, the business has introduced 29 new consultants specialising in a range of industries and discipline areas.

Group Talent Partner Nadine Hollingsworth commented:

'Despite the high number of people joining us, maintaining quality is always crucial to our talent acquisition strategy and therefore we have a rigorous process in place for identifying and selecting the best people.'

As well as hiring experienced consultants, Nigel Wright firmly believes in growing its own talent and will be re-launching its competitive graduate scheme at the beginning of this year, after successfully hiring five graduates in 2014.

Its graduate scheme offers one of the most competitive packages in the industry and a full year of training where bright graduates seeking a successful career in business will be able to gain new skills and experience in all areas of recruitment.

One of the successful candidates, Holly Johnson, commented,

'I'm thrilled to have joined Nigel Wright. To get the opportunity to work for a consumer sector recruitment leader with a significant international footprint is very exciting. I'm already learning a huge amount of skills that will help me progress in my career.'

For more information on the Nigel Wright graduate scheme, please visit www.nigelwright.com/graduates

Nigel Wright Group news

Cancer Research chosen as UK charity of choice

In April last year, we announced Cancer Research as our UK charity of choice for 2014/2015. Our fundraising target for the year was set at £15,000, and we are delighted to say that we've already exceeded our target in the past eight months.

Since April, we have organised a number of fundraising events such as sporting challenges, business development days, and cake/bake sales.

One of the most exciting fund raising initiatives so far has been the Three Peaks Challenge. In July, seventeen Nigel Wright staff successfully completed the grueling course, raising an outstanding £12,500 for Cancer Research UK.

Sixteen members of staff from the Newcastle office and one colleague from Norway set off from the North East on Friday 11th July, and climbed the highest mountains in England, Scotland and Wales in under 24 hours, between Saturday 12th and Sunday 13th July.

CEO Paul Wilson, who took part in the challenge, said:

'We are extremely proud to have raised this exceptional amount of money for Cancer Research in 2014. We are extremely grateful and would like to thank everyone who donated and supported us throughout the event.'

In 2015, we will continue to raise funds for this fantastic charity, which has saved millions of lives by discovering new ways to prevent, diagnose and treat cancer, doubling the survival rate for patients in the past 40 years.

Our JustGiving page is open for donations, so if you would like to show your support, please visit **www.justgiving.com/Nigel-Wright-Consultancy**

A Retail merry-go-round

It has been the most extraordinary twelve months in the UK retail sector, with a surge of IPOs at significant valuations initially, a huge loss in value of the quoted companies since then and considerable change in the leadership across the sector. Perhaps because of these factors, M&A activity has been relatively muted. What is really going on, given that we are apparently well out of recession and now experiencing real economic growth once more? >>

Flotations of retail companies tend to occur in short bursts of frenetic activity when institutional investors, who otherwise are completely rational, seem to chase new issues collectively with great exuberance - and it usually ends in tears. This is exactly what happened in the spring. Since the 'window' opened, twelve companies have floated on the main market or AIM.

> "The market value of the top 20 quoted retailers has fallen by over £20 billion (about 20%) over the last year, mostly in the last six months."

Many of these were priced very expensively and the share prices of some have since fallen, a few substantially, as a result of disappointing trading. As a consequence, investors are nursing considerable losses and the 'window' is now firmly shut other than for the most exceptional candidates.

It is worth noting that the better and more consistent performers (such as B&M and Poundland) took plenty of time to educate the market about their businesses and prospects, ensured that they had deep bench-strength in their boardroom and executive teams and did not squeeze every ounce of value out of the new shareholders at the top of the market. Some of the others, however, have had to live with share prices well below the issue price (or early peak) and this will have created difficult issues amongst new external and internal shareholders – a share price is usually a great barometer of how people feel about a business. We suspect, too, that some candidates may be regretting the move to the public markets with their onerous corporate governance and information requirements and the amount of time and effort that has to be spent on investor relations.

Two-thirds of these companies are in a transitional phase, with their previous private equity owners continuing to have large shareholdings and being represented on the board. Private equity houses tend not to be natural investors in public companies and will be looking to exit profitably when they can.

The market value of the top 20 quoted retailers has fallen by over £20 billion (about 20%) over the last year, mostly in the last six months. Whilst grocery has been the principal contributor, some of the clothing and DIY businesses (ASOS, M&S and Kingfisher

Our Firm

McQueen

McQueen was established in 2002 and is now the leading specialist corporate finance advisor to the European consumer sector, having provided advice on over 100 situations including on over 80 closed deals worth more than €9bn in total.

We are an independent firm, owned by our senior members, and employing over 25 people.

At McQueen we use our extensive experience and sound judgement to assist our clients in solving complex strategic and financial issues without being burdened by the potential conflicts that can occur in large investment banking organisations.

respectively) have also experienced sizeable declines. Only three that benefited from a substantial increase in value over the period: the newly merged Dixons Carphone, Next and Signet (a largely US-focussed jewellery business).

> "There has been change in the leadership of eleven (more than half) of the top 20 listed retailers, with six arising from retirement or planned succession and six promoting internal candidates."

The challenges of the grocery sector have been well-documented over recent months and these are far from over. The shift in consumer behaviour has had a profound and lasting impact on the industry and it is clear that the structure of the sector and the businesses within it have to change and adapt to this new environment. This is likely to be painful for some and will require boards, CEOs and senior teams to make and implement significant strategic and operational decisions. It is very telling that in the UK it is the smaller businesses at the premium (Waitrose) and value (Aldi, Lidl) ends of the spectrum that are thriving.

Elsewhere in the sector, businesses have performed reasonably well and where there has been underperformance it has tended to be due to the weakness of the business model or in the execution. There is no doubt, however, that Black Friday has caused a fundamental change in the shape of Christmas trading in terms of size and channel and the ability to trade and operate effectively in this period, and this is likely to be an increasingly important factor in the future.

There has been change in the leadership of 11 (more than half) of the top 20 listed retailers, with six arising from retirement or planned succession and six promoting internal candidates. This level of activity is quite unprecedented and whilst most is 'orderly' it does beg the question whether the experience will be missed or, on the other hand, whether existing strategies will be sufficiently challenged. As we write, we await senior appointments at Tesco (Chairman), Morrisons (CEO), John Lewis Partnership (CFO) and Halfords (CEO) and there is speculation that there may be further changes in other businesses in 2015. Clearly, this level of churn is likely to impact the broader senior management teams and the rest of their organisations.

Turning finally to M&A activity, the retail sector (outside grocery) has been dominated by private equity for many years but in 2015 these investors were displaced to some extent by the equity markets or by trade buyers. The acquisitions of the Co-op's pharmacy business, House of Fraser and MandM Retail by Bestway, NanJing and Bestseller A/S respectively are significant examples of this trend. Private equity houses have become rather more discerning buyers as prices have risen substantially in response to the IPO valuations achieved last year and as a number of dark clouds appear on the horizon (UK election, the prospect of rising interest rates, concerns regarding economic prospects in Europe, the Middle East, Russian sanctions etc.). Notwithstanding this, PE houses have still picked up some businesses or made investments at exceptional prices including Hotter Shoes, Victoria Plumb, Versace and, most recently, Farrow & Ball.

Corporate activity in the grocery sector continues to be driven by strategic repositioning, although regulatory constraints may constrain any significant consolidation in the UK. Elsewhere, there will be a reasonable amount of activity going forward as private equity owners seek to exit at what are still very attractive valuations (e.g. Phase Eight). 2015 is going to be another fascinating year in the UK retail sector.

Recent developments in the **Norwegian retail industry** have divided opinions in the grocery trade...

In October 2014, Norwegians were facing up to the fact they could now only buy groceries from three retailers rather than four. >>

This was following the announcement by Ica, the Swedish retailer which has struggled for profitability since entering Norway in 2009, that it was selling its assets, including 553 stores, to rival Coop in a deal worth 2.5 billion kroner. A development of this nature in the retail trade always brings to the fore issues concerning competition, choice and price and these factors have been hotly debated in the weeks and months since the announcement was made. We caught up with two senior influencers from the grocery trade - Kenneth Fredriksen, Managing Director of Cloetta Norge and Jon Warset, Managing Director of Bonaventura Sales – who shared with us the different perspectives on what this means for the Norwegian industry moving forward.

For those that supply the retail industry, the sale of Ica to Coop not only means Norwegian consumers will have less choice when it comes to buying groceries, but also that there will be less competition. According to Kenneth Fredriksen, managing director of Cloetta Norge and member of the Norwegian Grocery Manufacturers Association (DLF) market committee, this is bad news; 'More competition rather than less would be the most favourable environment for businesses operating in the sector; as would more choice for consumers.'

In an ideal world, as Kenneth stated, 'The industry in general was hoping that an international investor would buy Ica; that

would have created a lot of change.' But after already failed attempts by global giants Carrefour and Lidl in recent years, as well the apparent failure of Ica, Norway has increasingly appeared less attractive to potential investors from overseas.

One of the major issues that Ica faced was the fact it's very difficult to drive profitability as the smallest competitor in the Norwegian market, where over 60% of the grocery trade already consists of 'soft discounters.' To realistically compete, companies must be efficient on costs and have good net-prices. Ica didn't have the lowest prices in the industry and this, in the end, made it difficult for them, especially in a very challenging economy of scale.

Jon Warset, whose company Bonaventura Sales distributes non-food brands to the grocery and specialty trade in Norway, along with others in the industry, offer a different view of this recent development. As Jon explains, 'There has perhaps been too much attention paid to the fact that Norway is effectively losing a retailer when ultimately, what is actually happening, is a 're-balancing' of power in the sector.' Norway's retail trade has often been labelled unfair because it has one big retailer, NorgesGruppen, and three smaller players in Ica, Rema 100 and Coop. With the sale of Ica to Coop, some, like Jon, believe there are now three retailers of almost equal size. 'NorgesGruppen is still the largest, Rema 100 has the highest growth projections and Coop now has the most investment power, which should also lead to growth.'

It's true that something had to change in the sector, which had been feeling the impact of Ica's poor performance long before the company's eventual sale. Both Kenneth and Jon agreed that a complete restructuring, which was the only alternative to selling the business, would have been the worst possible solution. In Kenneth's words, 'If Ica couldn't find a buyer, then it would have had to significantly reduce the number of its stores,

particularly in rural areas, which would have also resulted in a lot of redundancies and unemployment.'

Coop will certainly lose some stores, because its market share will be too high in some areas, but as Jon highlights, for the time being at least, Ica's sale will create some real stability in the market. 'It's actually been very difficult dealing with the fact that both Ica and Coop haven't been able to grow, so now that there is a solution to the issue, the situation is definitely better and will help suppliers'. He went on to state that a stable situation was 'not the worst thing in the world.'

As we go to press it was confirmed that NorgesGruppen have signed an agreement to take over the stores Coop will have to rescind as part of the shakeup. If Rema had acquired those stores, the competitive environment may have been more equal between the three. Commentators don't believe that any further major changes will take place during the next year, at least, as the sector adjusts.

> "It's true that something had to change in the sector, which had been feeling the impact of Ica's poor performance long before the company's eventual sale."

During this imminent period of market stability, commentators will be able to take the time to assess how the sector will evolve.

Some, like Kenneth, believe that the real price battle will now begin, as Coop will be able to better compete with NorgesGruppen and Rema 100. Jon largely agreed with this, but suggested the perhaps the most notable change in the short term would be an increase in competition with regards to service; 'I think it will make life better for the consumer because each of the players will have to become better at how they serve the customer. There may also be some new categories enter the market that will further benefit the consumer.'

Ica's inability to compete, although partly due to net-prices and cost efficiency, was also related to what many believe was the historically poor guidance passed on to franchise owners. Jon argued that there was clearly a lack of adoption of creative ways to drive sales at Ica stores; '...these problems were inherent from the start and gradually contributed to its failing.' Both Jon and Kenneth agreed, however, that Coop was far better suited to managing the franchise operation, as it fits well with Coop's current business model. Ica is also a good match for Coop in terms of demographic coverage.

Suppliers like Kenneth and Jon are wary of the fact that, moving forward, there may be increased pressure on net-prices and narrower assortments as the number of soft discounters increases, making supermarkets less relevant. As Kenneth noted, there is also an increased risk in the sense that '... if we were to lose another customer, then we would be in a really difficult situation.' Generally though, there is a sense within the sector, as shared by both Kenneth and Jon, that people are looking forward to see how the situation will evolve now the deadlock has been broken.

Market snapshot

NORWAY

The currently fragile state of the oil market has been predicted to bring new economic risks to Norway, which generates almost a quarter of its GDP from oil and gas. The effects that the oil price crash will have on the country's economy are uncertain, but with oil companies' output and earnings dropping, investments will decrease and other industries and households stand to be affected.

However, Norway's weaker currency is expected to ease conditions in the labour market, slow down wage growth, and halt offshore cost inflation. Although the low oil price could cut between 1-2% from Norway's GDP over the next two years, much of that will be compensated by the rest of the economy.

Despite European growth being slow in 2014, and global interest lower than expected, Norway came in first in Legatum Institute's annual Prosperity Index, and has Europe's 2nd highest GDP/capita, indicating that it is one of the world's strongest economies.

Chr. Hansen focuses on the consumer

Chr. Hansen is a global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural sectors. The business was established in the 19th century and in 2013 celebrated its 140th anniversary. >>

Its products include cultures, enzymes, probiotics (particularly health-promoting cultures), and natural colours. Chr. Hansen invests significantly in technology and is renowned for its strong research and development capabilities. The business built its reputation through serving the Danish dairy industry and still has strong links to that sector. Dairy food manufacturers use its enzymes and cultures to customise the appearance, taste and texture of products. Its solutions also help make the dairy manufacturing process more sustainable.

Today, the company has over 2,500 employees in 30 countries and is a market leader in all of its divisions: Cultures & Enzymes, Health & Nutrition and Natural Colours. Nigel Wright's Thomas Thorsen caught up with Christoffer Lorenzen, Senior Vice President for Chr. Hansen's Commercial Development Department, who explained how the business creates value in cooperation with its clients and has a strong focus on the consumer.

What are the main consumer trends in the food industry at the moment?

First of all, we're seeing an increase in the demand for natural food or 'clean label' products containing few (if any) additives or preservatives. We're also generally seeing a high demand for products that will help consumers sustain a healthy lifestyle. These include, for example, foods that are rich in protein and fibre, but are low in fat and sugar. Finally, there is a greater demand for convenience products which are easy to consume on-the-go. These trends represent the focal point of our dialogue with clients. Our products and services are therefore strongly positioned to help our clients develop more natural, healthy and nutritious food that will fulfil their customers' needs.

Specifically, how does Chr. Hansen work with its clients to address these trends?

Modern food companies are often very knowledgeable about their customers and the markets in which they operate. They are constantly looking for ways to improve supply and production methods to enhance product positioning and appeal to the modern consumer. The major dairy companies, in particular, generally deliver on the 'natural, healthy and nutritious' trends and the sector as a whole has a strong reputation for meeting customer needs. For Chr. Hansen, we have to make sure that we always bring value-added expertise to the table. This means understanding our clients' production and supply chain requirements and providing them with insight into how they can utilise our cultures and enzymes to add value to different food categories, build better product portfolios and ultimately, create value for their customers. We also provide knowledge about specific technologies, and advise on international expansion strategies.

Personal Profile

CHRISTOFFER LORENZEN

- 38 years old;
- Married to Maria; three boys aged 1, 4 & 6;
- MBA from Copenhagen Business School, specialising in International Marketing and Management;
- Previously lived in UK, France and the USA;
- Joined Chr. Hansen in 2008 and has fulfilled various Sales and Marketing roles;
- Current role is Senior Vice President Commercial Development with responsibility for the Cultures & Enzymes Division;
- Prior to joining Chr. Hansen, held business development and strategy management roles with H. Lundbeck A/S culminating in Director of Corporate M&A and Strategy;
- Member of the Board of Hamlet Protein A/S, owned by Polaris Private Equity.

Is the Chr. Hansen service therefore less about a focus on cost?

Not at all; our focus is to always make sure we work collaboratively with our clients and we believe this naturally leads to cost savings. At the end of the day, our continued relevance as a company is based on the fact that we can build lasting partnerships with clients to develop products for end-users.
Our collaborative approach, whereby we integrate with the production, procurement and marketing functions of our clients in order to ensure that we develop the right concepts and transform the desired end-product into a production-oriented solution, actually allows us to communicate to the market exactly why our products are different to others available. We have a multi-step process aimed at reaching the best technical solution for the customer. This includes idea generation, product testing and joint analysis of the results.

> "One of the main challenges moving forward is finding ways to strengthen our position in growth regions such as Asia and Latin America."

How does the business maintain a high visibility in the market?

A huge source of inspiration for us is the dialogue we have with our clients and maintaining these dialogues, we believe, helps to continuously raise the profile of the Chr. Hansen brand around the world. The majority of businesses in the food industry, and dairy companies in particular, still operate at a local or regional level. This means that the industry as a whole is fragmented and there is no consistency in category leaders, which are usually different from one country to the next. Global leaders such as Danone, however, typically have a dual approach which consists of global brand strategies and locally-adapted brand strategies. Like Danone, we like to think of ourselves as being global and local at the same time. We are global in the sense that we have a global presence, operating in thirty countries, and local, because we work collaboratively with a variety of local dairy businesses every day.

Moving forward, how does Chr. Hansen plan to develop and improve its business model?

One of the main challenges moving forward is finding ways to strengthen our position in growth regions such as Asia and Latin America. A key part of this is identifying the key consumer trends in these markets and then learning to adapt our products to meet the needs of potential clients and their customers. It is Chr. Hansen's ambition to gain a greater presence in local markets around the world and get closer to our customers, but in order to achieve this we have an important journey ahead of us in terms of supporting the development of affordable solutions for emerging markets while ensuring that our solutions are aligned to the supply chains of potential clients in those regions. Our vision has always been to help our clients improve the quality and healthiness of their products for the benefit of consumers and we believe we are already strongly positioned to continue to help our customers to meet these expectations and develop high quality products for consumers all over the world.

Market snapshot

DENMARK

As world trade regains momentum and confidence improves, Denmark's economy is also on the road to recovery.

A decline in North Sea oil and gas production has been a significant factor in the country's slow GDP growth, but this is expected to increase by 1.7% in 2015.

However, a rise in consumer spending is predicted to boost the country's economy. Despite high household debt and fragilities in the financial sector, the economic conditions are in place for an increase in domestic demand, which has been supported by low interest rates, wage growth and improved labour market conditions.

The employment outlook for Denmark has remained positive: 29% of Danish executives expect job growth during the early part of the year which would ease unemployment rates, which fluctuated throughout 2014.

International expansion returns to the fore for Spanish companies

Spanish companies are realising that the geographical centres or even the customer segments and products where they may have focused on developing their capabilities and talent pipelines in the past are quickly becoming obsolete. This has forced those companies to reassess operating structures and in many cases led them to seek growth in overseas markets. >>

We recently conducted a survey of senior leaders at Spanish companies, asking them about their approaches to overseas expansion, as well as their perceptions of its associated risks and opportunities. Below is a summary of the key findings from our research.

- All of the companies in our survey indicated that they were planning to increase investment in international expansion over the next three years.
- In the main, those companies also highlighted that international expansion would essentially drive business growth during that time. Almost 60% of respondents confirmed that this was either 'very' or 'completely' true of their business.
- Emerging market countries were very much high on the expansion agenda.
- The most popular region for expansion was Asia, with 53% of respondents indicating this was a primary destination for future growth.
- Latin America (45%) was another popular region identified by respondents, with 24% specifically focusing on setting up operations in Brazil and Chile (19%).
- With India and Russia also both receiving 6% of respondents' votes, BRIC countries in total were the target for 65% of the companies surveyed.
- North America and Canada (30%), Africa (24%) and Western Europe (24%) were also cited as key geographical areas for future growth. Within Europe, Germany (12%) in particular, was a key target.

Top 3 Asian countries

COUNTRY	%
China	29
Hong Kong	12
Singapore	6

- The key drivers behind international expansion into these regions, cited by respondents, were mainly around the fact that these markets represented the most potential for growth.
- This potential is apparent, according to respondents, in the high per-capita consumption and young populations present there, as well as, in some cases, the possibility for setting up low cost, specialist production facilities.

- Interestingly, over 90% of companies admitted that the recent financial crisis had either 'moderately' or 'significantly' impacted their international expansion plans.
- Today though, most companies were confident enough to indicate that they were either moderately (40%), very (33%) or completely (7%) sure plans to grow outside of Spain would now succeed.
- The approaches to international expansion were fairly consistent. For example, 80% of companies explained that thoroughly understanding the market of the country or region they were entering was the main priority.
- Getting talent requirements right was also considered important. This was a combination of identifying and attracting local talent (60%) as well as utilising expats and making sure adequate senior management is in place on the ground (47%).
- Other priorities included cultural assimilation (40%) and understanding costs (40%).
- Finally, respondents to our survey highlighted that they relied primarily on the trusted advice of existing customers (70%), when exploring opportunities overseas. Management Consultants and Trade Bodies (33%) were also important sources of information. Market research (67%) was considered sensible and reliable.

REGION	%
Asia-Pacific	53
LATAM	45
North America/Canada	30
Africa	24
Western Europe	24
Middle East	12
Eastern Europe	6

#	TOP FIVE BIGGEST RISKS ASSOCIATED WITH INTERNATIONAL EXPANSION	%
1	Local regulation / bureaucracy	63
2	Insufficient market knowledge	61
3	Currency fluctuations	47
4	Geopolitical risks	43
5	Finding the right local management, staff, partners and suppliers	40

FURTHER RESEARCH

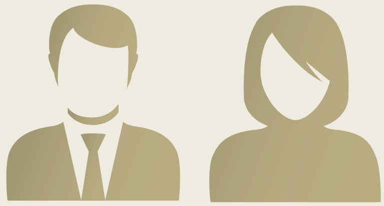
As companies expand across the world, and into emerging economies, they need to establish a domestic talent base that can provide them with the necessary knowledge and capability to deliver results quickly. Having a strong team in place before fully entering a market is essential and it is widely accepted that to really capitalise on emerging market growth, businesses must seek to recruit and nurture local talent first and foremost. Building teams made up of local talent however is difficult. Not only is local talent in emerging markets rare, particularly at the senior executive level, but competition to hire the best people is very high. A combination of expatriates and local talent is always the most desired solution for businesses but an over reliance on expatriates is also costly and not conducive to long term strategic growth.

The companies that have been most successful in building capability in emerging markets are the ones who have been savvy to the new era of migrating talent. They have implemented operational changes while maintaining a global, omnipresent culture which transcends borders and has at its heart a set of values and objectives that are universally respected. These businesses have been able to attract truly multi-cultural talent that is highly skilled, highly mobile, multi-lingual and with an intrinsic understanding of the new 'global landscape' of employment. Being able to attract this kind of talent is only one aspect however. Developing talent is also important and international companies are now competing to retain employees not only against other international rivals but also domestic players, many of whom now compete with the established multinationals.

In a forthcoming research project that will be published as a report later this year, Nigel Wright will explore how consumer businesses are taking advantage of the new era of talent migration to get ahead in emerging markets. The research will involve interviews with senior talent executives from major consumer brands and will explore what strategies they are adopting to ensure they attract, hire and retain the best global talent for their overseas operations.

Spanish expansion survey

BACKGROUND OF RESPONDENTS



- Over 100 senior decision makers at leading Spanish companies took part in the survey;
- Company sizes ranged from 100 employees to over 5,000 and turnover between EUR 10million to over EUR 500million;
- 50% of company global revenue was already accounted for, outside of Spain, by 40% of respondents;
- The current top five overseas locations were USA (82%), Germany (71%), UK (70%), France (65%) and the Netherlands (62%).

A closer look at France

Strategies for overcoming difficult market conditions

The French employment market continues to perform poorly compared to its peers in Europe. While other countries are experiencing market momentum following years of instability and stagnation, France's woes only seem to be deepening. >>

Unemployment is now at its highest level in 15 years and economic growth projections suggest that the favourable conditions required for significant job creation are not on the horizon.

Additionally, the cost of labour, the 35 hour working week and the officious French Employment Code continue to make life extremely difficult for French employers seeking to increase their workforce. The economic situation, together with these additional factors, could have a major impact on the future availability of talent in France.

In the first instance, talent is increasingly globally mobile and we are already rapidly losing a plethora of excellent candidates to other countries. Furthermore, there is a lack of young people entering the labour market, as well as getting the necessary experience and stability associated with working in permanent positions. Temporary and short term contracts now make up 13% of the overall workforce and only 20% of temporary workers now gain a full time position after a year in a temporary role.

Together with the imminent increase in the number of people reaching retirement age in France in the next few years, the already small talent pool could effectively disappear in the very near future. It is vitally important therefore, for French companies seeking to grow their workforce, to make sure they are recognised as 'employers of choice' within this tightly controlled and highly competitive market for talent.

The 2014 LinkedIn Talent Trends report confirmed that a company's employment brand is a key factor in persuading people in France to consider changing jobs. Interestingly, company reputation for great products or services and for hiring great people, were also 'above the global average' reasons for tempting people away from their perceived security in the French market. Other factors that would further influence passive candidates include remuneration, better work life balance and opportunities for advancement.

Indeed, according to the report, the importance of job security is relatively low in France compared the rest of Europe and around 50% of those in employment are open to talking to recruiters. So, although 'loyalty' is heralded as the one truly positive factor for French employers today, French professionals are still very open to new opportunities and, for the right offer, will move.

As a specialist provider of talent solutions to the French consumer industry, Nigel Wright is extremely cognisant of the types of skills businesses operating within the broad industry require today to remain competitive. The consumer industry could be perceived as a beacon of hope within France. France's FMCG industry experienced growth of 2% during Q2 2014, yet to maintain this tenuous upward trajectory, companies within the sector need to address changes in consumer behaviour successfully.

Focusing on innovation, customer value and trends such as health and wellness is essential. Companies must also react to the rising importance of digital connectivity, which is increasingly an integral part of the lives of older as well as younger people. Having a deep understanding of category dynamics will help companies overcome difficult market conditions and to gain that understanding they must utilise insight to profile and segment customers and be agile when developing targeting strategies. Consequently, R&D, NPD, digital marketing, customer insight and category management profiles are in high demand.

During the last 12 months Nigel Wright has worked on numerous recruitment campaigns seeking talent for these types of positions. Utilising its excellent networks, broad exposure to the French executive talent market and research driven approach, has enabled Nigel Wright to be innovative in terms of how it identifies and attracts the best candidates in the market. Significantly, it has gone to market by selling a different yet compelling proposition to candidates, utilising value added services such as candidate packs and client microsites to help raise awareness of clients' employment brands, through promoting career opportunities and other benefits in addition to the role. This process has been extremely successful, despite the difficult enduring trading conditions.

Manuel Lecugy is the Country Manager for Nigel Wright, based in Paris. He joined the business in November 2014 , bringing over 15 years experience in the French HR and recruitment market where he has predominantly specialised in serving the broad retail, FMCG, distribution and luxury goods industries. Nigel Wright France works with a broad range of domestic and international clients across Europe, Middle East and Africa and Asia.

To find out more about Nigel Wright's services within the French market, please contact Manuel Lecugy at manuel.lecugy@nigelwright.com or call him directly on +33 (0) 1 76 73 29 73.

Market snapshot

FRANCE

Last year the French economy made a fragile recovery, experiencing growth of 0.4%. Experts predict that this low rate of growth will continue in 2015 due to low oil prices and the weakness of the Euro.

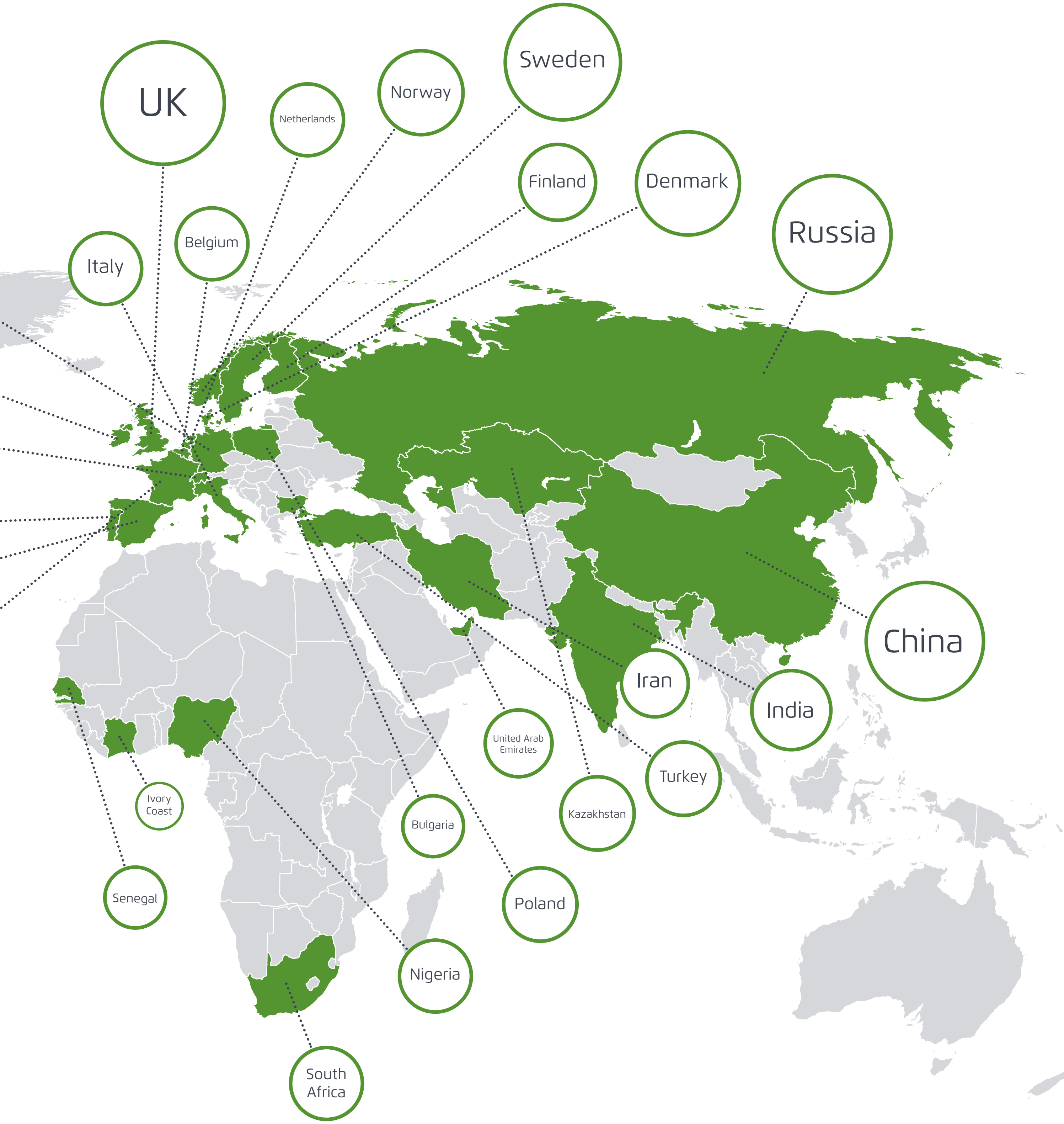
In its attempt to revive the economy, the French government implemented a number of reforms last year, and outlined plans to open up various regulated sectors. In 2015, it also plans to increase the number of businesses operating on Sundays. This, according to a national statistics report, is expected to expand the economy by 0.3% in the first two quarters.

It is doubtful that these factors will make an impact on unemployment however, which rose to its highest level yet in Q3 2014, a record 2.8 million. Businesses are also expected to hold back on implementing major investment plans until conditions change.

Extending our reach

Nigel Wright Group regularly fulfils recruitment assignments for clients around the world. >>

In the last 24 months it has won retained work in all six continents, across 30 international territories. Many of Nigel Wright's international clients have planned for the future by seeking to achieve long term growth in emerging markets. As a result Nigel Wright has been instrumental in assisting clients build new business units in key strategic markets such as Asia, the Americas, Africa and the Middle East. Nigel Wright now has dedicated teams responsible for the EMEA, Asia-Pacific, US and Latin American regions.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Belgium
Italy
China
Iran
India
United Arab Emirates
Turkey
Kazakhstan
Bulgaria
Ivory Coast
Senegal
Poland
Nigeria
South Africa

Featured interview >>

SARAH DOYLE, BRAND DIRECTOR AT EAT.

Making the local connection

EAT. is a leading brand in the £3billion specialist food and coffee ‘to go’ market. It sells a wide range of soups, hot pots, salads, toasties, sandwiches, baked goods and coffee, which are freshly prepared in-house by EAT. each day. >>

We caught up with EAT. Brand Director, Sarah Doyle, the woman behind the recent brand repositioning and launch of its flagship store on the Strand in 2012. She tells us about the process behind the rebrand and how EAT. is developing its concept in an increasingly competitive market.

It’s almost three years since you joined EAT. What was it about the role and the organisation that attracted you to the opportunity?

Quite frankly, it was my dream job. It's really important to me to work with brands that I connect with and EAT. is a perfect example of that. Prior to joining EAT., I worked just off Regent Street at the Digital Property Group and I always remember a colleague of mine returning to the office one day with a noodle soup which he had bought at the EAT. on Golden Square. I had previously never come across the pho soup concept before and I was immediately intrigued. I left the office that instant to get myself one and since then, I've been a real loyalist to the brand. When the job came up, I knew I had to go for it. It was also attractive because it was an opportunity to completely reposition a brand. It's been a really good fit; I'm genuinely passionate about the EAT. philosophy and food and I think the way I operate also fits well with how the business operates. I feel like I've found my natural home.

What were the biggest challenges you faced when you first joined and how did you overcome them?

Transitioning from FMCG into retail was the biggest challenge for me personally. My FMCG background allowed me to bring discipline and process into the marketing operation, particularly around driving a customer insight led approach, as the business gradually moved away from its founder-led, entrepreneurial phase. The challenge for me was to move my focus away from marketing single product or category brands, which I had done throughout my career in FMCG, to instead marketing a whole in-store experience. It involved me thinking, for the first time, about how the brand felt to customers when they walked into a store; so how the fridges looked, how the food looked in the fridges, what the floor was like and crucially, how good the customer service was. I had to broaden my knowledge as well as my network. In the past, I had always relied on planners in ad agencies and packaging designers, but now I had to get help from architects and interior designers – people I had never previously worked with. I had to really push myself, but I also had great support from Niall and Faith MacArthur, the founders, who had been working in this industry for over 16 years.

Niall and Faith are still involved in the business. How much influence do you ultimately have over the brand?

Having started out directing the marketing of the EAT. brand, last year I took over the food

Sarah Doyle

and menu development from Faith and so now all aspects of the customer offer sit within my area. Both Faith and Niall have moved to non Executive Directors of the business and are there to support where needed. As a marketer it's a gift to be able to work with the people who launched the brand and are able to inspire with the founding principles, so I take every opportunity to discuss and share ideas for the brands' development with both of them. They started and ran a business on the basis of being true to a set of beliefs around good, fresh, uncomplicated food and so my job is to interpret that and present a fresh and relevant view of it in 2014 and beyond. They have also founded a business that is dynamic and innovative and this is one of the key aspects of the brand that we aim to retain and continue to build in how we work and also what we do.

Which achievements or milestones are you most proud of so far?

The launch of our new brand concept was done simultaneously with the opening of our new flagship store on The Strand. I started in the role in March 2012 and we launched, successfully, in November that year. We moved really quickly and worked hard to achieve it, but I can now proudly say I was the person who led the process to bring this new brand identity to life. It's any marketer's dream to have led that significant a brand transformation; so obviously I'm most proud of that. The emotional truth of the brand remained the same, but everything else changed. We put in open kitchens, self-service bakery tables, changed the colour scheme, uniforms, recruitment and training processes and principles and moved from static menus to using digital menu boards. Despite the big upheaval, I believe we now have a new concept that is a massive step change from where the brand was before, but ultimately rooted in what the brand has always been about. The speed at which we worked, as well as taking risks like investing in the digital menus, despite not being able to demonstrate a business case for us doing so, was exciting. That intuitive approach is the main reason why I love working in the business and I suppose I'm proud of myself for successfully making the transition into that type of working environment; as I said, I think it suits me.

absolutely the right place to be. Some days I'm writing a three year strategy and other days I'm responding to a customer tweet, because everyone else is in meetings. I love the variety, but some wouldn't. That's not to say that I'm not learning and developing, however. I've come into this brand and business with limited retail experience, so in the last two years I've been taking every opportunity to learn from those around me who have spent years in this industry across various sectors. I can now just about hold my own in a conversation about LFLs or NSOs.

How are you developing the brand concept?

Once the rebrand concept was established and we had decided what the brand would look like, the next challenge was getting people to connect with the brand, beyond the store. So, we set up a communications agency pitch process and selected Brave to help us with that. They'd done some really compelling work in the past, including Green & Blacks and Ecover, and they truly got our brand and felt as passionate and committed to it as we are. They also demonstrated that they could do big thinking with small budgets. We don't go for the big brand approach to advertising but rather focus on making the local connection. It's important, therefore, that we help customers engage with our brand in a way that is relevant to them and the geography they're in. Our main focus now is to finish rebranding all of our 113 stores; we've currently done 75% of them. After that, we'll start thinking about opening new stores.

As it grows, how will you ensure the entrepreneurial spirit and agility of the business is maintained?

There are a lot of examples in the market where companies introduce greater discipline but then completely lose the momentum and responsiveness behind the brand. I'm very conscious of this and don't want to be responsible for bringing in marketing disciplines and project management tools that ultimately stifle our dynamism. For me, the dynamic nature of this business is something we need to nurture and cherish. That means holding on to that risk-taking ethos and making sure that our people are not afraid to fail. Crucially, we do this by bringing in people who fit into this type of organisational culture. So, generally, we like people who are confident, decisive and like to take risks. From a marketing perspective, I look for intuitive marketers, like myself. People who recognise that marketing is part art, part science, but who are more inclined towards the emotive art of marketing, rather than the absolute detail of the numbers. I believe that consumers are largely emotive in their decision making, so we need marketeers who really get the importance of making that emotional connection with customers, through the brand. People are our biggest asset; so making sure that we're recruiting the right people and that we're inspiring them, incentivising them and rewarding them in the right way, so that they're connected to our brand and its success, is of utmost importance.

> "The launch of our new brand concept was done simultaneously with the opening of our new flagship store on The Strand."

What advice would you give to other 'blue-chip' marketeers considering moving into small entrepreneurial businesses?

You have to be happy to be your own boss and operate at all ends of the functional spectrum, from strategic thinking through to general dogsbody. I don't have a big team and am generally the sole expert in my area. So, if you're not concerned about hierarchy and enjoy learning in other ways rather than just developing your own functional skills, as well as making a difference on a personal level, rather than influencing lots and lots of layers of people to drive change, then it's

As well as Pret a Manger, who else do you consider to be a competitor? How do you truly differentiate yourselves from your competition?

Our competitive environment is massively different to what it was when we launched 16 years ago. Today, we have a very broad competitive set which includes everyone from Tesco through to Costa Coffee and Pret a

Manger, as well as Subway, Wasabi, Itsu and the local guy who has just started selling deli sandwiches on the corner of Fleet Street; and of course, the street markets. Despite this, we believe we have a clear sense of difference in the market. This revolves around the quality and variety of our food, particularly our hot food menu, and the fact that the recipes are all developed and made by us and then served fresh to order. A lot of our competitors are choosing to pre-portion hot food and display them at the front of the counter where they might sit for a couple of hours before being picked up and eaten. We believe that the flavour and texture of our food is best when served and eaten fresh, so we make a feature of this through our in-store experience and our communication to ensure that customers see the difference.

> "Our competitive environment is massively different to what it was when we launched sixteen years ago."

What brands do you look to for inspiration?

The one that stands out for me in our space is John Lewis. If you talk to any John Lewis customer in the UK, the two words that the majority of people would use to describe the brand would be 'affordable quality'. This is because John Lewis has such a strong sense of purpose and positioning in the market that begins with its founding principle. Its real strength is that the brand starts with the people who work in the business. If you peel back the layers, right at the core of the brand is the engagement of its people. They are true ambassadors for the brand and business, giving the same quality of message and the same sense of what the brand is about, wherever they are in the organisation.

In which areas of marketing do you anticipate increased investment over the next few years?

I think digital and social will continue to be big areas of focus for a lot of brands. There are conversations about brands taking place online all of the time that even the most experienced marketers won't even know about yet. The state of play is much less fixed than it used to be, and people's habits and the way they consume media and advertising are changing all of the time. The pace of change is just phenomenal; and also liberating in terms of people's ability to engage with other people and also with brands, anywhere and anytime. So, as a brand, the challenge is how to ensure that you are in relevant places and part of relevant conversations.

How do you keep yourself busy outside of work?

I've got four kids, so between work and home that's pretty all consuming. The food industry has a particularly close knit community and its fun to catch up with old work colleagues over a glass of wine whenever possible. Working in central London makes this fairly easy. Other than that, I now do personal training a couple of times a week. I run a food team and they will tell you that the minute a box of samples turns up in the kitchen; I am the first person with my nose in it. It's all research, of course, but it's meant I've had to work at losing the stone I gained when I joined the company!

Market snapshot

UK

2014 was a mixed year for the UK economy. Although unemployment fell slightly and GDP grew by approximately 0.7% in Q3, business investment on the whole actually declined. Britain's current account deficit matched a record high in Q3, due to the low returns on foreign investment, which in turn devalued the pound.

Although the UK's recovery is looking increasingly unbalanced, the economy is still expected to grow by approximately 3% in 2015. This will largely be driven by consumer spending, which has the potential to pick up further in the first few months of 2015.

UK firms also accelerated recruitment efforts at the close of the year with a greater number of UK firms making permanent appointments. This certainly suggests that economic growth for 2015 looks sustainable.

Despite continued political instability in Iran, Nigeria and Turkey consumer demand continues to grow

Historically, emerging markets have always been commercially attractive geographies for multinational companies (MNCs). >>

Certainly, for the last 50 years at least, gaining access to low cost production and cheap labour have been the major motivations behind companies establishing manufacturing facilities within emerging markets states.

Today, however, the economic environment across the developing world is rapidly changing. Factors such as impressive GDP growth rates and burgeoning young populations are adding to the appeal of emerging markets, whereby many MNCs are racing to establish regional headquarters in developing countries that were previously only targeted as part of a low-cost country sourcing strategy, for the reasons outlined above.

Significantly, the countries that are increasingly appearing on the investment radar are those that in many ways continue to occupy a negative space within the Western consciousness. These are states that are associated with political and religious extremism, government corruption, virus disease epidemics or with having anti-liberal or non Western values.

Turkey, Iran and Nigeria are three such countries, yet some of the current growth projections for these traditionally contentious states mean that the economic pendulum continues to swing in their favour. Certainly for Iran and Nigeria and less so for Turkey, this may have seemed inconceivable five years ago, but today it is helping change people's perspectives of their future potential to become fully integrated and participative in the global economy.

In this article we explore the potential for growth within Turkey, Iran and Nigeria amidst the enduring unstable political environments that exist in, or around, those territories, focusing in particular on the burgeoning FMCG industries. Experts currently operating in these markets give us their views on the potential for FMCG to help real growth actually take root.

TURKEY

Since March 2013 Turkey has been at the forefront of world events for all of the wrong reasons: large scale and violent demonstrations took place in Istanbul in opposition to the government's proposed redevelopment of the City's Taksim Gezi Park. These demonstrations have essentially continued up to the present day; bar a three month period of relative peace during the summer months of 2013.

The proposed destruction of Taksim Gezi Park became symbolic of the government's perceived wider agenda to remove basic rights and privileges increasingly enjoyed by Turkey's liberal, secular population. This included limiting the freedom of the press, freedom of expression and assembly, as well as introducing policies which encroached on Turkey's secularism.

Despite the frequent and violent demonstrations in Turkey, Prime Minister Recep Tayyip Erdogan and his ruling AKP party remain in power, retaining control of Turkey's two biggest cities, Istanbul and Ankara in the regional elections in March, and increasing its share of the vote in the national elections that took place in August. Turkey's economy grew by 4% in 2013 and generally growth has been constant for more than a decade.

Very recent developments in Turkey's political sphere, however, including the government's decision to reorganise the judiciary and restrict use of social media websites, have led financial experts to point to the potential long-term negative impact this could have on Turkey's economic future.

Spanning Europe, Asia and the Middle East, Turkey has become an increasingly important regional hub for many FMCG companies due to its obvious geographical advantages. Its dynamic economy, solid infrastructure and highly competitive tax breaks, alongside the fact that half of its population of 76 million are under the age of 28 has attracted some of the world's leading brands to Turkey. Nielsen statistics from the end of 2013 placed Turkey as having one of the fastest growing FMCG markets in Europe, with a year-on-year sales growth of 11.6%.

Since the beginning of the global financial crisis, Turkey has increasingly become a strategic geographical target for MNCs seeking to reinvigorate growth in the wider EMEA region. Two critical reasons for this are that Turkey represents access to low cost labour and production and with strong trade agreements and cultural ties with Europe, the Middle East, North Africa and the Central Asian regions, also offers MNCs access to a significantly greater pool of potential customers.

According to Senior International Consultant Eylem Emiroglu:

'This is a particularly troubling political period for Turkey which is probably more exasperated in the immediate aftermath of the presidential elections. However, suggestions that Turkey will be the 'next Egypt' are ill-informed. The recent riots in Turkey have been in response to Erdogan's authoritarianism combined with his perceived disregard of secular rights, freedom of speech and for preserving the natural environment. Yet, the Turkish economy remains stable and therefore it seems unfair to assume that the current period of political turbulence will negatively impact Turkey's long term economic future.'

NIGERIA

You can't turn on the TV or read a newspaper today without reading about horrific stories emerging from Nigeria. Recently, they include the nefarious activities of the terrorist group Boko Haram as well as the rapid spread of the Ebola virus.

Nigeria remains, however, a country with huge potential. It has a young and growing population, currently around 170 million people. Its GDP is growing and a greater number of the population are earning more and climbing the social ladder as a result. There is an abundance of new businesses being established; new construction projects are taking place in the cities and significant improvements have been made to the country's infrastructure.

Its FMCG manufacturing sector is also the largest in West Africa and one of the fastest growing on the continent. Demand for 'made-in-Nigeria' products, and in particular food, has been a significant reason behind this. At the same time, multinational companies are continuing to establish and expand their presence in Nigeria, catering for local demand for international products, as well as using Nigeria as a hub to export into the wider region.

According to Matthieu Seguin, Commercial Director at Coca Cola Amatil Nigeria:

'Terrorism and disease have become global challenges and Nigeria is one of many countries in recent times that have been affected by them. As both local and international security institutions continue to effectively combat these challenges, businesses and communities, as well as individuals, must remain vigilant and always bring to the fore, issues concerning their security and health. As a business we operate in 70 locations across Nigeria and we are proud of our local presence. We continue to work hard at ensuring the safety of our people.

Every day there is a good event and a bad event but if you spend all your time fire fighting, you will fail. It's not rocket science. As I've said, there are also lots of opportunities here, particularly in the North, which is the fastest growing region, so you need to be firm and clear about what your priorities are – agree to a plan and stick to it. We are very proud of our 62 year presence in Nigeria and for me it stills feels like the right place to be from a professional standpoint.

I have a huge amount of respect for Nigerians; everybody here wants to help you and there is a positive energy that runs throughout the country. At Coca-Cola we want to try and capitalise on that state of mind'

IRAN

During the two term presidency of Mohammad Khatami, between 1997 and 2005, economic prospects within Iran were good. Khatami, who was a progressive and moderate leader, supported the free market, was favourable to the West and consequently successfully increased foreign investment in Iran.

The country's economic prospects stalled however in 2005 when Mahmoud Ahmadinejad came to power. His conservatism, as well as his refusal to suspend Iran's uranium enrichment programme, resulted in the beginning of a new era of austerity as the USA and its allies imposed new trade sanctions on Iran, essentially crippling its economy.

Last year's presidential election signalled the end of Mahmoud Ahmadinejad's two terms as Iran's sixth President, after the revolution, and heralded a potentially brighter future for the country, under new leader Hassan Rouhani. Rouhani is another moderate with aspirations to end the sanctions and help Iran re-engage with the global economy.

A year into his Presidency however, signs of the economic improvement promised are still few and far between. Despite preliminary negotiations with the international community and tentative fact finding missions by foreign companies, nobody is making a substantial step towards increased economic ties between Iran and the rest of the world. Plans to end its nuclear programme were also still unresolved, following negotiations that took place in May.

Furthermore, conservative opposition to Rouhani, although significantly depleted following his successful election, remains vocal in Iran. They include hard-line members of parliament, Commanders of the Islamic Revolutionary Guard, members of the clergy as well as other broader conservative interest groups in the ruling elite. Their refusal to back Rouhani makes his project for radical change ever more complex.

> "According to Senior International Consultant Eylem Emiroglu, the Turkish economy remains stable and therefore it seems unfair to assume that the current period of political turbulence will negatively impact Turkey's long term economic future."

Despite this, Iran has a number of positive attributes that are hard to ignore. 65% of its 78 million population are under 30; inflation slowed to a two-year low in February and the International Monetary Fund forecast the economy will expand for the first time in three years in 2014. Its food industry is valued at $77 billion and growing and its apparel market is the second biggest global market for Muslim clothing, behind Turkey. Iran was also the most popular place for Muslim tourists in 2012, an industry estimated to be worth $18.2 billion.

According to Dr. Alireza Azimzadeh from Persia Associates:

'Eighteen months ago many multinationals did not even dare to bring up the name of Iran, but now they're talking about it. You have to take notice of a country that is in the top ten, globally, for mineral wealth. It also has one of the youngest populations in the world and 60% have access to the internet, the highest in the region.

Demand from our young population for the FMCG products they see on TV, online or from relatives living overseas is only going to increase. Health and beauty and fashion products have really been at the forefront of consumer demand and now, there is a greater push for the latest 'high-tech' telecommunications products too. The internet in particular is certainly helping people to discover new things all of the time, whether it's related to personal hygiene, mobile phones, soft drinks, cosmetics - demand will just keep on growing. The Iranian mentality is very much about spending money on the latest and best products.

Because of the initial six month period of restricted investment set in January to allow Iran time to curb its uranium enrichment activities, and subsequent extension of that period by four months in July, there are still currently no concrete plans in place for outside investment. There won't be any real momentum until after November 2014. Companies have definitely shown a great deal of enthusiasm about working with Iran again though, and post November, when trade really begins to gather momentum, there will be more products available and consumers will also have more buying power.

There have been some really positive developments too including a modified tax law, allowing foreign ownership of Iranian companies and relaxed labour laws that benefit employers. There is a clear drive, basically, to make Iran a more business friendly country for both international and domestic companies. First and foremost, the possibility in working in Iran is very great. It's likely that we will have a huge business boom in the country for the next three to five years, in all sectors, not just FMCG. But retail and FMCG certainly has the most potential to grow rapidly'

At Nigel Wright, our clients are increasingly asking us to fulfil recruitment assignments in Turkey, Nigeria and Iran, as well as other high potential emerging markets. To discuss how we can help you build capability overseas, please contact Eylem Emiroglu, Senior International Consultant, for a confidential discussion at **eylem.emiroglu@nigelwright.com**

Featured interview >>

JÜRGEN SCHMITZ, COUNTRY DIRECTOR CONSUMER IMAGING GROUP (CIG) AT CANON GERMANY

Focusing on the benefits of Canon

Canon, the Japanese multinational corporation, is a leading provider of consumer and industrial imaging products and solutions around the world. Its products are diverse and include optical and medical applications, cameras, camcorders, photocopiers, steppers and printers. >>

Nigel Wright caught up with Jürgen Schmitz, Country Director at Canon Germany, to talk about the latest trends and challenges in the global imaging market.

Could you tell us about your career to date with Canon as well as what your current role entails?

Certainly; I joined Canon in 1998 as a Product Marketing Manager and held two further marketing positions before 2007 when I was appointed Country Director (CIG) for Canon Deutschland, the division responsible for marketing consumer devices across the EMEA region. I held this position for almost three years before moving into an international role within the Group, as Account Director for Europe. In 2012, I moved back into the German business to resume my role as Country Director (CIG). This is an exciting role with both domestic and international responsibilities, including customer strategy as well as sales and marketing support.

What initially attracted you to the opportunity at Canon? Why should other people consider joining the business?

When I joined Canon it was, and still is, the world's leading manufacturer of imaging products. For that reason alone, it is a very attractive organisation to work for. Today, there are still significant market opportunities for Canon to continue growing its product portfolio and, consequently, the business can offer very broad and exciting careers at both a domestic and international level. From an organisational perspective, the culture at Canon is open, collaborative and results-oriented, which again, are attractive attributes for a company to have in today's business environment.

How does Canon ensure it stays ahead of the competition?

The business consistently invests in research and development which means that we always have a healthy pipeline of new products and services entering the market.

Jürgen Schmitz


PowerShot G1X
Mark II
ON/
OFF

We understand our customers and the markets in which we operate, and as such, always make sure we're ahead of our competitors. Our portfolio is comprehensive and both B2C and B2B customers find a number of useful applications for our products.

Traditional cameras now compete with a variety of new imaging products such as smartphones and tablets. How has Canon responded to this new competitive environment?

As the digital imaging market has evolved there has been a greater demand from smartphone and tablet users for better quality images and software. Ultimately, in seeking better quality, those customers are increasingly coming into contact with Canon cameras, photo printers and other solutions such as Canon Irista, a web-based image hosting and sharing site. So, I think the different tools and devices available actually complement each other quite well.

> "As the digital imaging market has evolved there has been a greater demand from smartphone and tablet users for better quality images and software."

The retail market is also changing rapidly. How is Canon evolving its sales and marketing channels to better serve its customers today?

The future is very much focused on developing a robust multi-channel strategy to serve customers. With electronics, most customers still seek out product advice and test products in-store prior to purchase. Increasingly though, purchases are either made in store or online; essentially, customers can choose what is the best solution for them. It is therefore very important for brands like Canon to create 'worlds of experience' across a multitude of on and offline channels, to provide customers with the necessary information they need to satisfy their individual needs during the purchase process.

Market snapshot

GERMANY

Germany grew at a modest rate in 2014. The economy narrowly escaped recession in the third quarter, recording growth of 0.1% after shrinking by the same amount in quarter two. The main cause for the slow rate of domestic spending in Germany last year was poor consumer confidence, which is undoubtedly related to the negative developments affecting the Eurozone and the world economy in general.

Conditions are expected to improve gradually in 2015, with analysts anticipating quarterly growth to be around 0.3-0.4%, resulting in full-year growth of 1%. Private consumption and investment are expected to make the main contributions, as well as exports, which held up relatively well in 2014.

Unemployment rates are also at a multi-decade low for Germany and this, in combination with falling inflation, has pushed up real wage growth, which is growing at a slightly faster pace than the euro-zone average.

Many companies in the consumer electronics industry are moving away from promoting the technological benefits of products to highlighting the lifestyle benefits. What are your thoughts on this development?

The emotional appeal of products is certainly the right way to initially activate consumers today, but I believe marketing the actual benefits of the product to the consumer should always be the priority. If the benefits are not properly communicated, whether the product is a piece of hardware or a service, then it will not be accepted by the consumer. So, we are always trying to optimise the way in which benefits are articulated while simultaneously drawing out the associated lifestyle of the end-user, in our marketing.

John Stapleton

FMCG Entrepreneur and Co-Founder of New Covent Garden Soup Company and Little Dish

John Stapleton, a seasoned FMCG entrepreneur, chats to Nigel Wright about his experiences growing and then selling New Covent Garden Soup Company (NCGSC), as well as the learnings he has gained in his career since then, in the USA with Glencoe Inc., and through his current venture, Little Dish. >>

First of all, what's the story behind your involvement with Little Dish?

I first came across the idea of quality, healthy meals for young children in 2003 when I was consulting to a small food business in London and assisted them selling pureed organic meals for toddlers at farmers' markets. I thought this was a really interesting concept and I continued to research and explore that area. Significantly at that time, Jamie Oliver began his high profile media campaign promoting healthy school dinners, and suddenly it seemed everyone in the UK was talking about children's nutrition. There was also a continuing growing consumer demand for ready meals, as people increasingly claimed to lack the time and the culinary skills to cook from scratch. In late 2004, through further assignments as a consultant, I was introduced to Hillary Graves, an American who had recently moved to the UK to establish iVillage.com, a lifestyle website aimed at women. One of the things we talked about during that first meeting was children's health and the increasing pressure on mothers, in particular, to give their children healthy, nutritious food. We reconnected again in 2005, and during the six months since we last met had independently considered the opportunities emerging in the infant nutrition space. We brainstormed some ideas and finally came up with Little Dish, which we officially launched in 2006.

What were the main challenges you had to overcome during the early stages of development?

Growth was actually quite slow during the first two years and one of the main reasons behind this was the 'guilt complex' associated with ready meals. There was a genuine sentiment and concern from mothers – our potential customer base - that by not cooking and preparing food from scratch, you were perceived to be a "bad mother." We had to work hard, therefore, to reassure consumers that it's absolutely fine to provide your children with Little Dish products because they're specifically designed for a child's health and development, with no added salt and sugar, good quality ingredients and protein sources. Another benefit of Little Dish that we promoted to the market was that meals

John Stapleton

are convenient and easy to prepare and as we supply a wide range, it is guaranteed that amongst the choices, your child will like at least two or three variations – if not many more. Once we were able to articulate these messages and get our customers recommending our products, it became easier for us to build momentum.

Does the health debate continue to benefit Little Dish?

Yes, it certainly does. From day one we've tried to get across the fact that Little Dish is a great way to teach kids good eating habits from an early age. Little Dish also aims to help children generally gain an appreciation for good food. We believe it's important to stimulate a child's palate with a broad spectrum of tastes and textures, so when they get to their teenage years, they're more accustomed to different kinds of foods and are hopefully less likely to want the unhealthy, processed options, which unfortunately dominate youth culture today. Its fine for a baby beyond six months old to eat solids suspended in liquid, so we tell customers not to just feed their children purees out of a bottle, but instead experiment. For example, in our range we have a mild chicken korma, which, believe it or not, kids actually love. This kind of training, if you like, is how we continue to position ourselves in the healthy eating debates.

Where do you actually focus your marketing and advertising investment?

PR is very efficient and effective, but we've found that the best way to generate awareness of Little Dish is to get mothers to talk about our products – particularly online; therefore blogging is key, and we've used sites like

Mumsnet/Netmums to great effect. An offline extension of this has been our community marketing initiatives, where we have used actual mothers as local brand ambassadors. They visit stores and sell the benefits of Little Dish directly to both store managers and consumers. We've also done some TV advertising and sponsorship, which is unusual for a small brand. When, for example, Nickelodeon was banned from promoting "unhealthy" snack foods and drinks in 2006, we approached them and agreed a deal to cover the cost of the ad production while they got a cut of the incremental value generated. It was the only way a company of our size could afford TV advertising and it was great for generating awareness. Furthermore, three years ago, we were the headline sponsor for a Barnardo's backed fundraising walk for children called Big Toodle. Previous headline sponsors have included brands such as John Lewis, so the association has been an excellent way to position Little Dish as a larger player in the market. Our website, newsletter, social media sites and print advertising also all play a significant role in the marketing mix.

What are the ambitions for Little Dish over the next 12 months?

Well, for a start, I'm always asked when we might sell Little Dish and frankly, it would definitely be premature to do this any time soon. We've got a lot of really interesting and exciting plans for Little Dish over the next few years. Firstly, we want to continue to drive distribution gains in supermarkets. We already have a good presence in Tesco, Waitrose and Asda and we're hoping to increase the number of Tesco, Waitrose and Asda stores, nationally, who stock Little Dish. We're also confident that Sainsbury will take us back this year, after we were previously displaced there by a competitor. Furthermore, there is a big opportunity to broaden our consumer base too. We began this process in September 2014 when we launched a new range called Little Dish for Bigger Kids. These are essentially similar meals but in bigger portions, designed for our customers when they've grown up a bit. So, Little Dish now caters for children from the ages of 12 months up to approximately seven years old, and we plan to grow the six to seven year old category further this year. Two other areas that we have perhaps previously neglected are food service and export. So, in terms of food service, many pubs and restaurants today, certainly since the smoking ban, are more child-friendly. We'd love to have branded Little Dish products on the menu in pubs and restaurants or even theme parks and nurseries, in the very near future. The opportunities outside the UK are obviously also very big for us and we're actively exploring other markets in Europe to target.

The food industry has taken some knocks in the last two years, how do you see the sector evolving in light of the recent scandals?

A good way to begin my answer would be to mention the accounting scandal at Tesco and its implications for the industry. Suppliers to the grocery retail sector have been under huge pressure from the 'big five' retailers over many years to reduce margins. I believe that the retailer, the manufacturer and the brand should all make a fair margin, with the consumer getting a fair price and a quality product as a result. Instead, suppliers have been effectively forced by retailers to cut corners in order to make extreme margin reductions. The overinflated profits that have been revealed at Tesco actually shows how the retail industry has tried to control prices to the consumer but also reduce their cost base and this behaviour has been a direct cause of other high profile scandals that have emerged in the food industry in recent years, such as the contamination of beef with horsemeat. If suppliers are forced to cut corners, then mistakes will be made. I sincerely hope this is now all in the open and the industry will be able to focus its energy on creating a fair system that prioritises bringing new value-added products to the consumer, rather than solely focusing on retailer profits. The industry needs Tesco and it peers to lead by example, like they have in the past, by being honest and putting the needs of consumers first.

> "We'd love to have branded Little Dish products on the menu in pubs and restaurants or even theme parks and nurseries, in the very near future."

As an experienced and successful entrepreneur yourself, I'm interested to know what you believe are the key ingredients to ensure entrepreneurial success?

Firstly, I believe an entrepreneur is simply someone who acts on their ideas, rather than someone who comes up with ideas but doesn't attempt to implement them. I think it's also important to position entrepreneurialism as a set of behaviours, rather than a personality trait. The most important behaviour is tenacity, or having the ability to never say 'no, that's not possible.' Being able to manage risk, change and growth are also vitally important. Entrepreneurs are highly effective in high risk, high growth and constantly changing environments. People without these behavioural traits tend to fail quickly as entrepreneurs. My experience as an entrepreneur has always been as a co-founder, and I would certainly recommend that approach to others, as I think it is a very lonely world to operate in on your own. Decision making is never simple; there's never a guaranteed right answer to the problems you face, so the ability to share ideas closely with someone else is incredibly helpful and usually rewarding. You also learn a lot from your partner and develop skills that you previously never had. I would also say that ignorance is often an advantage – especially during the early years. Knowing 'too much' at the start about what you will learn later on can deter people from taking the plunge as the mountain can sometimes appear too difficult to climb. So, enjoy the bliss of ignorance as much as you can!

How do you preserve the 'entrepreneurial' culture of an organisation during periods of rapid expansion?

When you start a business, the concept and brand basically exists inside your head. It's a completely intangible asset that only you truly understand. To successfully build a business though, you will need to develop a team, as well as assemble a variety of other stakeholders. Therefore, you have to quickly learn how to nurture the brand as an entity outside of yourself, by making sure that the brand, the products as well as your team and stakeholders all embody the original vision you had at the very beginning. Selecting who those people are will essentially make or break the business. You've got to be very clear, in your mind, what sort of people you want to surround yourself with. They need to be experts in the skills and knowledge you require, but most importantly they must completely understand the essence of the brand and ultimately have the intuition to make decisions about it in the same way you would, as its creator. But it's your job to achieve this. That's how you create and then maintain an entrepreneurial culture.

> "When you start a business, the concept and brand basically exists inside your head. It's a completely intangible asset that only you truly understand."

What would be the key pieces of advice you would give a privately owned business, considering selling to a larger company?

In my view, you should always try to find a boutique industry specialist. When we initially embarked on selling NCGSC in 1997 we selected Goldman Sachs to run the sale process, because they have a fantastic reputation and are generally excellent at what they do. It didn't work out on that first occasion though, and this was primarily because Goldman Sachs is not a food industry specialist and are also perhaps less experienced at deals of the size of NCGSC at that stage of its growth. The other recommendation I would make is not to rush the process. Most advisors will tell you it will take at least a year, and you should believe them, because to get the absolutely best possible outcome, it will take that long. Once a suitor has been selected, do your due diligence on them (much like they will do it on you) and, in particular, make sure your lawyers check and advise you on warranties, especially if there's an earn-out involved or if your business is becoming a division of another business. Finally, don't get distracted. When I was trying to sell Glencoe Foods in the USA in 2004, my business partner and I became so distracted with selling the business that we neglected putting the effort into running it properly. In this instance, after nine months of negotiations where we genuinely believed a sale was imminent, Bestfoods, the company trying to buy us, was itself bought by Unilever, who then put a hold on all M&A activity. In hindsight, I learnt that it's important to keep investing in your business in the event that a sale might not actually take place.

Have you ever considered life outside of a start-up environment? What would that look like?

When I left the USA in 2004 I moved to Germany, as my wife is German. Due to setting up and growing Little Dish, I have been commuting to London from Munich every week for much of the last seven years. Ideally, I wanted to do a little less travelling and, as such have recently stepped back to a non-executive director role at Little Dish, which has given me the opportunity to focus more on other projects – both in the UK and in Germany. I have really enjoyed this so I now have a number of other NED appointments along with business advisory, guidance and mentoring positions with typically growth-phase businesses. I essentially provide value-added input to businesses who can benefit from the experience I have gained over the last 25 years, building and growing consumer brands in the Food and Drink Industry.

How do you keep yourself busy outside of work?

I've always been very passionate about sports and I was heavily involved in track and field when I was younger. I still spend a lot of time keeping fit, mainly in the gym as well as running and cycling. Living in Munich also means we are only a 45 minute drive from great skiing resorts. My wife and I enjoy skiing and hiking in the Alps as well as visiting various cities in Europe on holiday.

Food Manufacturing Excellence Awards 2014

Nigel Wright Group news

UK

In November, Nigel Wright UK was the official sponsor of the Ambient category at the 2014 Food Manufacturing Excellence Awards, organised by Food Manufacture magazine. The awards take place in London every year and provide a benchmark for those wishing to aspire to world class standards in food excellence.

Managing Consultant Robin Morle, who presented the award to fudge manufacturer Fudge Kitchen, commented: "It was a pleasure to present this award; Fudge Kitchen is a fantastic company which has been hand-crafting their products for over 30 years. These awards differ from other industry awards as they recognise those companies which not only do a great job of creating an outstanding end product, but have perfected the process of manufacturing, which allows them to deliver a superior service."

Consumer division demonstrating impressive customer service results

Nigel Wright measures its customer service performance using the NetPromoter Score (NPS), a global management tool that can be used to gauge the loyalty of a firm's customer relationships. >>

In the company's current financial year, Nigel Wright's consumer division has an impressive NPS of 46%, following submissions from over 600 clients and candidates served by the division during the previous eight months.

The table below shows the NPS for Nigel Wright Consumer's main markets, as well as the overall score for the division. Nigel Wright's Andrew Openshaw commented:

'Collecting valuable customer data gives us a strategic advantage in the marketplace by allowing us to identify any issues and then make immediate improvements across all areas of our business. NetPromoter gives us a really clear and more in-depth idea of how our customers value our service.'

Research suggests that NPS is actually correlated with overall revenue growth and the score achieved by the consumer division this financial year is certainly in line with the heightened demand for Nigel Wright's services in the sector.

Openshaw continued, 'We are always looking for ways to improve scores and in May 2015, when the final year's results are in, we anticipate that the consumer division's NetPromoter score will have grown during that time.'

Division	NPS FY 14-15
Sweden	60%
Norway	58%
Denmark	47%
UK	44%
Spain	39%
Germany	36%
France	26%
Overall	**46%**

Nigel Wright Group news

Research function giving Nigel Wright the edge in the market

Nigel Wright has always considered market research as being an integral aspect of the search and selection process. In May last year, Nigel Wright further bolstered its research capacity by appointing Kerry Jonas as UK Research Manager.

Kerry has enjoyed a 30 year career in strategic research, with experience across the media, business services, recruitment and public sectors. She began working as a researcher in the pre-internet days for a London advertising agency before joining Border Television in 1983, where she led its research team for six years. She moved to the North East in 1996 and has continued working in research focused roles, including an eight year stint in the public sector, as Principal Policy Officer for Tees Valley Unlimited.

Although primarily focused on the UK consumer market, Kerry's team also undertake a variety of bespoke international strategic projects for the Group.

In joining Nigel Wright, Kerry commented, "I'm excited to be working for Nigel Wright, which I consider to be a true business success story. The research component of the recruitment process is so vital, because companies usually lack the internal research resources to properly recruit for themselves. Clients recognise that the Nigel Wright solution is different because of the greater dimension we have, through our internal research teams, to offer a broad and varied exploration for the best talent."

As part of its broader expansion plans, Nigel Wright is seeking to hire additional researchers, and anyone interested should contact Kerry directly: **kerry.jonas@nigelwright.com**

Employer branding: More important today than ever before

In an increasingly competitive global marketplace, attracting and retaining the right kind of talent is central to a company's ability to grow. >>

A strong employer brand can be a powerful business tool that can connect an organisation's values, people strategy and HR policies to the corporate brand. If in previous years, employer brand development was synonymous with recruitment advertising, today over 59% of employers say that employer branding represents one of the key components of the organisation's overall HR strategy.

There are many definitions for employer branding but they all essentially seek to explain a company's ability to differentiate itself from competitors through a unique Employee Value Proposition (EVP). A strong EVP will communicate the company values in a way that highlights what makes that workplace unique and attractive to individuals sharing the same values. As employer brands are based on intangible factors such as image, identity, and perception, being able to discover what it is about a brand that creates an emotional inclination and a sense of identification with the company can prove invaluable to employers.

The best place to start exploring what motivates people to join a particular organisation, why they stay and why they leave is internal feedback. Existing data from employee feedback, employee engagement and culture surveys, focus groups, employee forums, new hire surveys or exit interviews can often paint a good picture of the prospective and existing employees' experiences.

According to one industry report, the number of companies measuring, analysing and developing strategies based on 'brand attractiveness' is on the rise; as many as 39% of businesses are expected to increase investment in employment branding strategy this year.

In 2008, Nigel Wright teamed up with researchers from Durham Business School to find out what attracted talented managerial and professional employees to particular organisations, and what elements of an employer brand are important to them. To read the full report, please visit **www.nigelwright.com/downloads**

CURRENT TRENDS AND BEST PRACTICE

Candidate equals customer

In order to attract the right people, employers today need to create a positive 'customer' experience for candidates throughout the recruitment process. If candidates are treated in a way that makes them feel valued, the employer will benefit in a number of ways. For instance, candidates often spread the word about their experience to their peer group, and the quality of their experience and the opinion they form of an employer will determine whether or not they will recommend a company further.

Building a talent community

Often, candidates who apply for certain roles and are unsuccessful might prove suitable for future positions, which is why it is crucial for employers to build and maintain a talent community. By creating a good impression and maintaining relationships following the recruitment process, businesses can keep a talent bench active, which can only constitute an advantage.

Social and visual revolution

Social media has had a profound effect on employer branding, revolutionising the way we search and apply for jobs, assess our prospective employers, and communicate in the workplace.

If in the past, companies' claims would rarely get publicly contested, social media now offers a platform for current and prospective employees to voice their own views and paint a more realistic picture of the workplace. Channels such as Facebook, Glassdoor, and Payscale in particular are now useful tools for candidates to research and assess an employer's offering, and organisations must therefore ensure that recruitment messages align with employee perceptions.

For employers, social media has made it possible to build and maintain a large talent pool faster than ever before. LinkedIn remains recruiters' preferred social channel for finding, contacting and keeping track of candidates (94%), while Facebook (65%) and Twitter (55%) are used by businesses to showcase the employer brand. However, platforms such as YouTube, Pinterest and Instagram are gaining increased popularity with employers, who now use them to share easily consumable video and infographics and create engagement with candidates. From global giants such as Apple, Google and Intel, to smaller companies such as Innocent and Hubspot, companies are using videos as increasingly powerful tools for communicating their organisational culture and the main things they look for in prospective employees.

Furthermore, although social media also has the potential to facilitate internal brand communication, the emphasis on this aspect (building employee engagement, searching for brand ambassadors on social media) is still fairly limited amongst employers.

According to PiB and CRFi, almost a third of employers are now planning to work less with recruitment companies and focus more on social media recruitment. However, although it is important to build a strong digital presence, it is impossible to build an entire employer brand online as, undoubtedly, the quality of individual relationships and the value of specialist industry knowledge are still key factors in attracting the best talent. To read our report on social media recruitment, please visit **www.nigelwright.com/downloads**

Planning for change

Having an adaptable employer branding strategy is becoming increasingly important in today's competitive landscape. Changing employment trends mean that companies need to stay agile and more aware of the social environment than ever before. As the number of temporary workers has increased dramatically over the past decade, HR teams face the challenge of building a common culture across companies, creating a sense of belonging for all employees.

Furthermore, rapidly evolving technology is constantly reinventing the world of recruitment. With 20% of all recruitment searches now made using a mobile device, investment in responsive design and mobile marketing has increased considerably.

HOW WE CAN HELP

When an assignment merits a creative search solution, our in-house marketing and design team will manage the whole process for you. This includes developing campaigns and designing content, through to media planning and mailing out or placing advertisements. We also regularly create candidate packs and client micro-sites for our clients. These are intended to highlight career opportunities and provide greater insight into what it's like working for our clients.

Advertising

To ensure that the candidate attraction process is effectively executed it's really important that information concerning financial packages, job specifications, pension arrangements and relocation requirements are communicated clearly. Our in-house team can ensure that this side of your recruitment project is taken care of through producing first-rate clear and concise messages, tailored to your needs.

Candidate packs

Typically these contain detailed information about the company, its place in the market, its culture, the role, location, package and much more. These packs are a tangible item that creates a point of difference in the marketplace and have proved to be highly effective for large, high value recruitment assignments.

Client microsites

In addition to or to complement a candidate pack we also offer our clients a detailed micro site, hosted on our own website. This follows a proven template to ensure that potential candidates are able to get a full picture of the role and the company.

For more information about our marketing services contact the Nigel Wright marketing team at marketingdept@nigelwright.com


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6 ANGEL
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NEW
Shake & Flavour
4 Sachets
GROSSMAN
TOMATO & BASIL
Korma
Batchelors
NOODLES
CHICKEN
Devon Custard

Featured interview >>

DAVID WILKINSON, HR DIRECTOR AT PREMIER FOODS

Unlocking People Potential at **Premier Foods**

Following its successful re-financing in 2014, together with the creation of the Hovis Limited Joint Venture, Premier Foods Human Resources Director, David Wilkinson, takes time to tell Nigel Wright why the business is now a great place for people looking to develop a rewarding career in the food industry. >>

You've been with Premier Foods for almost eight years. How has the organisation changed in that time?

We've been through a fairly well documented set of challenges in recent years. The company grew rapidly through acquisition in the 2000s financed with significant bank debt. We spent a number of years integrating these acquisitions but ultimately ran into some difficulties due to deteriorating trading conditions. To help pay down our debt we then divested a number of brands and businesses as we started to focus on a smaller number of key brands.

Since Gavin Darby, our current CEO, took over two years ago, the business has stabilised and is now on a much sounder footing. We restructured our balance sheet and forged a Joint Venture with The Gores Group for our Hovis business, and we developed a clear strategy and a coherent organisation structure. It's a smaller organisation than in the past but one that's much better positioned for success.

You were appointed HR Director in April 2014, what were your immediate priorities?

The first thing we did was to map out a much clearer people strategy and start reinvesting in the HR function to help us deliver that.

We've hired great people into key Resourcing, Training, and Talent roles so we now have more capacity and capability to do some really interesting things. Our generalist HR teams are aligned to our Business Unit structure, as well as the central functions. The three year people strategy that we developed is aligned to our strategic growth plan and consistent with our new company vision, purpose and values that we also developed last year.

What are those values?

We have five; We Aim Higher, We Champion Fresh Ideas, We are Agile, We are United, and We Respect and Encourage One Another.

David Wilkinson

We thought carefully about what our Values would be. We wanted them to be meaningful, representative of the entire business, and distinct to Premier Foods. We talked to lots of our people at all levels to arrive at the five Values, and they have been received really well.

The Values embody what it is like to work at Premier, and how we want to behave in future. It's really important to us that our people feel valued and respected, at all levels. We work quickly, and you don't have to go through layers to get decisions made, people here are very accountable. Innovation and creativity are important as we look to grow our established brands into new areas, and stretching ourselves is vital if we are to achieve our ambitions. Finally, we'll not achieve any of this if the business doesn't work together, so we have to be joined together at all times across all parts of the organisation.

Now that they're finalised, how have you gone about communicating these Values to the Group?

During the summer members of the leadership team visited each of our sites to talk to colleagues about the Values and the importance of them to the business.

This was a really valuable process, which resulted in us making a number of changes to the messages that we were trying to communicate. It showed we are a business that is prepared to listen to its people and adapt our plans if necessary.

We then held a conference in September, where we talked to people about the values, the people strategy and our new organisational structure. We then went out again to communicate all of this to an even wider audience. I'm really proud that we did - this level of engagement is important to us and we want to help people to understand how Premier Foods is changing, and is now a far more transparent and open organisation.

What are the implications of the most recent organisational restructure at Premier Foods with regards talent attraction and retention?

Last autumn we announced that the business would be organised into three Strategic Business Units or SBUs – Grocery, Sweet


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ROSEMARY and RED WINE
Versatile Flavour Pots
4x
OXO

Treats, and International. These units have more control over the full span of their business which has improved accountability and is designed to accelerate our rate of innovation and growth.

As part of this move, we decided to invest more in critical functions including marketing, sales and innovation to help strengthen our capabilities. We have some really exciting roles, across all disciplines and at all levels with lots of potential. For the right people, there is the opportunity to progress to being part of the Executive team for each of the business units.

The benefit of this structure is that you have the opportunity to really make your mark within a specific area, whilst at the same being part of the wider Group. This obviously gives better career opportunities, and people can move cross functionally as well as between the respective business units.

Would you agree that 'people' are very much at the centre of Premier Foods now?

Absolutely – we've made a really good start. There is appetite for change, and the leadership of the business is completely behind the people strategy.

> "We have ambitious plans and we are looking for people who enjoy broad challenges, have a real passion for the brands, are not phased by making big decisions, and can work at pace."

For example, we recently launched a 360 feedback programme for our senior leaders, with coaching and support to help them develop. We've also enhanced our maternity and paternity provision and we have awarded every permanent employee in the business 500 free shares. This latter move has gone down extremely well as colleagues feel more involved as part owners of the company and can benefit from our future success.

You've committed to running an all employee survey again in 2015. How do you feel people will react to this?

I would hope that, on the whole, people will recognise the changes in the business compared to the last employee survey that we ran. We've been though a lot of change which can be unsettling. But we have communicated in an open way and I believe that people who work here feel passionate about Premier Foods.

How challenging do you find it to recruit talented people into Premier Foods?

The challenge is more about recruiting the right talent. We have ambitious plans and we are looking for people who enjoy broad challenges, have a real passion for the brands, are not phased by making big decisions, and can work at pace. We need special people.

Of course, the changes I have talked about – whether that is the new structure, new Values, or the investment in people – are all designed to make Premier Foods a more attractive place for great people to develop their careers. And we're now seeing a definite improvement in our retention levels and our ability to attract high calibre individuals. People are starting to understand that they can develop a career here, and that the business rewards and recognises people who deliver results and have the right behaviours.

In your opinion, what's the best thing about working for Premier Foods? What's your favourite Premier Foods brand?

The reason I've enjoyed working at Premier Foods is because of the huge variety in what I do. The different roles, projects and experiences I've had in the last seven years would take so much longer to gain in other organisations.

Naturally, I love all of our brands, but I do think the Lloyd Grossman cooking sauces are absolutely fabulous, particularly chilli con carne. All of our cooking sauces are a real family favourite in the Wilkinson household and my daughter, Lucy, who has just gone to university, has a plentiful supply in her student flat.

What keeps you busy outside of work?

Well, I am married with two teenage children. Football is a real passion and I spend my weekends either following West Bromwich Albion, home and away, or watching my son, James, play in a local Sunday league. I'm reasonably active too, I do a bit of running and I like to cycle.

Upcoming report >>

NIGEL WRIGHT GROUP

Talent migration and building capability in emerging markets

Multinational consumer companies are realising that the geographical centres or even the customer segments and products where they may have focused on developing their capabilities and talent pipelines in the past are quickly becoming obsolete. >>

This has forced those companies to reassess their operating structures and in many cases has led them to either move their headquarters (from north America to Asia for example) or divide into new separate business units, to capitalise on growth in new emerging consumer markets. Fundamentally, strategy has shifted from a purely geographical focus to one which is more aligned with market type: developed and developing.

As the economic centres of the world continue to shift from the North to the South and from the West to the East, the migration of talent becomes more and more prevalent. The worldwide migrant population has increased by over 50 million in the last ten years and noticeably there is more movement between developed countries and emerging markets, driven by the changes in the global economic landscape. The BRIC countries (Brazil, Russia, India, and China), for example, have experienced an influx of skilled workers in recent times. In North America and Western Europe, where the recession has had a negative impact on salaries and employment benefits such as pensions, the option of moving abroad suddenly appears far more lucrative, as well as beneficial from a career development perspective, than it used to.

As companies expand across the world, and into emerging economies, they need to establish a domestic talent base that can provide them with the necessary knowledge and capability to deliver results quickly. Having a strong team in place before fully entering a market is essential and it is widely accepted that to really capitalise on emerging market growth, businesses must seek to recruit and nurture local talent first and foremost. Building teams made up of local talent however is difficult. Not only is local talent in emerging markets rare, particularly at the senior executive level, but competition to hire the best people is very high. A combination of expatriates and local talent is always the most desired solution for businesses but an over reliance on expatiates is also costly and not conducive to long term strategic growth.

> "As the economic centres of the world continue to shift from the North to the South and from the West to the East, the migration of talent becomes more and more prevalent."

The companies that have been most successful in building capability in emerging markets are the ones who have been savvy to the new era of migrating talent. They have implemented operational changes while maintaining a global, omnipresent culture which transcends borders and has at its a heart a set of values and objectives that are universally respected. These businesses have been able to attract truly multi-cultural talent that is highly skilled, highly mobile, multi-lingual and with an intrinsic understanding of the new 'global' landscape' of employment. Being able to attract this kind of talent is only one aspect however. Developing talent is also important and international companies are now competing to retain employees not only against other international rivals but also domestic players, many of whom now compete with the established multinationals.

In a forthcoming research project, Nigel Wright will explore how consumer businesses are taking advantage of the new era of talent migration to get ahead in emerging markets. The research will involve interviews with senior talent executives from major consumer brands and will explore what strategies they are adopting to ensure they attract, hire and retain the best global talent for their overseas operations.

LG Electronics

– A brand driven by innovation

LG Electronics, the Korean consumer electronics manufacturer, has a long and rich history. The business, known as GoldStar until it changed its name to LG Electronics in 1995, was established in the aftermath of the Korean War, to provide the rebuilding nation with domestically-produced consumer electronics and home appliances. >>

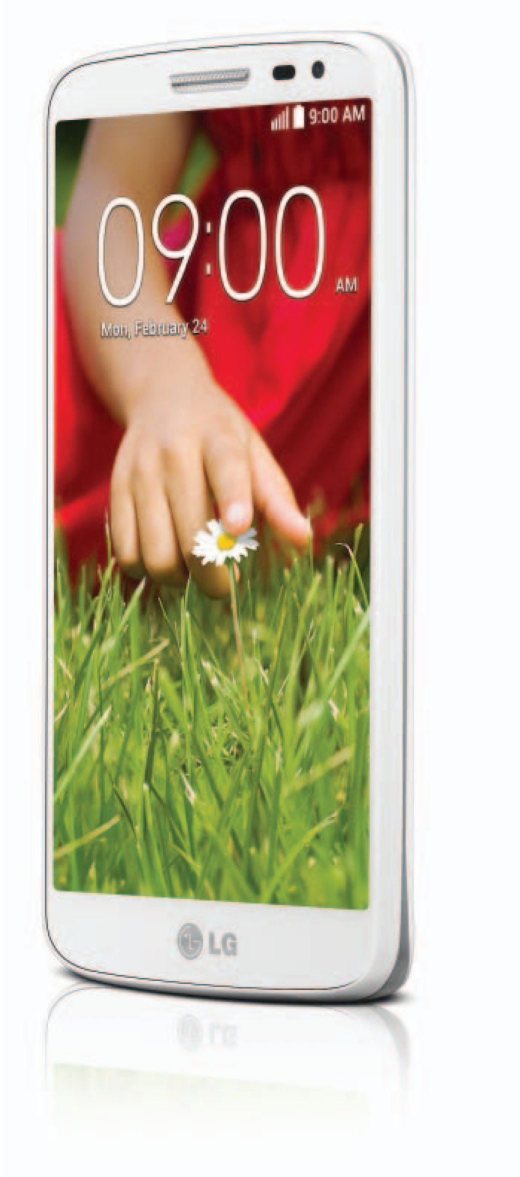
Back then LG was a pioneer in radio technology, but today it is one of the world's largest consumer electronics companies and a leading innovator in revolutionary technology.

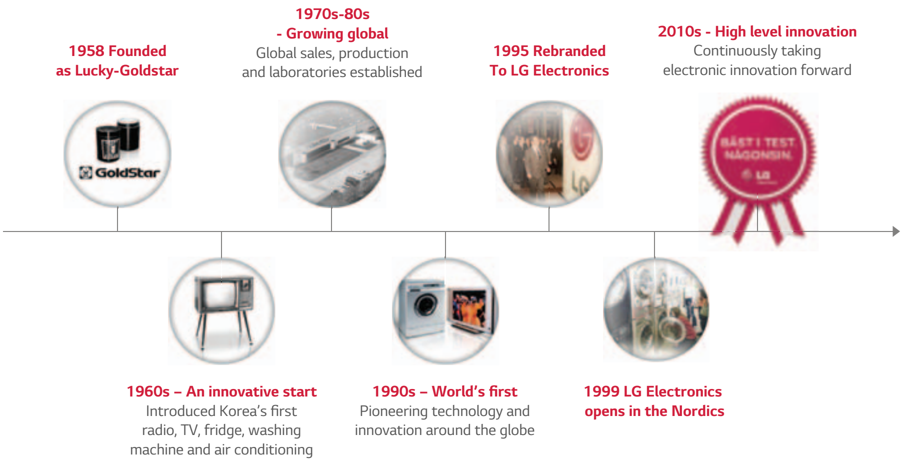
Throughout its history, LG's vision has been to create a better and richer life for consumers and over the years it has consistently produced superior products, including introducing several important innovations to the market, such as smartphones and smart TVs.

LG Electronics has five active business units: Home Entertainment, Mobile Communications, Home Appliances, Air Conditioning and Energy Solutions, and Vehicle Components. It is one of the world's largest producers of flat panel TVs, mobile phones, heat pumps, washing machines and refrigerators.

Since its inception, its passionate and innovation driven employees have been the key to its success.

'At LG, we want to improve people's lives by creating cutting edge products. A recent example of this was our OLED Smart TV, which has pushed the boundaries of people's imagination and completely changed how televisions will look like in the future,' says Erik Åhsgren, Nordic Product Manager for Home Entertainment, LG Electronics.





LG Electronics at a glance

- One of the world's largest and most innovative manufacturers of consumer electronics, home appliances and mobile communications technology;
- Founded in 1958 as GoldStar and renamed LG Electronics in 1995;
- 87,000 employees worldwide;
- Global turnover in 2013, $53.1 billion.

Facts about OLEDs

- An Organic Light-Emitting Diode (OLED) is the latest technology used to create digital displays. It consists of thin organic polymer films between two electrodes;
- OLEDs enable superior image quality, especially for fast moving images;
- The LG OLED TV is over a hundred times faster than a LED TV;
- Since OLED pixels are nanometer-thin, the TV can actually be made as thin as 4.3mm;
- Individually lighted pixels create true depth and tone; OLED pictures are as vivid as life itself.

LG's Got Talent

LG believes in developing the potential of its people. In this article, one LG worker in Sweden gives us an insight into how the consumer electronics giant facilitated their rapid rise through the company. >>

I initially joined LG as a Key Account Manager with responsibility for two fairly small LG accounts, but quickly worked my way through the ranks to become a Regional Sales Director. The business culture and ethos was instrumental in helping me achieve this.

Before joining the company, I thought LG was just another discount brand offering mixed quality products. During the interview process, however, my opinion of the company changed.

My interviewers talked a lot about LG's innovative power, its employees' enthusiasm to create breakthrough technology, and how the company could adapt and develop as the market changed.

When I was offered a job, I was both delighted and excited to be given the opportunity to become part of LG's innovative and enthusiastic culture, and share in its growing success. I immediately began focusing my efforts on developing an account management strategy with a focus on profitability. This paid off; in a matter of months since starting in the role I successfully attracted a number of new customers to LG.

This didn't go unnoticed. A year into the role, an opportunity arose for me to join the Swedish team as a Sales Director. As you can imagine, I didn't think twice about accepting the challenge and have not regretted it since.

Following a reorganisation at LG in the autumn at 2011, where the company moved towards a more customer-oriented approach in the Nordic countries with increased focus on the end-consumer, I was promoted again.

> "Careers at LG are structured in such a way to give employees maximum exposure to difficult challenges, where people can work towards clear goals."

The changes that took place meant that LG was now a completely different business to the one I had joined three years earlier. Crucially, I was now satisfied that LG was a consumer electronics company selling premium products and a business with new categories and a wider and more competitive portfolio. LG's renaissance was due to its dedication to innovation, offering a quality service and creating superior products.

In the fall of 2013, another reorganisation took place to further help the company adapt to the fast-changing consumer electronics market. By the end of the year, I had been appointed as a Regional Sales Director.

Due to the fast-paced nature of the Consumer electronics sector today, it's possible to make a lot of progress in a short period of time. To be successful, however, you must be able to react quickly and have a flexible approach towards business. The challenge is to constantly work towards your strategic goals.

Within this ever-changing market, your actual job title isn't important but rather your ability to deal with difficult challenges will determine whether or not you will succeed.

Market snapshot

SWEDEN

The growth of the Swedish economy gained momentum in 2014, driven by a high increase in private investment and consumption. Although the risk of slowing global growth could eventually have an impact, experts believe that the Swedish economy will see a solid recovery during 2015; exports are expected to almost double in 2015 from the current rate of 2.3%, and the economy is predicted to grow approximately 3% next year.

Although the economy has continued to pick up this year, Riksbank, Sweden's central bank, cut interest rates to zero, a record low, as it stepped up its fight against deflation. However, the still high unemployment rates are projected to fall markedly in 2015, which should help push up inflation towards the 2% target.

Careers at LG are structured in such a way to give employees maximum exposure to difficult challenges, where people can work towards clear goals. Our people must accept personal responsibility, which comes with exciting opportunities and additional accountability for projects.

To succeed in the future, we need to continue to bring added value to our customers. Being able to capture current and future trends in consumer behaviour is a main focus for us, as the industry has become increasingly fast-paced and competition for both suppliers and retailers has augmented. We and all of our competitors have to become more consumer-oriented.

We also need to increase the visibility of our brand. LG's vision of how to be successful in the future revolves around innovation, positive corporate culture and superior service to the consumer. It will be an exciting journey to become the number one consumer electronics company in the world – and that is our target. Life's Good.

BCG
THE BOSTON CONSULTING GROUP

The Shifting Economics of Global Manufacturing

How Cost Competitiveness Is Changing Worldwide

For the better part of three decades, a rough, bifurcated conception of the world has driven corporate manufacturing investment and sourcing decisions. Latin America, Eastern Europe, and most of Asia have been viewed as low-cost regions. The US, Western Europe, and Japan have been viewed as having high costs. >>

But this world view now appears to be out of date. Years of steady change in wages, productivity, energy costs, currency values, and other factors are quietly but dramatically redrawing the map of global manufacturing cost competitiveness. The new map increasingly resembles a quilt-work pattern of low-cost economies, high-cost economies, and many that fall in between, spanning all regions.

In some cases, the shifts in relative costs are startling. Who would have thought a decade ago that Brazil would now be one of the highest-cost countries for manufacturing—or that Mexico could be cheaper than China? While London remains one of the priciest places in the world to live and visit, the UK has become the lowest-cost manufacturer in Western Europe. Costs in Russia and much of Eastern Europe have risen to near parity with the US (See Exhibit 1.)

To understand the shifting economics of global manufacturing, The Boston Consulting Group analysed manufacturing costs for the world's 25 leading exporting economies along four key dimensions: manufacturing wages, labour productivity, energy costs, and exchange rates. These 25 economies account for nearly 90% of global exports of manufactured goods.

> "In developing the index, we observed that cost competitiveness has improved for several countries and become relatively less attractive for others."

The new BCG Global Manufacturing Cost-Competitiveness Index has revealed shifts in relative costs that should drive many companies to rethink decades-old assumptions about sourcing strategies and where to build future production capacity. To identify and compare the shifts in relative costs, we analysed data in 2004 and 2014. The evaluation is part of a series of findings from our ongoing research into the shifting economics of global manufacturing.

In developing the index, we observed that cost competitiveness has improved for several countries and become relatively less attractive for others. Within the index, we identified four distinct patterns of change in manufacturing cost competitiveness. (See Exhibit 2.) They include the following:

Under Pressure. Several economies that traditionally have been regarded as low-cost manufacturing bases appear to be under pressure as a result of a combination of factors that have significantly eroded their cost advantages since 2004. For example, at the factory gate, China's estimated manufacturing-cost advantage over the US has shrunk to less than 5%. Brazil is now estimated to be more expensive than much of Western Europe. Poland, the Czech Republic, and Russia have also seen their cost competitiveness deteriorate on a relative basis. They are now estimated to be at near parity with the US and only a few percentage points cheaper than the UK and Spain.

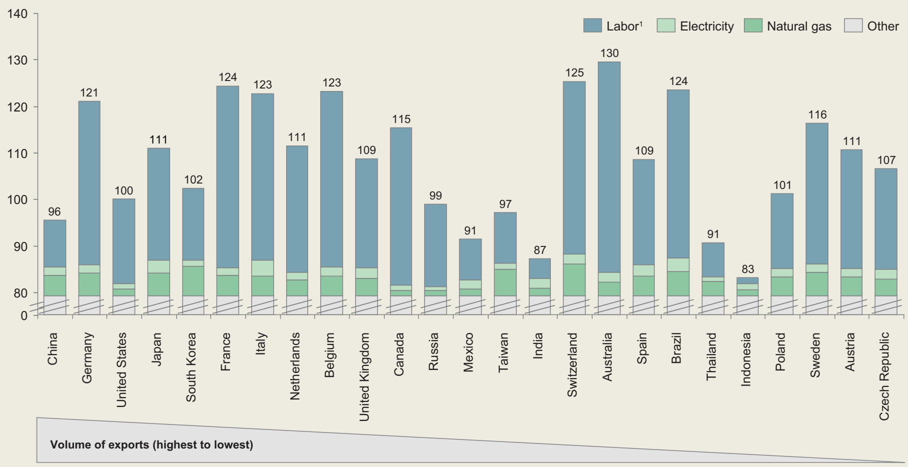
Losing Ground. Several traditional high-cost countries that were already relatively expensive a decade ago have lost additional ground, resulting in 16 to 30% cost gaps relative to the US This is largely because of weak productivity growth and rising energy costs. The countries losing ground include Australia, Belgium, France, Italy, Sweden, and Switzerland.

Holding Steady. From 2004 to 2014, the manufacturing cost competitiveness of a handful of countries held steady relative to the US Rapid productivity growth and depreciating currencies have helped keep costs in check in economies such as India and Indonesia—even as wages have grown quickly. In contrast to the dynamic changes in India and Indonesia, the Netherlands and the UK have seen relative stability across all the cost drivers we examined. The performance of these four countries has positioned them as potential future leaders in each of their respective regions.

Rising Global Stars. Cost structures in Mexico and the US improved more than in all of the other 25 largest exporting economies. Because of low wage growth, sustained productivity gains, stable exchange rates, and a big energy-cost advantage, these two nations are the current rising stars of global manufacturing. We estimate that Mexico now has lower average manufacturing costs than China on a unit-cost basis. And except for China and South Korea, the rest of the world's top-ten goods exporters are 10 to 25% more expensive than the US

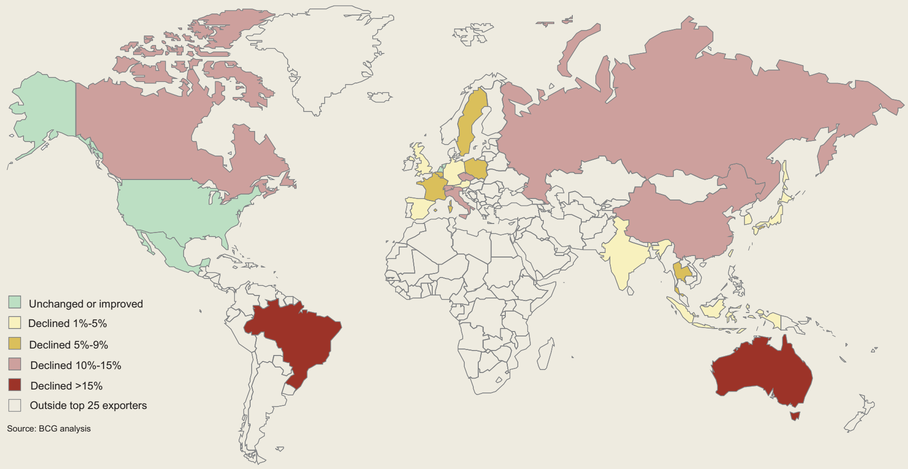
These dramatic changes in relative costs could drive a large shift in the global economy as companies are prompted to reassess their manufacturing footprints. (See Exhibit 3.) One implication is that global manufacturing could become increasingly regional. Because relatively low-cost manufacturing centres exist in all regions of the world, more goods consumed in Asia, Europe, and the Americas will be made closer to home. These trends also have implications for governments, whose leaders increasingly recognise the economic importance of a stable manufacturing base. We hope that this report will encourage policy makers in developed and developing economies alike to identify growing areas of strength and weakness and take action to shore up their manufacturing competitiveness.

Exhibit 1 - Comparing the Top 25 Export Economies



Sources: U.S. Economic Census; BLS; BEA; ILO; Euromonitor; EIU; BCG.
Note: No difference assumed in "other" costs (for example, raw-material inputs, machine and tool depreciation); cost structure calculated as a weighted average across all industries
[1]Productivity-adjusted.

Exhibit 2 - Most Economies in the Index Fall into One of Four Distinct Patterns of Change



Source: BCG analysis

Exhibit 3 - The Relative Cost Competitiveness of the Top 25 Export Economies Has Shifted Dramatically

Category themes	Characteristics	Countries
Under pressure	• Traditionally low-cost countries whose deteriorating competitiveness is driven by a wide range of factors	**Brazil** **Russia** **China** **Poland** **Czech Republic**
Losing ground	• Traditionally high-cost countries whose competitiveness continues to deteriorate owing to the lack of productivity gains and energy cost increases	**France** **Belgium** **Italy** **Switzerland** **Sweden**
Holding steady	• Countries roughly maintaining their relative competitiveness versus global leaders	**Netherlands** **India** **Indonesia** **United Kingdom**
Rising stars	• Increasing competitiveness versus all others • Moderate wage growth, sustained productivity gains, stable foreign-exchange rates, and energy advantages	**United States** **Mexico**

Source: BCG analysis

Let us know what you think... >>

We would be delighted to receive your comments on this edition of Consumer Focus. Alternatively if you would like to contribute to the next edition please contact the Marketing Department at **creative@nigelwright.com** or on **+44 (0)191 222 0770**

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