

2019

NIGEL WRIGHT  GROUP
CONSUMER

CONSUMER **FOCUS**

Insights into the Consumer sector



International brands addressing market challenges.
Changing behaviours, technology and working practices.

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WELCOME

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

Our business has partnered with companies across the Home & Personal Care, Fashion & Lifestyle, Homeware, Food, Drinks, DIY, Electronics, Ecommerce & Retail, and Toys & Children sectors. Our mission, as ever, is to act as an extension of our clients in the market, helping them build capability and achieve growth through talent acquisition.

The consumer industry has many challenges. Whether it's overcoming or becoming disruptive competitors, embedding new skills as technologies shift, leading organisational transformation amidst rising economic pressures, or capitalising on changing customer expectations and behaviours, we offer flexible solutions to solve talent needs.

Some of the major developments impacting the consumer industry are explored in this issue. Learn about the impact of automation and new and emerging ecommerce trends. And get ideas for building your employer brand and how best to attract millennials into your business.

Interviews are also found throughout the magazine: senior executives share insights into transformational change, manufacturing excellence and digital innovation across many of our key sectors.

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



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RECORD BREAKING ATLANTIC ROW

TEAM **TYNE**
INNOVATION

Imagine every muscle in your body aching for nearly two months. Confined to a small boat in the middle of the Atlantic Ocean, each day and night spent rowing for two hours on and two hours off across endless hostile seas. Little or no sleep. No-one else in sight apart from your exhausted companions next to you...



Images: © Ben Duffy





Image: © Ben Duffy

Despite these incredibly challenging conditions, Team Tyne Innovation, a group of four professionals from the North East of England, completed the 2018 Talisker Whisky Atlantic Challenge in just 42 days, 10 hours and 26 minutes. In doing so, they set a new world record for the fastest mixed team by 14 days.

The Talisker Whisky Atlantic Challenge is the world's toughest rowing race. It involves solo rowers and teams of up to five people, who endure a 3,000-mile adventure across the Atlantic Ocean. Team Tyne Innovation was one of 27 teams taking part, representing the UK, USA, Antigua, New Zealand and Denmark.

Leaving the Canary Island of La Gomera on 12th December, the team says this was the last time they saw another boat for the duration of their expedition. They rowed in pairs - two on, two resting - with less than two

hours sleep in between, on a tiny cabin floor.

While compact, their 'high-spec' boat benefited from several innovative products and services that improved its speed and offered greater protection from the elements. Various organisations based in the North East of England supported the mission, helping to make the journey as safe and fast as possible. They included consumer giant AkzoNobel, who provided special marine paint that prevented slime and barnacles attaching to the boat's underside.

Newcastle University gave much-needed sports science, nutrition and psychological advice to the crew. This was tested as they burned around 8,000 calories a day, sustained physical and mental fatigue battling against 50-foot waves and suffered hallucinations due to sleep deprivation.

Nigel Wright Group was delighted to offer our support to the team by promoting their endeavours, introducing them to sponsors and fund raising for them to enter the race and to donate significant sums to three charities.

Family and friends of the team - which included ex-chief executive Phil Kite, of Reece Group, fireman Allan Huntly, former detective inspector Steve Sidaway and project manager Claire Hughes - lined the harbour, as the boat arrived safely in Antigua. Celebrations continued into the night, then again when the crew arrived back in the UK.

More people have been into space or climbed Everest than have rowed the Atlantic, and the race attracts national and international media attention every year. This herculean effort by four willing adventurers helped them not only complete the race, but set a new world record in doing so.

CHALLENGER MINDSET DRIVING ASAHI'S EUROPEAN EXPANSION



Asahi

Japanese food and beverage manufacturer Asahi is Europe's third largest brewer, with revenues close to €2 billion, 1,900 employees and customers in 80 markets.

After making in-roads into the European beer market in April 2016, buying the Peroni and Grolsch brands from Anheuser-Busch InBev, Asahi acquired SABMiller's Eastern European beer brands, including Pilsner Urquell, taking its total spending on former SABMiller assets to \$11 billion. In addition to its own flagship brand, Asahi Super Dry, the business now owns an enviable portfolio of beers in the growing premium segment.

continue offsetting stifled domestic growth linked to Japan's ageing population, making further overseas acquisitions over the next few years.

As well as a strong brand portfolio, Asahi Europe also inherited infrastructure through acquisition and now boasts world-class production facilities in the Netherlands, Italy and the UK. In addition, the company has strong distribution agreements in France and Canada, as well as across

"The business is adopting a challenger mindset in the European market, embracing an agile, entrepreneurial way of working."

Like Japanese whiskey maker Suntory, which bolstered its European operations after merging with global spirits manufacturer Beam, Asahi can leverage heritage and a consolidated domestic position. Founded in 1889, it is the leading Japanese brewer with a 40% share of Japan's beer market and turnover of \$17.5 billion. While the domestic division remains Asahi's largest business unit, it is international expansion which remains a priority for the company. Asahi has already extended its footprint in Oceania, South East Asia and North America during the last decade and will

the broader European region, Africa, Asia and Latin America. Talent too moved from SABMiller to Asahi in 2016 including Procurement Head, Ian Brenton. He tells Nigel Wright how the business is adopting a challenger mindset in the European market, embracing an agile, entrepreneurial way of working:

"Our aim is to become a Global Premium Beer Powerhouse, surpassing customer expectations in our products and services through the Japanese concept of 'Kando' (deliciousness, happiness and innovation). Our



aspirational brands, engaging marketing activities, premium execution and acquisition strategy, complemented by organic growth and investment in product development, means that we are well placed to continue our growth. To achieve this, we encourage employees to carve out roles for themselves, as opposed to 'slotting-in' to a pre-defined operating model - what we refer to as our challenger mindset."

Ian is based in Switzerland along with 20% of his team. The country, he says, remains attractive to international businesses because of its economic stability, geographical location and infrastructure. As many global firms operate from a Swiss base, a large talent pool exists there. Furthermore, the evolution of its economy from pharmaceuticals and supply chain to NGOs, and more recently, technology and cryptocurrency means it remains relevant and appealing to traditional and modern businesses. "Coupled with an excellent healthcare system and low crime levels this makes Switzerland a fantastic, safe, enjoyable country to live and work in," he said.

To strike the right balance between stakeholder needs and supplier engagement, most of Ian's team are based in the UK, Italy and the Netherlands. Ian highlighted the ongoing importance for his entire team in developing strong and sustainable relationships for both professional development and business success. In his view, world class professionals will master a topic or skill well, strengthening their self-confidence, before moving into larger and increasingly

complex roles. Relationships and behavioural changes are the key to a sustainable shift in their thinking and approach. He added:

"Relationship building is an area I regularly find myself revisiting. There's a temptation to stay close to your comfort zone, but to become a change agent it's the challenging interactions and strong relationships that are important. When working well, a strong team can deliver consistent world class performance, creating space to develop relationships and influence, beyond traditional procurement. Often there is something obvious you can offer when building a relationship with a stakeholder, but equally, you can be surprised by their demands and feedback - such insights are invaluable in building credibility and influence, securing your career ambitions within an organisation."

Since January 2018, Asahi Super Dry has been available in Europe and with further expansion planned, career opportunities are abundant with Ian highlighting Asahi's "dynamic, challenging, supportive and fun" culture as a reason to consider working at the business.

Having previously led global procurement for secondary and tertiary packaging at SABMiller, Ian has intimate knowledge of brands such as Peroni, Grolsch and Pilsner Urquell and experience building award winning procurement teams to support their growth. With responsibility for half a billion dollars of direct and indirect annual spend, procurement is a critical function at Asahi Europe and one where getting hiring right is vital, though Ian shared some insights into the challenges he often faces:

"Early in their careers, prospective candidates tend to be too competitive during interviews and to narrow in their ambitions. My advice is don't treat the interview as a competition. Let curiosity guide you and avoid ending up in a role which doesn't satisfy you or benefit the employer. I respect people who dedicate themselves to a profession, but those that don't should keep an open mind during the early years - building on their experiences and embracing flexibility. It will lead to a more satisfying career down the line."

People who succeed at Asahi, according to Ian, demonstrate "an infectious passion for our products" and he praised recruiters that identify individuals who make a positive impact at the organisation. According to Ian, recruitment partners need to combine skills and market knowledge with a tenacity to get close to the business and understanding its culture and people, to act quickly and attract the best talent. And while keen to maintain relationships with trusted suppliers, he added how he's always open to direct approaches from individuals who think they've got what it takes - "feel free to drop me a line and enjoy a 'karakuchi' moment!"

ECOMMERCE TRENDS 2018:

9 MAJOR TRENDS IMPACTING THE WORLD OF WORK

Ecommerce continues to drive growth in the consumer industry, with the European sector valued at €602 billion last year. Several reports indicate the main and intriguing ecommerce trends across European consumer markets.

We've reviewed those and established nine major themes which we discuss in the following article, as well as offering our assessment of how impactful they are, and will be, on future skills, jobs and employment.

Augmented and Virtual Reality

The proliferation of high-tech smart phones has facilitated the rapid use of augmented reality and virtual reality (AR/VR) within the consumer sector. Whether it's developing applications which offer consumers immersive experiences or those which overlay digital elements onto the real world,

brands and retailers are acquiring skills and capabilities to capitalise on this trend. An estimated \$2.5 billion could be added to the global economy thanks to AR/VR as technology goes mainstream. Immersive in-store and online experiences are already in demand, with consumers indicating a preference to try on clothes and makeup, visualise products and decorate their homes using AR/VR before purchasing. Packaging, too, will become integrated into the AR/VR toolkit as more companies innovate their offerings. And smart phones aren't the only place where consumers can benefit from developments in the AR/VR arena. Global sales of actual AR/VR headsets are expected to increase by 52% by 2022 as devices improve.

24/7 availability, including customer service, to ensure those spontaneous purchases get over the line. A big trend in the consumer industry is the increasing automation of customer service. The compound annual growth rate of chatbots is 24%, with some studies indicating over fifty percent of online shoppers prefer accessing apps rather than using email, phone or contact forms when making enquiries. Social media, email marketing and even SMS campaigns are getting the chatbot treatment too, as brands seek to capitalise on the speed and efficiency offered by improved automation tools.



Automated Service

In the reports we've reviewed, two areas stand out as being instrumental for maintaining competitiveness in the ecommerce space - speed and service. Web performance is particularly important today. With consumers too busy and impatient for sites to load, the merest second can mean the difference between losing a customer or making a sale. Furthermore, younger shoppers are no longer satisfied with limits to when they can buy things online. Ecommerce sites need



Faster Purchases

Directly related to improving usability through speed and automation is the growing consumer demand for faster online checkouts. Significantly, desktop computers have taken a back seat on the purchasing journey, as confidence in spending via smart phones grows. Apps too are the preferred buying gateway as opposed to mobile sites, with statistics indicating conversation rates are higher when consumers buy via apps compared to when they visit ecommerce stores. Overall, an anticipated 40% of global ecommerce revenue will be generated via smart phones during 2018. How you pay is changing too. 10 mobile payment platforms are now available including PayPal, Android Pay and Apple Pay. And with cryptocurrencies entering the mainstream, several ecommerce platforms are also supporting Bitcoin, the world's largest cryptocurrency. Another significant development is the growth in 'one click' payment options since Amazon's patent expired in 2017. Email is one channel where brands and retailers are hoping to leverage one click tools, being as it's still the simplest way to communicate with potential customers.



“Machine learning is already helping to improve product recommendations and personalise conversions, and we should expect more ecommerce sites to embed this technology over the next few years.”

Getting close...

Email and SMS are great for messaging, but they can still be a passive exercise with often limited returns. And yes, while apps are popular, consumers are still required to download them first and sign up for offers and services. What brands really want is to 'hang out' with consumers, showcasing their products, and if possible, making sales too. Brands and retailers are therefore creating a seamless mix of advertising, services and sales via social media while ensuring customers don't feel like they're being sold to. For example, Pinterest and Instagram developers are creating tools which allow people to click on items (such as clothing) and reveal product details, as well as options of where to purchase those products. Building communities and having meaningful conversations with consumers is another major driver behind social media investment. Snapchat is currently 'on trend' in that regard. Around \$172 billion of marketing spend will be directed at unlocking the potential of the app in 2018.

...and Personal

The proliferation of social media has brought with it an acute focus on the individual. Accessing Twitter, Facebook or Instagram will reveal a multitude of calls to 'look at me' from users. Marketers have responded appropriately by getting more personal with messages, with 96% stating that drawing on someone's unique tastes and needs augments relationships. Some reports recommend tailored pricing and price optimisation for successful personalised campaigns,



while others point to the need for greater collaboration with customers, allowing people to actively participate in the product creation process and mould items to their needs. Diversity too is more pronounced, as brands seek to represent people from all social, cultural and marginalised groups in their advertising. Fundamentally, mapping customer journeys will enable brands and retailers to offer the most intimate communications and experiences. Machine learning is already helping to improve product recommendations and personalise conversions, and we should expect more ecommerce sites to embed this technology over the next few years.

Ropo and Voice Search

Although the tools and techniques outlined above are aimed at making purchasing easier and faster online, consumers aren't as impulsive as brands and retailers would like to think. Research is still a major component of the shopping journey, as 85% of consumers indicate they research items before purchasing online. It's important to note, too, that for many sectors, traditional brick and mortar



stores still play a vital role. For example, using an AR app to 'virtually' try on a dress is helpful, but still, the ultimate test for most people is seeing the item in-store before buying it. A trend which emerged over a decade ago, therefore, is increasingly relevant today. ROPO (Research Online, Purchase Offline) empowers consumers and provides retailers with useful conversion rate data. There's a new element too, which requires consideration. The launch of Amazon Echo and Google Home has seen voice activated search take off during the last year. An estimated 24% of consumers own such a device, with over 40% of millennials now using voice search when shopping online. Rethinking content to match how consumers search online is of paramount importance.

Slick (Moving) Images

While mirroring potential customer speaking styles in written content is increasingly a method for attracting voice-activated searches to ecommerce sites, it seems video and animation is the best way to keep them engaged and embed marketing messages. What's apparent is that in-depth over-thought content isn't required. Simple animated iconography and motion will capture most consumers' attentions and relaying the key points will ensure 95% of content viewed is retained. If investment in video isn't possible on

your budget, not to worry. Another factor, according to reports, which helps draw customers to products and services is original photography. In all aspects of the sale, 'impersonal' messaging is out. Old-style stock images can easily turn people away from websites, while images which add transparency and personality to brands amplify commercial opportunities. Experimenting with GIFs, slide shows and other creative tools is also on the rise as are big bold colours and simple interfaces.

Seamless Touch Points

To leverage consumer inquisitiveness, brands and retailers need to bolster their content by identifying and combining all on and offline pre, during and post purchase touch points.

Otherwise known as an omnichannel strategy, platform, device and store integration is now a major trend. Consumers are already naturally inclined to an omnichannel approach, jumping from TV, to phone, to tablet, to other screens, to advertising billboards, to stores and so on. Brands and retailers that continue isolating customers based on a perceived channel preference risk falling behind.

Developing all channels and creating a holistic experience across them is key.

Popular examples of how brands are making omnichannel strategies work through seamlessly linking on and offline efforts include loyalty schemes and pop-up events, app based in-store promotions, film and TV tie-ins and leveraging sponsorship opportunities as well as user generated 'free' content supported by a selection of 'paid for' advertising touch points.

Super Fast Delivery

Website and app loading speed is undoubtedly a critical factor for keeping customers engaged online but demands for faster delivery times is another prominent trend. Amazon has typically led the way with 'one click' ordering and its next day delivery service available for Prime users. It's no surprise the business has doubled the number of packing robots in its factories in recent years as up to 96% of all customers now indicate 24 hour delivery is what they expect.

An emerging trend, however, is same-day delivery with some reports highlighting how brands are partnering with start-ups and using physical stores as distribution centres to stay ahead of the competition. Logistics and shipping will be a key battle ground and we should expect ecommerce businesses to make further investments in this area in the coming years.

"Images which add transparency and personality to brands amplify commercial opportunities."

“Logistics and shipping will be a key battle ground and we should expect ecommerce businesses to make further investments in this area in the coming years.”

Impact on Skills, Jobs and Employment

Where to start...? Well, it’s perhaps no surprise to learn that specialists in video, animation, mobile applications and AR/VR, are in high demand. One fruitful place to identify this talent is the burgeoning video games industry which is expected to grow significantly over the next few years.

AR/VR technologies could also change the way we work, such as through virtual meetings, training simulations and collaborative opportunities. Even hiring practices are turning to virtual reality to spice up the selection process. In 2017 car maker Jaguar developed a VR app that challenged users to solve code breaking puzzles and progress through the hiring stages. And virtual office tours are allowing prospective hires to get a feel for the environment and culture they’re joining.

What else...? Well, the rise of chatbots, machine learning, automation and robotics will certainly impact the employment market. McKinsey estimates that around 60% of occupations could experience 30% or more of their ‘constituent activities’ being automated over the next 10 years. Automation is already taking its slice of low level jobs, with virtual assistants now dealing with customer queries and social media posts, as well as everyday data processing tasks. By 2020, Gartner suggests around 85% of questions asked online will be answered by machines. The overall net loss of administrative jobs worldwide is likely to have risen to 5.1 million within the next two years.

The key to eradicating the net-loss gap is making sure workers have the right

skills to succeed. Technological change will result in a wide range of traditional ‘core skills’ becoming obsolete and all industries will be impacted by this.

There will still be core skills though, and according to the above-mentioned report, those skills will probably be more multifaceted and specialised. The WTO provides a useful insight into what some of these desirable qualities of the future will be. Its research gives importance to data analysis and technical sales skills, as well as experts who can understand and commercialise complex products and services. Furthermore, research by Indeed confirmed that the demand for AI specialists has tripled during the last three years.

In addition to ‘scarcity skills’ such as science, technology, mathematics, programming and software development, academics at the Massachusetts Institute of Technology (MIT) argue how a demand for creative expertise will also rise. Yes, designers and developers are important, but equally is film making, illustration, 3D art and storytelling. The Pew Research Centre also states that creativity will be a major asset for workers during the next decade, but adds factors like critical thinking, teaching, persuasion, empathy and judgement to the mix too – basically any ‘uniquely human’ adroitness difficult to automate.

It’s corporate environments in the main that will experience the most change. As more mundane jobs are automated, employees in every discipline will engage in ‘higher level’ tasks and take on greater responsibility for creative thinking, leadership, analytics and problem solving. Furthermore, we’ve already highlighted writing

and storytelling as being an integral component of modern workforces, but as search becomes more idiosyncratic and voice activated, businesses will seek people with knowledge of SEO and content marketing to attract and engage customers. Though this does mean competition for the best available talent will increase, and undoubtedly, until training of adequate skills catches up with demand, an emerging skills gap will prove challenging for employers.

In-Demand Skills and Attributes Within Ecommerce	
3D artists	Leadership
AI specialists	Persuasion
Analytics	Photography
App developers	Problem solving
AR/VR	Programming
Automation	SEO
Blockchain	Social media
Critical Thinking	Software development
Digital marketing	Teaching
Digital product developers	Technical sales skills
Email marketing	UI/UX designers
Empathy	Video game designers
Filmmakers	Web design
Judgement	Writing

BODY&FIT BUILDS GLANBIA'S ECOMMERCE EXPERTISE



20 years ago, sports nutrition was a niche category. Now, it's a mainstream industry worth over \$13 billion globally.

Glanbia is the world's largest sports nutrition company, and during the last two decades, the business has played a key role in shaping the buoyant sector, investing in marketing campaigns which have raised awareness of nutritional protein as essential for building and repairing muscle and supporting recovery after exercise. Today, a broad range of people use nutritional protein products as an integral part of their lifestyle.



Richard Moore, Body&Fit

Glanbia Plc was formed in 1997 following the merger of Avonmore Foods and Waterford Foods. However, its first significant move into sports nutrition was the acquisition of Optimum Nutrition in 2008. Since then the business has made numerous strategic acquisitions including BSN, Think Thin, Amazing Grass and Nutramino. The latest addition to its performance nutrition family is Dutch firm Body & Fit. We caught up with General Manager, Richard Moore, who explains why the two make such a great match.

A former Procter & Gamble strategist, Richard joined Glanbia in 2011. He fulfilled several critical roles in the UK and Europe, before taking the Body & Fit reins. With extensive knowledge of the business and the industry, as well as being involved in several acquisition integrations, this was the perfect challenge for Richard, made more exciting because the companies complement each other so well:

"Body & Fit is the leading ecommerce sports, health and wellbeing retailer in Benelux. It also has a significant presence in Germany and France. Glanbia started looking at the business 18 months before acquiring it in March 2017. We were impressed with its strong foundations – a great brand, loyal and passionate customers, and a capable team with significant

knowledge of the industry and ecommerce retailing. Whilst Glanbia had extensive international brand building experience, it lacked Body & Fit's B2C proposition and in-depth ecommerce capability."

Initially established as a physical retail store back in 1995, Body & Fit's founders soon realised that the big opportunity was online. Over subsequent years, they created a strong brand and ecommerce operation across Benelux before expanding overseas. While sports nutrition remains a key part of the business, Body & Fit has branched out into functional food and, in 2018, launched a clothing range.

"Whilst Glanbia had extensive international brand building experience, it lacked Body & Fit's B2C proposition and in-depth ecommerce capability."

With over 4,000 SKUs, Richard says there's now something for everyone – "from top tier athletes to mums wishing to make healthier choices for their families." He added: "In the past, five-pound tubs of protein were the main stay of the business, but now

customers can choose from a much broader range of items including popcorn, peanut butter and Muesli, although protein powders remain the biggest sellers.”

It’s a sizable operation too, with over 200 employees based at the Heerenveen headquarters, in addition to a small commercial office in Amsterdam. Whilst many support the fulfilment and customer service side of the business, Glanbia inherited strong teams within ecommerce,

digital, nutrition, R&D and supply chain. Richard’s main objective is to oversee Body & Fit’s successful integration into the wider Glanbia organisation while building on the strong fundamentals the business has embedded over the years. His first year has been focused on delivering the commercial plan whilst building a bridge between the two organisations, as he explains:

“Culturally, the two businesses were very different, and it’s been crucial to evolve the Body & Fit culture while

maintaining the essence of what’s made it successful. What’s important is finding the right balance between moving at pace to unlock the opportunities as they arise and the need for more process. That means retaining the strength of a smaller business, with the agility to evolve and change direction when needed. We need to ensure decision making is executed effectively, but with the right consideration and input from all the key stakeholders.”



On the culture side, communication was a primary focus. Early on, Richard identified how operational silos were causing unintended consequences within the business, and significant effort has gone into embedding a more proactive approach to communication. Part of this was creating seven 'values' for Body & Fit which distinguished it from the broader Glanbia organisation. Using Glanbia's values as a foundation, Body & Fit carried out interviews and focus groups with employees, before finalising its own: 'winning together', 'find a better way', 'customers' champion', 'performance matters', 'passion for our brand', 'sense of fun', and - at the centre of all the other elements - 'do the right thing.'

They've been well received, according to Richard, and he sees them as fundamental to any future success, by reinforcing the behaviours expected from employees, supporting the decision-making process, and allowing people to articulate the business to external stakeholders and potential candidates.

Investment in resources has increased since the acquisition - a combination of leveraging new opportunities, as well as embedding additional manpower. The focus, Richard explained, was unlocking strategic opportunities as well as strengthening certain functions, such as increasing the size of the marketing and commercial teams and introducing more specific skills (e.g. languages) and capabilities to support growth in new markets. Some individuals joined from Glanbia to provide additional expertise and Richard is happy with the strong mix of original employees, Glanbia employees, as well as many new faces with different experiences: "This balance has helped ensure that we build on our strengths and introduce new ideas to help maintain momentum. Of course, there have been challenges, but we're now in a

"Selling direct allows the business to better understand consumer data and build its database."

stronger position to take advantage of opportunities across the region."

Richard is pleased with progress so far but was keen to emphasise the importance of not becoming complacent amidst a competitive marketplace. Some of the biggest FMCG companies in the world are developing protein, health and wellbeing offerings, and consumers too are more demanding, expecting great products in completely different formats to meet their lifestyle needs. Body & Fit must meet and exceed expectations as well as stay ahead of trends to beat its competition. But, its nascent ability to succeed at doing this was critical to why Glanbia acquired Body & Fit. Three areas, Richard says, make the business stand out - "the team, knowledge and expertise and our brand."

Most of Body & Fit's sales are direct through its website, in addition to partnerships with marketplaces like Amazon and bol.com. Selling direct allows the business to better understand consumer data and build its database. With an already broad customer base, Richard explained

how his team is currently updating key target segments, as well as the technology that allows the business to reach diverse groups. All the while, it's working with key partners to better understand trends and what further technologies should be introduced. Four disruptive ecommerce trends are central to this strategy - the growth of mobile, content optimisation, personalisation and AI - and developing expertise in these, Richard says, is essential to deliver the right user experience and drive conversion:

"The website plays a critical role and content is one of our key strengths. Much of our content is created in house, and we've got lots of information online, for all our products, which helps consumers make the right choices. Personalisation will be a significant game changer and the ability to tailor messaging will help drive conversion and basket spend, as well as improving marketing spend efficiency. Ways to communicate with consumers will continue to get smarter, and we need to continue evolving our offering and stay ahead of technology."





A real point of difference for Body & Fit, according to Richard, is its “excellent” customer service team, who he described as “real experts, many of whom live and breathe the category.” The business won ‘best web store’ at the 2017 Netherlands Shopping Awards and customer service was one of the key reasons behind the decision. They work across each market, allowing customers to call and email, as well as chat to specialists via social media, during their purchasing journeys. Customer service also plays a key role in the innovation process at Body & Fit. The large team listens to and shares customer ideas and suggestions, feeding information through to the R&D division to influence product development. Innovation is a critical area for the business, says Richard, and being part of Glanbia means they have access to significant resources and capabilities in the EU and US.

Furthermore, educating the market is a fundamental aspect of every product launch at Body & Fit and the business is well represented at key

events such as FIBO – a huge health and wellbeing conference – as well as sports themed ones like Mud Masters, the biggest obstacle course in the Netherlands, providing first-hand advice to current or potential consumers: “In our industry, consumers

“With natural products too, consumers want clean labels and to know exactly what’s in the food and drink they buy.”

are always looking for ‘the next big thing.’ As well as feedback from customers, our internal R&D team is in contact with Glanbia R&D specialists too, ensuring the business stays ahead of the competition. Special Series, for example, launched in 2018 and is a premium natural high-quality protein developed in-house and based on feedback from the market – it’s been incredibly successful.”

Trends that Body & Fit is keeping an eye on include the rise of veganism and a growing demand for natural products. Veganism, Richard highlighted, continues to grow in popularity, driven by consumers

seeking alternatives to dairy products. With natural products too, consumers want clean labels and to know exactly what’s in the food and drink they buy. While dairy based protein is still the main component of Body & Fit products, if consumers want choice, then Richard says it’s Body & Fit’s duty to “offer breadth in our range” to meet demands.

Looking ahead, to maintain the pace of growth in a competitive marketplace, Richard revealed his aim to create an energised and inspiring workplace for all. In addition to embedding values and a tailored culture within Body & Fit, training and development is another area seeing focus and investment. As well as on-the-job training, classroom and external development, the business is leveraging the Glanbia global sports nutrition school, which provides everything from corporate history and marketing activation through to detailed technical product knowledge. Body & Fit is taking insight from there and applying similar elements within its own operation. In Richard’s words:

“People are our most important asset. So, training and development are key within the business. It’s about upskilling the whole organisation – supporting our teams with product knowledge, marketing, digital training, etc. We’re very entrepreneurial and give our people significant autonomy, whilst having the resources and opportunities of a major international business. And we’re not only creating new opportunities but also developing the current team too.”

With offices and businesses across the globe, Richard highlighted how careers at Glanbia also exist if people demonstrate the right capabilities and attitude. He added: “It’s really appealing to potential candidates and individuals within the organisation and it’s an area we always emphasise during the recruitment process.”

NIGEL WRIGHT REVEALS ITS RESPONSE TO CHANGING ATTITUDES TO WORK

“Organisations that refuse to adapt their tools, invest in the acquisition as well as training and development of skills, and completely rethink their environment, risk being left behind.”



We were certainly trying - that's for sure - though, at the time, it was more a case of 'Do as We Say, Not as We Do.' 18 months on, however, things have changed and we're now able to reveal solutions that have worked for us. First, a recap of the social and work-related factors driving companies to re-imagine their approach to culture, training and talent management.

Insecurities have been paramount during the last ten years. As the world still recovers from the recession, other endless socio-economic, geopolitical, demographic and environmental upheavals and events, underpinned by rapid technological advancement, still exasperate individual anxieties. Even now, during an apparent growth spurt for the world economy, as extreme poverty continues to fall and North America and much of Western Europe enjoy record rates of employment, some find that a sense of uncertainty pervades our social and working lives.

A recent World Mental Health Day was a timely reminder that although many people may appear to be thriving, they're in fact barely making it through the day. In the UK, for example, annual prescriptions for mental health related drugs have doubled during the last 10

“It's also not uncommon for people to refer to everyday life as being too frantic.”

Sounds like pretty sound advice, who offered it? Oh... we did. In 2017. Published on September 20th in an article titled 'Work is changing: what does it mean for talent attraction and management?' we urged companies to align their talent acquisition and retention strategies to the modern world - acknowledging the changing

nature of work, as well as the pressures of modern life and how they impact the wants and needs of today's talent.

The piece is indicative of literature still 'doing the rounds' in the world of HR and management consultancy and, as any article purporting expertise, it made Nigel Wright itself appear 'on the ball' in this area. But were we? Maybe.

years. While the factors listed above are likely to be part of the problem, it's also not uncommon for people to refer to everyday life as being too frantic – amplified perhaps by a perceived need to feel constantly connected via email, phone, social media, etc. Over stimulation, psychologists say, leads to mental fogginess and prevents us from being our best.

Amidst this environment, however, a backlash is taking place. Historically fixed attributes of work (hours, location, contracts) are being challenged as people try to claw back, if anything, the required head space to cope with contemporary life as described. Working hours have been in decline across Europe for years and a recent report by PwC highlighted growing demands from workers to be released from the 'constraints' on 9-5 employment. Similarly, research by Dell has revealed how remote or home working is on the rise, while a move towards specialist and portfolio freelance work is dismantling traditional career paths and removing people from the talent pool.

These changes also coincide with a new breed of employee – the millennial. This 'Google generation' want instant access to a better career and they want it all too: A salary with perks, constant reassurance and praise, stability as well as flexibility, and a job and working life that gives them purpose. Recent research from Gallup confirms, however, that millennials are in fact the driving force of workplace changes, leading the charge across organisations by demanding the things it turns out everyone, regardless of their age, desires.

Working life isn't what it used to be and working life will continue to evolve. The challenges outlined above are faced by all companies and with talent



being hard to find, especially with high employment, surely people investment is more important than ever before?

It is well documented how modern organisations are adapting to the new world of work by creating 'enriching environments' in an effort to make their talent want to stay. While factors like attractive remuneration and benefits packages remain important, initiatives that support personal growth, health and well-being and workplace culture, for example, that encourage genuine feelings of respect and dignity among staff, are become more important. Embedding company values and aligning organisations with

perceived 'positive impact' causes, such as those linked to charitable or environmental affairs, also helps to boost beneficial reciprocity through tying people into a larger common purpose.

There is acknowledgement, however, that not all businesses are the same, and different approaches are needed in different contexts. That is exactly the attitude Nigel Wright took when seeking to embrace change, using an approach of genuine engagement, rather than cautious distrust. Starting with informal group discussions with millennial employees, we began to conceive solutions that worked for us, rather than following what other companies were doing. These conversations were then backed

“There is acknowledgement, however, that not all businesses are the same, and different approaches are needed in different contexts.”



At Nigel Wright, hard work, good service and achieving results get rewarded. All our consultants enjoy uncapped bonuses based on effective efforts to win work and deliver it. Other perks are on offer too including our high flyers scheme – where each quarter a group of ‘Top Billers’ take a day off to enjoy a paid-for trip to a city where one of our 13 offices is located.

Finally, in addressing the requests for more flexibility and time off we decided to broaden permission for informal working arrangements. All employees are now able to work from home and leave early or start later, to fit with personal commitments. Other formal flexible working patterns exist too. With regards to time off, an extra day off per year is now offered for every year’s service completed, up to five years. Employees can also ‘cash in’ any additional holidays above 25 days if they wish. For those loyal employees who complete five years’ service, they can enjoy a paid month-long sabbatical, to use in addition to their 30 day allowance, and do something they couldn’t otherwise do while working a full-time job. This benefit is repeated again for all subsequent five year anniversaries.

The 2013 Trust Barometer report, published by global PR firm Edelman, confirmed that public trust in the opinions of employees far outweighs that of a company’s PR department, CEO, or Founder. A combination of understanding the changing nature of work and the pressures of modern day life, together with listening to our employees and acting to satisfy their wants and needs – within a context that matches our ambitions and vision as a business – ensures that Nigel Wright staff tell great stories about their time here and encourage others to consider a rewarding career with us too.

up with data from a formal annual employee survey giving us a broader insight of the needs and wants of our whole organisation.

Learning and development was the most popular request from millennials as well as from people at all levels in our employee survey. Furthermore, and perhaps unsurprisingly, our people generally wanted more money and more time off.

Starting with training, we wanted to recognise our internal strengths and utilise them in coaching, rather than outsourcing the problem. Now, all new starters at Nigel Wright receive 100 hours of formal training and development from managers and

directors in their first six months. This is supplemented by on-the-job mentoring and coaching. Furthermore, all new managers across the group attend sessions at our UK HQ – the centre of excellence for employee training and development at Nigel Wright – and senior employees from the business visit other offices to deliver training to the UK and international teams.

Yes, money and other perks are important but they need to be associated with the right behaviours.

“In addressing the requests for more flexibility and time off we decided to broaden permission for informal working arrangements.”

MATCHING THE PACE OF CHANGE WITH **ADAPTIVE INTERNATIONAL SUPPLY CHAINS**



Gary Horsfield, William Grant & Sons

After an early career at Mars, in 1999 Gary joined PepsiCo. There he fulfilled several operations leadership roles during the next decade, culminating in his appointment as Vice President Supply Chain in 2008. After delivering a retail-led supply chain transformation in Europe, his



WILLIAM GRANT & SONS

Independent Family Distillers since 1887

Gary Horsfield has enjoyed a 25 year career leading supply chain teams and transformation for some of the world's biggest food and drink brands. Following 10 years overseas, he returned to the UK in 2017 as Group Packaging and Supply Chain Director for William Grant & Sons. He reveals to Nigel Wright insight gained from working in Asia-Pacific, methods for building effective international supply chains and teams, as well as his ambitions for the Scottish spirits maker.

professional path moved to Asia-Pacific, a region which became his focus for the next 10 years.

This was a critical time in the development of Eastern economies. While Europe entered recession, the wider Asia-Pacific region accelerated, fuelled by an emerging middle class and Australia's latest mining boom. Between 2011 and 2016, as he moved from PepsiCo to Kellogg, and later Mead Johnson, Gary advanced his global market knowledge, as well as his supply chain and leadership capabilities:

"It was a fantastic time for me. International firms were treating the region as new territory and embedding growth capacity in markets where consumers were getting richer and more global. Asia-Pacific is such

a mix of cultures and economies, there's no common agenda. The big powerhouses of India and China are unique and with their own solutions and approaches to supply chain. You've got markets like Hong Kong and Japan, which are already consolidated and developed. Then compare those to 'gateway' South East Asian countries which have little infrastructure, are very open and growing fast with constantly evolving regulation and legislation. With so many different and diverse challenges, you need to break them down and tackle each territory on an individual basis."

Moving to Asia proved a critical learning moment for Gary, who soon recognised that thinking beyond traditional supply chain models was key to unlocking challenges. To do that, though, he first needed to become a business leader and step away from the supply chain completely, to fully understand what his employees, as well

"South East Asian countries which have little infrastructure, are very open and growing fast with constantly evolving regulation and legislation."



“It’s about building the right supply chain for what you want to deliver and where you’re trying to deliver it.”

as consumers, needed. Once armed with that insight, he could build teams and decide the best way forward.

“You can’t create a strategy until you get under the skin of an organisation and understand what you’re trying to deliver. Then, whether it’s a lean, a consumer delivered or an agile supply chain solution, depending on geography, different approaches are required to unpick specific country challenges. It’s impossible to establish a ‘one size fits all’ model. You must offer a degree of flexibility and agility at country level to make it work - be it running a network across several countries or focusing efforts on local sourcing - it’s about building the right supply chain for what you want to deliver and where you’re trying to deliver it.”

During this period, Gary developed an appreciation for the pace at which consumers move and the acceleration of ecommerce, as well as witnessing, first-hand, how Asian businesses were disrupting traditional models and methods of development. According to Gary, the lack of infrastructure in many countries led companies to “leapfrog” through several infrastructures, to accelerate growth. Digital and ecommerce supply chains, for example, were introduced without any older infrastructure existing. For Western international businesses growing in the region, embedding infrastructure to meet the growth agenda, without over-investing ahead of the curve, proved challenging. In his view, many Asian supply chains have now gone beyond their European counterparts that still struggle to leverage modern infrastructure and practices.

Alibaba is a great example, says Gary. The ecommerce conglomerate, founded in 1999, and now the world’s largest retailer, guarantees Chinese consumers receive online purchases within two days, regardless of where goods are coming from. And several other businesses, he explained, which emerged from that region during the last 10 years are, today, global powerhouses because they didn’t have legacy infrastructure creating a barrier to their development and growth. Ecommerce, as well as rising consumer demand for speed, quality, variety, value and service, are key trends underpinning all supply chain strategy decisions, regardless of geography. Gary argues that offering flexibility and agility in your strategy, therefore, is paramount for survival:

“You can’t fall back on a great brand or historical legacy anymore. There are many examples of businesses that, a decade ago, were considered strong, which are now disappearing because they haven’t adapted to the pace of change. The supply chain is a fundamental aspect as to why those companies have failed. Consumers want more variety, better service, higher quality and value for money. Yes, there are several ways of delivering those things, but underpinning all of them is an effective supply chain solution which meets their needs. If your strategy doesn’t achieve that, and consumer expectations shift, another company will step in and take your place. Once consumer expectations change, there’s no going back.”

The most critical aspect of any effective international supply chain is hiring talent that can adapt to change. To achieve this, Gary says, building teams of people with a multitude of experiences is vital. In his view, narrow career experience is outdated. Where once it was unusual for supply chain executives to jump between categories, now, because

the consumer is moving so fast, if businesses don’t try to broaden internal knowledge and capabilities through diverse hiring practises, they struggle: “Diverse hiring shouldn’t only be about gender, age, culture and so on, but also focus on mixing different perspectives on how to approach things. If you don’t have the right diversity in your team, you won’t know how the consumer is thinking.”

Again, it was his time in Asia-Pacific where Gary developed a better insight of teams with broad experiences and perspectives. In the 10 years he was based overseas – in Sydney and Hong Kong, then later Singapore – he experienced the gradual decline of the traditional expat model. As Asia-Pacific countries developed, a greater focus on teams of local talent emerged. This didn’t mean, however, that opportunities to move domestic talent overseas were obsolete. Instead, as Gary highlighted, expats are required for different reasons than in the past. Local capabilities are much stronger and expat leaders, he says, are introduced to build and accelerate the potential of local teams:

“It’s no longer about ‘propping up’ the lack of local talent, but rather, an opportunity for people to gain an understanding of the business from an international context while adapting to a different culture. The capability of your local team, including their ability to move around and internationalise, is an exciting development, as is honing your ability to work with virtual teams and virtual talent – overcoming the barriers of time zones or geographies, and still getting a team to operate as a team.”

What became apparent to Gary was the increasing need to move people overseas and give them responsibility earlier in their careers. Different generations have different perspectives, he says, which can make accelerating the progress of a team difficult. But as ecommerce changes and evolves, getting fresh knowledge and perspectives at the top of the organisation will ensure you don’t become detached. This is especially important in Asia, as most consumers are in their twenties and thirties.

“My general rule is that the team should reflect the consumer base. International experience when you’re young is hugely beneficial in my view. Why wait until someone is a senior manager until they move abroad? Getting an effective balance is the challenge, and if you don’t have a competent mix of youth and experience, you can get stuck in old habits. Furthermore, if your team is based across several territories, you need to acquire a local insight – you can’t operate in a multitude of markets from a single point of knowledge.”

Then, Gary says, it’s looking at what you’ve inherited and hiring or moving talent, based on needs. He prefers to look at the broader context of the team and always aims to build sustainability by ensuring that his role becomes obsolete: “As a leader, I drive accountability, decision making



and capability down the organisation as much as I can, so that we can lift the organisation and move at pace. I determine my success by the sustainable legacies I've left behind. Part of that is infrastructure and capability, but mostly it's about people and the effectiveness and longevity of the team you've established. Looking back and seeing your old teams succeed gives you pride."

Every aspect of Gary's wealth of experience is required in his latest role at William Grant & Sons. Historically, William Grant has been an exporter of Scottish Whisky, but it's a model that no longer works for the 130 year old business. Gary's remit is to lead a transformation project focused on turning that export model into an international supply chain. Recruiting international talent is a focus, as is bringing in people with consumer-led supply chain experience. It's a new and exciting challenge working for a family owned business, at the luxury end of consumer products. A different set of metrics and drivers are needed, says Gary, and he's had to think of alternative ways to build sustainability into the supply chain, as well as the talent required to succeed.

"William Grant & Sons is a family business, with great brands and a 130 year heritage, which gives it global scalability and the potential to be an even bigger player. Our future growth should never lose that history, tradition and authenticity. To succeed, though, I needed to introduce a greater diversity of thinking and capability into the supply chain team, as well as leveraging the strengths and experience of existing talent. So, it's about maintaining the values that make us a strong and unique business with heritage, while adding pace and agility into the supply chain – capitalising on ecommerce, opening new markets and driving international capability."

Gary outlines a three-stage strategy, which began with embedding talent, international capability and infrastructure to match today's consumer demands. The second stage, which begins this year, is leveraging those new strengths to create an advantage in different markets. Stage three will then focus on leveraging William Grant & Sons' advantage to become a global market leader in its categories. A big challenge now, Gary says, is accelerating the pace of change by ensuring the development of his team matches the evolution of the infrastructure and the expansion of the business's international presence:

"Internationalising a supply chain means gaining access to a broader, more diverse talent pool. Furthermore, broadening the recruitment remit by seeking 'consumer' rather than 'category' specialists adds even greater dimension to talent acquisition. Often, though, new infrastructure will slow down the development of your capability, as some people won't get up to speed quickly enough. The solution is, as I've said, diversity, and creating an environment where some people can build a steady career while others can enjoy accelerated career development."

Gary doesn't see the internationalisation of whisky as a threat to the Scottish industry, but rather as part of the evolution of the whole category. He believes Scottish whisky is the historical pillar that will continue to enjoy growth, even as people change their consumption habits. And William Grant, he says, is in a strong position to offer international consumers variety and access to products which aren't local to them. All the while, it can leverage its distilleries and heritage, as well as how it packages products, serves



and maintains links with customers, to offer memorable and authentic experiences:

"Local brands have a critical role to play, but our advantage is we can globalise our local heritage and create new international consumers in the process. For me, it's not just about having great brands, but rather great products imbued with authenticity. That's how you maintain consumer loyalty, no matter how big you become. William Grant is creating a legacy. We have great brands, great opportunities and fantastic growth. There's no reason why we can't continue for another 130 years."

"I determine my success by the sustainable legacies I've left behind. Part of that is infrastructure and capability, but mostly it's about people."

HOW CUSTOMER BEHAVIOUR IS ACCELERATING AUGMENTED REALITY

Hollis approached the body. That wasn't there. But was. Alberto was following her with the laptop, careful of the cable.

This is the moment in William Gibson's 2007 novel, *Spook Country*, when the characters approach the body of actor, River Phoenix, lying on the L.A. street where he died. River Phoenix's death occurred some 14 years earlier, but Hollis and Alberto are seeing him as he was then, thanks to GPS-triggered augmented-reality (AR) headsets. Phoenix's death is the latest piece of 'locative art' appearing around the city, a trend which journalist, Hollis, has been asked to investigate.

Reading about augmented reality a decade ago in Gibson's novel was, at the time, eye opening. Although the fictional novel is set in 'present day' 2007, these technologies, of course, weren't widely available to the public then. In fact, the first ever iPhone was only released two months before the book. But Gibson is renowned for being on the ball with his predictions. *Cyberspace* is a word he coined in 1982 and in *Pattern Recognition* — a prequel to *Spook Country* published in 2003 — a series of video clips sent over the internet which gains a cult following perfectly described the imminent rise

“Things shifted rapidly, though, with the release of Pokémon Go in 2016, hunting for Pokémon via phone screens.”



of vlogging, itself facilitated by the launch of YouTube in 2005.

But while only a two-year gap existed between Pattern Recognition and YouTube, we've had to wait much longer for the proliferation of augmented reality technology outlined in *Spook Country*. Yes, some similar devices have existed for several years. Computer scientist Ivan Sutherland developed the first Head-Up Display (HUD) capable of overlaying graphics on real-world surroundings in 1968. And tech like this has been adopted in military, space and aeronautical scenarios since — the term 'augmented reality' was coined by a Boeing engineer in 1990. Like in

the novel, there's been AR art such as the 1994 theatre production, *Dance in Cyberspace*. Advertisers and some brands have got in on the act too, with various AR campaigns and product ties (see time-line). Even the iPhone 3G, released in 2008, gave people access to ARToolKit software for the first time, but still, AR technology wasn't ubiquitous. It never became a part of consumer culture. Hope that Google would change that was dashed in 2015 when its Google Glass prototype was discontinued.

Things shifted rapidly, though, with the release of *Pokémon Go* in 2016. Before Niantic's AR mobile gaming app, which places players in their own

neighbourhoods hunting for Pokémon seen and 'caught' via phone screens, consumers had little awareness of the potential capabilities of AR. By the end of its first year, the app had been downloaded more than 500 million times. It seemed fancy headsets and glasses weren't required, and instead, the simple marrying up of AR with smart phones was the key to get markets moving, providing consumers with immersive experiences that resembled those in Spook Country, but without the laptop and cable – even better! Referring to Pokémon Go, Gibson himself tweeted: "I always wondered what a mainstream augmented reality hit product would look like. Now at last I know."

Since 2016, more brands and retailers have begun making significant

“AR has revealed to shoppers that they too can enjoy a greater interaction and personalised experiences with brands, products and retailers.”

investments in AR technologies to capitalise on what Euromonitor labelled a 'Top 10 Global Consumer trend.' Its report focused on the ability for AR to offer 'try before you buy online shopping experiences' that would bring 'the benefits of in-store shopping into the home.' This, Euromonitor reveals, will lead to better online conversion – specifically of those consumers buying big ticket items like furniture, as well as clothes and footwear often lost at the point of sale because investment in these items requires a degree of visual confirmation that the products look

right on the body or in the home.

The rise of AR also comes at a time when there's a heightened rejection of 'intrusive' and 'manipulative' marketing techniques. Like how Pokémon Go puts players 'into' the game, the vehicle of AR has revealed to shoppers that they too can enjoy a greater interaction and personalised experiences with brands, products and retailers – in and outside of the store – rather than being subjected to traditional 'one way' messaging. Indeed, personalisation is one of the 51 ecommerce trends for 2018 identified by Growcode, and AR also fits well with other key developments such as Live Video Streaming, Guided Selling and Visual Search also acknowledged as things brands and stores need to start doing to re-engage consumers frustrated by old advertising techniques. Collectively, these tools create opportunities for companies to launch 'experiential marketing' campaigns which seek to position consumers as active participants in the buying journey – the perfect stage for AR to shine.

Those brands and retailers that have entered the AR game seem wise to do so, with various reports indicating a high demand for AR technologies to become embedded in purchasing journeys. As referenced by Euromonitor, in 2017 management consultancy LEK found 80% of consumers were interested in using AR to visualise products in their home. Furthermore, Retail Perceptions – a global consultancy specialising in the retail industry – discovered that 40% of shoppers will pay more for a product if they could first experience it via AR. In its 2016 survey, 61% of respondents also indicated they would prefer to shop in stores that offered AR experiences.



Demand is so high, in fact, that UK tech firm Digital Bridge found that 87% of shoppers expected brands and retailers to have developed an AR tool by the end of 2018, for use across 900 million AR-enabled smartphones.

According to Euromonitor, two key pieces of innovation are helping brands and retailers realise their AR potential. Apple's AR development platform for iOS, ARKit, released in September 2017, has enabled developers to build high-detail AR experiences using Apple devices, as well as improve earlier releases of apps on older platforms and offer them to a wider range of smart phone users. Then,

in March 2018, the Android equivalent, ARCore, appeared which has also become the operating platform for several AR apps.

Analysts have confirmed the AR market will be worth \$11.14 billion in 2018, yet those companies utilising the technology are still in the minority and primarily 'big firms' — Deloitte revealed around 90% of companies with revenues between \$100 million and \$1 billion are now utilising AR. With the market now truly scalable and expected to grow to \$60.55 billion by 2023, we should expect AR to become an integral part of the shopping experience over the next few years.



ORKLA REVITALISED FOLLOWING RADICAL TRANSFORMATION



Orkla Home and Personal Care has a great reputation in Norway, as a maker of reliable 'heritage' brands. However, in 2015 the company wasn't growing in the same way it had in the past.

This was partly due to an internal blindness to changing market conditions, as well as an unyielding belief that reputation alone was enough to ensure success. The reality was that adaptable competitors were gaining market share, while strategies the business had relied on for years, no longer guaranteed results.

Marcus Larsson was appointed to lead a transformation across the Norwegian division. In this article, the former Carlsberg Director reveals the strategies which returned the Jif, OMO, Define and Sun maker to growth.

Slow top-down decision making, little diversity and a lack of operational



Marcus Larsson, Orkla Home and Personal Care

smoothness were Marcus's immediate observations when he joined Orkla Home and Personal Care. But the company still retained a great reputation and strong brands. He noted within his team were several "excellent people" with unrealised potential:

"Orkla Home and Personal Care is one of the biggest companies in its sector and a market leader across several categories. However, it had got into a habit of repeatedly doing the same things. Homogeneity was an issue. Yes, there were employees who had worked here for several years, with really strong relationships. Yet, too many people were thinking and acting in the same way. The business needed to embrace different approaches, but a resistance to change right across the organisation was holding it back."

Clear and regular communication was important as Marcus "mentally prepared" his people for the transformation ahead. He met employees on a formal and informal basis to ease their concerns and used one-on-one meetings to challenge people to step-up and drive change: "I told everyone: 'I'm not here to do your job, but I will help you succeed.' Everyone was expected to get their hands dirty. If anyone needed a sparring partner to test out ideas or

discuss things in general, I was there for them. Mainly, though, I wanted them to find their own solutions."

Highlighting Orkla Home and Personal Care's strengths, then demonstrating areas where its competitors had adapted for the better, was critical. Factors impacting the business's growth included organisational structure, systems, marketing and shopping behaviours. A company-wide conference, where Marcus presented his vision, revealed the pace of change and helped people understand why the business was evolving. Enacting his strategy, however, was challenging as some considered the plan "drastic" and "risky."

Starting with commercial functions, Marcus "completely upended" the sales



"Clear and regular communication was important as Marcus 'mentally prepared' his people for the transformation ahead."



and marketing teams. Every position, from Key Account Managers up to the Sales Director, were given new remits and reporting lines, with many people moving into different roles. A firm believer that “talented people can accomplish anything,” Marcus gave some of Orkla Home and Personal Care’s best employees critical new positions they’d never previously filled. This strategic reorganisation became a key part of the business’s success:

“I scrutinise every team and think about what it needs to make it perform better and faster.

Fundamentally, I want teams of people who are better than me, but also different to me and each other. With marketing, for example, I like to mix those with strong general business experience, with traditional marketing profiles. Faster change occurs when you do this, as people learn from each other and push each other to achieve more.”

Throughout the transformation process, Marcus was also hiring and embedding new skills across the organisation. Determined that all new employees offered cross-functional understanding and capabilities, he only sought those with broad experiences and agile skill sets, which could be deployed in various contexts and areas.

A major focus of Marcus’s recruitment strategy was identifying and attracting the best digital talent in the market. Orkla Home and Personal Care didn’t have a digital function, so “getting the basics right” was essential. Specific competencies were targeted across relevant platforms and channels. Only those candidates with a track record at driving digital transformation were considered for opportunities. “Consultancy wasn’t an option,” said Marcus, “We needed doers, not gurus.”

Success during the initial talent acquisition phase allowed Orkla Home and Personal Care to expand its search and build a bigger digital function than planned. Straight away, Marcus explained, the business experienced significant improvements, which led to it gaining online market share and outperforming its rivals:

“A firm believer that “talented people can accomplish anything,” Marcus gave some of Orkla Home and Personal Care’s best employees critical new positions they’d never previously filled.”

“We attracted some great people who made a big impact in a short space of time. In some categories, we even performed better online than we did offline. This was unexpected, as our expertise is in traditional trade routes, so we figured competition online would be much tougher. It was a complete success and validated the risks we took.”

With the fortunes of the Norwegian division now reversed, Marcus sees only positive times ahead for a business he described as “fully equipped for growth.” He added: “To build a completely new team in a short period of time, including hiring several new employees, especially during the last 12 months, was challenging. But, I’m delighted with the progress we’ve made and am confident that success will continue.”

In November 2018, Marcus was appointed Country Manager for Orkla Home and Personal Care in Poland. Poland is an important market for the business, with the Radzymin manufacturing facility potentially a central component of its wider European operations. However, since integrating its Orkla Health and Orkla Home and Personal Care divisions in 2016, the company has struggled to establish an effective unified organisation. A similar transformation programme is planned and Marcus expects to replicate many changes he adopted in Norway within the Polish enterprise.

Driving manufacturing efficiencies and ensuring the right people are in the right roles – including top talent in the most critical positions – are on

Marcus’s agenda. Digital too, he says, will become important. With the Polish market ripe for digital transformation, making astute investments in this area means Orkla Home and Personal Care could take a leading role in digitising its sector.

In Marcus’s words: “There are several opportunities for us to better utilise our assets and increase demand and production. Our manufacturing and R&D teams here are highly skilled and the knowledge we have of skincare products, in particular, is some of the best in Europe.

“By the end of 2019, I expect to have a unified organisation and energised workforce. As ever, my focus is on building a long-term, sustainable and profitable business.”

CHALLENGING BIAS IN HIRING PRACTICES

Creating positive change: As gender pay gap reporting expands across European countries, this stimulates an important discussion around bias. The way the recruitment industry uses the report's information is critical to creating equal opportunities. Desmond O'Brien shares his views.

There are a few simple ways we can influence positive change throughout a hiring process and I would like to focus on the two most obvious forms of bias I come across – gender and age discrimination.

Gender bias

As a starting point on gender bias, let's prioritise. This isn't entirely about equality in numbers, nor should it be.

What we want (I hope) is to create an environment where people have equal opportunities. What people choose to do with those opportunities should be up to the individuals involved and we should see this reflected in disproportionate numbers on both sides.

Without unpacking the full psychology of an unconscious bias, we can extract some basic premises, most



Desmond O'Brien, Nigel Wright Group

obviously that a bias-free environment strips away any form of potential discrimination. What it should not do then, by definition, is work toward a quota of any kind. If we are forced into situations where we must have 50% of either gender for the sake of



“If we challenge the way we promote, hire, and assess talent, we will achieve greater levels of equality.”

parity, we are moving away from equal opportunities – not towards them.

We should have equal pay for equal work. No one can reasonably dispute that. Equal pay for unequal work, however, creates more problems than it solves, and if companies are to be assessed on their pay gaps it should be done in the context of an organisation's history of hiring practices and promotions. Those behaviours will be far more reflective of an equal opportunity playing field than analysing a medium or a mean. Numbers allow us to formulate hypotheses, but further analysis is required for us to draw conclusions. If an employer outsources a service function that it finds is predominantly made up of one gender, their overall salary numbers may appear to improve, but their action does not benefit the company or its employees.

Such analysis takes time and it is complicated, which is why we need to draw the conversation back to behaviours. If we challenge the way we promote, hire, and assess talent, we will achieve greater levels of equality.

As for the gender pay gap survey, what can we do with these numbers? First off, look at them. The full report is accessible on the UK government's website and every recruiter can look up any business in the UK with more than 250 staff. Too few will take time to look at the report and as a result they will miss an opportunity to challenge (or

encourage) what the information says about their clients. Awareness is only the first step toward challenging an unconscious bias, but it is a vital one.

Age discrimination

On the topic of age discrimination, which is seemingly one of the few acceptable ways to dismiss potential talent, we are faced with an equally difficult challenge. I meet people with 20-30 years of experience on a regular basis, most of whom have progressed consistently in their careers. Those people, when made redundant due to reasons outside of their control, are the most difficult individuals to place into organisations. They are neglected because of their age and because of assumptions that are problematic.

So how can we challenge our clients when they talk about “runway” or “culture fit” before they even meet someone? Is it as simple as asking if their concern is that the candidate is too old? Many might find this uncomfortably challenging, but

isn't that the point? If a business wants to reject a candidate because of cultural fit, shouldn't they have to meet them first? If a business wants to reject someone because of “runway”, shouldn't they be challenged to assess progression potential? Most importantly, should we not, as recruiters, find it incumbent upon ourselves to challenge these practices?

As the recruitment industry becomes less transactional and more consultative, we have more of an opportunity, regardless of our seniority in our own organisations, to challenge the behaviours of our clients. We should facilitate environments for interviewers that focus on ability and potential – not quotas.

Achievable targets and modest legislation are necessary components of this discussion, but they miss the real issue. If we eliminate discriminatory behaviours, we have no need for legislation at all. I don't begin to suggest we are anywhere near that point yet, but if the recruitment industry adopts a more challenging mentality toward biases in hiring practices we will get there much sooner.

“We should facilitate environments for interviewers that focus on ability and potential – not quotas.”



BISCOFF MAKER EYES MARKET LEADING FUTURE IN GERMANY



If you order a coffee in almost any European hotel, restaurant, cafe or pub, the chances are it will arrive with a sweet, crunchy, caramelised biscuit. Branded as Biscoff, these petite treats are produced and sold by Belgium's Lotus Bakeries, a family-owned business founded in 1932.

The speculoos cookie, to give it its proper name, is over 400 years old. While manufactured by various companies over the years, it's Lotus Bakeries which has cornered the speculoos market. And with its simple yet distinctive red wrapper and unique taste, Biscoff is now an iconic snack enjoyed by millions of consumers every day.

Nigel Wright caught up with German Country Manager, Nathalie Lambrechts, who revealed the strategies behind Lotus' recent rapid



Nathalie Lambrechts, Lotus Bakeries

"Lotus believes that the best way to learn and develop your skills is to prove yourself in challenging scenarios."

growth, its ambitions in Germany, as well as plans to expand a new healthy snacking brand portfolio and footprint.

A Belgian native and graduate of Unilever's sales training programme, Nathalie could have dedicated her whole career progressing through the FMCG giants' ranks. However, when Lotus Bakeries approached her in 2013, the chance to make an impact at this famous Flanders business was hard to ignore. Joining as Key Account Manager for Colruyt - a retail group with over 200 Belgian stores - after 18 months, Nathalie was promoted to Sales Director Netherlands. And when the opportunity arose in 2017 to manage the German business, it was the perfect way to stretch her skills, as she explains:

"Despite launching here 25 years ago, Germany is still a relatively small market for Lotus Bakeries - much smaller than the Netherlands - but growing fast. It's strategic because it represents lots of untapped potential to bring the unique Biscoff taste to German consumers. Competition is fierce, though, especially within

the cookie segment. Private label is very strong too, with the dominance of hard discounters like Aldi and Lidl. However, Lotus believes that the best



way to learn and develop your skills is to prove yourself in challenging scenarios.”

Nathalie’s appointment marked a new era for Lotus Germany, which had also recently relocated from Aachen to Düsseldorf. Hiring was top of her agenda, and with the Board’s backing and investment, she embarked on a multi-role recruitment process, introducing seven new team members during the first 12 months. In a tough market you need good Key Account Managers, she says. And most of those who joined in 2018 offered retail, B2B and ‘out of home’ channel expertise.

With three trade marketers and support function completing the thirteen-person team, Nathalie explained how the primary focus early on was commercialising Lotus Biscoff, especially within retail. While the iconic Biscoff Cookie is already the ‘out of home’ channel market leader, retail remains a segment with huge growth potential in Germany. Through its 250g Biscoff Cookie pack, as well as Biscoff Cookie Butter launched in 2014, the business is making significant inroads, but expects even better results moving forwards:



“In 2018 the German business grew by 10%. We’re very proud of this, as recruiting and embedding a new team while delivering growth isn’t easy. But we’re still defining the right assortments and channels and ensuring activation programmes match opportunities. While our competitors

“In 2018 the German business grew by 10%. We’re very proud of this, as recruiting and embedding a new team while delivering growth isn’t easy.”



are making promotional investments, the quality and the distinctiveness of Lotus Biscoff means it doesn’t need ‘over promoting.’ Our Group strategy, driven by the Boone family, is to focus on longer-term goals, rather than seeking opportunistic wins. Only a sustainable growth plan, offering the right formats, attracting different shopper segments and playing in the right channels with the right propositions will guarantee future success.”

Now “the basics are in place” and progress made in developing Lotus’ flagship brand, Nathalie revealed a gradual shift in focus for her team. Following its acquisition of UK based Natural Balance Foods and Urban Fresh Foods in 2015, Lotus Bakeries has integrated the popular Näkd, TREK and Bear Fruit healthy snacking brands into its portfolio. And starting in the Netherlands, the business has now successfully launched these products in Belgium and the USA, while continuing to grow them in the UK. Nathalie admits these acquisitions were somewhat challenging for Lotus Bakeries, given the business had no prior health food experience. It’s a wise move though, she says, due to the increasing importance for retailers of placing indulgence alongside healthy snacking.

A key message in achieving the smooth integration in the USA, the Netherlands and Belgium, she explained, has been Lotus’ emphasis on healthy snacking being important for consumers, rather than simply a trend. And Nathalie expects

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SULPHITES



this approach will work in Germany too, as the market catches up with the rest of Europe:

“The German snacking market is changing. Consumers here want to enjoy cookies regardless of the sugar content. But they’re also increasingly conscious about what they eat, with a preference for healthy snacks. This is also impacting how retailers define category assortments and activity programs. We started developing this segment in late 2017, ensuring all our products have the correct packaging from a legal perspective. We’ve also worked on category strategies to help guide the trade in retail and ‘out of home’ channels. Näkd, Trek and Bear Fruit are now almost ready to launch in Germany – it’s another huge growth area for us.”

Like in other countries, however, cookies are the key to unlocking the market, says Nathalie, and it’s a clear Group vision to “become the biggest cookie brand in the world” together with a supportive and collegial culture, that has been instrumental in Lotus Bakeries’ rapid growth in recent years.

Once construction of its new Bear Fruit manufacturing facility in South Africa is complete, Lotus will surpass 2,000 employees worldwide. However, Nathalie stated, gaining over 500 people

in two years hasn’t impacted the entrepreneurial and familiar spirit present across the whole company.

Teams across Europe, the Americas and Asia enjoy regular interaction with each other and Lotus Bakeries’ Belgian headquarters. This positive flow of information across territories ensures strong internal knowledge, the sharing of best practice and a “one Lotus family feeling.” Twice a year all European colleagues come together face-to-face, and there’s also an annual Lotus Bakeries Group conference. Collaboration between countries occurs when opportunities arise and a dedicated HR programme prioritises embedding the business’s core values

– Team spirit, Open Dialogue and Passion.

Lotus Bakeries has been able to make the transition from a Belgian to an international player thanks to its intelligent, committed, passionate and driven people, says Nathalie. To ensure it only recruits those who meet its high expectations and fit the culture, the business has a long and detailed selection process, involving multiple interviews with different people across the organisation. While sometimes frustrating for candidates, Nathalie believes this rigorous approach is worth it as a rewarding career awaits once you’re hired:

“There isn’t a standard development path at Lotus Bakeries, but if you work hard and perform well it’s noticed and rewarded. And the possibilities to prove yourself and progress are endless – you gain expertise in a variety of areas through the opportunities you are afforded. With few hierarchies, it means decision making is fast too. This gives you a feeling that you’re making an impact and that your opinion is valued and heard – that’s very motivating.”

Nathalie benefits from the regular communication, support and trust she receives from the Boone family and Executive Board. And with her own team, she too adopts a personable leadership approach. Describing herself as a “coaching leader,” she works hard to create an open and stimulating work environment and ensures people have the right tools, framework and autonomy to find their own solutions. Lotus Bakeries prefers to fill vacancies internally, she says, and therefore getting people outside of their comfort zones as early as possible, means they grow fast and become effective employees and leaders.

“The German snacking market is changing. They’re increasingly conscious about what they eat, with a preference for healthy snacks.”



“It can be tough, but exciting too,” says Nathalie. “I love seeing what someone can achieve when you believe in them.” Of course, the capabilities, enthusiasm and ambitions of the person need to match the challenge, but in general, she finds this a great way to motivate

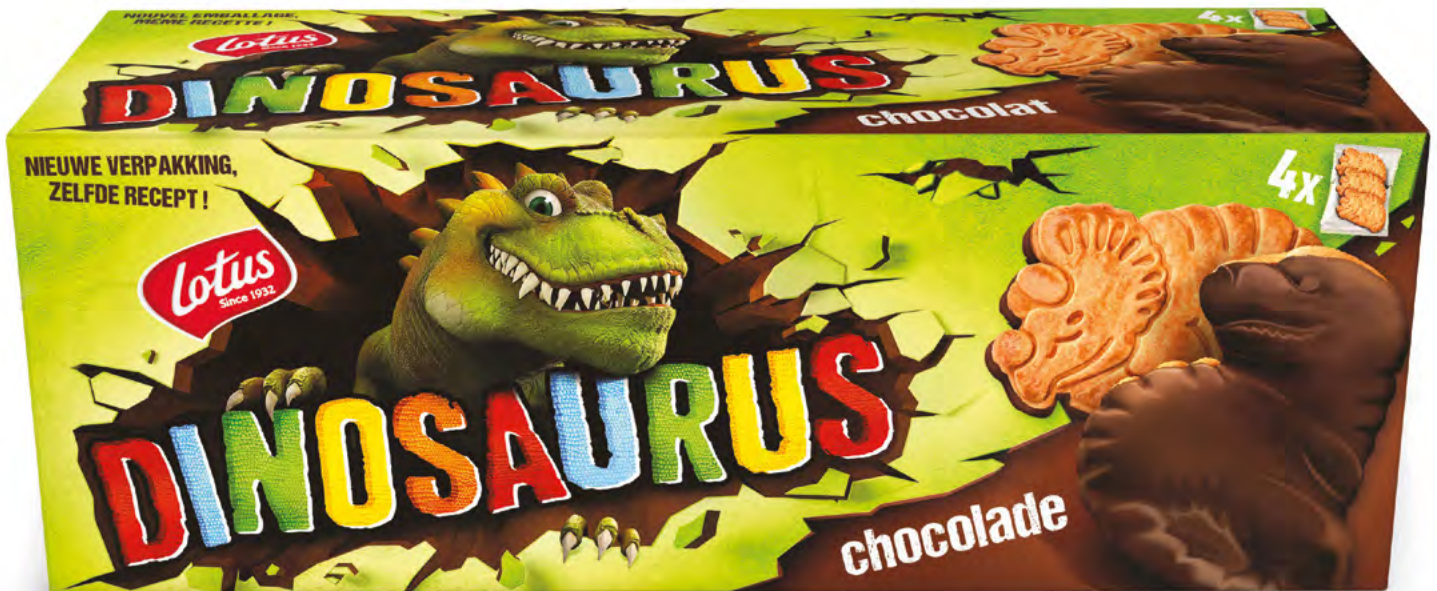
people. Yes, mistakes are sometimes made, but encouraging her team to learn from them, builds trust and alignment: “The personal contact is very important at Lotus. As a leader, I’m challenged to facilitate this. We discuss a lot, work hard, but also have fun.

I know my colleagues appreciate this approach.”

With a clear strategy in place, as well as a coherent structure for the German team, Nathalie says they have an exciting journey ahead.

She added: “We’re convinced that we can be an effective partner to the German trade and develop our target categories. Lotus Bakeries has the advantage of scale to influence customers, and flexibility to meet changing market conditions and consumer tastes. It’s a great place to work. The business is growing year-on-year, we have a long term perspective, a positive atmosphere across the Group and delicious products too.”

“Lotus Bakeries has the advantage of scale to influence customers, and flexibility to meet changing market conditions.”



GREAT IDEAS FOR BUILDING YOUR EMPLOYER BRAND

The problem with work

"The daily routine of most adults is so heavy and artificial that we are closed off to much of the world."

Ursula Le Guin, 1929 - 2018

Work – the thing we spend much of our time doing – is having a bad time of it these days. As research suggests a growing disillusionment with jobs as well as employers is emerging. But what’s gone wrong? Why has the nature of work become such a contentious issue? And how can companies attract and retain talent or re-engage and re-energise employees, and make them love their jobs again? From Boreout to Burnout, in this paper, we look at some of the criticisms of working life and consider how companies are changing to meet the needs of the modern workforce.

With employment figures surging across Europe, you could argue we’re living through a golden age of work. In the developed world there are more people than ever with jobs. Education is now wholly focused on training employability, regardless of the subject being studied. And being employed is widely considered a ‘moral duty’ as it means contributing to the expansion of the free market, the worthiest of causes since economists pronounced the ‘End of History’ some 26 years ago.

Losing purpose

But in researching modern working life, it doesn’t take long to stumble upon an ever-growing list of discrepancies between the promise of employment and the actual experience of it. For many, work lacks meaning and for some, the activities of employers appear ethically spurious. Its benefits are not distributed fairly either, and it’s also bad for your health. In 2015, a YouGov poll found 37% of British workers consider their job meaningless, with a further 13% saying they weren’t sure if it was or not – that’s basically half of the UK workforce with no sense of purpose in what they do for a living. Deloitte’s 2017 ‘global ethics’ survey revealed only 40% of North American executives believe their



company is ethically ‘strong’, while the UK’s Association of Chartered Certified Accountants (ACCA) found 50% of British workers are unconvinced their employer is committed to ethical behaviours.

Pay gap

Regarding benefits, the gender pay gap is widely publicised and an increasing scourge for employers wanting to appear committed to fairness and equality. But perhaps the most outlandish inconsistencies reported today are the chasms that exist between executive and workers’ pay. In the 2017 Bloomberg Global CEO Index, for example, CEOs in the USA were shown to earn 265 times more than the average American worker, while the UK (201), the Netherlands (171), Spain (143), and Germany (136) also featured in the top ten worst offending countries.

Rank	Economy	Pay Ratio	CEO Pay, \$ Million	GDP p.c. PPP 2017/2016
1	United States	265	\$14.25	\$53,820
2	India	229	1.46	6,372
3	U.K.	201	7.95	39,545
4	South Africa	180	2.21	12,270
5	Netherlands	171	8.24	48,177
6	Switzerland	152	8.5	55,952
7	Canada	149	6.49	43,469
8	Spain	143	4.89	34,245
9	Germany	136	6.17	45,341
10	China	127	1.87	14,713

Source: Bloomberg, International Monetary Fund.
Note: Reflects companies' most recent disclosures of pay as of December 2017.

Furthermore, the rise of the gig economy and zero-hour contracts, comprising over five million people in Europe, while making overall employment statistics appear strong, isolates a large swath of the workforce from basic rights such as sick pay, minimum wage and unfair dismissal enjoyed by those with secure jobs and permanent contracts. And another discouraging statistic which undermines the role of work is that having a job no longer guarantees a life free from poverty. In the UK, for example, 67% of children living in poverty are from 'working homes.'



State of mind

The most prominent gripe against modern working life, though, is that work is bad for your health. Mental health, in particular, is a major concern for employers. The World Health Organisation (WHO) says one in four people are affected by mental illness, and in the UK 15% of workers experience mental health issues at work, while 13% of all sick days are now attributed to mental health related problems.

While ongoing socio-economic, geopolitical, demographic, environmental and technological factors undoubtedly exasperate individual anxieties, the issues outlined above concerning pay, precarity, lack of meaning and distrust at work surely augment personal health problems.

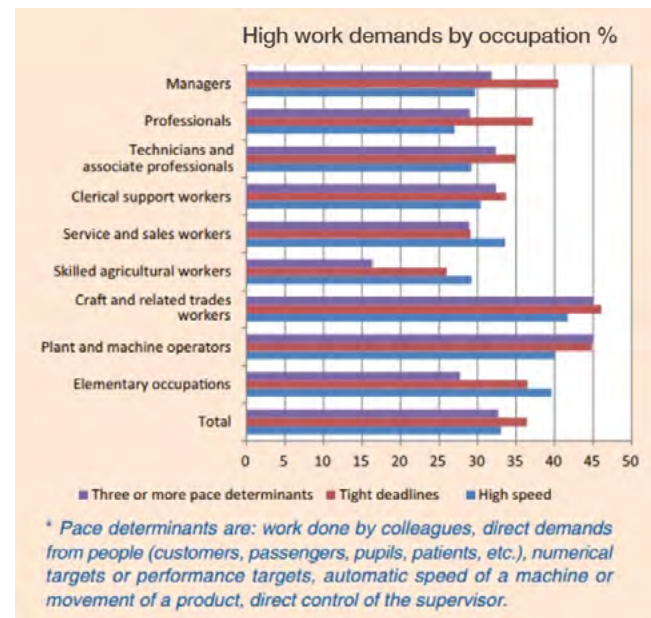
It's easy to link low income and insecurity to poor mental health. The Royal College of Paediatrics recently confirmed higher rates of stress of those living in 'poor' working households. In recent years, though, researchers have made curious observations about how working life negatively impacts even educated and comparatively affluent workers who are secure in their jobs.

In their 2008 book *Boreout!* Peter Werder and Philippe Rothlin described a condition they say is found in most modern office environments, where bored employees perceive there is no meaning in their jobs, develop work-avoidance strategies that simultaneously give the impression

they are busy and in demand. These include taking longer to complete tasks and faking enthusiasm and effort by staying late and skipping lunch. This is far from fun, though, as Boreout sufferers claim extreme anxiety and stress through fear of being found out.



Burnout is another stigma associated with working life today. In the European Working Conditions Survey, 33% of EU based workers say working at high speed to meet tight deadlines is normal. The same percentage also claim frequent interruptions prevent them from getting work done. The report confirms that intensive and disruptive working styles have negative consequences on mental health, with 14% saying work is a constant worry, while over 25% report psychological strain through trying to hide or suppress the fact they're struggling.



Switched on

Even for those that don't suffer (or don't believe they suffer) from health problems associated with modern working life – the European Working Conditions Survey confirms some people find intensive work rewarding or interesting – there is still a private cost to choosing or engaging in this 'always on' lifestyle.

In the UK, for example, 75% of workers admit they can't help responding to work emails at home because technology enables them to, with 37% in another study claiming it makes them more productive. However, according to clinical psychologist Professor Vicki Culpin, this behaviour of staying connected to our technologies throughout the night causes people to sleep poorly because it limits the brain's ability to fully 'switch off.' High levels of sleeplessness and 'poor sleep' she says exposes people to greater risks of catching colds, as well as suffering (in extreme cases) depression, dementia, strokes and heart attacks.

While social media, news and entertainment are part of the problem, Culpin, in her forthcoming book, *The Business of Sleep*, argues that presenteeism and long-hour working cultures are the biggest culprits. Unawareness of the health implications of poor sleep, she adds, is rife and Culpin labels our era the 'age of foolishness' where one-upmanship at work, despite its promise of short term financial gains, has no long-term benefits on individual well-being.

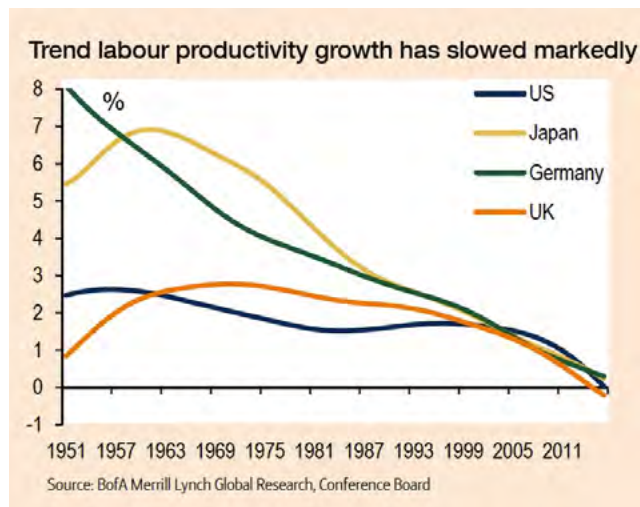
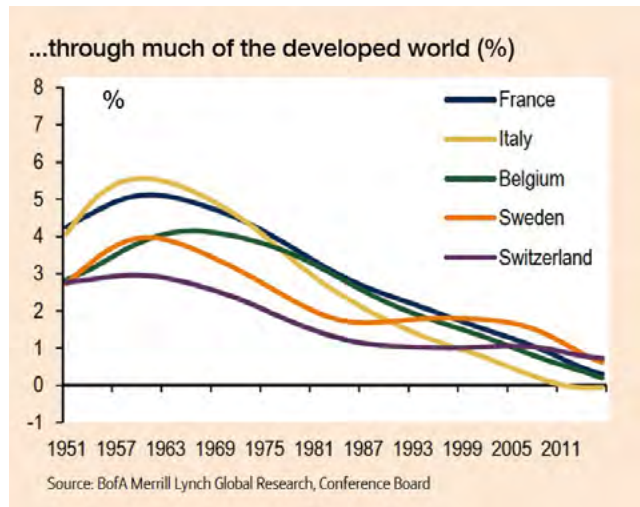
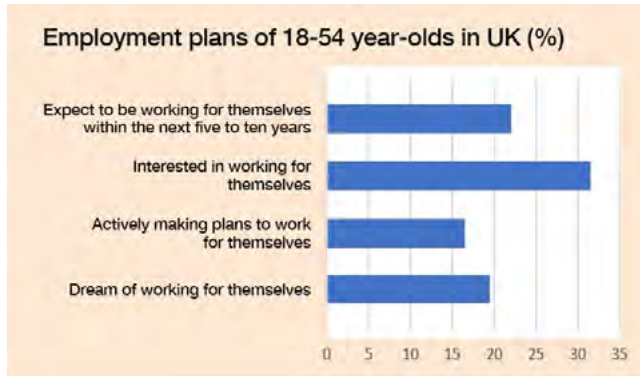
What else? The European Working Conditions Survey further reveals workers are usually too tired do household jobs (21%), can't commit enough time to their families or adequately look after children (11%), or undertake care responsibilities for sick or elderly relatives (3%). Commuting times are increasing across Europe and long commutes are a direct cause of unhappiness amongst workers. And, certainly, for younger generations, work is seemingly never-ending too, with average retirement ages slowing creeping up throughout the continent.

Alternative approaches

So, yes, work is up against it. And mounting dissatisfaction caused by the reasons discussed above is taking its toll on employers. As referenced at the start of this article, talent is dropping out of the workforce at a high rate, as more people are lured away from the trappings of a traditional career and towards the perceived dignity of self-employment – better health and well-being, greater autonomy, the opportunity to do meaningful or ethical work, or where the fruits of their efforts are fairly rewarded.

Perhaps more alarming, however, is the ongoing decline in productivity across the developed world. It seems despite efforts to normalise intensive working patterns, overall

output per worker remains comparatively poor to what it has been in the past, with no indication it will recover.



To meet these challenges head on, things clearly need to change. And in some instances, they already are, with

companies reporting favourable results for retention and productivity after acknowledging these issues and finding ways to make working life more meaningful, ethical, fair and healthier for their people.

What good practices look like

Companies suffer if employees have little pride in their work, or where they believe their job lacks meaning or that it somehow makes them complicit in unethical behaviours. If the rewards are unfair or if it has a negative impact on their health – whether they realise it or not – their productivity and morale, too, will decline over time. Employers must, therefore, work hard to instil a sense of pride in their personnel through embedding a workplace culture that promotes purpose, personal growth, health and well-being.

The first stage in achieving this is to define exactly what the company stands for, as well as what it means to work there. Otherwise known as ‘the brand’ and ‘employment brand,’ these two factors should always match up through clear consistencies in how they’re marketed and implemented.

Messages and initiatives play critical roles in engaging and uniting current employees behind the brand and its vision, as well as in attracting new people into the business through raising awareness of a company’s employment brand in the market. The aim should always be to try to emphasise how your brand is different and encapsulate the type of people you want the business to be associated with – what does good look like? Which qualities from your current employees do you seek to emphasise above others?

Employee engagement surveys and conducting audits of the talent attraction, engagement and retention processes can help tease out what these things are. Cross functional involvement in establishing brand and employer brand messages is essential, as is appointing designated employee advocacy leaders to facilitate the process and embed cultural change.

Valuing everybody and giving direction and purpose through learning and development programmes is usually an easy win. Conceiving benefits and rewards that match the brand’s ethos, linking brand building strategies with other processes – e.g. customer service – as well as aligning the organisation with perceived ‘positive impact’ causes, such as charitable or environmental activities, will also ensure success.

Being open to and creative around flexible working helps people meet personal obligations and responsibilities, avoid stressful commutes, provides empowerment by giving them greater control over their working lives, and ultimately, reduces stress.

In terms of the proactive elements involved in attracting talent, refining recruitment systems so that all candidates – whether successful in their job application or not – enjoy positive recruitment experiences, is a must. And many companies now participate in talent community building, utilising ongoing networking and other marketing touch points to ensure their brand remains ‘top-of-mind’ for prospective candidates. So when the company is ready to launch a recruitment campaign, it’s already one step ahead of its competition, in a tight talent market.

Positive and in-depth onboarding processes, too, help retain the momentum of recruitment campaigns and ensure no inconsistencies between perception and reality emerge.

If employees are engaged, then they’ll want to help and it’s wise for companies to enlist the support of staff in brand and employer brand building activities. We’ve already mentioned using employee advocacy leaders to roll out internal initiatives and spread positive messages, but in the digital age, providing access to and training people to leverage digital channels is equally significant. Whether it’s promoting products and services, raising brand awareness or highlighting how much they enjoy their jobs, giving employees the freedom and tools to participate in brand building online is a smart move.

Sending regular company updates and content sharing suggestions, utilising videos and infographics and testing employees’ knowledge to ensure consistent and accurate messages, can maximise results. And the more channels collectively utilised, the greater exposure and impact gained.

To see what some of our clients have been doing to meet the needs of the modern workforce, please visit <https://try.nigelwright.com/great-ideas-for-building-your-employer-brand/> and download the full report, where you can access several case studies from various industry perspectives.



INNOCENT DRINKS: AGITATING CHANGE FOR A SUSTAINABLE FUTURE



In 2018, Innocent Drinks became a B Corp – one of several businesses worldwide recognised for rigorous standards of social and environmental performance, accountability and transparency. It was the result of almost two decades’ work by the UK headquartered smoothie maker to embed sustainability practices across its operation.

As Innocent’s longest-serving employee, Louise Stevens has played an instrumental role in this journey. She tells Nigel Wright how a vision to always “leave things better than we find them” has helped the business become a sustainability leader.

Louise joined Innocent Drinks’ supply chain graduate scheme in 2001. The company was just two years old at the time, and she one of only 14 employees. However, finding an entrepreneurial business with strong ethics was the aim of her job search, and despite having never heard of Innocent Drinks, she was confident she’d made the right choice: “What the business stood for really resonated with me. Its ethical ambitions were clear, but I was attracted to the whole entrepreneurial ethos too – never taking no for an answer and making great decisions and products.”

Her role during those early days involved running the entire supply chain operation alongside Innocent co-founder Jon Wright. With the business enjoying triple-digit sales growth, endless opportunities to develop and stretch her capabilities



Louise Stevens, Innocent Drinks

existed. Sustainability, Louise says, was always an element of her role. Food waste minimisation, for example, had been an inherent aspect of Innocent’s business model from the start. And in 2002 plastic pollution also became a prominent theme within the supply chain strategy, as she explains:

“The business was celebrating another bumper month following the announcement of our latest sales figures when co-founder Adam Balon cut the revelries short by announcing his disappointment that we were wasting too much plastic. He posed the question: ‘Is there a way that we can get our bottles back and reuse the plastic?’ That became a real challenge for the supply chain team. There were four of us, then, including Jon Wright. For weeks, we sat there scratching our heads, wondering how we could do it?”

Thanks to Jon’s leadership and enthusiasm for the project, the team pulled together and by 2003 all Innocent Drinks’ smoothie bottles contained 25% recycled content. This figure was (and still is) above industry averages and became a pioneering first step on a journey to transform plastic packaging standards. Other milestones followed including a 50% recycled version, soon followed by a 100% recycled plastic bottle, launched in 2007.

As Innocent Drinks grew, Louise expanded her role at the business,

“Food waste minimisation had been an inherent aspect of Innocent’s business model from the start.”

“My thesis focused on Innocent’s water footprint, something we’d never considered before. I identified a few crops to focus on.”

moving into Customer Supply and later Logistics and Portfolio Management roles. As International Logistics & Portfolio Manager, she developed and implemented an export strategy which reduced the business’ carbon footprint and cut waste. This increasing interest in sustainability led Louise to complete an MSc in Environmental and Earth Resources Management. Following completion of the course, in 2008 Louise was appointed Sustainability Manager and immediately began implementing her learnings:

“To lead a sustainability team, you need an academic grounding. My thesis focused on Innocent’s water footprint, something we’d never considered before. I identified a few crops to focus on, and at the top of the list was strawberries which we source from Spain. We kicked off the water footprint project in 2010 and it’s still running in collaboration with other brands and organisations based in Spain. We’ve been able to make a tremendous impact on the way water is used, in what is quite a water-stressed region.”

Further initiatives followed in food waste minimisation, carbon footprint reduction, packaging sustainability, and third-party resource efficiency, as well as building a strategy for sustainable agriculture. As a “fruit and veg business” this last area became an important component to Innocent’s sustainability strategy, says Louise. The business joined the Sustainable Agriculture Initiative in 2013 and was one of the first companies to pilot the Farm Sustainability Assessment, an effective tool to assess, improve and communicate on-farm sustainability.

The importance of sustainability increased and in 2011 Louise was appointed head of a larger specialist sustainability team, building on the great work of her predecessor Jessica Sansom. During the following six years, they developed and implemented strategy covering all aspects of business management and NPD, increased the company’s usage of sustainably sourced (rPET) plastic and expanded the sustainable agriculture programme. To achieve this, Louise also conceived employee engagement initiatives which became a critical factor in achieving success:

“We never considered sustainability as an add-on. To deliver our ambitious targets, we needed to engage everybody in the business. Every team was tasked with thinking about it, which enabled us to cover a breadth

of sustainability practices. It’s always easier to engage the Supply Chain team because they see tangible results for their sustainability initiatives. We had a separate sustainability budget for making our supply chain more sustainable, but I also established various sustainability roles which are broad enough that whatever your job, you could adopt one of the positions.”

These positions, as Louise explained, each have annual responsibilities and objectives. ‘Protectors,’ for example, are those involved in making key decisions which could have a positive or adverse impact on sustainability. Their role is to prevent poor sustainability practices entering critical areas like NPD. ‘Ambassadors’ could be anyone in customer/consumer facing roles, tasked with communicating sustainability strategy to the market. ‘Activators’ are mainly people in supply chain, while ‘Agitators’ – a role fulfilled by over half of Innocent’s employees – act as agents of change. They question everything from paper use to raw materials procurement.



Today, Louise is Innocent Drinks' Head of Circular Economy, a new role created in 2017 to continue the business' 15 year legacy of plastic packaging innovation. A circular economy is an economic system aimed at minimising waste and maximising resources. The term has been around for a while, but its prominence has increased recently in light of global efforts to reduce plastic waste. Solutions are possible, as Innocent has proven over the years, but despite positive steps, issues remain which require urgent attention.

While plastic is a useful material, which enables us to feed and clothe the world, an enduring problem, says Louise, is that it isn't seen as anything but waste, and so ends up polluting the environment. While recycling is a good practice, plastic doesn't recycle endlessly like glass or aluminium without first receiving a small injection of pure petroleum grade virgin plastic. Climate change is of course the biggest issue facing planet earth and decoupling plastics from fossil fuels requires immediate attention. Developing virgin plastic upcycled from organic waste, now forms a key part of Innocent's R&D endeavours:

"Innocent's vision for sustainability is to leave things better than we find them. So, we're helping boost the circular economy by buying more recycled plastic (rPET). Our smoothie bottles, for example, are currently 50% rPET and 15% plant-based plastic. It's the latest step on our plastic R&D journey. Our goal is that by 2022, all our bottles will only contain sustainably sourced plastic - mostly recycled with a dash of plant-based plastic. It's an ambitious goal, but we

never accept that something can't be done. That attitude has been constant throughout the company's history."

With plastic pollution now a prominent issue, Louise hopes for improvements in the infrastructure for collecting, recycling and turning plastic into resin. Though while a

"We want to influence our consumers, our suppliers and everyone around us."

plastic made from potato peel and coffee grains may be a long way off, alongside its circular economy R&D, Innocent also has an innovation stream focused on alternative delivery models for drinks, with some quick wins expected in 2019. Bottles within the current portfolio, says Louise, use a minimum of 30% recycled plastic. The aim this year is to transfer more Innocent products to the 50% rPET and 15% plant-based bottles: "We're always trying to understand where else we could make changes in our supply chain."

Innocent Drinks acknowledge that years of plastic pollution negligence requires urgent action, but the company is avoiding becoming "preachy" in how it communicates efforts to solve the crisis. As Head of Circular Economy, Louise has worked with Innocent's Marketing team to create messages with "a touch of humour." The circular economy concept, for example, is referred to as "the big wheel of using plastic again" - "it's a bit silly" says Louise, "but a more down to earth way of getting consumers involved in what we're doing."





“The message we communicate to our drinkers is clear: everybody can make a difference; every action makes a difference.”

for the business. B Corp provides a structure that highlights areas of further improvement and enables Louise and the sustainability team to develop new practices and set further goals. Innocent must also measure and report its sustainability targets alongside commercial metrics in its annual report. Significantly, though, the business now joins a community of 2,500 other B Corp firms that work together to solve problems, share best practice and establish principles for how to build and run successful B Corps. These collective and scalable actions by the world’s companies, Louise says, will become a “massive force for change” over the next few years in tackling the “huge environmental issues” we all face.

Now in her eighteenth year at Innocent Drinks, Louise’s reasons for staying at the company for so long are simple. While remaining true to its purpose of making a product that is good for people and “leaving things better than we find them,” she says the never-ending ambition and opportunities for experience and growth are unmatched in the industry. And as the next 20 years bring more success, she expects with her role as a champion for sustainability, ensuring the company’s values stay front and centre in all decision making, will be as important as ever:

“The bigger we get, the more we will need to drive the sustainability agenda. But that’s a happy problem - finding ways to make sure our people are given the time and responsibility to focus on sustainable projects is how we’ve achieved our impressive environmental record.”

She added: “We want to influence our consumers, our suppliers and everyone around us. By telling our circular economy story in various forums, it keeps our ambition to increase circularity top of mind. That’s why, for the last year, the only story you’ll see on the side of our smoothie bottles is about recycling. The message we communicate to our drinkers is clear: everybody can make a difference; every action makes a difference.”

Achieving B Corp status was recognition that Innocent has been on the right path with its broad approach to sustainability. But, rather than signalling the culmination of its endeavours, Louise explains how gaining this certification means the beginning of a new and more collaborative sustainability journey



NEW RESEARCH POINTS TO TRADITIONAL ATTITUDES OF MILLENNIALS

In its 2017 Global Consumer Trends Survey, Euromonitor paints a familiar picture of Millennial behaviour.

Some of the sound bites include the generation born between 1982 and 1999's tendency for 'flexible, adaptable and personalised experiences,' its denial of brand loyalty and an unwillingness to start a family or buy a home until much later in life. It also points towards an intuitive grasp of technology as a factor which makes Millennials natural or 'adaptive' entrepreneurs - selling, communicating, networking and crowdfunding their way to success.

Fundamentally, it claims, they 'reject traditional jobs' and 9-5 lifestyles, instead seeking out roles 'they can build themselves and align with their personal interests and passions.' All the while, they enact these plans without a need for a reliable income, downplaying too, any incentives for potential financial gain. From the statistics which accompany the report, the message from Millennials seems very clear - 59% expect to be self-employed during their career, with only 11% stating financial security is important.

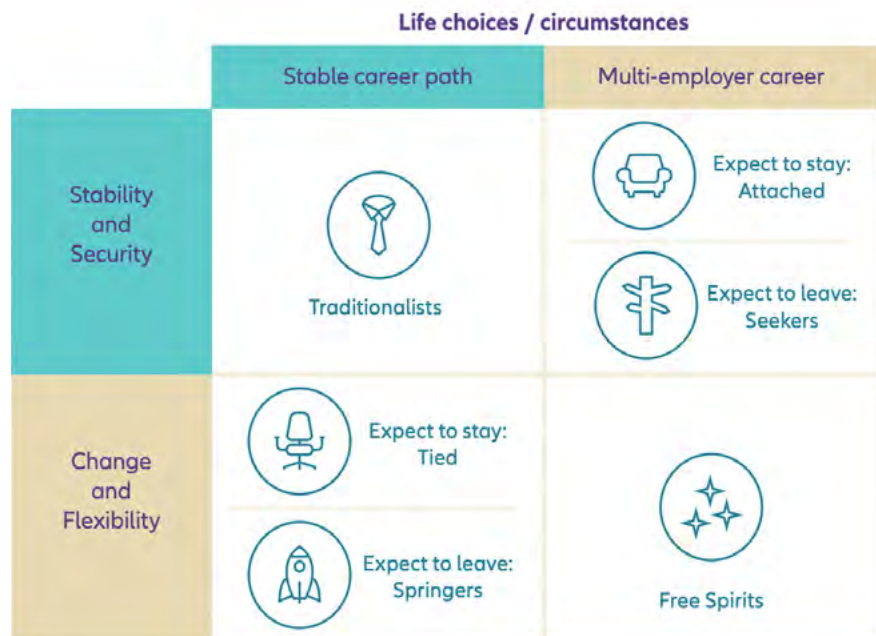
Is this an accurate portrayal of an entire generation, though? Certainly, some of these findings do match with the attitudes shared by large numbers of Millennials across Europe. But, even on an anecdotal level, we recognise that many of these pronouncements may seem a little overstated or even untrue

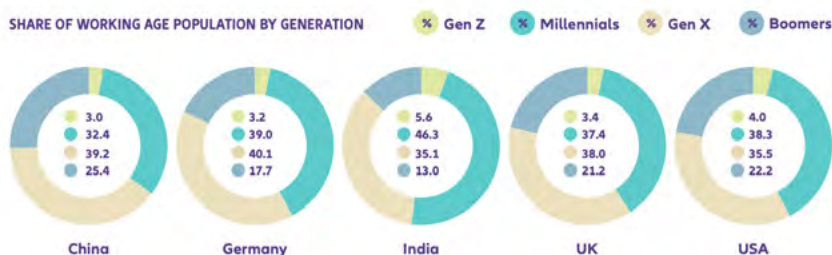
when overlaid on Millennial friends and colleagues.

These were some of the doubts raised by researchers at global financial services firm Allianz when they sought to offer a critical eye to the Millennial debate, peering a little closer at the trend and unearthing some surprising - though perhaps more agreeable insights - in their Millennials: Work, Life And Satisfaction 2017 report. Based on interviews with over 5,000 currently employed 18-35-year olds across Germany, the UK, the US, China and India, rather than a generation

made up of free spirits who embrace flexibility and freedom, with a desire to create their own ultimately 'self-employed' futures, the Millennials in Allianz's study are more complex. The report, in fact, finds six distinct categories highlighting a broad spectrum of attitudes and desires.

While there are 'Free Spirits', as described above, Allianz also points toward young workers who have restlessly changed employers during their careers, but who do so in the hope they will eventually find a job that satisfies them, and a company





Source: Census.org; Generations follow U.S. Definition: Boomers 1946-1964; GenX 1965-1981; millennials 1982-1999; Gen Z: 2000 onwards

that will offer long term security. Termed Seekers, they share a platform with the Attached group who have gone through a similar experience but who now believe they've resolved their search and found a degree of contentment at work.

On the other hand, there are Millennials who have defied the stereotypical 'flighty' label and instead worked for the same business for several years. These workers are not happy, though, and intend to one day leave their employer for another, better suited company. While some are Tied to their employer through necessity, with no clear plan of escape, others are described as Springers who are confident their existing employment predicament is just a stepping stone to a happier scenario soon. A final category is the Traditionalists, who, like their name suggests, chose a deliberate career path with one employer, with whom they intend to develop and 'climb the ladder' over a long period of time.

What the research reveals is that the two largest categories by a significant margin are Traditionalists (35%) followed by Seekers (27%). And across all categories, the overall conclusion is that, first and foremost, Millennials favour the stability and security offered by permanent positions over the

flexibility and freedom associated with self-employment. Only 16%, overall, matched the Free Spirit category.

The research should give businesses food for thought when developing strategies which seek to introduce Millennial talent into the workforce. But before we consider the nuances of Allianz's findings, let's first look at some of the broad conclusions reported about this emerging generation.

According to Allianz, there are two billion Millennials (119 million in Europe) in the world today and by 2020 one third of the global workforce will consist of those born after 1982. Furthermore, despite the perception that those within the 18-35 age bracket are largely worried about their future, the report confirms that when it comes to careers, most are optimistic about their prospects. Generally, too, they envisage a better future for themselves, with over 80% expecting their lives to improve, despite an overwhelming acceptance that they will work far longer than previous generations.

While the Allianz report reveals a yearning for stability and security at work, it does undoubtedly confirm a restlessness amongst Millennials who seem happy to move around in their search for 'the right thing', even if that right thing is another permanent job.

Over 40% indicated that their current employment situation wasn't ideal. It seems that what Millennials demand from a state of permanence in their employment is a sense of purpose associated with acquiring (80%) and using skills (82%), doing work which is linked to socially responsible activities, as well as enough time outside of work to do other things (82%).

Even so, and again in contrast to the widely accepted view of Millennials' attitudes to work, there is a consistent desire across different countries for a job which offers opportunities for advancement (74%) and is challenging (66%), as well as for gaining high status at work and an income which matches it (69%). These factors increase again, of course, when associated with respondents who match the Traditionalist category. When it comes to excelling through doing occasional overtime, though, the willingness is comparatively low (61%) and fits with the fact that only 57% of Millennials in the study consider work a central part of their life.

Although seemingly shunning the Free Spirit ethos of self-employment, Millennials in the Allianz study are mainly supportive of remote working (64%) saying it allows for greater flexibility in their working lives. Furthermore, while usually considered a collaborative and social bunch, when it comes to working in an open plan office - which is favoured by most modern organisations today - only 48% believe those environments are good for communication, while 52% state the open plan model is bad for concentration. And though Millennials are prone to travelling the world, moving abroad to boost their careers only appealed to half of the respondents.

Finally, when asked about how the world of work will change and evolve, there was a high level of agreement from respondents that the pressure to

“Millennials demand a sense of purpose associated with acquiring and using skills, doing work which is linked to socially responsible activities.”

perform at work would increase (70%), and that roles would become more demanding (71%). Machines and computers too, Millennials expect, would play a greater role in working life (73%). Where Millennials were more sceptical about the future was with regards to flexibility and pay. Only 57% believe the hours of work will become more flexible, while as few as 48% see overall remuneration and earning power improving.

So, what about when we look at specific countries? Across several factors, Millennials from across the world showed differing and, in some cases, more extreme variations of the trends unearthed by Allianz.

Firstly, the Millennial workforce is currently more dominant in India (46%) than elsewhere. Only a third (32%) of Chinese workers represent the 18-35-year old generation, with the number slightly higher in Germany (39%), the USA (38%) and the UK (37%). There are also more Indian Millennials who fall into the Seeker category (40%) than there are in other countries, with those in Traditional careers most likely found in China (45%) and Germany (34%).

While most Millennials prefer the security and stability of permanent employment, respondents in the USA (78%) and India (75%) were generally more in favour of this career path compared to the those from China (68%), the UK (68%) and Germany (65%). Within Europe, although there are considerably more Traditionalists in Germany than in the UK (27%), the number of Free Spirits in those countries was largely the same (16%; 17%).

Opportunities to progress in their careers tend to be more important to Millennials outside of Europe, particularly for those in the USA (79%); with China (76%) and India (76%) close behind. Percentages then fall marginally in Germany (72%) and the UK (69%). When it comes to finding challenging work, however, Germans (76%) are way ahead. And apart from Indian Millennials (73%), the need for challenge is much reduced elsewhere: USA (65%), UK (60%)

“Regarding gaining employment that leaves time for other things outside of work, Millennials in Germany and the USA consider this a deal breaker.”

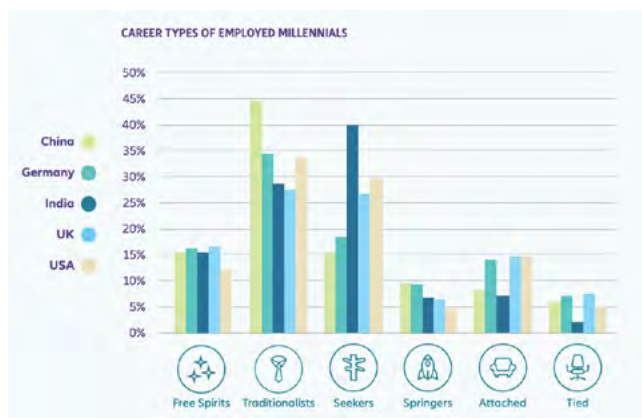
and China (55%). Work also plays a far more central role in the lives of Millennials in India (65%), the USA (62%) and Germany (60%) than it does for those in the UK (49%) and China (47%).

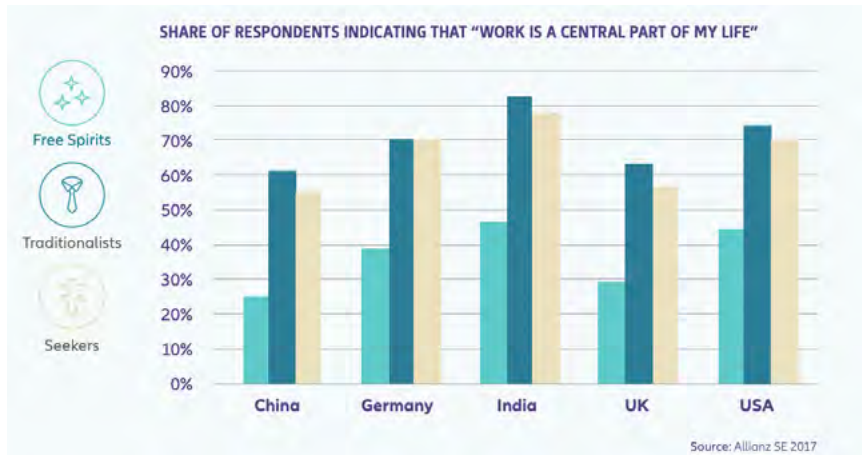
Finding meaning at work through acquiring new skills is a lower concern for Chinese (75%) and UK (74%) Millennials than it is for those in Germany (85%), India (83%) and the USA (82%). Respondents in China are also less motivated by the chance to utilise specific skills and expertise in their jobs (74%) unlike their peers in Germany 90%; USA 88% and India (83%). Regarding gaining employment that leaves time for other things outside of work, Millennials in Germany (90%) and the USA (90%) consider this a deal breaker, as opposed to in China (69%) where the separation of work and life is less prominent. However, the Chinese are more confident that flexible hours will become more prevalent during the next 10 years (66%) compared to respondents in Germany (52%), the USA (57%) and the UK (48%).

Gaining status and an income which matches it is important to a clear majority of Indian Millennials (80%). Germans too (76%) aim for a degree of prestige in their working lives. This appears much less relevant, though, for those in the UK (60%); with Chinese (65%) and US (66%) Millennials also showing lower scores. Yet, if these are the things Germans and Indians crave, they also demonstrate better awareness through their expectations that work will become more demanding (76%; 72%) and that there'll be more pressure to perform (72%; 72%).

A message which may prove challenging for businesses trying to capitalise on Millennial talent is that, bar India, across each of the other countries, Millennials appear to have a low work ethic. In the report, this is measured by a willingness to do overtime if it means excelling in your role. While Indian Millennials (72%), in the main, are willing to commit to overtime, this attitude is much less prominent elsewhere, with only half of Chinese 18-35-year olds, 56% of Germans and 59% of those in the UK saying the same. The picture is slightly better for those in Traditionalist careers with 89% of Indian Traditionalists, 76% of those in the US and 70% in the UK considering overtime a prerequisite to doing your best. The number, however, falls to 64% in Germany.

Perhaps linked to this is expectations concerning pay. While 61% of Indian Millennials expect earnings to go up over the next 10 years, just over half of US Millennials, 40% of





UK Millennials and as little as 24% of German Millennials believe wages will rise.

Other differences between German Millennials and their Western peers emerge when analysing data concerning the work environment. While the jury tends to be out on whether open plan offices are good for productivity and communication, Germans seem adamant that the open plan model is a bad idea. Only 24% support it compared to 48% in the UK and the USA. German 18-35-year olds are also more sceptical about remote working, generally seeing it as leading to increased working hours (54%) rather than providing flexibility (46%). In the UK (62%) and the USA (74%) on the other hand, the association of remote work and flexibility is strong.

In Asia, remote working as being indicative of greater flexibility is generally agreed across China (67%) and India (70%). Open plan offices too tend to gain more favour with Chinese (62%) and Indian (57%) Millennials compared to their peers in the West. Perhaps as expected, the prospect of moving abroad to boost their careers seems more popular with Indian (61%) and to a lesser extent Chinese (54%) respondents than it did to 18-35-year olds in the USA (51%), the UK (49%) and Germany (30%).

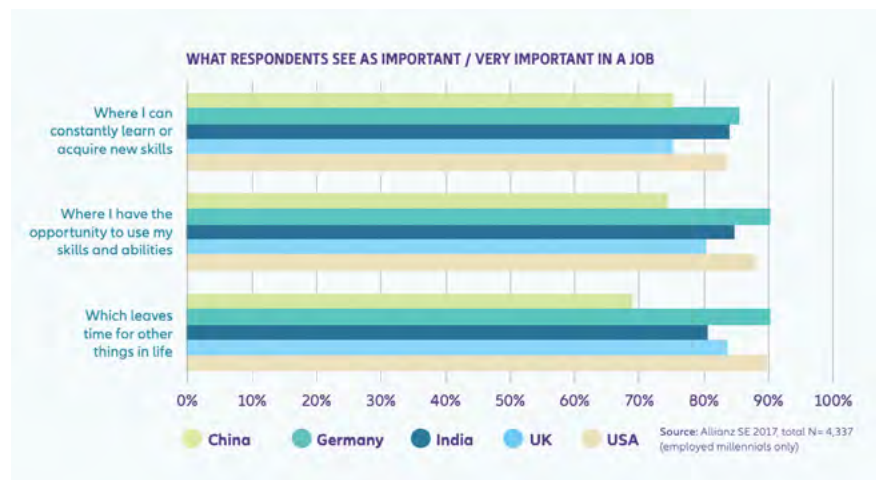
The Allianz report's main take-away message for businesses is to avoid automatically assuming all Millennials are the same, especially playing-down perceptions that they're a generation of Free Spirits uninterested in stability, structure, security and status, and instead focusing on exploring needs on an individual basis. While Millennials do change jobs more frequently, their needs aren't too dissimilar to the generations before them, and their flightiness when it comes to employment is likely facilitated by broader volatile social and economic conditions, as much as a need to find an environment that meets their wishes.

But the power is in the hands of Millennials, who aren't afraid to move

around until they find the perfect employer, with the onus on businesses to offer environments and incentives that will make them stay - be it money, security, opportunities to learn, etc. The 59% who expect to be self-employed in Euromonitor's study may allude to this through a belief that self-employment means taking control and creating their own futures, versus being subject to an employer's whims or fluctuating fortunes, which never quite live up to expectations.

For employers, there's lots to digest here, but some quick conclusions could be as follows: Millennials want stable and secure careers, they're ambitious and keen to learn, they want opportunities to progress, do challenging work and, in the main, be rewarded with status and a salary which matches it. Yes, they may shun overtime to enjoy life outside of work, but what sort of culture do you want to create anyway? And could you create compromise by surprising your Millennials with unexpected financial gains?

We'll leave the rest of the thinking up to you...



INDEPENDENCE WILL POWER RETAIL AND ONLINE GROWTH FOR ICONIC TOOLS MAKER

HIKOKI

HiKOKI is the new brand identity for Hitachi Power Tools. Launched in October 2018, it represents a huge change for the 70 year-old business, which has worldwide operations and a reputation for high quality engineering excellence.



Thomas Kristensen, HiKOKI

Using the Hitachi name may appear risky, but Nordic Managing Director Thomas Kristensen tells Nigel Wright the company is confident HiKOKI will become an established and leading brand in its own right.

“By applying FMCG brand strategy to our MFT fasteners range, for example, we’ve been able to supplement our core product base and provide a good foundation for future growth.”

A former Orkla and Jordan executive, Thomas joined Hitachi Power Tools in 2014. The Oslo headquartered Nordic division has since enjoyed strong top-line growth, with FMCG brand strategy critical to its success. And following Hitachi Power Tools’ acquisition by global private equity firm KKR in 2017, heightened investment in innovation, communication and customer service has further strengthened its position across the region, as he explained:

“The Nordics is unlike HiKOKI’s other European markets. While power tools still contribute most of our revenue, we also have a significant presence in other categories like fasteners and nailers. By applying FMCG brand

strategy to our MFT fasteners range, for example, we’ve been able to supplement our core product base and provide a good foundation for future growth. Though, there is still lots of untapped potential to exploit these more stable and profitable categories in territories outside of Norway.”

Establishing this multiple product category business model and identifying short and long term growth opportunities have been Thomas’s main activities since joining as Managing Director. This involved implementing a comprehensive innovation program, including both product, packaging and after sales services.





“Yes, losing the Hitachi name may hurt us in the short term, but it definitely has long term benefits. HiKOKI will become synonymous with power tools, and nothing else.”

HiKOKI wants to become a “global top three player,” he says, displacing at least one of its main competitors: Stanley Black & Decker, Bosch, and Makita. More and better innovation and brand communications are priorities. And investment is now possible, where previously it was difficult getting the necessary attention amidst competing interests within the Hitachi conglomerate. The business will, however, still leverage its Japanese heritage, namely a “collective culture” and association with high quality engineering and process efficiency, as it seeks rapid growth over the next few years:

“The manufacturing facilities haven’t changed and therefore product quality is retained. In fact, the only difference is cosmetic – i.e. updating

the logo. Further investment in end-user communication and innovation will lead to more service and product improvements moving forward. KKR is determined to establish a new brand. Yes, losing the Hitachi name may hurt us in the short term, but it definitely has long term benefits. HiKOKI will become synonymous with power tools, and nothing else.”

Thomas admitted some nervousness from dealers that product knowledge would decline following the Hitachi sale, but communicating the above, as well as announcing its new MULTI VOLT 36V power tool range to coincide with the brand change, helped alleviate concerns.

As he highlighted, end-users are more interested in a light-weight high-power

battery-driven tool, than a logo change. And the initial success of the MULTI VOLT launch confirmed that innovation and quality give the business a strong proposition, even without the Hitachi name.

Unlike other European markets that have individual sales organisations, Thomas notes how he’s responsible for five territories covering Norway, Sweden, Denmark, Finland and the Baltics. With 140 employees, it’s a relatively small operation, but despite its size, HiKOKI Nordics is shaping the future of the wider company, as he explained:

“The Nordic building and construction industry is ahead of the rest of continental Europe when it comes to digital transformation. There’s a higher penetration of professional end-users here that shop via ecommerce sites, including using mobile and tablet platforms to make purchases, without first visiting stores. It’s a trend that will shape the future of the industry and the Nordics division is a front-leader

in utilising this opportunity to further develop services and interfaces for both dealers and end-users.”

In addition to communicating its new brand, HiKOKI is formulating a digital strategy based on insights into Scandinavian purchasing journeys. Efforts will focus on assisting dealers to optimise ecommerce channels so that products are promoted in the best possible way. Improving the diagnostic capabilities of own and dealer websites is another area the strategy will address, to ensure transactions are easy and people are making the right buying decisions. The business is benefitting from a joined-up approach, says Thomas, which helps HiKOKI position itself consistently across the region:

“Everything from communication, customer service, assortment and how we prioritise and execute campaigns are all coordinated across the Nordics. Silos were an issue when I joined. Each

“Each country operated on its own terms and there was little collaboration across borders. Now, we look for collaborative opportunities wherever possible.”

country operated on its own terms and there was little collaboration across borders. Now, we look for collaborative opportunities wherever possible. That means we’re establishing our positioning and embedding a European voice, relevant to our markets.

Setting challenging targets is important, and Thomas revealed he plans to double the size of the Nordic division of HiKOKI over the next few years. By 2020, he hopes the HiKOKI brand will be embedded and that visible improvements across the whole value chain are contributing to European growth. Furthermore, he wants all employees energised and committed to delivering these ambitious goals:

“Everyone here should realise their potential and make a difference. That’s why my role is bringing the strategy to life so that employees understand the scale of transformation and how they’re each delivering success. We’re a group of individually strong, team-focused people. We have deep knowledge of local markets, a non-hierarchical structure and a pragmatic Scandinavian approach that enables quick decision making.”

He added: “Success leads to success in my experience. And if our employees are inspired by cooperation and willing to go the extra mile, then we’ll maintain consistent growth and achieve our targets.”



EUROPEAN OVERVIEW: EMPLOYMENT BENEFITS AND SATISFACTION LEVELS

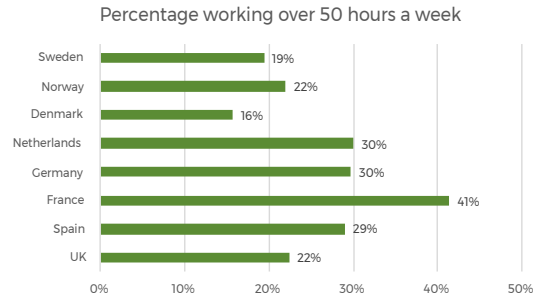
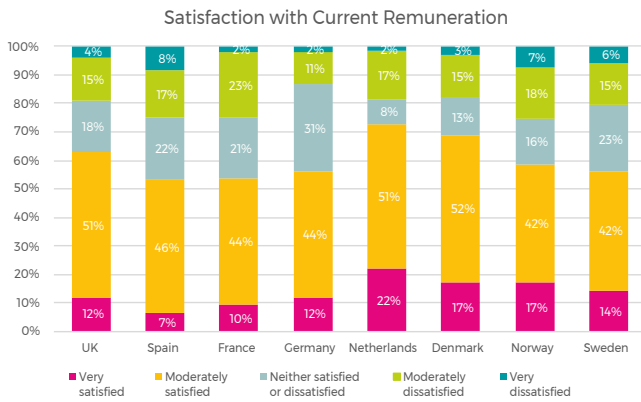
Nigel Wright Group's annual Salary Surveys are researched to provide insight into the salaries commanded by professionals across Europe.

The Salary Surveys are available for download on the Nigel Wright country websites at www.nigelwright.com. The information was gathered from over 2,600 respondents who completed our online survey. The results show that Europe is not a homogeneous market when it comes to satisfaction with salary levels and anticipated pay increases, the number of hours people are actually working and access to flexible working options.



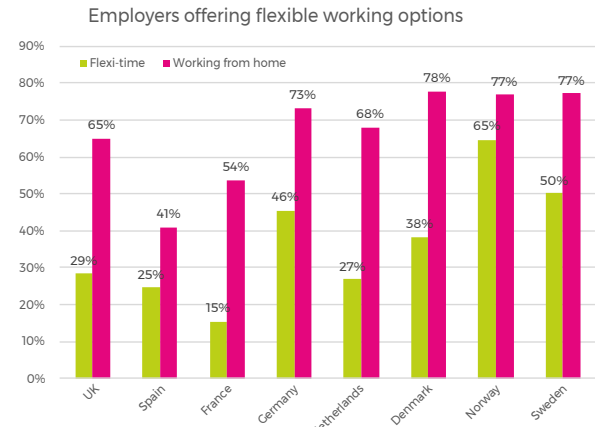
Who's satisfied with their current salary?

Respondents from the Netherlands, the UK and Denmark are the most happy with their current salaries, with 69% of our respondents in the Netherlands and 70% in Denmark saying that they were either very satisfied or moderately satisfied with their current remuneration. At the other end of the scale were the Spanish and Norwegians.



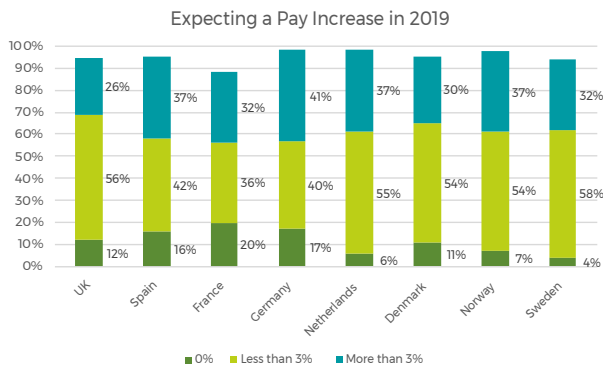
Who has flexible working conditions?

Our respondents in the Nordics reported that their companies were the most likely to offer either flexi-time or the ability to work from home and this was reported to be least likely, overall, in France and Spain.



Who thinks they'll be getting a pay rise?

Most people expect a pay rise. Over 93% of our Nordic respondents were confident that they would be getting some form of salary increase at their next pay review. However, the French, in particular, comprise 1 in 5 people



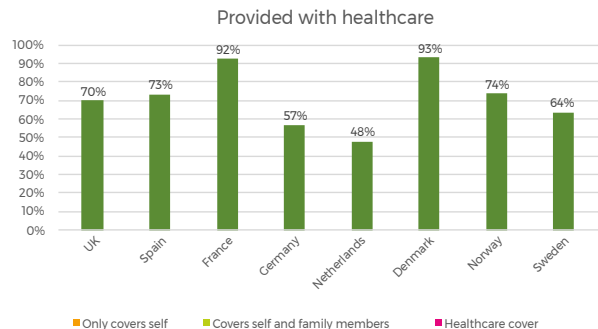
(22%) who are not anticipating receiving a pay increase in the coming year.

Who has the longest working week?

Amongst professionals in management positions, our Dutch (46%) and French (42%) respondents said that they worked longer hours than their European counterparts. Half the number of managers in Nordic countries said they work over 50 hours a week, in comparison.

Who gets healthcare insurance?

Virtually all our respondents in Denmark and France are offered health insurance, but it's not so common in Germany and the Netherlands.



DECENTRALISATION AT THE HEART OF STOKKE'S TRANSFORMATION



A product manager by trade, at age 23 Jacob Østerhaab was already building and developing multicultural teams and performance organisations across several countries.

Before joining children's furniture maker Stokke in 2006, he spent 15 years working in various sales and general management roles at Odense Marcipan A/S (part of Orkla), Dandy (acquired by Cadbury) and Chipita, learning the FMCG trade and broadening his understanding of business models and driving results.

At Stokke, best known for its Tripp Trapp adjustable wooden high chair, first launched in 1972, Jacob started as Global Sales Director, soon progressing to Vice President EMEA markets. By 2013 he was Vice President Commercial responsible for all sales, marketing and customer services, as well as other support functions outside Norway. Ecommerce and own-brand retail were subsequently added in 2016. After serving under three different CEOs, he was promoted to the top position in June 2017.

During his time at Stokke, the business has increased more than threefold, now present in 80 countries, with an embedded multichannel strategy including direct ecommerce and several own brand stores. Though despite playing a key role in its success, spending 11 years on the leadership team – four of which he was directly responsible for two thirds of all Stokke employees – the challenges as CEO are very different to what he's faced previously:

"Yes, Stokke is a success story and over the years I've enjoyed celebrating our results, but I've never felt that we'd 'arrived' because we haven't – we still have lots to do."

Jacob's shopping list is extensive. He wants Stokke to achieve greater agility, grow faster and have a higher pace of product development and innovation. Better market understanding, a sustainable cost base and a greater focus on consumer needs are also required. All the while, he wants to shake up the heritage of the 86-year-old Norwegian business, breaking down silos and bringing together the historically disparate organisation as one united and coherent unit. Leaders too in Jacob's vision, must be on the front-line, acting as culture-bearers and getting closer to their people and their customers, more so than ever.

It's certainly a set of ambitious goals, but 12 months since his appointment

"During his time at Stokke, the business has increased more than threefold, now present in 80 countries, with an embedded multichannel strategy including direct ecommerce and several own brand stores."



Jakob Østerhaab, Stokke

some significant progress has been made creating future organisational success.

Established in Aalesund in 1932, Stokke grew into an international brand and by the 1990s had offices spread throughout Europe. But in the following years, while retaining its original Aalesund site – some 500 kilometres from Oslo – it gradually consolidated its other European operations, until when in 2009 it only had one location based in Stuttgart, Germany. According to Jacob, this was a forced rather than deliberate move

“While still proudly a Norwegian company, if Stokke wanted to operate with more speed and agility, it needed to centralise in Germany, as well as invest in the capability of its German team.”

and because of poor management of the process, the outcome was two disparate cultures:

“We unintentionally created two silos – our Norwegian organisation where many core business functions were located, and the Stuttgart site which acted as our commercial operation. When it came to leadership styles, values, priorities, performance objectives, decision making or hiring, these two locations simply had a different ethos and approach. And the lack of consistency in the types of people hired into these divisions augmented and accelerated evolving discrepancies.”

It’s not that one was right and the other wrong, Jacob claimed. But if the business was to become more consumer and customer centric, a greater unification of purpose

and processes across the sites was necessary.

Furthermore, rethinking Stokke’s organisational structure, in line with Jacob’s vision, would facilitate better market understanding and a sustainable cost base. The main challenge for the business, he explained, has always been distance between Stokke and its suppliers and main markets in Europe, but now that’s changing. While still proudly a Norwegian company, if Stokke wanted to operate with more speed and agility, it needed to centralise in Germany, as well as invest in the capability of its German team. Since his tenure as CEO, that’s exactly what Stokke has done:

“During the first 12 months, we’ve begun a new phase of simplifying structures to achieve greater agility and optimising our cost base so that its

more sustainable. We’ve also organised the business so there’s more focus on product driven growth, as well as re-evaluating and redirecting product development projects and bringing people together as ONE Stokke. It’s been a mixture of changing structures and relocating roles – moving people across countries and functions – expansion with new roles and filling roles that became vacant.”

Despite experiencing a positive impact from greater decentralisation, Jacob acknowledged the process hasn’t been free from its challenges – resignations for example – but generally people have embraced change and Jacob remains adamant that his decentralisation programme makes business sense. He added:

“Stokke has retained some core functions in Norway and continues to build its Norwegian brand, with increasing emphasis on that in its communications. But the reality is having our headquarters in Aalesund is no longer practical. Only a small percentage of our revenue comes from Norway; it’s not part of the EU, nor is it near our biggest markets. We now have one Senior Sales Executive and two Account Managers based in Norway. The rest of sales is based outside of the country and most of the other commercial functions too, including marketing and ecommerce, have little or no representation there.”

Building capability into the customer service team has also been on the agenda, with the team now 40 people strong, covering 27 nationalities (less than half of whom are German) and serving over 50 countries from what Stokke refer to as its “commercial hub” at the heart of Europe. Large scale talent acquisition, in general, has been a major focus, and Stokke has used the opportunity to improve the diversity of its organisation, hiring across genders, cultures, industries, experiences and ages.



DECENTRALISATION AT THE HEART OF STOKKE'S TRANSFORMATION

In addition to decentralising its commercial teams, the business also recently established an R&D unit in China and is in the process of setting up an operational hub in Hungary. All this activity, Jacob states, enables “greater speed, hands-on follow-up, better integration with local markets and ultimately higher productivity.”

Jacob now refers to Stokke as a ‘multi-hub’ based company and believes doing so is important for embedding its new culture, with an emphasis on avoiding silos and sub-optimisations. He leads by example in this regard by not having a permanent office, but rather ‘hot-desking’ around Stokke’s locations, encouraging other executives to operate in a similar way. This is all about increasing his and the top team’s understanding of challenges and opportunities, as well as reducing their time to action. It’s a definite break from the past – Jacob’s predecessors he claims rarely left Norway – but it’s clear Stokke’s culture is changing:

“Being close to our people and the business is essential. I’m very involved and this conflicts with Stokke’s heritage, but being as informal as possible makes for an easier transition – my hypothetical door is always open. You can’t be everywhere all the time, though, so we’ve invested in video conferencing equipment and Skype. That aside, people still need to develop ways of participation that works – the ‘out of office, back in three weeks’ autoreply no longer fits with our processes.”

So where are leaders travelling? Most of Stokke’s sales are driven through retail partnerships and nurturing and developing those relationships remains a key priority for the business as it continues investing in



larger and better-quality ‘shop-in-shops,’ alongside retailer operated monobrand stores. These are also now complemented by a greater number of Stokke own brand stores, where concepts, customer experience, the ‘look-and-feel’ and service excellence are developed and honed before being replicated at partner sites.

Each Stokke store, Jacob explained, has a full range of products and all staff are trained to deliver service ‘the Stokke Way.’ Customers can enjoy testing products with their babies while having access to feeding and changing facilities, all the while enjoying refreshments. Potential customers also have options to borrow and test products, as well as personalise (i.e. if it’s a gift) them before they buy. Revenue, Jacob highlights, is

not the top priority in these scenarios, but rather success is measured on how far the business exceeds expectations by going “above and beyond the service and experience levels offered by other retailers.”

Alongside efforts to drive growth through retail channels is Stokke’s ongoing investment in expanding its ecommerce capability. With a centralised hub in Germany, the business also has smaller ecommerce teams based in Norway, the US, China, Korea, Japan and Russia. Currently, 35 countries benefit from Stokke’s ecommerce channel and this number will increase, but Jacob knows it requires resources and expertise. Retail partners, he says, help by “raising the standards regarding the level of ecommerce experiences and services required by consumers.”

But is the physical store a dying concept? Jacob doesn’t believe so and

“Being close to our people and the business is essential. I’m very involved and this conflicts with Stokke’s heritage, but being as informal as possible makes for an easier transition.”

emphasised how ecommerce would never replace Stokke's retail operations, but rather act as a tool to accelerate the overall growth of the brand. He acknowledged that shopping habits are changing, though, leading to a need for companies to rethink their strategies, but solutions lie in fewer stores and more focus and investment on customer experience:

"Shoppers are becoming more demanding. They've usually made up their minds about which brands and products they intend to buy before entering the store. But the store is still critical for validating those choices. And if it's a store where our products are mixed with those of our competitors, we see this as an opportunity for us to overturn the consumer's decision if their first choice was not one of our brands."

Social media, of course, drives this behaviour and Stokke is considered

"Ecommerce would never replace Stokke's retail operations, but rather act as a tool to accelerate the overall growth of the brand."

one of the leaders in the industry when it comes to digital marketing, according to Jacob, engaging with consumers across multiple platforms. The key, though, is consistency between all consumer 'touch points' covering digital, ecommerce and physical stores and this is an area Jacob would like to see improvements moving forward.

Working collaboratively with retail partners to ensure maximum digital engagement is one way of achieving this, offering seamless experiences for customers before, during and after they've visited stores. Events too provide an opportunity for Stokke to perfect the 360-degree approach, with care given to communications which avoid encouraging customers to spend when they attend: "We're interested in

using these opportunities to build our brand rather than make transactions."

The first Stokke own brand store has now integrated into the multi-channel strategy and Jacob expects other developments in online landing pages, instore concepts and personalisation of products to bolster activity and deliver coherent on and offline experiences.

Marketing aside, Jacob emphasised how it's Stokke's products that give it a true edge over competitors. The business never compromises on quality or what's best for the child and sets different R&D standards: "We would never put our name on most of the products our key competitors bring to market" he says, but at the same time, despite lots of product improvement and innovation in the pipeline, Jacob remains vigilant of new and old players disrupting the game:

"The industry remains fragmented with low entry barriers and while most of our successful competitors focus on one or a few segments and fewer markets, Stokke is in more categories, and more global, which makes it harder to meet consumers' needs. The priority markets have evolved too. China now plays a key role and the US is a market we need to crack."

Jacob believes that by getting obsessed with solving customers' problems better and more quickly than competitors, while every day demonstrating passion, flexibility and ambition, the business will stay ahead of the curve. He added: "We're a diverse bunch of people, but those are the traits we have in common. We don't always deliver on our plans and expectations, but we work hard to continuously raise the bar by challenging ourselves to achieve more."





OUR SCANDINAVIAN STORY

It all began in 1932 as a furniture manufacturer in the Sunmore Area of Norway, to create premium children's products, Stokke continues a proud tradition of quality, craftsmanship and innovation. Today, we are recognized for timeless Scandinavian design that brings you and your child closer - always.



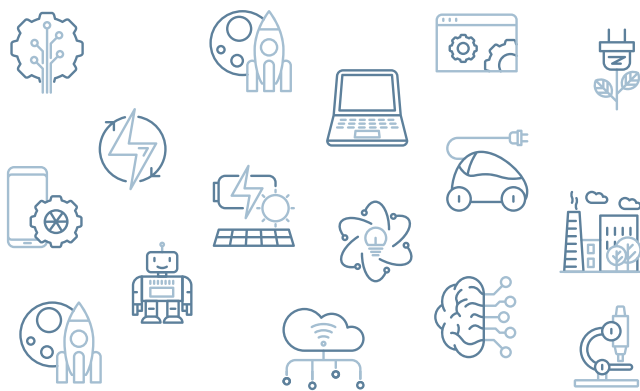
AUTOMATION AND ITS IMPACT ON EMPLOYMENT

Automation will increasingly impact the world of work during the next few years. This is already felt in some industries, and different countries are experiencing the effects more so than others. Discussions of how automation will alter working life, however, are always loaded with ‘maybe’ statements.

Studies highlight varying degrees of job losses or job creation, yet scenarios are dependent on factors that will facilitate positive or negative change. It’s not a simple case of the ‘jobs we have now’ experiencing gains or decreases either. Yes, automation could create demand for existing goods and services, but it may also lead to new industries and new jobs. Job ‘designs’ too could evolve once new technologies are embedded, and, if progress is positive, there may even be more work to go around – or not, depending on what action is taken to offset disruption.

Predicting the future is not a science. Differences of opinion vary. So we’ve reviewed research on automation and its potential impact on employment. We summarise our findings below, including the steps required by governments and employers to ensure positive rather than negative disruption. But first...

Different Types of Automation

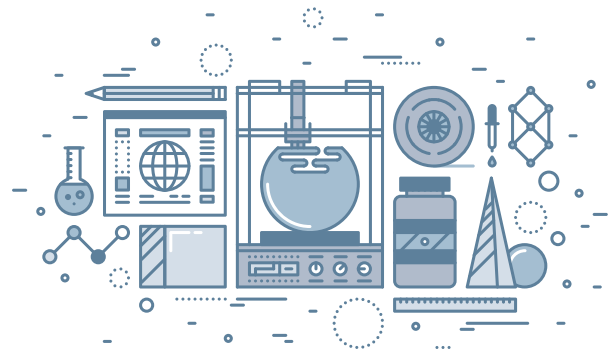


When people think about automation and work, they often imagine robots operating within a manufacturing environment. A key factor to understand, however, is that automation and robotics are two distinctly different things.

Yes, crossovers exist between the two, but to appreciate the nuances of the technology, it’s a good idea to keep them separate in your mind.

“Change is coming, and as the technology becomes more prevalent and embedded within different sectors of the economy.”

Automation is the term used when describing a process or task performed by software or a machine, usually undertaken by a human. It can be mechanical or virtual; simple or complicated. Robotics, on the other hand, is a branch of engineering focused on designing and building robots. While robots may automate some tasks, in the main, they have little to do with automation outside of industrial settings. And even within manufacturing facilities, other



types of machines are used which don’t come under the robotics banner.



Industrial Automation (IA)

There's various uses for robots and other automated machines in industrial settings. 3D printing is an obvious example, as are autonomous vehicles for logistics. But also, specific machines are used in hazardous environments including 'cobots' which work alongside humans, assisting with heavy lifting and other potentially dangerous tasks. Software automation also plays an increasingly critical role in the working lives of humans and there are variations worth considering.

Business Process Automation (BPA)

This involves an organisation taking all its basic non-manufacturing processes and seeking ways to improve efficiency by automatising them. Various software tools are used across areas such as HR, accounts and contract



management - essentially creating a back-office function but without people.

Robotic Process Automation (RPA)

Unrelated to (mechanical) robotics, RPA is the term given to higher level automation, where software is used in certain circumstances to augment process performance and perform complex tasks. Rather than being an aspect of a BPA solution, it fulfils a primary function in one critical area such as customer order processing. A one off investment, rather than business overhaul.

Intelligent Process Automation (IPA)

Whereas RPA is adherent to pre-set rules, IPA software uses artificial intelligence (AI) to learn how to mimic human computer interactions and deliver intelligent outcomes. Another component of IPS is machine learning, a type of AI that enables computers to adapt, change and even test different approaches based on data retrieval.



What the impact studies tell us

As the MIT Technology Review discovered when it analysed several reports published between 2013 and 2017, little consistency or agreement exists on how many jobs will be lost or created due to automation, worldwide, during the next few years.

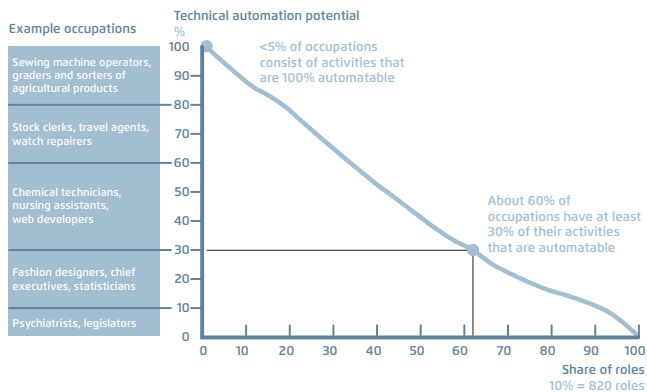
Report	Pub.	Lost (million)	Gained (million)	By when
Gartner	2017	1.8	2.3	2020
Metra Martech	2013	-	1.0 – 2.0	2020
International Federation of Robotics	2013	1.9	3.5	2021
McKinsey	2017	0.4 – 0.8	0.6 – 0.9	2030
Thomas Frey* *Writer & Futurist	2012	2.0	-	2030

Although some of the studies in the table are close when it comes to predictions up to 2020-2021, jumping ahead a decade the numbers become incomprehensibly bigger. To think that only 1.8 million jobs will go within the next two years, and ten years later that figure increases by half a million or more, is difficult to accept. But, change is coming, and as the technology described in the previous section becomes more prevalent and embedded within different sectors of the economy. It could be far reaching and rapid.

What's more useful are the studies that take a nuanced view of the components of jobs and how they may be affected. A report by OECD published in March 2018, considers the impact across 32 countries. While it claims one in two jobs will be influenced by automation, the risk of replacement varies, with only 14% of jobs (66 million workers) being highly (70%+) automatable. 32%, on the other hand, have a 50%-70% risk of changing due to automation. The median

job within the study has a 48% chance of being partly automated.

The 2017 McKinsey study also assesses degrees of automation and revealed a now well documented statistic. 60% of occupations have at least 30% of constituent work activities that can be automated.



It further states that although half of all jobs have the technical potential to become automated based on currently available technologies, due to social, economic and technical factors, the rate of adoption will be varied and slow. However, over 200 million global workers will need to switch occupational categories by 2030 and most likely re-train because of role changes.

Different countries, too, will feel the impact more than others. According to the OECD, jobs in Anglo-Saxon, Nordic countries and the Netherlands are less at risk than jobs in Eastern and Southern European countries. In a European context, when analysing McKinsey's research across Spain, the Netherlands, France, Norway, the UK, Germany, Switzerland and Sweden, between 20%-26% of workers will be displaced. The UK is lowest, and Germany is highest on that scale.

Jobs under threat

Jobs in the manufacturing industry and agriculture, as well as various low-level service sector roles are the most automatable. A UK Government briefing document provides several examples of developments in this area including German manufacturers using robotic arms for loading and lifting, as well as automated factories and warehouses such as those used by Adidas and Ocado, where goods are moved and packed by machines. Amazon, too, has doubled the number of packing robots in its factories in recent years. Within agricultural settings, machines can harvest and sow crops as well as perform more delicate roles like fruit picking.

Outside of manufacturing, low-level administrative functions

will most likely decline in the short term. Data entry, analysis and office support occupations in addition to some customer interaction, will be the first to go. In its briefing paper, the UK Government highlight how technology could help businesses manage increased workloads and deliver faster and more accurate services. Chatbots - an example of IPA technology - are a tool already entering mainstream business practice. The compound annual growth rate of chatbots is 24%, with some studies indicating over 50% of online shoppers prefer accessing apps rather than using email, phone or contact forms when making enquiries.



Other software automation is helping law firms conduct document searches, assist publishers such as the Associated Press to write earnings reports, process mortgage applications for lenders, and even offer short-term market predictions for traders. All experience better and faster outcomes than if humans had done the work, according to the UK Government. Areas where technology is available but falls short of human expertise includes text and speech translation and sales. Outside of the office, McKinsey also reveal developments in software that could replace workers within the travel and leisure industry, banking, food service and cleaning. Transport too will see widespread changes when autonomous vehicles are good enough to replace people.

A useful table in the OECD report highlights the mean probability of automation for different sectors of the economy. While it is lower-level and skilled roles which score most highly, it's interesting that industries and professions such as teaching, medicine, accounting and ICT are also at risk of changing and evolving due to technological advances. Innovation in automation software capable of social and cognitive intelligence, perception and manipulation, is moving at a rapid pace, according to the report.

Gains to be made

As we saw in the table above, all impact reports, whether making short or long term predications, agree that a net

gain in jobs is likely thanks to automation. Most refer to past technological progress as proof of how employment will adapt. Using the personal computer as a basis for its estimations, McKinsey's study shows how 15+ million new jobs were created in the US since 1980, despite the PC replacing certain functions. It also discusses how previous technological revolutions have led to increased leisure time, facilitating the rise of new industries such as entertainment, sport and DIY and the jobs within them.

The process is twofold, however, with a demand for existing jobs also expected to rise. OECD use a similar example explaining how US bank teller numbers increased thanks to ATMs. Fewer tellers meant branch operation costs went down, but urban bank branches have subsequently increased by 43% during the last 30 years, meaning more tellers exist now than before ATMs.



Government briefings on the impact of automation on jobs claim, technological innovation never leads to long-term unemployment, but rather types of employment within professions change as specific tasks evolve and new tasks emerge. Research also indicates that roles tend to become more intensive. Bank tellers, for example, now deliver several of what McKinsey calls 'value added services' which never existed before. Other occupations where analytical and social skills are required have also grown in line with a greater intensity in performing critical tasks associated with those roles. According to the OECD, scientists across different disciplines are more numerous and more productive now thanks to computer software taking on time-consuming data work, enabling experts to engage in theory and methodology development, interpretation, writing and communication.

With regards to completely new jobs, McKinsey say that by 2030 8%-9% of roles won't be familiar to us today. It's certain sectors, too, that we will experience increases coinciding with automation, as well as other social and economic trends driving growth and changes in employment.

First, the obvious area where new occupations will emerge will be within automation and robotics itself. This industry alone could be worth up to \$11 trillion globally by 2025.



Sub sectors such as autonomous vehicles could account for £51 billion in the UK alone. Other industries expected to become hives for new types of employment include the wider service sector, such as financial and management services as well as healthcare and education.

For healthcare, McKinsey offer the most in-depth insight into how that sector will evolve. The primary driver they see behind imminent healthcare worker demand is our aging populations. By 2030, an estimated 300 million more people aged over 65 years means a greater need for caring services. Automation won't necessarily replace workers in this sector because the inherent skills required are difficult to automate, while lower wages means the industry remains a low priority for innovation. Employment at the top will rise too, however, in occupations like doctors, nurses and health technicians whose specialist skills are in demand.

Another facilitator for job growth is consumption. Driven by an emerging middle class in previously undeveloped regions of the world, by 2030 consumer spending will have increased by \$23 trillion during the previous decade and a half. McKinsey estimates 300+ million new jobs will emerge in occupations producing goods and services, as well as across the whole supporting infrastructure of the consumer industry. Difficult to automate jobs include everything from engineering, building and plumbing to accountants, analysts, IT professionals and other technology specialists. Generic functions such as management, and skills and competencies like digital, creativity, entrepreneurship, empathy, persuasion, negotiation and perception will also be in demand and integral to new occupations that emerge.

In a London Business School backed study in 2016 which revealed 100 jobs of the future, it's interesting to note how climate change, energy efficiency and space exploration are other areas facilitating the creation of new and previously

unheard of jobs. Some stand-out titles from the list include: Vertical Farmer, Insect-based Food Developer, Drowned City Specialist, Solar Flight Specialist and Spaceport Designer.

Underlying concerns

In 2018, several indicators show that employment is moving in the right direction, despite the march of automation. The OECD confirms that US employment has risen 6% in the last 10 years, and a recent report by the European Commission showed similar trends in Europe. An additional 3.5 million people were working across the region between 2016 and 2017, while incomes also went up and levels of poverty decreased. Current momentum in the jobs market suggests the EU will reach its target of a 75% employment rate by 2020.



Regardless, worries that things are on the cusp of turning bad endure. A recent UK survey, for example, revealed 37% (circa 10 million workers) fear employment circumstances will change for the worse over the next decade due to automation.

While some fearmongering can be attributed to dramatic media coverage, some genuine concerns of how things may pan out exist. One is that the transition period will be protracted, leading to a conflagration of inequality. European income inequality rises still, and as most new jobs require specialist knowledge and higher education, those at the top of the wage tree could experience pay increases, while demand for low-paid, easily automatable labour declines.

Furthermore, significant employment increases in the past have relied on productivity gains driven by automation and other technological advances. While the Eurozone is making gains in productivity, figures are only reaching pre-recession levels now, and only in some, but not all, states. All the while the trend globally suggests productivity has been in decline for several years and is unlikely to ever reach levels recorded in the past. So much so, only 50% of experts surveyed in 2014 believed automation would continue to create jobs at a similar or faster rate than it displaces them. And if 'not enough jobs' is one side of the coin, McKinsey take another track suggesting it's a dearth of workers due to several demographical factors such as aging, that will cause major problems. Other concerns flagged in UK Government research include over-regulation stifling innovation, as well as automation encouraging re-shoring of manufacturing to Europe. The latter posing potential negative effects on the global economy.

Solutions: Education and training

The general agreement within impact research is the overwhelming need for employers and Governments to invest in training and developing key skills. This will both offset disruption, as well as facilitate the transition into an automated future.

Research points to three interrelated strands to upskilling requirements:

1. Training specialist skills

Training specialist skills, particularly those within the STEM (science, technology, engineering and mathematics) family, is essential. These skills will enable people to gain employment within the burgeoning automation sector, but also help people transition into roles where they're working more closely with, and being assisted by, automated software and devices. It's part of what McKinsey call a mass redeployment of labour, training people to become adaptable so they can fulfil roles where the task or purpose changes due to automation. Careers, too, will become more varied as employment evolves.

2. Boosting levels of education

A 2016 OECD study confirmed that those with higher degrees such as a Masters or PhD, were least likely to lose their job to automation. Less than 1% of highly educated workers were at risk versus 15% of workers whose highest qualification was up to secondary school level. Higher educational attainment, whether that's professional training or some form of tertiary education, is critical.



3. Skills and attributes

A third strand is the types of skills and attributes gained through this upskilling process. Yes, STEM is one aspect, but not everyone has an aptitude in those areas. Instead, training in activities that require social and emotional skills, higher cognitive capabilities and creativity will take precedence. Academics at the Massachusetts Institute of Technology (MIT) Center for Digital Business indicate writing, NPD and even art may be useful skills to have. The Pew Research Center further states that developing any 'uniquely human' and therefore difficult to automate adroitness, should be encouraged.

The need for training differs between countries. McKinsey highlight how the percentage of workers that would need to learn new skills or upgrade their education was considerably higher in Japan, than it was in the USA and Germany. Access to education and training is also better in some countries. Across OECD countries, however, a widespread issue is poor participation in training schemes, and education in general, by workers most at risk of automation. It recommends boosting adult learning initiatives outside of the workplace as a key policy for Governments over the next few years.

European Commission documents point to the 'Skills Agenda for Europe' and EU funding, as providing a strong foundation for equipping people in Europe with better skills at all levels. It also notes facilitating better cooperation between member states, training providers and companies as a key component of its strategy. Similarly, the UK Government is expanding training funding in automation technology, as well as seeking ways to leverage training programmes that enable humans to 'retain an advantage' over automation technologies.

Solutions: Beyond skills and education

There are other initiatives which could help offset the disruption caused by automation. Some of these are being pursued while others remain at the conceptual stage as policy makers and investors work out how to deliver outcomes. On the policy side, they include promoting work

sharing, as well as various tax reforms aimed at increasing capital, business or consumption taxes while reducing taxes on labour. Another more contentious solution is for countries to introduce a universal basic income. This was already trialled in Finland in 2017, and is widely debated by European policy makers.

With regards to investment, McKinsey identify three areas where they believe heightened investment will create a demand for work. The first is infrastructure and specifically construction. 80 million to 200 million jobs could be created according to estimations, helping offset the displacement of workers in other sectors. Housing shortages is one main driver for investment and the range of jobs the sector supports are broad and includes architects and engineers, skilled trades people, construction workers, machinery operators and other lower skilled positions.

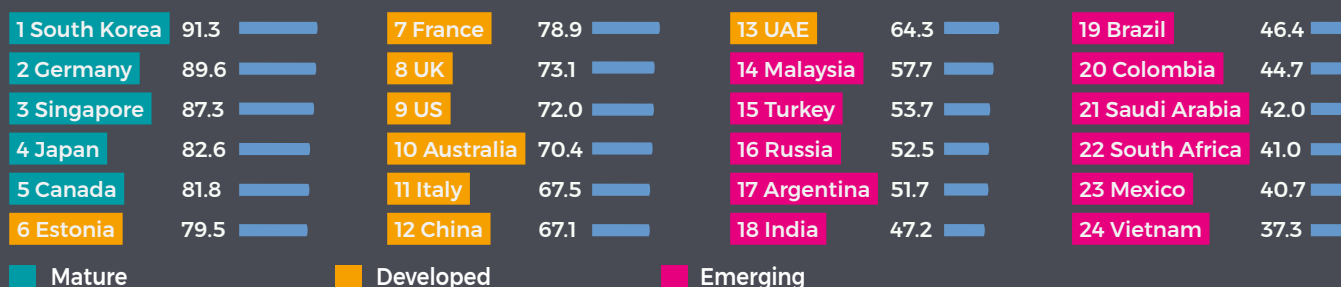
Energy is another sector where investment is needed and where the positive knock-on effect for employment would be welcomed amidst rising automation. Climate change is an obvious catalyst for innovation and, according to McKinsey, giving a boost to industries supporting renewable energy and energy efficiency could create up to 20 million jobs by 2030. Finally, another contentious solution is the marketisation of previously unpaid domestic work including childcare, early childhood education, cleaning, cooking and gardening. Up to 90 million new jobs could be created in this scenario, according to the report.

Who's prepared?

In conclusion, we found a recent Economist backed study helpful in assessing which countries were most prepared for the imminent automation revolution. Going beyond skills and training, the study also considers various other factors such as a country's innovation environment, as well as education and labour market policies. Out of the 25 countries assessed, it's encouraging that Germany, France and the UK make the top ten, while perhaps surprising that the USA is only ninth on the list.

To find out more, visit www.automationreadiness.eiu.com.

Overall Index: ranks and scores



THE **HIGHEST** LEAN MANUFACTURING STANDARDS TOAST **ACCOLADE WINES'** SUCCESS



**Accolade
Wines**

Accolade Park is the largest wine warehouse and distribution centre in Europe, producing £50 million cases a year, achieving the highest audit score for any UK manufacturing facility. It's the heartbeat of Accolade Wines, the world's fifth largest wine company and owner of several iconic brands including Hardy's, Echo Falls and Kumala.

Now in its tenth year, the facility employs over 500 people and is home to cutting edge innovation, automation and lean manufacturing practices. Richard Lloyd is the man responsible for site operations and supply chain. He tells Nigel Wright why giving people "the freedom to think, and autonomy to act" is central to Accolade Park's impressive metrics and track record.

Richard was appointed General Manager at Accolade Park in 2010 and has since played a major role in the facility's award winning success. Central to this has been Richard's bespoke lean manufacturing model which has become embedded across the supply chain. It only works, though, says Richard, because of its ability to harness the potential of all 500 people who work there:

"You can't rely on the management team to drive success. That's always been my belief. So, adopting lean manufacturing methodologies has enabled us to create frameworks that give our people the freedom to excel in their roles. We've now reached the point where all our employees, at every level, are making decisions and driving



Richard Lloyd, Accolade Wines

the business forward. If everyone owns their particular process, you can achieve special things."

Special things indeed. Richard highlighted Accolade Park's 'Quality Grand Slam', where every single audit in the last 12 months - including the British Retail Consortium Global Standard, International Food Standard and all major retailers' audits - has attained the highest score possible with the lowest number of non-conformances. These audits cover every aspect of every process, with KPIs

for production line efficiency and the number of orders arriving on time, to the environmental usage of water. It's been years in the making, says Richard, and not a linear journey. But the outcome is an empowered workforce literally "bursting with pride."

Accolade's bespoke lean manufacturing model was, in part, developed during Richard's Master's Degree in Lean Operations Management at Cardiff University, something himself and the business's Continuous Improvement

Manager have undertaken. Since his appointment as General Manager, Richard has also built a leadership team of individuals who specialise in lean manufacturing, with broad 'blue chip' experience across different industries. Together with the help of several leaders with 20+ years' service who offered invaluable knowledge of the business and the industry, it was possible to tailor and perfect the frameworks which underpin it.

As a distribution and production facility, Richard highlighted the importance of process repeatability and reliability. However, to guarantee processes and elements within those processes occur in a certain way every hour of every day, the lean manufacturing model emphasises the importance of frameworks which facilitate local decision-making. But, does this approach slow things down? Absolutely not, according to Richard, who says if someone is clear on their responsibilities and knows how to perform a process, when they take ownership, decision making moves at pace:

"People worry local decision-making will slow things down, but that's completely untrue. Our frameworks give people the freedom to think, but

"People worry local decision-making will slow things down, but that's completely untrue. Our frameworks give people the freedom to think, but also ensure employees understand the boundaries in which they can make decisions."

also ensure employees understand the boundaries in which they can make decisions, as well as the parameters for escalating them. It's a misconception that decisions within this model must pass through a hierarchy. If we haven't achieved a particular target, an intervention could involve bringing in a process upstream or downstream, until the fault is corrected. People always want to do their best and it's made jobs more interesting, enjoyable and rewarding."

Richard has embedded a bespoke Review and Direction Setting (RDS) system as part of his lean manufacturing model and relies on hourly performance reviews to ensure standards are met. These occur across the business too – whether it's a production line, the distribution goods out-bay, in the laboratory or within customer service – and no managers are ever involved. As he explained, employees running different processes conduct performance

reviews every hour. Then, every six and 12 hours, outputs across all metrics are assessed. A snapshot meeting also takes place every 24 hours, where KPIs are reviewed. Processes, therefore, are linked and highly visible right through the supply chain.

Not everyone adapted to this mentality and way of working, says Richard, and the approach has evolved through some experimentation, as well as listening to employees' feedback on what works and what doesn't. He praised the skill and patience of managers that have stayed and adapted their approach, highlighting the difficulty of changing from a directive style, to one focused wholly on empowering others to take ownership: "It's been more challenging for the leadership team to get their heads around, than it was for the employees."

In 2016, Richard was appointed General Manager, European Operations and Supply Chain responsible for



“Accolade Park is now home to several robots. All employees displaced by machines have been redeployed to fulfil more rewarding ‘value added’ roles.”

shipping, procurement, warehouse and distribution. And during the last two years, he’s implemented his lean manufacturing model across the wider supply chain and commercial side of the business too. In the early days, he says, the lean methodology was always considered a manufacturing centric model, but its application is much broader. Even the head of Accolade’s commercial division in Europe now considers it essential. In any project, whether it’s reviewing daily sales or the sales and operation planning process, lean takes centre stage.

The manufacturing, commercial and R&D divisions at Accolade Wines see collaboration as critical to business success. The site itself is an innovation centre, with R&D operations based at the Park. Innovation expos give suppliers opportunities to present the latest developments in packaging and technology. Accolade’s insight team also gives regular presentations, outlining how forthcoming product innovations will link into the supply chain. Despite being the UK’s number one wine company by volume and value, Richard explained, that the complex and competitive nature of the industry means category market share within major grocers is modest. Packaging and format, therefore, are significant factors in determining success.

In recent years, investment has been directed at improving and evolving bottle format and Accolade Park is now the only dedicated wine production facility in the UK that can bottle all sizes. This, of course, was an insight driven decision. An increase in ‘for tonight’ convenience shopping, as well as the trend for drinking in moderation, Richard noted, has

brought wine “out of the dark ages” when it comes to pack variety and format. In addition to launching a 50cl bottle in 2018, Accolade Wines has also introduced a four-bottle case and, over the next few years, will continue exploring alternative offerings to meet consumer and channel demand. Tastes too are changing and the recent acquisition of a blending tank means the business has transformed from being a wine manufacturer, to become part of the wider beverage industry:

“This is how the supply chain plays a leading role in the business – ensuring the necessary agility is embedded throughout to support demand, regardless of taste or format. We are the country’s biggest wine company and understanding trends ensures our product offering is applicable and attractive to a broad range of consumers. Leveraging our R&D expertise also allows us to capture new areas of the market. And as our business evolves and grows it will offer greater choice and flexibility. There won’t be one or two innovations, but rather a multitude to meet all those occasions when people buy wine.”

On the walls at Accolade Park are the words: ‘This place is ours,’ a phrase coined by employees. Like

any modern manufacturing plant, however, Accolade Park is now also home to several robots, but Richard says workers at the plant don’t fear automation. All employees displaced by machines during the last few years have been redeployed into other areas, he explained. This has helped build trust, as well as provide opportunities for people to fulfil more rewarding ‘value added’ roles. For example, last year Accolade purchased three collaborative robots for its packaging production line. Workers who previously collected cardboard and loaded it onto a machine are now involved in blending – a critical new area for the business.

With automation costs decreasing and becoming more available with better paybacks, Richard is aware of the importance of embracing it to avoid falling behind. As processes evolve to meet changing consumer demands, he expects the automation Accolade invests in will change. Being upfront with employees about plans and how they will impact jobs is always top of mind, as is investing wisely to ensure maximum impact:

“We have to remain cost competitive and keep driving productivity forward, but I won’t invest in automation that will become obsolete in three years’ time because demand has changed. Whilst some robotics is getting better in terms of flexibility, it is still mainly repetitive tasks where the best results are achieved. We don’t want our



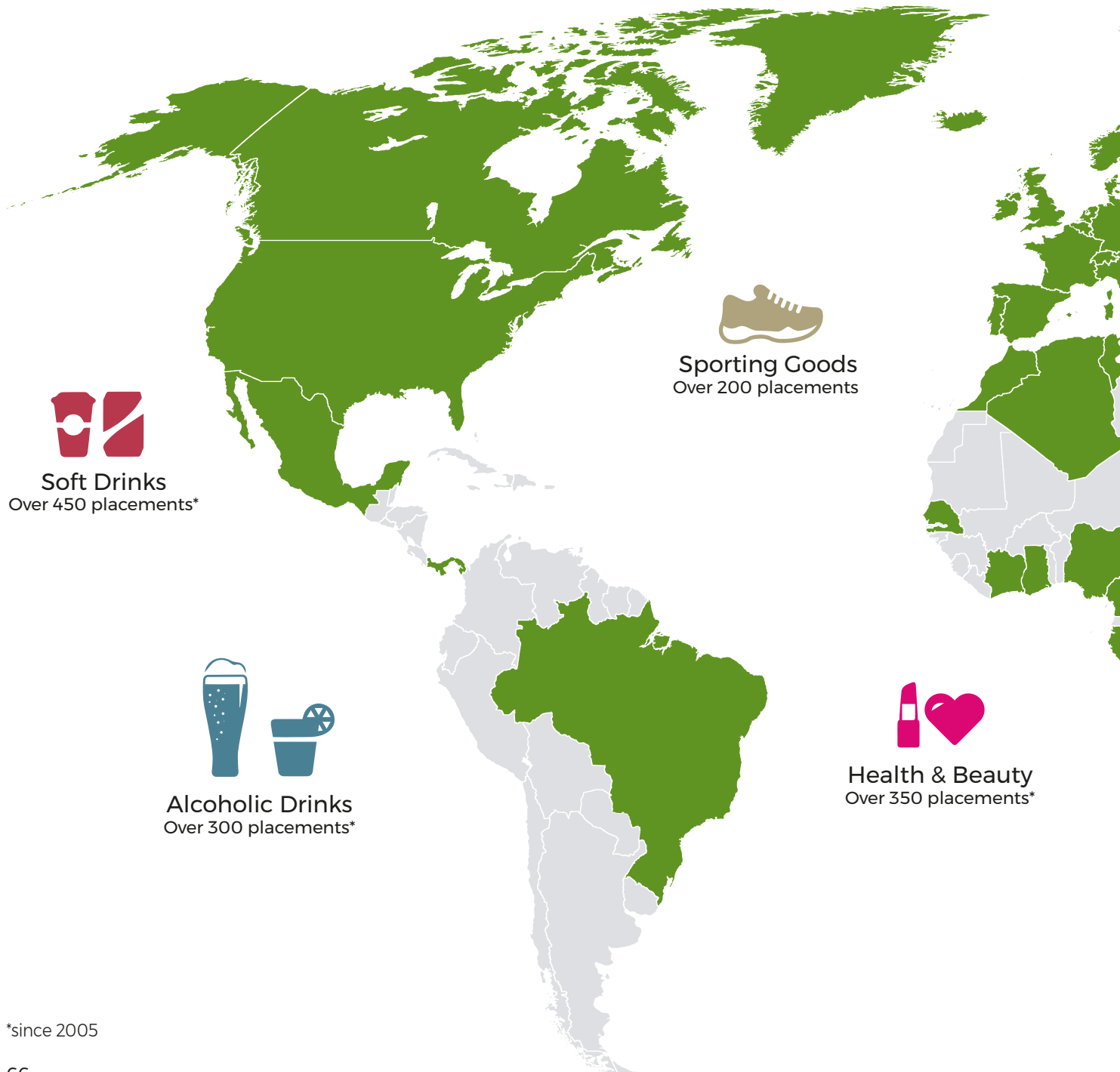
people performing tasks like this when they could be adding value elsewhere in the business.”

In June 2018, Accolade Wines began a new era under the ownership of American private equity firm, The Carlyle Group, who purchased the business for \$1 billion. Accolade was already the largest wine company in the world the last time it changed hands and investment then helped the business grow its revenue and capabilities. Richard says the investment Accolade

has enjoyed during the last 10 years, especially within Accolade Park, is unprecedented in the industry and has helped consolidate its position as market leader: “We’re fortunate that 10 years ago people had the foresight to make the scale of investment that they did in Accolade Park. We now have a world class facility that is the envy of our competitors. It’s been an incredibly rewarding journey so far, and as we enter this new period of growth, I’m glad to say everyone here is excited by the challenges and opportunities ahead.”

EXTENDING OUR REACH

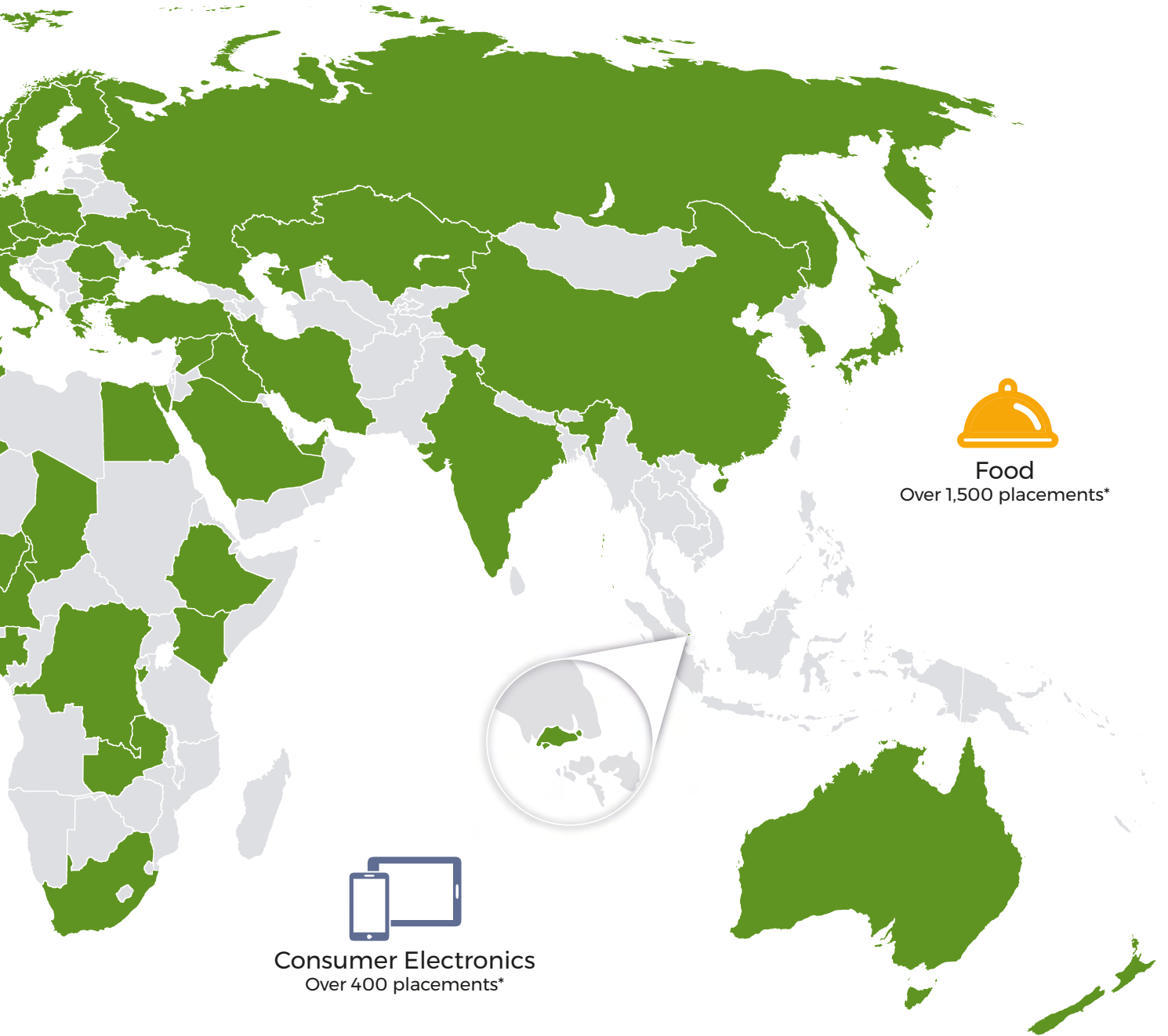
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