

Click into the retail future

EXECUTIVE SUMMARY

6th – 8th October 2016

The 61st Annual Congress
of the Future Leaders Programme
LONDON, UK



INTRODUCING THE 6th FUTURE LEADERS PROGRAMME



THE ENERGY FOR YOUR ORGANISATION

KEY QUOTES

"Traceability is a huge issue in today's world."

Mitch CHAIT
Greenfence

"The hardest challenge for manufacturers is to customise AND get scale growth."

Becky TAYLOR
Pepsi Co

"The more friction points there are, the more likely you are to lose your customers."

Adrian LETTS
Tesco

"Every business should be behaving like a small business."

Yutaro KOJIMA
Facebook

"New disruptors can be full-stack startups who have 100% ownership of the customer journey."

Asi SHARABI
Lost My Name

"Be prepared to be wrong, otherwise you'll never be creative."

Pedro TOLIPAN
McKinsey Digital

"Purpose drives profit."

Peter Freedman
The Consumer Goods Forum

"Leadership is a journey, not a process."

Julie HAMILTON
The Coca-Cola Company

"Consumers have become the new CEOs."

Ilona HAAIJER
DSM Food Specialties

"The best managers are detail-obsessed."

Dirk VAN DE PUT
McCain Foods Limited



FUTURE LEADERS PROGRAMME 2016

The 61st Congress of the Future Leaders Programme took place in London, United Kingdom, from 6th-8th October 2016. Over the three days of the event, experts and leaders shared ideas on how to “**CLICK INTO THE RETAIL FUTURE**”. As the consumer goods industry is being radically transformed by new digital players, business models and consumer expectations, our international programme was designed to help future leaders get ready to seize the opportunities and address the challenges in tomorrow's FMCG industry.

www.tcgfflp.com



FLP LONDON 2016 - FLP COMMITTEE

Chairman : John Charles JOVE, PepsiCo Inc., USA

Replaced as of Saturday, 8th October by newly elected Chairman:

John Bradshaw, Head of Customer and Loyalty, Pick n Pay, South Africa

- Demir AYTAÇ, Migros Ticaret, Turkey
- Patrick BACHER, TCC, Germany
- Annika ENGSTRÖM, ICA, Sweden
- Jerry FLEEMAN, Food Lion LLC, USA
- Richard FLINT, NIKE, China
- Brian HARRIGAN, IGA, USA
- Jens KÜPPER, Develley Senf & Feinkost GmbH, Germany
- Rhoda LANE-O'KELLY, The Consumer Goods Forum
- Yoep MAN, SPAR, China
- James NAYLOR, McKinsey, United Kingdom
- Karin VON FUNCK, BCG, Germany
- Emily WALDORF, Campbell Soup Company, USA
- Tim Welch, PepsiCo, USA
- Jeremy WILLIAMS, The Coca-Cola Company, USA

ABOUT THE CONSUMER GOODS FORUM

The Consumer Goods Forum (“CGF”) is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises 50 manufacturer and retailer CEOs.

www.theconsumergoodsforum.com

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John Charles JOVE
Future Leaders
Committee Chairman,
Vice President
International Retail
PepsiCo

Future Leaders Congress participants were welcomed to London by Committee Chairman John Charles Jove. London is rapidly becoming one of the digital capitals in the world. Many global digital companies have set up their European headquarters in this fast-paced city where all participants are set to enjoy a productive three-day Congress together.

The Future Leaders Congress has grown to become our industry's most unique forum to meet and

WELCOME TO THE FUTURE LEADERS CONGRESS 2016



discuss collective challenges in a non-competitive environment. The participants are amongst the best and brightest talents from around the world. **By working together they can have a positive impact on the consumer goods industry.**

The Consumer Goods Forum was jointly created by retailers and manufacturers to improve business efficiency and make changes which benefit consumers. As an ecosystem the industry can hope to drive these positive changes. The Consumer Goods Forum has the scale and network to achieve that, with a membership that spans 70 countries and a network of over 1,500 experts working on various committees.

Together CGF members harmonise to avoid food waste, improve the end-to-end value chain and our industry's

standards, share knowledge and best practices. The CEO Global Summit organised in Cape Town in June 2016 was the perfect illustration of what can be achieved collectively.

American tech startups are reshaping the consumer goods landscape. This year's Congress is to help everyone in the industry "*click into the retail future*". This year's Congress agenda was designed to **elevate the participants' personal leadership, give them perspective on the digital evolutions of our industry and provide them with the opportunity to build a broad global network.**

The Consumer Goods Forum team and committee were thanked for bringing this event to light, as were the CGF sponsors and the 'tech market place' exhibitors for supporting them in their effort.

BREAKFAST WITH AN ENTREPRENEUR

A business founder tells about his leadership journey and the digitisation of food safety

As an entrepreneur, the first thing Mitch Chait strives to do is to serve the customer in a relevant and sustainable way. So he founded Greenfence, "*the world's first platform economy for the global food industry*", which connects large retailers and certification services to small farmers and global suppliers.

The food industry is going through transformational change. Millennials have radically different expectations. They are less loyal to brands and more focused on the product itself.

Is it sustainable, ethical, nutritional? For a company in the consumer goods industry, understanding these new expectations is critical for survival. Yet most people in the industry don't really know where the food they sell comes from and who the farmers are. To become more "*ethically sustainable*", they will need to control the information, verify the inputs and trace all the ingredients. The vertical integration of all the data about the product is the key challenge that needs to be addressed today.

Information transparency is increasingly made possible by the growing platform economy, as successful platforms like Alibaba, Amazon and Uber have already broken the traditional linear supply chain and brought about an increasingly powerful demand-side

chain that generates transparent information. In a platform ecosystem, every transaction is transparent. Platforms like Uber have made previously cash-based transactions traceable and transparent.

To empower manufacturers and retailers to benefit from positive network externalities, Greenfence was designed as a platform ecosystem that connects all the actors in the supply chain, so they can actively promote transparency and accountability. Greenfence is the first platform economy ecosystem that measures everything about farm input. It does not charge companies for these services. It customises, integrates, and brings apps to different businesses, so they can become more flexible and the cost of bringing food on the table can be streamlined. Consumers can search the world of suppliers and distinguish between those who are ethical and sustainable and those who are not.



Mitch CHAIT
Founder & CEO
Greenfence

The 61st Congress of the Future Leaders Programme is held in London, one of the world's most dynamic and innovative digital capitals.

This year's Congress, themed "*Click into the Retail Future*", is to offer our industry's future leaders some new perspectives on growth and disruption.

The Consumer Goods Forum aims to have a collective impact on sustainability, product safety, health and wellness and the end-to-end value chain.

Product traceability is a key concern for today's consumers: they want to make sure that what they buy is ethical, sustainable and nutritional.

Digital platforms bring about a world of increasingly transparent transactions, because digitised transactions are traceable.

Greenfence is a platform ecosystem that connects large retailers to small farmers and global suppliers so consumers can make informed purchasing decisions.



WAKE UP. DISRUPT YOURSELF. BEFORE SOMEONE ELSE DOES

**Märtha
REHNBERG**
Associate Partner
Dare Disrupt

The term disruption is one that puts a lot of pressure on companies. Märtha Rehnberg's own story of disruption is a very personal one. She wanted to "*disrupt capitalism*"! An environmentalist at heart, she saw that the current system was unsustainable. So, starting in 2011, she set about disrupting one of Denmark's largest players, Maersk, a shipping company.

She found the solutions she needed in technology, in particular 3D printing, which she introduced at Maersk, to make shorter production

loops possible. A political economist by background, she worked with engineers all day, asking them "*annoying questions*" to make things happen faster in a company that had not yet fully embraced new technologies. She invited makers and hackers, and organised hackathons to disrupt the old production processes. The initial idea was to put 3D printers onboard Maersk's vessels. She found that **great impact could be achieved with low-cost projects**. She became an "expert" in 3D printing and the company was nominated for innovation awards.

Since then, 3D printing has changed radically: it's 100 times faster, a lot cheaper and it moves exponentially. People tend to "*miscalculate the future*" as they project trends linearly rather than exponentially. Companies and individuals need to prepare for faster technological transformations. As Singularity University Ray Kurzweil highlights, we may only be at the beginning of the computing revolution. The curves are exponential, so change to come is unlikely to be as "*nice and slow*" as it has been so far. In 23 years we have connected 3.5 billion people to the internet. It may only take us 3 years to connect an extra 3 billion people. And the solutions to achieve are likely to be very different from what we have known so far.

Digitisation is more a mindset than a set of IT tools. It is about

understanding exponential curves. The fact that many costs are going down close to zero makes it possible for many new players to disrupt the old. Harvard Professor Clayton Christensen wrote a theory of disruption in 1997 in his book *The Innovator's Dilemma*: disruption happens when a much cheaper "*good enough*" product enters the market. Incremental innovation—moving towards an increasingly perfect product or production process—is less impactful than the concept of "*good enough*". The hearing aid industry, for example, was transformed by "*good enough*" 3D-printed parts in less than 2 years. **Many industries are being disrupted by cheaper "good enough" products or solutions.**

Interestingly, the consequences of a "*Kodak moment*" are more far-reaching than the disappearance of one industry or company: a lot of today's most successful apps (Facebook, Airbnb, Tinder, etc.) would not have been possible without the disruption of photography. The ripple effects of this one disruption were profoundly transformational.

To avoid the awkward "*Kodak moment*", we all need to bet on the exponential curve and create the "*creative crossings*" so we can disrupt collaboratively.

It is increasingly hard to predict what tomorrow's new thing will be because technological progress is exponential. 3D-printing, for example, has moved so fast that it could disrupt every industry in the next few years.

It is important to distinguish between *incremental innovation* - improving a product or a process - and *disruptive innovation* - creating a new market with something "*good enough*" and cheap.

To avoid decay, it is critical to learn about the exponential technologies and create the "*creative crossings*" that make collaborative disruption possible.

HARNESSING THE PRINCIPLES OF PEOPLE-CENTRIC SELLING

Yutaro Kojima is a Global Creative Strategist at Facebook's Creative Shop. In this role, he works with a team of 200 people to design ideas that nudge age-old mega brands into the consumer reality of today.

Yutaro was born in Guatemala, at a time when people still shopped at local markets. Supermarkets were not introduced until the 1980s. They were immediately seen as cheap and convenient: they offered variety as well as safety and quality. Yutaro remembers the transition clearly. Today, new profound transformations are underway. With Amazon on the one hand, and Lidl on the other, there is a lot of pressure for all retailers "*in the middle*", who, he believes must "*brace themselves for the upcoming winter*".

The main reason for all the changes today is the fact that we live in an age of super-abundance. As consumers, we have never had so many options. The average supermarket has more than 50,000 items on display. Online, that average is 250,000! On top of that, we have access to an infinite amount of content: 2.5 quintillion (18 zeros!) bites of information every day. The amount of choices consumers have today is nearly infinite, and growing. Yet the number of hours in a consumer's day remains the same. So every second becomes more precious. **We live in a world where everything competes with everything.** Three trends characterise this new world.

Moving from standardisation to personalisation: brands play a growing part in people's very identities - Coca-Cola with personalised names on

the bottles, Mini with customised versions of their cars, Starbucks with customised drinks, etc. At Facebook, the Messenger application is moving in that direction, so that it can help people have more relations with the brands and companies they like. Chatbots are one of the solutions that are currently being developed. For brands and companies, tomorrow's challenge consists in "mass-scaling customisation".

Moving from consumption to expression: consumption is a way to express oneself. Millennials have become brands of their own that are broadcasting constantly. What happened to Candace Payne, the woman who achieved instant celebrity when she broadcast a video of herself with a Chewbacca (Star Wars) mask, is very illustrative of that trend. One can go from anonymity to stardom overnight. For brands, it is critical to make products that become tools of self-expression for consumers.

Moving from products to experiences: Lego created an experience when it wrapped its Lego plastic toys around a story in a film. There are massive book stores in Japan that use books solely to attract consumers and sell them experiences instead: they can spend time reading large coffee-table books without actually buying them. The idea of selling experiences is not necessarily new: Ikea has been doing it for decades. It is a theme park as well as a furniture store, as evidenced by the turnover generated by its meatballs! Experience will matter increasingly as more immersive experiences can be offered. Oculus Rift is a case in

Today's age of abundance with its nearly infinite amount of information makes time more precious for consumers.

Four trends affect today's consumer goods industry: we are going from "search to discovery", from "standardisation to personalisation", from "consumption to expression" and from "products to experiences".

Businesses that want to thrive in this day and age must put customers at the centre. Every business should behave like a small business!



Yutaro KOJIMA
Creative Strategist
Facebook

point. "*If Dali was alive today, he would just be so excited!*" The virtual reality exhibition Dreams of Dali is one of the first examples of a creative virtual reality experience that will become more common in the future.

At Facebook, the customer is always put at the center of the experience. "People over pixels" has long been a popular mantra at Facebook. Even people-centric companies like Facebook can get it wrong sometimes—it took Facebook a little while to figure out that mobile would supersede desktop, but these companies are better prepared for the upcoming challenges, because they are used to "pivoting". "Every business should be behaving like a small business".



PANEL DISCUSSION: BUILDING RELATIONSHIPS & MEETING MODERN CONSUMER DEMANDS ON THE GO & 24/7

Question: Do you believe personalisation has now become a necessity?

Tom Adeyoola founded Metail, a virtual fitting room for fashion retailers that allows customers to create a 3D model of themselves and try on clothes. He believes personalisation is absolutely critical. Becky Taylor is currently leading the digital transformation of PepsiCo Europe and is responsible for driving E-commerce growth, building Digital Marketing capability and developing Digital technology and data solutions across Europe. She believes the hardest challenge for manufacturers is to “customise and get scale growth”. Liv Forhaug heads strategy at ICA. Up until a few years ago, digital was mainly about E-commerce. Now it is about personalisation and convenience. The eternal question that customers ask day in and day out (“What are we going to have for dinner?”) will increasingly be answered with technology.

Question: As leaders, what was your journey to digital?

Liv started at ICA 3 years ago and didn't have much experience with digital prior to this. ICA has been her “biggest learning experience”. She believes ICA still needs to change the way it thinks about tech and IT. Tom acquired management experience in different startups, in gaming, aviation, retail, and women's

health. He chose to embrace disruption. Understanding who the consumers are and trying to reach out to them wherever they are is an exhilarating journey. When Becky started her career, E-commerce was still fairly small. She enjoyed growing with her company, as the departments were merged and the “magic of the grey areas” was discovered. To her, **digital is something you can only learn by doing.**

Question: Is the future of retail assured?

Tom: Amazon is responsible for 50% of all E-commerce growth. Many retail incumbents are now faced with a difficult legacy: they have too much store space. Meanwhile the new players can launch businesses unburdened by the same financial constraints or by legacy. Becky: above all consumers want convenience. Retailers are always going to be around. But in all likelihood they will be different and incorporate user-centric services to satisfy their customers. PepsiCo has created an online service for that purpose. There is inspiration to be found in “all the Deliveroos of the world”. Liv: Consumers’ “consolidated baskets” will look different in the future, and will be very different across sectors. Some products have a cheaper value chain. **We will have to be more flexible... and stay focused on making life easier for customers.**

Becky TAYLOR
Senior Director Digital,
Europe & Sub-Saharan
Africa
PepsiCo

Liv FORHAUG
Chief Strategy Officer
ICA Gruppen

Tom ADEYOOLA
CEO and Founder
Metail

EMPOWERING THE MODERN CONSUMER

Amee Chande used to work for Walmart. She joined Alibaba one year ago and was somewhat surprised to see how much the two companies have in common: both are mission-driven and focused on consumers. The two companies are the product of their founders' vision. In some ways Walmart and Alibaba are the two sides of the same coin. Walmart was about Sam Walton's vision of serving and empowering the small guy. Alibaba is the same, but uses technology as an enabler, across borders and worlds. Whereas Amee only heard stories about Sam Walton, she now works with Jack Ma.

Most people in the Western world don't really know what Alibaba actually does. They have this vague idea that Alibaba is “China's Amazon”, or something more like eBay. Amee's mission is to show them what Alibaba can do for them. Alibaba is a digital company that partners up with many companies to help them market their products across completely different markets.

CEO Daniel Chang is convinced Alibaba has become a data company. **Data is no longer what it used to be: no outside consumer research needs to be carried out when so much real-time information is collected on the platform.** Alibaba encourages its users to have more interactions so the demanding challenge of personalising their experience can be met with more relevant data. Alibaba develops tools destined to be used by the merchants themselves, so they can use data to serve their customers better, improve everything that can be improved in the customer experience. Being data-driven is a mindset: you need to be willing to explore your business in a different way. The point is to explore

how business models can be created from the data.

Alibaba relies more on pulling information than on pushing it. It acts “like a beacon in a digital context” as it gives people the opportunity to signal their interest in a brand. In China data is disproportionately commercial data (unlike in the Western world). Consumers communicate with brands a lot, which is why **retailers need to create contents that provide experience, entertainment and lifestyle at the same time.** This is a two-way communication.

The degree of personalisation that can be achieved today is stupendous: each person's screenshot and interface are unique and personal. So much data are collected on users' digital consumption that we can predict what they are going to want next, and what their needs are going to be on any given day. A customer using different devices can be identified. Increasingly it is the entire cross-device experience that is being considered by most apps.

The way Alibaba avoids being too “big-brotherish” is by focusing on the end, which is to enable merchants to serve their customers better. So the merchants are given access to whatever information is relevant to them. At the end of the day, Alibaba is a platform whose purpose is to enable commerce. It is about building the infrastructure of commerce, very much like the roads and bridges that constitute traditional physical infrastructure.

As a company, Alibaba is very passionate: focused on health, education, diversity, and all issues that impact the Chinese economy and society. A set of values are embedded



Amee CHANDE
Managing Director UK,
Ireland & Nordics,
Alibaba Group

in the company's DNA. Most of these values are embodied by the founder, Jack Ma. The talents Alibaba recruits across the world have it at heart to build bridges between different cultures. China is very much looking forward. Alibaba's people all need to be forward-looking and ready to experiment, to look for ways to disrupt existing businesses. Alibaba needs people with people skills because it is no longer only about engineers and coders. What truly matters is one's ability to embrace change, adapt fast and keep learning.

Alibaba is a loose ecosystem of businesses and entrepreneurs. In that co-dependent ecosystem, everyone has an incentive to build stronger businesses and interactions.

- The future of retail is in customisation. 3D technology and massive amounts of processed data will help answer customers' needs in a personalised way.
- New online players are unburdened by legacy. Retailers will have to learn to incorporate user-centric services to compete.
- Convenience is what drives the evolutions of retail. Inspiration is to be found in online pure players that know how to deliver exceptional customer experience.

- Amee Chande joined Alibaba after years at Walmart. She finds the two companies have a lot in common: a strong focus on consumers and passionate founders with a vision.
- Alibaba is a data company. It develops tools so merchants can use data to provide the best customer experience.
- Like Alibaba's founder Jack Ma, the company's people are forward-looking and ready to experiment. They have it at heart to build bridges between different cultures, adapt fast and keep learning.



Douglas GURR
UK Country Manager
Amazon

THE POWER OF DIGITAL PERSUASION

start from there. To solve problems, Amazon is tremendously inventive. There isn't a single element in the organisation that cannot be improved or changed creatively.

Operational excellence matters if you want to improve customer experience. The right company culture is necessary to foster operational excellence, which is why Amazon UK is to be made into the most aspirational place to work in the UK, with its strong commitment to train and nurture the next generation. Talented women are to be mentored. Operational excellence is a long-term challenge. Consistence is essential because solving problems and making solutions that work take a long time.

Digital empowerment is one of the consequences of the tech revolution. The Amazon platform has made selling into a more democratic process. Small businesses can be empowered digitally. So far 370,000 businesses have thus been empowered in the UK. They have been able to open up to new customers online.

- Amazon became a marketplace so it wouldn't have to do everything by itself, which has enabled the company to accelerate its expansion massively. Today, there are 74,000 jobs in the UK alone!
- With its web services, Amazon started with a very simple concept: power as a service. Why should every organization have to worry about running services

when it can be a utility?

- With Kindle Direct Publishing (KDP), the idea was to empower independent authors to publish and distribute books to millions of users. You can upload your manuscript and sell your book around the world within 24 hours and earn 70% of every sale in royalties. Hundreds of thousands of authors have already used Kindle Direct Publishing.
- With Amazon Fresh, it is very much still day one. It was launched in London a few months ago. There are many delivery operations in the UK but Amazon wanted to create an effective marketplace to empower other businesses.
- With Amazon Restaurants, Amazon launched a home delivery service that connects restaurants to customers online. Many restaurants can thus be empowered to reach new customers.

Amazon is exploring new inventive ways to serve customers. Amazon Echo and its "Echo Dot" (a bluetooth speaker) rely on Alexa, a voice-controlled system that turns sound into natural language. It is a machine-learning tool. The system was opened up and turned into a platform so developers can try new things with it. The interface between human and machine has not changed much for over 10 years, but Echo could change it radically and make that interface a lot more natural. But it's still day one...

Amazon is a principles-driven organisation that always puts customer experience first. Operational excellence is what has made Amazon so successful.

Amazon empowers small vendors to sell to customers online. Selling has become a more democratic process. Amazon's marketplace, Kindle Direct Publishing, Web Services have all contributed to digital empowerment.

There are many more new inventive ways to improve the interface between human and machine: Echo is a machine-learning tool that could make that interface radically different.

ACCELERATING THE GROWTH OF THE UK'S DIGITAL ECONOMY

The UK is quickly turning into a Tech Nation, fuelled by a strong digital growth trajectory. Digital is making a clear contribution to employment in digital and traditional industries.

TechCity started in 2010. At the time, there were only about 200 software businesses. Today there are more than 2,500 such businesses. TechCity has an academy with 12,000 people in training. It gives digital entrepreneurs a national and local voice. It aims to accelerate the growth of digital businesses in London, and across the UK, at all stages of their development. TechCity's Future Fifty gathers digital companies that are already quite advanced in their development. They tend to get acquired. TechCity does tremendous policy work with governments because only a highly supportive government can create the optimum set of conditions for continued growth. TechCity informs governments about the challenges and opportunities of digital to make sure that policies are conducive to growth.

As shown in the UK Tech Nation 2016 Report—the most comprehensive guide about the digital economy in the UK—the country has been very successful in supporting its nascent digital businesses. Today, 19 of the 47 unicorns—private digital companies whose valuations exceed \$1 billion—are UK-based!

Some of that success can be attributed to smart capital: there are more funds that have opened up new opportunities. That capital has come with benefits as entrepreneurs are sharing their knowledge and creating funds. Also, the right end-to-end policy conditions have been created for ripe tech growth. From a government perspective, the UK has been doing well with citizens using digital services, with the Open Data Institute and the Alan Turing Institute (which is dedicated to algorithm research). There are more and more organisations that support entrepreneurship, a growing number of coworking spaces in London (at least 150). The UK's tech talent pool is growing fast. UK tech jobs have grown faster and are better paid than other jobs. These are excellent conditions to create successful tech companies.

Some of the UK's most noteworthy successes include **Unruly**, a video platform founded in 2006 that was acquired by News Corp; **Nutmeg**, an online wealth management tool startup launched 5 years ago; **Magic Pony**, an AI company that uses neural network systems, that was acquired by Twitter earlier this year. The FinTech sector is growing very quickly in the UK, as illustrated by the flagship success of **TransferWise**, a peer-to-peer money transfer platform. Other famous UK successes include **Deliveroo**, which recently raised another \$275 million in a series



Gerard GRECH
CEO
Techcity

of investment round, **FarFetch**, an E-commerce company that excels in fashion, **FanDuel**, a Scottish born web-based fantasy sports game that is big in the US.

In the summer of 2016, the OECD report gave a good indication of the UK's advantageous situation. Brexit is certainly going to be a challenge, but most entrepreneurs see it as an opportunity. The UK has long had a high propensity to adopt digital services. It is consistently ranked highly in how people view technology. The conditions are such that it is a fantastic place to start and grow a business.

The UK is quickly turning into a Tech Nation, fuelled by a strong digital growth trajectory. 19 of the 47 unicorns are UK-based: Deliveroo, FarFetch, Transferwise, FanDuel, Unruly, Nutmeg, Magic Pony are some examples.

TechCity supports the digital economy in the UK: it gathers and shares vital information to help policymakers create the right environment for continued growth; it gives entrepreneurs a voice; it accelerates the growth of digital businesses.

Brexit is likely to be a challenge but most entrepreneurs see it as an opportunity. According to the previous OECD report, the UK has created an advantageous environment for the digital economy to grow.



INTRODUCING THE MARKETING TRANSFORMATION MASTERCLASS

The objective of the workshop was to talk about digital transformation and how marketing can lead it. As Charles Darwin used to say, “it’s not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change”. What is it that’s driving the change in your company? How digital-savvy is it? We have gone from an age of manufacturing, to an age of distribution, to one of information, and finally to today’s age of customer. Every company needs to adapt to fit the modern age. It is increasingly dangerous not to keep up with the competition.

The world of marketing is transforming fast. Consumers are now presented with a multitude of touchpoints to experience brands. Over the next decades, artificial intelligence is likely to become the next big driver of change. What is certain is that the pace of change is accelerating. To avoid going the way of Kodak, one needs to acquire a set of fundamental skills.

The average consumer checks their phones 150 times a day! Phones are a gateway for consumers to interact with brands. Brands need to figure out the rules of the new game. The way consumers interact with their devices is likely to change fast. One needs only look at what Amazon’s voice product is already able to do. Consumers can chat with their

intelligent assistant: “Alexa, please order me some refresh of my laundry detergent”, and Alexa will be able to order it via Amazon Prime.

Consumer journeys are fragmenting and purchase pathways more complex than ever. Personalisation is becoming more important. Marketing is changing more rapidly as a result. It is about optimising and finding the right metrics. “With great opportunities come big complexities”. Chief Marketing Officers are in the eye of the storm and growing digital expertise is key.

The problem is there are often many silos in companies. Digital teams are often isolated. There are cultural challenges as well. Many are not ready to experiment and want to be right the first time, which is not the right mindset for our digital age. It is not enough to build specific digital skills, you need the whole organisation to integrate it at every level. The BCG has developed the talent revolution survey to measure a company’s readiness to do that. It developed tools for a holistic view of companies. The results of the survey show there is ... significant room for improvement.

The first group exercise of the workshop was about assessing which capabilities a winning future marketing organisation needs. The exercise started with a 10-minute brainstorming session. Live feedback was provided via the ConnexMe app. A list of ideas

was collected after the 10 minutes. The participants listed culture, data collection, data analytics, and talent as the key enablers of modern marketing. Marketing is no longer the “soft” science it used to be: today it involves left brain as well as right brain.

Google Digital Academy has created masterclasses to address some of today’s transformational challenges. The workshop’s second exercise consisted in reflecting upon the barriers that stop transformation. “What is the number one barrier in your organisation?” was a question that participants were invited to answer. The list of barriers drawn by Google Digital Academy included the following:

1. We don’t have the right people, knowledge or skills (hard to attract / hard to train...)
2. The ROI is not good enough or is just hard to measure
3. Breaking old routines is hard
4. Legacy systems or legacy investments hold us back
5. Silos and/or politics slow down transformation
6. Other

A quick survey revealed most participants believed “silos and politics slowing down transformation” to be the primary blocker. Other reasons mentioned by participants included “fear of failure” and “the lack of urgency when existing business is going well.” The participants were then given 5 minutes to discuss their biggest challenge.

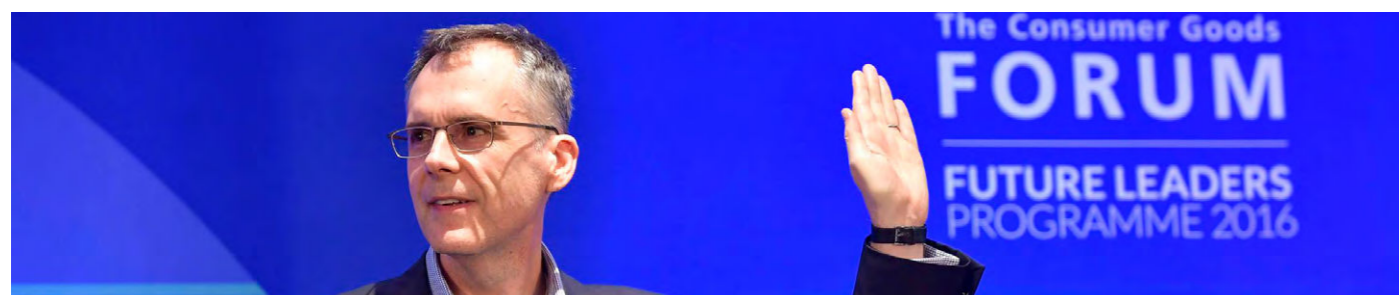
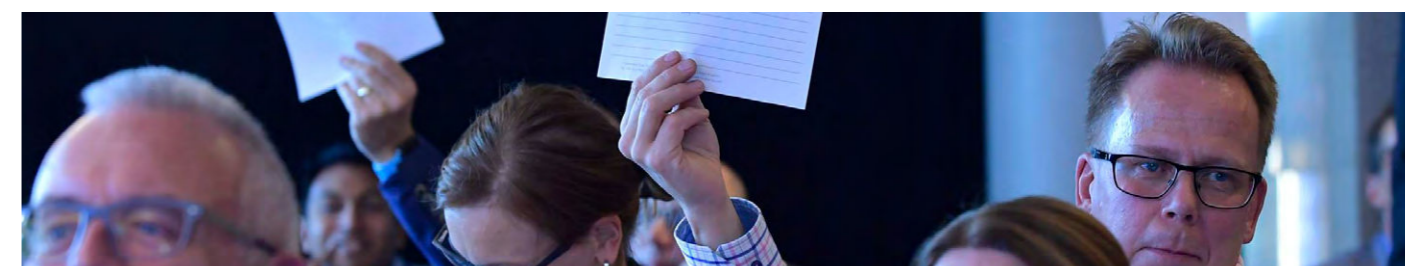


“Whatever your definition of Digital Transformation... do the right thing, whatever your barriers”. It’s always about adapting to change. Inevitably any company will face barriers. But these barriers can’t be an excuse for not aiming for transformation. So digital transformation requires... more work and more risk. Generally, new ideas never fit existing processes. It takes a lot of effort to convince people to do things differently. It is also generally more expensive than previously expected and it involves more risk.

It is up to leaders to create an environment where people feel safe enough to take risks. Digital transformation is not a one-off programme, it is about adapting behaviours. It’s often hard to measure the impact of all the actions and

easier to measure short-term impact than long-term impact. Nobody can predict the ROI of something that has never been tried. In some cases, ROI can only be estimated when one experiments in a big way. Mobile is a case in point.

There are things a leader can do to support the entrepreneurs in his / her company: risk ahead, look for inspiration in other areas, understand that behaviour is always stronger than speech, that transformation is not only about words and that the words must be phrased in terms of actions. That is what the Google Digital Academy strives to do every day. It is based on long-term thinking. Because you cannot predict the ROI of something that has never been tried, the right targets must be chosen that reward innovation and learning.



Consumer journeys are fragmenting and purchase pathways more complex than ever. Marketing is changing more rapidly as a result. It is in the eye of the storm because it can lead a company’s holistic transformation.

Barriers to change must be faced head on. ROI should not be a key guide because it’s impossible to measure the ROI of something that has never been tried before.

It is essential to move company culture forward, set targets to reward innovation and learning. It all starts with a better understanding of one’s strengths and weaknesses. That’s where the talent revolution survey can be of help.



THE UK RETAIL LANDSCAPE

Sainsbury's and Morrisons, which are dubbed the 'big four': today, Aldi is the most trusted player in the UK!

- **Consumers have more 'fluid' lives:** digital is blurring the lines between work and life. Parenting is less about doing chores and more about spending enjoyable moments with one's children. Home-cooked meals are no longer as critical as they used to be. 43% of people in the study declare seeing themselves living an increasingly 'fluid' life.
- **Shoppers are increasingly fragmenting their shopping:** weekly trips to the large supermarket are not as common as they once were. Consumers are getting used to shopping at smaller shops several times a week. There is less planning in their shopping.
- **Fresh food is expected to be as fresh as possible:** consumers shop more frequently and at specific stores for their fresh groceries. There is generally less waste.
- **More shopping is for tonight's dinner:** there is more delegation. Many consumers are looking for ready-made solutions, often at the last minute.

Tesco and Sainsbury's have been leading the world of UK retail in many capabilities. Their position was particularly solid in 2010. Today, major players like Tesco or Asda are struggling more. Why is that the case? Several trends can help explain the rapid shift.

Changing consumer demands have profoundly affected traditional retail. McKinsey partnered with ReD Associates to conduct a study, which showed there are at least 5 remarkable trends affecting retail in the UK:

- **Trust in the 'big four' is dwindling** (grocery sales in the UK are dominated by Tesco, Asda,

growth in the UK only since 2010. In 2009, Aldi was still considering closing down business in the UK. Aldi and Lidl are now faring very well in the UK, while the 'big four' are going through a rough patch.

Neighbourhood convenience stores have grown all the faster as the major players are choosing to aim for price parity on commodities: they are pricing them at the same level as in large stores. Thus consumers have less reason to make their weekly trip out of town for shopping. The ranging challenges are met with logistical sophistication: dedicated stock keeping units have been created. Neighbourhood convenience stores have increased their labour returns with self checkout. They have become more profitable.

Digital is just the tip of the iceberg of these transformations. The market share of online players is growing fast. It is still an evolving space that some players find hard to push because it presents them with a daunting set of economics. Subscription models like Amazon Prime are one of the solutions that other players could choose to adopt. The way they deal with last mile economics is going to be particularly critical.

As millennials will soon be operating households, the current trends are likely to accelerate in the coming years: convenience and online shopping are expected to continue to grow.

The participants were then shown a video featuring a variety of UK consumer profiles who provided illustrations of the trends listed above. As shown in the video, discount shopping is a growing phenomenon in the UK. The UK was slow at first to adopt the discount model. Hard discounters were launched 24 years ago, but they have known tremendous

- The UK retail landscape has undergone major changes. The 'big four' are now struggling more.
- Some of the changes are the result of changing consumer behaviour. Consumers are moving away from mass consumption and big brands. Their shopping is more fragmented and driven by convenience.
- Other transformations are driven by supply, as is the rise of the subscription model invented by Amazon (Prime).

DISRUPTERS & MULTICHANNEL PLAYERS SHARE THEIR VISION OF CONSUMERS & COMMERCE

The lines have started to blur between pure play and traditional, as shown by Walmart's evolution and the growth of its E-commerce business.

The history of modern retail shows that successful retailers have learned to adapt and change, even though retail may seem like a slow stagnant industry. Good retail has found ways to reinvent itself. That is what Walmart has done several times in its history. It started in 1962 with a discount format. As business evolved, it moved to food, E-commerce, international... Walmart now has a hefty global footprint. It operates on 28 markets around the world. Its portfolio includes different formats: hard discount, soft discount and wholesale. It has many different websites. Earlier this year, Walmart acquired Jet, one of the fastest growing E-commerce companies in the US.

For its E-commerce business, Walmart is taking an enterprise approach and adopting a holistic view of how to tackle the next challenges. Jet is a disruptor whose core value proposition is its seamless customer experience. By acquiring Jet, Walmart showed it was forward-looking in the way it viewed its own evolution, always ready to use the best of disruption.

Walmart wants to engage with customers differently and attract new ones. Consumer behaviour is changing fast. Attracting new customers requires taking a much broader view. It requires developing deeper customer relationships online, using the data effectively and using service to drive brand perception. Walmart's value proposition must remain differentiated: it must leverage its existing assets, for example, leverage its space for E-commerce logistics, leverage its global expertise and rely on its talent to do that.

To continue to grow, Walmart is building new E-commerce capabilities. That is why it acquired Jet and it is set to integrate JD.com in China. Future growth will depend on the company's ability to be creative and reimagine retail, yet again.



Saeed ANSLOW
Senior Director
International eCommerce
Walmart International

- The lines are increasingly blurred between pure players and traditional retailers. Walmart is in the process of reinventing itself for the digital age.
- To grow online, Walmart chose to take an enterprise approach. Its recent acquisition of Jet.com is to help build new E-Commerce capabilities and attract new customers.
- Walmart's value proposition can remain differentiated if Walmart leverages its existing assets, its data, its global expertise and its remarkable talent.



DISRUPTERS & MULTICHANNEL PLAYERS SHARE THEIR VISION OF CONSUMERS & COMMERCE

Adrian LETTS

Managing Director – Online
Tesco PLC

Tesco has achieved success in multi-channel retailing. 5 million people visit its sites weekly, which results in 1 million deliveries each week. 99% of the UK's population are covered. Tesco relies on over 4,000 delivery vans and 11,000 customer delivery drivers, which represents "an average of 20 trips to the moon and back"!

Despite a strong market position, Tesco is now struggling with an increasingly fragmented market. It will work hard to keep the customers coming back to Tesco. Nearly half of all store purchases (49%) are now influenced by digital interactions, mostly on mobile. 75% of local mobile searches result in a same day store visit. Only through a combination of physical and digital ('phygital') can a retailer hope to satisfy different types of consumers. The online proposition can not be addressed separately from the global customer experience. Adrien Letts then set out to list the "7 habits of highly effective multi-channel companies":

1. **Be clear on why:** what is the promise you make to your customers? What are you giving them that they can't find elsewhere? It is critical to be clear on the point of differentiation. Tesco's promise is to "serve British shoppers a little better every day". The company's purpose is to make its customers' lives easier.
2. **Do it better consistently:** a customer can have a fantastic experience once or twice, but if it doesn't happen a third time, they won't come back. Tesco relies on "the perfect order"—delivery on time, availability, colleague helpfulness, quality and freshness.
3. **Make it relevant:** a vast majority of customers go to the store. How do you make it useful? Tesco's Clubcard gives the company a fantastic opportunity to be relevant to its customers. It uses data from 15 million active Clubcard users, which improves relevancy and quality of service. It makes Tesco effectively data-driven.
4. **Convenience is the expectation.** Consumers live in a world where they don't have to plan as much as they used to. With a mobile phone alone, they can do anything. They are beset with options. Tesco has a "forward deployed inventory" with its many stores, that Amazon

doesn't have. Hundreds of millions of recipes are searched online every week. Tesco can promise internet users that whatever they see on Google images, "it's in the store near you".

5. **Offer solutions:** Tesco used to sell ingredients. Now it sells solutions. Last year over 45,000 Christmas centrepieces were delivered. Personalised occasion food is made and delivered to order.
6. **The power of partnerships.** The data need to be shared to create a better value proposition. When insights are shared, it becomes easier to work together. The insights can be used to create sampling campaigns, for example, and better target the customers.
7. **Connect everything:** "you CANNOT have a disjointed customer journey!" The more friction points there are, the more likely a retailer is to lose its customers. Delivering increased range, convenience, inspiration and service for online customers is key. "I can build my basket before I shop", "I am inspired by what is recommended for me", "I can track my order from start to finish", "I know who my driver is in advance" etc.

"Trust is the single most important thing if you want to build a successful multi-channel business".

Only through a combination of physical and digital ('phygital') can a retailer hope to satisfy different types of consumers. Tesco has been developing its multi-channel approach with success.

The "7 habits of highly effective multi-channel companies" are: "Be clear on why" / "Do it better consistently" / "Make it relevant" / "Convenience is the expectation" / "Offer solutions" / "The power of partnerships" / "Connect everything".

The more friction points there are in a customer's journey, the more likely it is that the retailer will lose that customer.

2 DISRUPTORS FROM THE UK'S FUTURE FIFTY

Not On The High Street has brought the next generation of retail to the UK. It was founded 10 years ago on the idea of bringing together unique stylish products that are hard to find anywhere else. 5,000 of the UK's best small creative businesses have partnered up with the startup to sell their creations online. It is now the leading curated consumer marketplace in the UK, with 250 employees and 2.6 million customers.

Retail is not a winner-take-all business. There are many ways to think about business models that don't involve competing on price. Putting the pieces together in different ways is how you create new opportunities. Not On The High Street sells unique products, 60% of which can be personalised. Some products are co-creations, like the personalised scarves with unique DNA patterns by Blegan.

To be responsive and inventive at the same time, Not On The High Street has developed a very agile supply chain. So huge successes can happen overnight. For example, when the Game of Thrones episode featuring the death of the "Hold the Door" Hodor character was broadcast, Hodor door stoppers were on sale the following day. When you rethink the supply chain, a lot of new things become possible.

Every touch point with the customer has to have utility. Connecting the online and offline customer experience is critical. The words "multichannel" and "omnichannel" somehow imply division, when there is

really only ONE customer experience, which is what Lost My Name, a "full-stack" publishing startup, has also been about.

Lost My Name has already sold over 2 million books. Asi Sharabi, its co-founder and CEO, explained that the startup is in the business of "making people feel really special". It started as a side project but today it employs 80 people, who all like to "go the extra mile to tell an amazing story". Today Lost My Name sells two books: "The Little Boy Who Lost His Name" and "The Little Girl Who Lost Her Name".

The rise of digital natives has come with new vertically integrated brands like Lost My Name. No one in the founding team had prior experience in publishing. The so-called 'full-stack startups' (vertically integrated brands) have erased the middlemen to develop a direct relationship with customers, keep all the margins, and have 100% ownership of the customer journey.



Simon BELSHAM

Chief Executive Officer
notonthehighstreet.com

Asi SHARABI

Co-founder and CEO
Lost My Name



When you rethink the supply chain and make it lean and responsive, you can be extra creative and bring very personalised items to customers.

The words 'omnichannel' and 'multichannel' imply division. There is only one customer experience. Every touch point with the customer has to have utility.

The full-stack approach consists in building a complete end-to-end product or service that bypasses incumbents. It makes it possible to control 100% of the customer journey.



USING DESIGN THINKING TO DRIVE INNOVATION

Pedro Tolipan studied graphic design and then went into digital. His passion for understanding people and their needs led him to design thinking and the user-centric approach. He believes one of the most important habits is simply to observe the world around and go talk to “real people”. Experience is what matters most to users.

To best focus on users, it is helpful to work with personas rather than demographics. The persona (or user archetype) is useful to make design decisions at every step of product development. It was discovered that designers had better intuitions when they identified strongly with a persona. Personas are different from definitions based on demographics: on the basis of age, income, number of marriages and children and the number of their homes, Prince Charles and Ozzy Ozbourne would look the same!

Trial and error is at the heart of the rapid digitisation methodology to be used in the workshop. It can empower organisations to loosen their constraints. Even big organisations can become fast with digital design, as the workshop aimed to demonstrate. Getting a minimum viable product (MVP) for any given user setting

always starts with business research and just listening to what users have to say.

Increasingly millennials want things now. They are gradually freeing themselves of the necessity to own things. Here are several apps that have been developed with the principles of digital design. There is inspiration to be found in them.

- **The Honest Company** sells “peace of mind” for households in search of convenience. For a monthly subscription, users get a few products delivered to them regularly. The next step might be to rely on smart connected fridges that know what you need. In a more distant future, consumers might get some of what they need printed at home directly.
- **Instacart** is “like Uber for grocery shopping”. Supermarkets simply become suppliers and customers are delivered within the hour by other people who shop for them. These shoppers are rated. The app is based on the idea that it can do things better than a supermarket would. There are now express checkout aisles for Instacart. The supermarket doesn’t necessarily own the relationship to the customer anymore.

- **1800Flowers.com** works with chatbots on Facebook Messenger and with Amazon’s home-controlling speaker Alexa. Chatbots on Facebook Messenger will automatically order flowers for you. They have made it possible to reach a completely new demographic. Instead of forcing customers to come and engage on your platform.
- **Trax** is the app where “big data meets image recognition”. The idea is to build artificial intelligence tools with smart scanning. Store shelves are digitised using image recognition. Real-time actionable insights are received by store staff on their mobile devices. It provides business teams and consumers with real-time information on the products in the aisle.

In the digital workshop session, participants were divided into groups of 10-12 people and assigned the task of devising an app to solve a particular problem. Some groups worked on the following case: Emma and Simon are millennials and digital natives. They have all the latest technology from iPhone 7s to an Amazon Echo, not forgetting their Netflix account. They have recently moved to a flat, just a short train journey away from the city, where they both work long hours. To celebrate moving in they have invited 10 of their friends for the moving in party. They have promised a lavish meal and a fun night and they really want to show off their new flat. It’s Monday evening, with the party this Friday night. Emma and Simon have fallen behind with preparations as they have both been working really hard over the last few weeks. They need to find the food, prepare the flat and get some ideas to make it a memorable event. They need to get everything ready in just 4 days, but they have another really busy week ahead at work. How might Emma and Simon be helped to prepare for the



party, all while managing their busy schedule?

Other groups worked on a different case: Julian and Sarah are millennials and digital natives. They have all the latest technology from iPhone 7s to an Amazon Echo. They have been dating for a few weeks. Sarah has already invited Julian for dinner and her homemade dinner was delicious. It is his turn to invite her, he promised to prepare dinner. He wants the evening to be perfect and seduce her. Friday has come and Julian has not prepared anything yet because he has been very busy at work. There are only a few hours left. How might Julian be helped to prepare the best romantic dinner in just a few hours?

The participants were invited to think big and outside the box. The details can be worked out at a later stage. Sketching is always the best way to get started quickly. Then a prototype can be made, which must always be validated with real people. The participants were given the following

ground rules: “be open / be present / participate / don’t judge / collaborate” and “be prepared to be wrong otherwise you will never be creative”.

Each team explored the business background to the market and then walked through the characters’ customer journey, identified the main points and generated an initial set of ideas, which were sketched and discussed in more detail as participants tried to select a combination of ideas which could constitute an MVP. After a provisional solution was devised, each team sketched intermediate steps on a smartphone app, and then put together these screens to simulate the user’s journey on the app. Teams then presented these simulations to the whole group of participants. There was a vote to choose the best prototype. Overnight, a McKinsey Digital Labs team turned the best hand drawn prototypes into professionally designed app prototypes.



To do digital design and be customer-centric, one needs to go talk to real people. The use of personas helps one to become more intuitive and empathetic.

Millennials are gradually freeing themselves of the necessity to own things. There is inspiration to be found in the apps that have understood that evolution: Trax, Instacart, The Honest Company, 1800Flowers.

Digital design can empower organisations to loosen their constraints, even big organisations, because digital ideation and prototyping can be spectacularly fast.



GROWING OUR FUTURE TOGETHER

and David Dillon, CEO of Kroger for two decades.

Before meeting them, Peter Freedman thought CEOs would necessarily have large egos. But he found much humility in all the best CEOs. It is very hard to effectively listen to customers if you are not humble. Teamwork is impossible without some degree of humility. That is why David Dillon passionately believes that leaders should all be “servant leaders”. To learn from disruptors and competitors, collaborate with others, empower employees, you need humility. It is all particularly relevant in the consumer goods industry.

Purpose drives profits. As Unilever has proved throughout its history, brands with a purpose drive the business. They grow faster: *“in 2015, Sustainable Living brands – which have integrated sustainability into both their purpose and products, grew even faster than they did in 2014, delivered nearly half of Unilever’s growth and grew significantly faster – in fact 30% faster – than the rest of the business”* (Unilever, October 2016). Consumers who trust brands will just buy more of them. Profit and purpose sit together.

Some behaviours help drive consumer trust. The top five behaviours are controlling quality, protecting customer data, respecting employee

rights, managing the supply-chain responsibly and paying the appropriate level of tax.

The Consumer Goods Forum helps our members deliver purpose. By working together for efficiency and positive change, we drive sustainability, product safety, health and wellness, and end-to-end value chain and standards. Collaboration – sharing knowledge and best practice, bringing together manufacturers, retailers and the external world (NGOs, governments etc.) – is the essence of what the CGF does.

Is finding your purpose the result of nature or nurture? CEOs were not born with their purpose. Clarity of purpose is something acquired. Leaders also need a purpose for themselves. All the leaders the CGF works with have a personal passion as well. Dave Lewis (ex-Unilever), now CEO of Tesco, did not think about food waste before he joined Tesco. Now he regularly talks about it on stage. It has become a personal passion of his. He has espoused the purpose.

The CGF is the place to be to drive a business with purpose, to be “servants” as well as leaders.

LEADERSHIP SESSION

Julie Hamilton thanked the CGF for inviting her. The CGF makes the entire industry better. When she first accepted the invitation, she initially believed “Leadership and Growth” to be an easy topic to talk about, but then found it quite challenging. So she tried a different approach and set out to list all the questions she asked herself on a weekly (or daily) basis in her journey to leadership.

Leadership and life are a journey which needs to be enjoyed. Otherwise the work you do is just not worth doing. You need to make sure that you are enjoying the journey and having fun. At the start you have no idea where it will lead you.

Julie Hamilton was born in Bentonville, North Dakota. She grew up in St Louis and started her career there. For her, it was always about new experiences and meeting new people. As President of the Global Walmart Group, she was responsible for leading Coca-Cola’s relationship with Walmart around the world. She joined The Coca-Cola Company in 1996, served as Executive Assistant to Chairman and CEO Muhtar Kent and then held a variety of sales, marketing and operational positions. As EA to Muhtar Kent, she had a peak into all the different departments of the company that she did not previously know existed. It was challenging and rewarding at the same time.

To understand what leadership is, you need to ask yourself 4 questions:

What kind of leader do I want to be?
What would my purpose be? That is the first question.

Do I have the courage and confidence to let people see the real me?

It is very exhausting to pretend to be someone else. It takes courage, as a leader, to be yourself. Not only will the team respect you more for it, it will also save you a lot of energy.

Am I building the next generation of leaders?

Who would take my job if I left today? This is a critically important question that gives leaders the opportunity to grow.

Is my leadership evolving as fast as the world around me?

The marketplace and consumers are changing. So is the way we do business. You need to learn to adapt, rather than rely on habit (*“this is the way we’ve always done it”*). Pushing yourself further is the way to have more impact.

To raise future leaders, Julie Hamilton believes the industry, company and team perspectives must all be taken into account. On an industry level, programmes like the CGF are critical. On a company level, initiatives like Coca-Cola’s Women Forum have a



Julie HAMILTON
Global Chief Customer
& Commercial
Leadership Officer
The Coca-Cola
Company

very positive impact. On a team level, it is essential to allow everyone the opportunity to give feedback, ensure they all have a development plan.

Development is an individual journey, not a process. It is in every leader’s hands to reach down and pull people towards them, to volunteer for new opportunities and meet new people. Flexibility is key. Open-minded driven leaders can collaborate better. Because nobody can do it alone.

Peter Freedman started his talk with broad observations about leadership in the consumer goods industry. He has met many leaders throughout his career. The board of the Consumer Goods Forum alone puts him in regular contact with 50 chief executive officers. And he has met countless more.

Two characteristics are becoming increasingly important in leadership today: purpose and humility. Two leaders who are stars in the industry typify these two characteristics: Paul Polman, CEO of Unilever since 2009

- The two most important qualities in a leader are humility and purpose.
- Purpose drives business. Brands with a purpose grow faster. So do leaders.
- The CGF is the place to be to drive a business with purpose.

- Julie Hamilton joined The Coca-Cola Company in 1996. As Executive Assistant to CEO Muhtar Kent, she learned a lot about the company. She is now Coca-Cola’s Global Chief Customer & Commercial Leadership Officer.
- Leadership is a journey, not a process. It is essential to learn to enjoy the ride!
- Every leader should ask himself / herself the following 4 questions: What kind of leader do I want to be? Do I have the courage and confidence to let people see the real me? Am I building the next generation of leaders? Is my leadership evolving as fast as the world around me?



Ilona HAAIJER
President and CEO
DSM Food Specialties

Ilona Haaier thanked the CGF for the invitation. For a leader who now leads a company on the B2B side, being with so many leaders from the consumer goods industry was a stimulating occasion.

Ilona Haaier was born in an unknown part of the Netherlands. She could not have planned where her career would lead her. She grabbed all the opportunities she could, lived in London, Australia, Switzerland, Singapore, Hong-Kong... and is now back in the Netherlands. She experienced many industries and companies, worked as a consultant with the BCG for 5 years. She became President and CEO of DSM Food Specialties in 2014.

DSM is a €9bn company, mainly active in the life sciences. Its purpose is to

feed everyone in a sustainable way, with less waste, less salt and less sugar. The company was listed as one of 50 companies in the world that make the world better with its sustainability efforts. DSM is very serious about its purpose—to enable (nearly) 9 billion people to eat healthily.

How can leaders lead in this ‘crazy world’? What does leadership mean today?

Political and economic crises, rapid changes in consumer behaviour, and fast technological transformations lead one to wonder if leadership does not take up a different meaning today. Studies have shown that many leaders are seen as ineffective. There is a growing global leadership crisis. The leadership industry has not succeeded in addressing it: 60,000 books have been published with the word ‘leadership’ in their titles but the leadership industry is somehow not providing the answers. The answers are not in these books. It is hard work to be an effective leader.

For food industry leaders, dealing with the world’s food trends in tension is a challenge. On the one hand, sugar reduction is increasingly becoming an imperative—new sugar taxes have recently been voted in the UK, Japan, Mexico—, and on the other hand, there is a bigger demand for convenience and speed. Leaders must learn the art of the trade-off. They have to look for the longer-term trends and aim for the development of new ingredients and solutions, for example, solutions to replace sugar.

There isn’t one way to Rome. Leadership is as much about EQ as it is about IQ. Some people argue that it is all about EQ now, but Ilona Haaier is

convinced leadership requires a good combination of both. As people need to sort through an increasing amount of information, both left brain and right brain are necessary.

In this ‘crazy world’ there is a lot of daily pressure on leaders to perform and move forward. Their natural response is generally to push harder on the gas pump. But it is when you want to accelerate that you most need to slow down and take a moment to reflect. Ilona’s career has not been a straight line. At one point, it was going too fast. She felt that as a person she was not going as fast as her career. She took a break and it helped her ‘catch up’.

Ilona shares her leadership journey with her teams. She encourages her teams to dig deep into themselves and know themselves better. MBTI can be a powerful tool to achieve that, on individual, team and industry levels. It helps explore team dynamics so as to better use the team’s strengths and overcome its weaknesses. She has inspirational and courageous conversations about leadership with her teams on a regular basis.

Leadership is a journey from *I* to *We*. The more you progress, the less it is about you, but more about what you get from others. Purpose is a critical part of leadership because a leader whose values are not high will not be followed.

Today’s careers are different. Young people want different things. They want a collection of experiences. Consumers also want different things and they have become the new CEOs. It takes hard work, time and a lot of resilience to be a leader in this fast-changing world.

LEADERSHIP SESSION

Dirk Van De Put graduated as a veterinarian. Originally he was not really interested in business. As a student he worked for a pirate radio and enjoyed that a lot. But then he joined Mars, The Coca-Cola Company, Danone, and Novartis successively. After more than 20 years experience in the global food industry, Dirk joined McCain in 2010. He was appointed president and CEO of McCain Foods Limited in 2011.

Very soon, Dirk Van De Put discovered that he liked to lead. He had received no education on how to lead. It just came naturally to him. He believes management can be learned, but leadership is much more difficult. There’s a difference between knowing about leadership and being a better leader. Reading books about leadership may improve knowledge, but a leader needs to find its own individual recipes.

He was recruited as CEO of McCain Foods Limited to grow the business. What he found was that what he had learned at other companies was exactly what McCain needed. He also found that it was essential to listen to the company’s people who had been around long and understood why things were done a certain way. There are good crops and bad crops. People with experience understand that. Each time new people are brought to the company, they are invited to listen to the elders and build on experience.

What did Dirk learn from different ecosystems and cultures?

Mars and Coca-Cola were very organised companies that developed processes for everything. As a French company, Danone was quite different. There was opportunity for improvement. Dirk enjoyed taking

difficult situations and turning them around. That is essentially what he learned to do at Danone. He likes the challenges of the more difficult situations. The most important challenge is often communicating with the team. Ultimately, leading is really the art of communication. When the leaders of a company are convinced, when they are coached, there is a positive “trickle-down” effect that benefits the entire company.

Leadership is different in every culture. North Americans seek constant reinforcement: they always want to be told they are doing great. As a European, Dirk is not so comfortable with that leadership style. Leadership in China is very different from leadership in Latin America. Mexicans, for example, need love from their boss.

What was the key traits to look for in future leaders?

First, you need to deliver results. But Dirk always looks for different people who can bring something extra to the organisation and have the courage to go against the stream and have a different opinion. Because the higher up the ladder you move, the more you will need to be different. The best managers are detail-obsessed.

Is there anything that should be forgotten for better leadership?

Leaders must forget themselves a little. Humility is key. It is not easy because you have to combine what’s best for the company and what’s best for you.

Despite the digital revolution, the fundamentals of business remain the same. You will always need a business to make sense. The basics of what business has always been about should not be forgotten! These days a lot of



**Dirk
VAN DE PUT**
President & CEO
McCain Foods Ltd

people tend to forget the basics. They shouldn’t. For a business person, “*what is your business model and how do you make money?*” should always be the most important question.

How important is social responsibility at McCain?

Every leader’s greatest moments are when they put themselves aside. McCain’s way of being socially responsible is to support social businesses, as measured by what they do for society. McCain works with the Colombian government to bring people back to the countryside and teach them to grow potatoes.

Millennials know about purpose. That’s one thing everybody can learn from them.

Leaders in the food industry are facing difficult challenges. They have to find a balance between two conflicting trends: the growing health trend (less sugar) and the higher demand for convenience and speed.

Leadership requires emotional as well as cognitive intelligence.

Leadership is a journey from *I* to *We*. The more you progress, the less it’s about you, but more about what you get from others.

Management you can learn, but not leadership.

Leadership is different in every culture. North Americans always need to be told they are doing great. Europeans do not.

Despite the digital revolution, the fundamentals of business remain the same. The basics of what business has always been about should not be forgotten.



Matt BRITTIN
President, EMEA
Business & Operations
Google

A former Olympic rower, Matt Brittin is the current President of EMEA Business & Operations for Google.

Matt Brittin started his talk with a survey about the number of connected devices in the audience. On average each person in the room had three different connected devices. This number will be the average number for a majority of people in the UK in a couple of years. A revolution is underway as the power of tech at the lowest cost gets into every hand.

With that revolution as a backdrop, Matt Brittin set out to share a few perspectives on leadership.

LEADERSHIP SESSION

Rowing was a valuable school for leadership. Matt used to be a terrible sportsman. Then he tried rowing and liked it because as a rower you are told exactly what to do. The coach kept yelling: “*There’s a piece of sh.. at the end of the oar*”. Everyone tends to think it’s not on their end of the oar. How often do people take responsibility for themselves? Matt became very good at rowing and represented the UK in a couple of international sports event, including the Olympics. A lot of the things that make leaders successful in organisations are actually learned outside.

1. **Know your sh*t.** Know your limitations. His first day job working at a warehouse for Sainsbury’s was illuminating. He realised he knew nothing. They knew exactly how to optimise everything. Thus he learned to connect with the reality of the frontlines. Leaders must stay connected with the realities of their companies. It is too easy to get disconnected with the frontlines. Matt joined Google 10 years ago. At Google, he learned that communication is everything. Google is a very transparent organisation. That level of transparency is essential when you are moving very fast.
2. **Ignore the organisation.** The best thing to do is often to ignore the organisation. Ignoring the organisational chart can be vital because all structures somehow get in the way of effective collaboration. If you need to

experiment faster and be more agile, you ignore it.

3. **Act like an owner.** Google scaled incredibly fast. The founders absolutely could not tell everybody what they needed to do. They encouraged everybody to act like owners. If you were Larry Page, what would you do? This is one of the keys to avoiding complexity. That attitude helps you understand what is important.
4. **Focus on the user.** Having a sense of purpose is indispensable. If a user can’t type or spell, that is Google’s problem, not the user’s. Likewise if they can’t speak the language. Google’s purpose is to build products that can be useful and easy to millions of users.
5. **A company culture where you help one another.** Every leader needs a culture where asking for (and offering) help is encouraged. There’s a mantra that the British rowing team had, that was “*will it make the boat go faster?*”. It is essential to focus on what is in the boat.
6. **Fast is better than slow.** Google is 18 years old. Today is faster than ever. 5 billion people will be connected in 2020. There will be 25 billion connected devices in 2020. Nobody can really understand what that means. It is bound to unleash a vast amount of creativity. Nobody moves faster than the consumer.

A lot of the things that make leaders successful in organisations are actually learned outside. For Matt Brittin, rowing was a school for good leadership.

Always act like the owner. Sometimes ignore the organisation.

Focusing on the user is the best purpose. Google’s purpose is to build products that can be useful and easy to millions of users.

RESETTING YOUR CUSTOMER APPROACH. LEADERSHIP INSIGHTS FROM THE WIKI MAN

Economists enjoy a monopoly (albeit often an unconscious one) over business decision making and government policy making. But economics posits a ludicrously over-simplified individualistic model of decision making that treats everybody as a rational actor who wants to maximise their own utility, with no reference to powerful human emotions such as mistrust or regret. It assumes that everybody making a decision has access to perfect information. People deciding individually seem to be unaffected by habit, habituation or contagion... That model bears no relation whatsoever to reality. It may be mathematically elegant, but human behaviour is really far closer to meteorology than it is to bridge building or track laying. All businesses should have a chief anthropologist. If everybody knew exactly what they wanted, there would be no need for marketing. In fact, we humans are hardly ever rational. Our brains do not maximise utility. We merely try to make non-catastrophic decisions in situations of incomplete trust. Economists may assume there is a sense of proportion, but there is none.

Here is an example of one such irrational disproportionate situation: in every middle class setting, people are offered wine as a default drink. In effect, a small group wields

disproportionate power. Most other people (blokes) will prefer beer but because they will drink anything, women have the last say. Wine enjoys a fantastic advantage because it comes in two colours so people can be given the illusion of choice.

Red or white?
Management professor Peter Drucker strongly believed in the value of marketing: “*Because the purpose of business is to create a customer, the business enterprise has two —and only two —basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing unique function of the business*” (Peter Drucker, *The Practice of Management*, 1954).
Perception is key. If your reality is vastly better than your perception, don’t spend time changing the reality! Marketing and innovation have much in common: innovation is about finding out what people want and a way to make it while marketing is about finding out what people make and a way to make people want it. Some important technologies have been ruined because they were not marketed properly. What went wrong with video-conferencing, for example? If it had been sold as the tool that all chief executives use, it would have been a success. Instead, it was sold as a replacement to cheap flights.

Conventional economics built a model that bears no relation with reality: humans are not rational beings who maximise utility.

Marketing does not assume that consumers are rational. Instead, it creates value for a company.

The quality of a product is inseparable from the quality of its marketing. If it does not inspire trust, even a good product won’t go anywhere.



Rory SUTHERLAND
Vice-Chairman
Ogilvy & Mather Group

Meanwhile post-its were a huge success: they were first distributed to bosses, so everyone else wanted them. The way it was positioned was as critical to the success of post-its as the invention itself.

The human brain doesn’t work at maximal level of utility. We always compare things to other things. The quality of a product is really inseparable from the quality of its marketing. Nothing works without trust. Sadly, this very important thing— trust —is barely ever studied. A good product that is sold the wrong way will not inspire trust and will not go anywhere. A great deal of marketing is simply the costly signalling of faith in your own futurity.



John Charles JOVE
Future Leaders
Committee Chairman,
Vice President
International Retail
PepsiCo

CLOSING OF THE FUTURE LEADERS CONGRESS 2016

John Jove announced at the end of the congress that he was ending his tenure and handing the FLP chairmanship over to John Bradshaw, Head of Customer and Loyalty at Pick n Pay, South Africa.

John Jove thanked the FLP committee for its good work, the CGF staff and the 'ever-witty' Alex Thompson for moderating the event. He also thanked The Coca-Cola Company for its sponsorship of the leadership session and hailed Coca-Cola's continuous collaboration with his own company, PepsiCo, as a positive symbol of industry collaboration.

John Bradshaw took the stage. He said he believed today is a fascinating time to be involved in retail. His children will not shop like we do. Food safety and sustainability are going to be more important to them, which is why we must all continue to evolve. The FLP is a fantastic network that requires cultivating. He encouraged everyone in the audience to get on LinkedIn and connect with everyone present. They are now the FLP brand. It can be leveraged inside their organisations.



John Bradshaw
Head of Customer
and Loyalty,
Pick n Pay, South Africa

FUTURE LEADERS PROGRAMME 2016



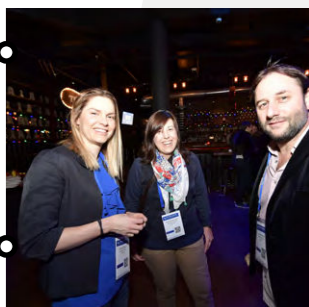
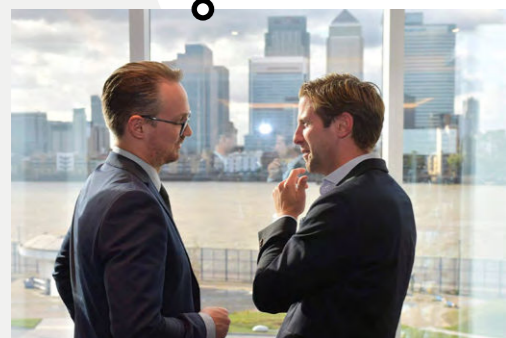
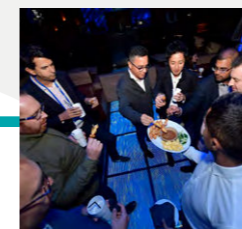
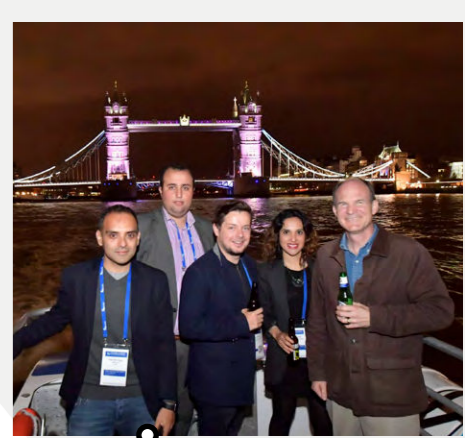
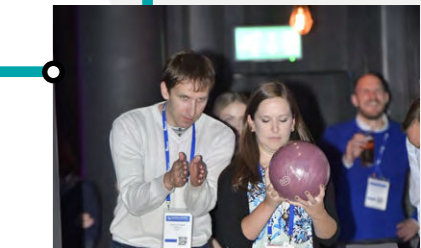
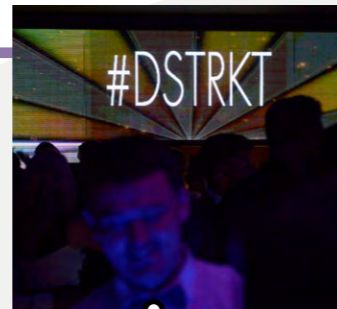
THIS WAS THE 61st FUTURE LEADERS PROGRAMME



THE ENERGY FOR YOUR ORGANISATION



NETWORKING MOMENTS



WOULD LIKE TO THANK

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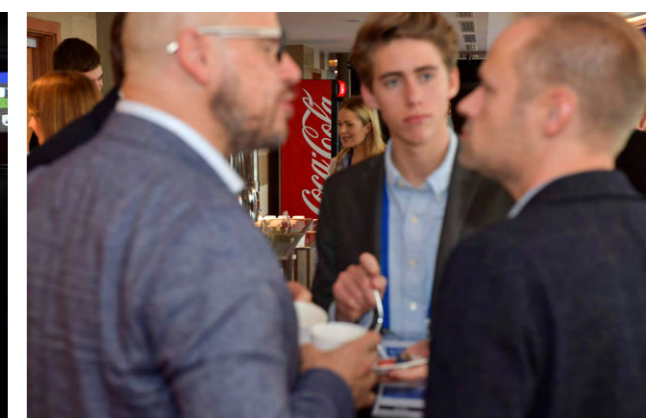
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bringing
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to life™

The Coca-Cola Company

 **PEPSICO**
    



The Consumer Goods Forum Pillars

WORKING TOGETHER EFFICIENTLY FOR POSITIVE CHANGE

Here's an overview of our activities in five focus areas and where our members can get involved and engage with us. Our working groups and events develop toolkits, guidelines and reports, and offer opportunities to share best practices. All of which helps support our members while they implement our resolutions and commitments in a collective bid to drive positive change globally.

1500
EXPERTS
ENGAGED
WITH US

CAPTION
Working Groups

Events & Meetings


SUSTAINABILITY

Climate Change &
Waste Workstreams

Sustainability
Resolutions



Deforestation

(Soy, Palm Oil, Paper & Pulp, Beef)



Refrigeration



Measurement



Food Waste



Solid Waste



General & Member
Meetings/Workshops

GSCP - Global Social
Compliance Programme

Capacity Building
Programme

Reference
Tools

Equivalence
Process



General & Members
Meetings

PRODUCT SAFETY

GFSI - Global Food
Safety Initiative

Benchmarking -
Schemes & Certification

Global Markets
Programme



Local Working
Groups



Technical Working
Groups



Global Food Safety
Conference



GFSI Focus
Days

HEALTH & WELLNESS

H&W Commitments
& Resolutions



Employee Health
& Wellness



Nutrition & Product
Formulation



Product Labelling &
Consumer Information



Advertising to
Children



Scaling Up Community
Programmes



Enablers

(Communications, Measurement &
Reporting, Stakeholder Engagement)



General & Member
Meetings/Workshops

E2E VALUE CHAIN & STANDARDS



Consumer
Engagement Principles



Traceability



Omnichannel



Future Value
Chain Programme

KNOWLEDGE & BEST
PRACTICE SHARING



The Global
Summit



The Future Leaders
Programme



IT Share
Group



Supply Chain
Share Group



Japan Day



FUTURE LEADERS PROGRAMME



Building Leaders for Companies with Purpose

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