

Consumer Products Leadership Index 2023



Consumer packaged goods (CPG) companies are operating against a backdrop of converging forces, with the world changing dramatically and no certainties about how it will play out. Inflation, high interest rates and geopolitical turmoil such as the war in Ukraine have had a wide-ranging impact, from increasingly cautious spending by consumers to supply chain challenges. Meanwhile consumers, and younger generations in particular, are still demanding more authentic brands, more personalized experiences, and a stronger focus on both sustainability and diversity, equity and inclusion. And, of course, the pandemic has left its undeniable impact on the economy over the past three years, altering consumer habits and transforming the nature of the workplace.

Within this context, leadership has never been more important. CEOs and other C-suite leaders are charged with finding the right path forward amid this uncertainty — figuring out where to make investments, where to cut costs, how to attract and retain top talent, and where to make bold moves. Our ongoing leadership advisory work with the top CPG companies around the world and our firm's research on what it takes to be a successful leader across industries have shown that adaptable, flexible and agile leaders who drive stronger, more inclusive and learning-driven cultures are best positioned to push their organizations forward and prepare them for success when the inevitable rebound happens.

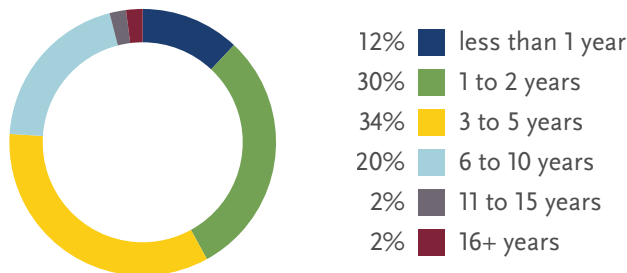
So, what is the state of leadership today in the CPG industry? To answer this question, for the third time Spencer Stuart researched leadership teams of the top 50 CPG companies in the world by market capitalization. Drawing on publicly reported information, we look at the executive teams (CEOs and C-suite leaders) from these 50 companies — 26 in the Americas, 20 in Europe and four in Asia Pacific — and examine how they are structured both to meet today’s challenges head-on and to thrive in the long term.

The CPG CEO

The common profile of a CEO in the CPG industry? In general, it’s a man; only two of the 50 CEOs in our index were women at the time of our research, although this will change in July 2023 with the appointment of Debra Crew as CEO of Diageo. The average age of the CPG CEO is 57.6. And the person has spent, on average, less than five years as CEO, but spent many years working up the ladder at the company he now leads.

The average CEO has held the role for four years, down from five years in our last index in 2020. At the same time, the overwhelming number of CEOs are long-time company insiders, with an average of 20.5 years at their organizations. Forty-two of the 50 (84%) were promoted to CEO from within their companies and 70% have been with their companies for 10 or more years.

CEO TENURE



Of the eight CEOs who were hired externally, seven of those eight came with previous CEO experience, the exception being Miguel Patricio of Kraft Heinz, who previously held top marketer roles at Anheuser-Busch InBev. Six of the eight came directly from other CPG companies; one came from healthcare (Nestlé’s Mark Schneider, from Fresenius Group) and one from automotive (Imperial Tobacco’s Stefan Bomhard, from Inchcape).

50

Chief executive officers

4

Average tenure in role (years)

20.5

Average tenure with current company (years)

4%

CEOs who are women*

* This will increase to 6% when Debra Crew takes over as CEO of Diageo on July 1, 2023.

In terms of functional background, more than half (27) have a background in a marketing or commercial function (including chief marketing officers, chief sales officers, chief growth officers and similar positions), and another 15 came from finance. These stats are largely steady compared to our previous studies.

CEO FUNCTIONAL BACKGROUND

27

Marketing/
commercial

15

Finance

8

Other backgrounds,
including strategy,
operations and GM

The most common role immediately preceding becoming CEO is chief operating officer, which 20 of the 50 held. Regional leadership (12) and CFO (nine) are the next most common. These, too, are similar to previous years; most of the change we saw is attributable to changes in the top 50 list of companies.

CEOs' IMMEDIATELY PRECEDING ROLES

20

Operations

12

Regional leadership

9

Finance

7

Category/brand/
marketing

2

Other

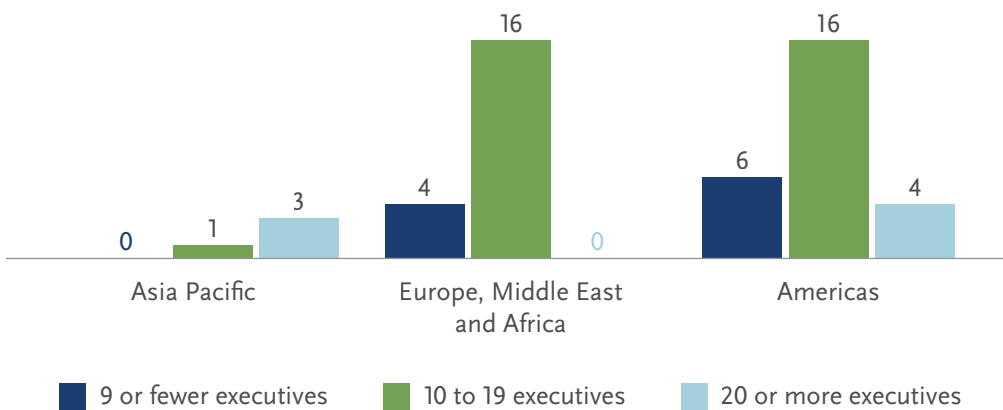
And, as in our last Consumer Products Leadership Index, only two of the 50 CPG CEOs are women as of the end of 2022: Michele Buck of Hershey and Linda Rendle of Clorox, both of whom were promoted internally and have more than 15 years of experience at their companies. Even as leadership teams include more women (see below), women are less likely to have experience managing a P&L, which is considered vital experience for taking a top job. Advancement in this respect will be an important element to increasing diversity in the CEO pipeline.

Leadership teams

Corporate leadership teams are identified in different ways — for example, “executive leadership team,” “senior leaders” or “executive management committee.” Composition also varies, some heavy on functional leaders, and others more on divisional or regional leaders. The reasons for the differences are usually multifold, explained by regional, legal, governance or cultural differences, company culture, ownership structure, or strategic or organizational differences.

With these differences in mind, we compared leadership teams for the 50 top CPG companies, comprising 682 different C-suite leaders. The average leadership team has 14 members; the Americas average is 12, EMEA is 13 and Asia Pacific is 21.

LEADERSHIP TEAM SIZES BY REGION



Regional leadership is the most common C-suite role, comprising 129 leaders among the 50 companies. Brand and category leadership is next, representing 107 roles. However, there is some divergence in how brand leadership is represented in different C-suites: 28% of CPG companies have three or more brand leads in the C-suite, while 34% have none.

Every company has a CFO, and 76% have a commercial or marketing lead in the C-suite. Notably, the number of chief sustainability officers in C-suites has more than doubled, from five in 2020 to 11 in this year’s index (read the functional spotlight below). On the other hand, the number of chief diversity officers has increased by only one, from four in 2020 to five this year.



ROLES REPRESENTED ON LEADERSHIP TEAMS

Regional leadership	129
Category/brand leadership	107
Finance	64
Commercial/sales leadership	58
Operations/SC	53
Legal risk compliance	52
HR	46
Quality/R&D/innovation	33
Corporate affairs/communications	30
Technology	25
Strategy	19
Sustainability	11
Diversity officer	5

Even as more women are included on leadership teams, they are less likely to be in roles managing a P&L, which is a crucial factor for taking a top job. Advancement in this respect will be an important element of increasing CEO diversity.

We also took a closer look at consumer C-suites with leaders whose titles have either “digital,” “transformation” or “growth,” to see how these roles functioned within leadership. More companies are adding leaders who report directly to the CEO who have these words in their titles, yet the exact function of these roles often differs by company. Of the 13 leaders with digital in their title, six are primarily technology leads, five are marketers and one each are a category/brand leader and a strategy leader. There are 12 leaders with growth in their title; while traditionally a marketing role, one of these growth leaders is primarily in charge of technology and one is a strategy role. And the 10 leaders with transformation in their title cover six different areas — finance, strategy, technology, HR, communications and sustainability — an indication of the various ways in which consumer companies see transformation as a critical issue.

An indication of the evolution in these titles is highlighted by Church & Dwight, the personal care and household products maker that added a new chief digital growth officer in 2022. The leader who was hired, Surabhi Pokhriyal, has a deep background in both e-commerce and digital transformation, and was given a remit to lift not just Church & Dwight’s online sales but also the company’s overall digital evolution.



A CLOSER LOOK AT “DIGITAL,” “GROWTH” AND “TRANSFORMATION” ROLES IN C-SUITES

13

“digital” officers

Half of “digital” leaders are technology leads; the other half are marketing/commercial/brand leaders.

12

“growth” officers

While 10 are primarily marketers, one is a strategy lead and one is primarily housed within technology.

10

“transformation” officers

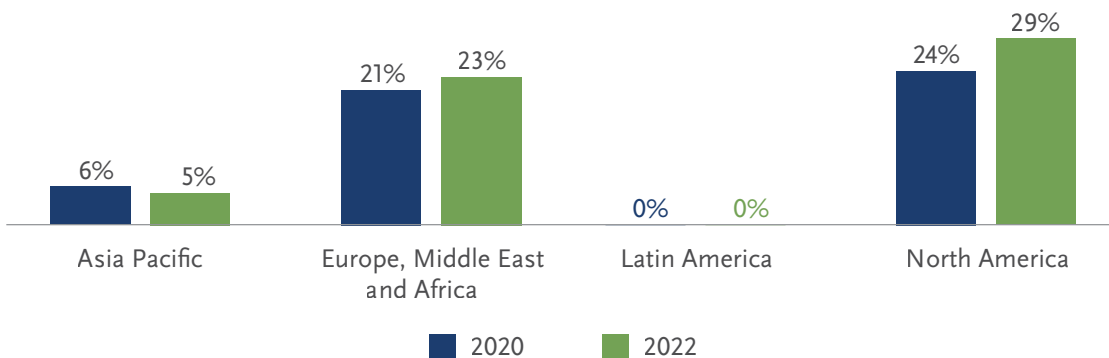
These leaders cover six different areas: finance, strategy, technology, HR, corporate affairs/communications and sustainability.

Note: We assigned functional roles with the word digital, growth and/or transformation based on a review of each company’s position and the background of the leader who holds the role. Church & Dwight’s chief digital growth officer is included in both digital and growth and is categorized as marketing/commercial.

Only about one-fifth of C-suite leaders (18%) were external hires, pointing to the value CPG firms place in their internal succession plans. It also calls out the possible opportunities that some are missing by not targeting external talent to bring in fresh perspectives at key leadership positions.

Female representation ticked upward to 23% of leaders, up from 19% in 2021 and 17% in 2019. C-suites in North America are now 29% female, up from 24% in 2020, and EMEA C-suites increased to 23% female from 21%. On the other hand, APAC female representation dropped one percentage point to 5%, and there are no women in C-suites for the Latin American companies in our survey. Further, many studies as well as our own experience in the field have demonstrated a gender gap when it comes to promotion throughout careers; at the highest level, women are given relatively fewer P&L roles than men, which is a key factor in candidacies for CEO roles.

GENDER DIVERSITY BY REGION





Functional spotlight: Chief sustainability officer

One rapid change to CPG industry leadership teams shines in this year's index: The addition of chief sustainability officers. The number of CSOs on executive leadership teams increased from five in 2020 to 11 in 2022.

Across industries, we are seeing sustainability leaders given prominent positions and a mandate to drive change. In 2021 alone, according to one study, more CSOs were hired than in the entire period between 2016 and 2020.

In the CPG industry, sustainability has become a mainstream concern — starting with the fact that “responsible growth” was a major theme of the 2022 Consumer Goods Forum. The data in our index bears out a similarly rapid rise in sustainability's C-suite presence:

11

Chief sustainability officers

1.45

Average tenure in role (years)

17.1

Average tenure with current company (years)

45%

CSOs who are women

It's not surprising that this trend is playing out in the CPG industry. Part of it is operational. In many sectors, climate change and other environmental challenges can have bottom-line consequences when impacting the availability of critical resources and the ability to get products to consumers. For example, 71% of sustainability leaders polled in a recent survey done by Spencer Stuart in partnership with Kite Insights said that they strongly believe their role is to fundamentally transform the business to be sustainable and fit for the future.

The other part of the role's rise in CPG is the increasing demand from discerning consumers who want to “believe” in the brands they are spending their money on. In particular, millennials and Gen Z — who now combine to account for about one-third of the adult population — want authentic brands that embed sustainability as fundamental to their products and mission.

With this in mind, sustainability has become a key talent battleground. Not only is the issue now a strategic consideration for CPG companies, but it is also becoming a central focus of innovation efforts, and the industry needs leaders with the drive and creativity to bring change.

THE FUNCTION LEADERS WERE IN JUST PRIOR TO STEPPING INTO A SUSTAINABILITY ROLE

Marketing	2	Strategy	1
Quality/R&D/innovation	2	Operations/supply chain	1
HR	1	Unknown	1
Sustainability	1	Category operations	1

A leadership imperative

The 2023 index findings point to some key leadership trends for CPG companies. First, and perhaps foremost, is that the demand for adept, adaptable leaders has never been greater. CEO transitions across industries in the United States have returned to pre-pandemic levels, and similar churn can be expected globally among CEOs and the rest of the C-suite. It’s clear that in the rapidly changing CPG industry, getting succession right and understanding what makes an effective leader is critical.

It’s also vital that CEOs and boards ensure that their top teams are leading effectively. Regularly we hear frustration from CEOs and other leaders about poor team performance getting in the way of performance — a huge problem when seeking a cohesive effort to meet today’s challenges.

Key questions CPG companies must consider for navigating today’s challenges

- » Does the top team have a clear vision and mission?
- » Are leadership roles clearly defined?
- » Does the leadership team operate at a level higher than the sum of its parts?
- » Are leaders breaking down silos and collaborating?
- » Is there joint accountability for shared responsibilities?

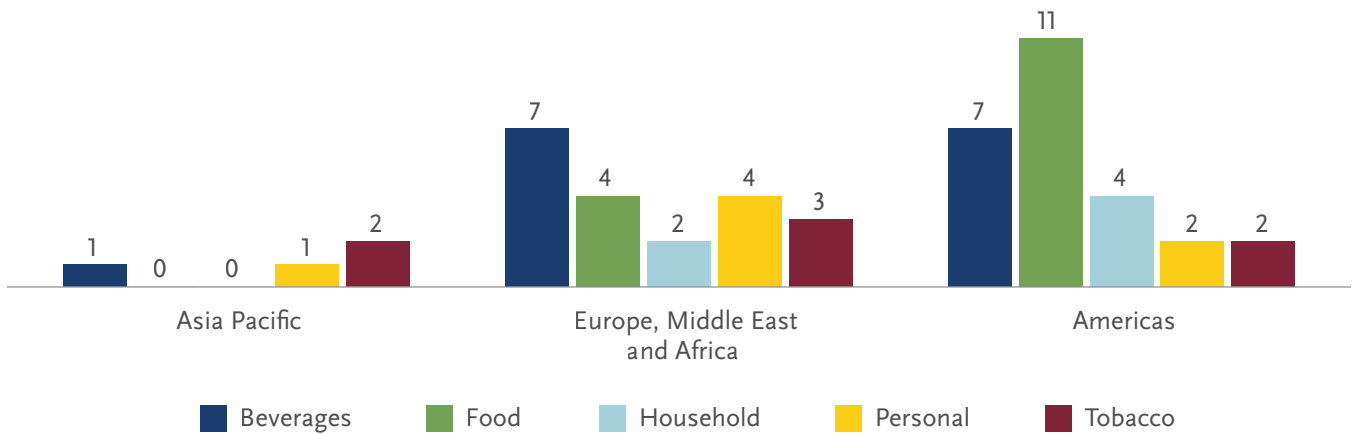
The top CPG companies of the future will be those built on the foundation of sustainability and profitability, strong brand leadership, an understanding of the future of commerce (from bricks-and-mortar shopping to the internet to the metaverse) and, importantly, a focus on talent — finding the right people to lead and doing what you can to retain them.

Methodology

Companies included in this study are the top 50 publicly listed consumer products companies based on their market cap as of October 31. Our findings are based on the publicly available information on company investor relations pages and in company financial filings. Because the top 50 list of companies is subject to change, year-over-year comparisons are directional only.

Reporting on top global consumer packaged goods companies and their executive leadership teams is based on company filings and other publicly available data from November 1, 2021 to October 31, 2022. Executive changes past this date are not reflected in this analysis.

We identified 682 individuals on the 50 executive leadership teams. While we were able to evaluate the backgrounds of the vast majority of executives to varying degrees, transparency into executive leadership teams does vary by region. As not all data on leadership teams is publicly disclosed, we may not have complete data for every company.



Global top 50 companies

Companies are listed in order of market capitalization, largest to smallest, as of October 31, 2022. Companies ranged in size from \$319.1 billion to \$14.1 billion.

Procter & Gamble Company	United States
Nestlé S.A.	Switzerland
Coca-Cola Company	United States
PepsiCo, Inc.	United States
L'Oréal S.A.	France
Philip Morris International Inc.	United States
Unilever PLC	United Kingdom
Anheuser-Busch InBev SA/NV	Belgium
Diageo plc	United Kingdom
British American Tobacco p.l.c.	United Kingdom
Mondelez International, Inc.	United States
Altria Group, Inc.	United States
Estée Lauder Companies Inc.	United States
Colgate-Palmolive Company	United States
Keurig Dr Pepper Inc.	United States
ITC Limited	India
Monster Beverage Corporation ¹	United States
Hershey Company	United States
General Mills, Inc.	United States
Heineken N.V.	Netherlands
Reckitt Benckiser Group plc	United Kingdom
Kraft Heinz Company	United States
Constellation Brands, Inc.	United States
Pernod Ricard SA	France
Kimberly-Clark Corporation	United States
Brown-Forman Corporation	United States
Danone S.A.	France
Japan Tobacco Inc.	Japan
Haleon plc	United Kingdom
Kellogg Company	United States
Henkel AG & Co. KGaA	Germany
Hormel Foods Corporation	United States
Tyson Foods, Inc.	United States
Fomento Económico Mexicano, S.A.B. de C.V.	Mexico
Imperial Brands PLC	United Kingdom
Chocoladefabriken Lindt & Sprüngli AG	Switzerland
Beiersdorf Aktiengesellschaft	Germany
Coca-Cola Europacific Partners PLC	United Kingdom
McCormick & Company, Incorporated	United States
Church & Dwight Co., Inc.	United States
Clorox Company	United States
Kao Corporation	Japan
Carlsberg A/S	Denmark
Grupo Bimbo, S.A.B. de C.V.	Mexico
J. M. Smucker Company	United States
Swedish Match AB ²	Sweden
Kerry Group plc	Ireland
JDE Peet's N.V.	Netherlands
Asahi Group Holdings, Ltd.	Japan
Mars, Incorporated ³	United States

¹ Coca-Cola Company owns a 16.7% stake of Monster Beverage.

² Swedish Match was acquired by Philip Morris International in November 2022.

³ Mars reported \$45 billion in sales in 2022.

About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to non-profit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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