The Emergence of the Chief Growth Officer in Consumer Packaged Goods
EXECUTIVE SUMMARY

The chief growth officer (CGO) has emerged as a powerful role charged with finding new pathways to growth as consumer packaged goods (CPG) companies struggle with sluggish product categories, rising operating costs, increasingly powerful retailers, digital disruption, activist investors, and highly empowered and segmented consumers.

Much more than an enhanced CMO, the CGO plays three critical roles in the organization: the trusted advisor to the CEO; the accomplished brand builder with P&L experience; and, finally, the internal connector who aligns conflicting agendas.

A powerful direct report to the CEO, a CGO is accountable for enterprise-wide growth and provides an end-to-end view of the business. While not displacing other C-suite executives, introducing this role as a direct report to the CEO has caused shifts in reporting structures.

A CGO focuses on long-term results rather than short-term targets and works to create alignment across categories and regions in order to optimize resource allocation, minimize duplication and jump-start innovation.

A CGO disrupts by breaking down functional barriers and aligning the company for growth. Among other things, benefits of this disruption include increased agility, enhanced impact of investment, governance and resilience.

The CGO role may be a stepping stone to the CEO role and, in many cases, is considered a conscious attempt at CEO succession planning. In other cases, the CGO serves as a span breaker for the CEO, allowing him/her to focus on strategic tasks, while serving as a peer to category and regional heads.

METHODOLOGY

Russell Reynolds Associates analyzed the profile of the CGO in CPG companies today—Colgate-Palmolive, ConAgra Foods, Constellation Brands, Coty, Kellogg Company, Mondelēz and Tyson Foods—in order to understand the rationale behind the creation of this role and what companies were facing at the time. Given this is an emerging role and our sample size, therefore, is limited, our statistics should be interpreted as directional only.

We held conversations with most of these CGOs to get a textured view on challenges they face, what is on their agenda and factors they consider critical to their success.
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A great deal has been written about the transformation occurring in consumer-facing companies and their quest to remain relevant and provide value to consumers and shareholders. In a sector that continues to revamp and consolidate, CPG companies face myriad trials as they forge ahead: sluggish product categories, rising operating costs, increasingly powerful retailers, digital disruption, activist investors, and highly empowered and segmented consumers with fast-changing tastes and a wide variety of purchasing channels from which to choose.

These challenges require companies to abandon the status quo in order to be more agile and flexible, characteristics not typically associated with the large, complex organizations within the sector. This requires company leadership to adopt a holistic and synergistic point of view—breaking down organizational and functional silos and allocating limited resources to categories and channels with the most market potential. In several cases, these forces have led to the emergence of a new role—the chief growth officer.

A handful of CPG companies have introduced a first generation of chief growth officers, charged with creating new pathways to growth by optimizing limited resources, maximizing impact of investment and keeping an eye on the future. At its core, this role, arguably one of the most powerful in the company after the CEO, ultimately must increase global coordination and ensure that all business units are moving toward the same goal in an organized and meaningful way.

In an attempt to understand this role further, Russell Reynolds Associates set out to answer the following five questions:

- Why now? What is driving the need for a CGO, and what do companies seek to gain?
- Where do CGOs come from? What is their route to the top?
- How is the CGO positioned within CPG companies?
- What are the key challenges faced by the CGO?
- What are the critical success factors and outcomes from implementing this role?

A CGO is not just an enhanced chief marketing officer. The CGO is an advocate for the increasingly powerful consumer and exists in a nexus between the changing dynamics of marketing, traditional commercial operations, innovation and growth.
Why a Chief Growth Officer?

The days of easy growth in CPG companies are gone. Companies no longer can rely on traditional methods of incremental expansion and innovation—be it a new category, market, acquisition or distribution channel. In today’s market, growth depends on a longer term vision and enterprise-wide execution of strategy. This requires that organizational complexity is not merely minimized but is managed in a comprehensive manner, often challenging the prevailing way of doing things and altering corporate culture. Priorities and mandates on the agenda of the CGO include:

**WHY CPG COMPANIES ARE APPOINTING A CHIEF GROWTH OFFICER**

1. Transformation for profitable growth
2. Breakdown of functional silos and increased coordination across categories by unifying demand enablers
3. Resource optimization and less duplication
4. Early investment for disruptive, rather than additive, innovation
5. Capability building for the future
6. CEO succession planning

**SUMMARY OF RECENT CGO APPOINTMENTS**

- 43% of companies faced pressure from activist investors
- 71% of companies have created the chief growth officer role for the first time
- 86% of companies have appointed a chief growth officer since 2014

- Camillo Pane — Coty
- Darren Serrao — ConAgra Foods
- Bill Newlands — Constellation Brands
- Sally Grimes — Tyson Foods
- Mark Clouse — Mondelēz
- Tim Cofer
- Paul Norman — Kellogg Company
- Clive Sirkin
- Fabian Garcia — Colgate-Palmolive

**DATE OF APPOINTMENT**

- 2010
- 2014
- 2015
- 2016

"Today’s business model has to catch up with market needs and realities. We are bringing key functions together and leading both an operational and cultural shift,"

Clive Sirkin, CGO at Kellogg Company

"This role allows for coordination of investments to drive the highest return across the business, not just within one category."

Fabian Garcia, CGO at Colgate-Palmolive

“We’ve shifted from a manufacturer-centric approach to one that is centered on consumer demand. This will improve portfolio efficiency and marketplace impact."

Darren Serrao, CGO at ConAgra Foods

“As CGO, I am tasked with unifying demand enablers to organize for growth in today’s market,”

Sally Grimes, CGO at Tyson Foods
Who Is the Chief Growth Officer?

Our analysis of the first generation of chief growth officers suggests they play three critical roles in the organization:

1) THE TRUSTED ADVISOR AND CULTURE CHALLENGER

Big CPG companies tend to have a strong corporate culture and a fairly static definition of success. While someone with external experience is needed to drive change, internal connections and credibility are essential to get buy-in from key stakeholders and, more broadly, to challenge the existing company culture. Serving as a trusted advisor to the CEO and receiving his or her sponsorship also is critical for credibility and achievement of growth goals. Given the importance of trust, it, perhaps, is not surprising that in this first wave of CGOs, the majority are internal appointments; when an external hire, the appointee often has a significant prior working relationship with the CEO of the company he or she joins.

86% of CGOs have grown up in CPG
57% of CGOs were appointed internally
71% of CGOs have worked with their current company’s CEO for at least 7 years

“I am charged with thinking the unthinkable.”
Sally Grimes, CGO at Tyson Foods

“The CGO needs to be the innovation evangelist and cheerleader.”
Fabian García, CGO at Colgate-Palmolive

2) THE ACCOMPLISHED BRAND BUILDER WITH P&L EXPERIENCE

Vital to the effectiveness of this role, CGOs must have the marketing and brand building expertise to make the consumer the focal point of the business and the P&L experience that brings credibility and commercial grounding. In our analysis of the current class of CGOs, all have a background in both, as well as experience in other meaningful functions.

FUNCTIONAL EXPERIENCE

100% Marketing
43% Innovation
29% Digital/e-commerce
29% Sales
29% Strategy
14% Finance

GENERAL MANAGEMENT EXPERIENCE

100% Business Unit Head
86% Country or Regional Head

100% of chief growth officers are marketers who then held significant P&L responsibilities

3) THE INTERNAL CONNECTOR FOR EXTERNAL IMPACT

This role aligns and enables internal capabilities around the pulse of where the market is going and the consumer needs that remain unmet by the product portfolio. As the focus shifts from legacy brands to a seamless consumer experience, CGOs need to break organizational siloes; connect category heads with each other; and ensure that innovation, insights and R&D are informing routes to market and new product development. This connector role particularly is relevant for multi-category CPG companies where each category has a different channel and end consumer.

“The CGO is a connector. Relationships, credibility, trust are required to be successful.”
Sally Grimes, CGO at Tyson Foods

“The CGO role has been designed to bring key commercial functions together to create a seamless customer experience.”
Clive Sirkin, CGO at Kellogg Company

“As CGO, I have a consumer-centric but brand-agnostic lens.”
Darren Serrao, CGO at ConAgra Foods
How Is the Chief Growth Officer Positioned at CPG Companies?

By placing the chief growth officer as a direct report to the CEO, CPG organizations are signaling the power of the role and challenging existing structures. While positions reporting into the chief growth officer, like the chief marketing officer, may remain on the executive committee, they no longer are reporting directly to the CEO, indicating a new standard.

Aside from the formal organizational structure illustrated above, the CGO role embodies a few key qualities that distinguish it from category heads. A CGO has:

- **A consumer-centric portfolio approach to organic and inorganic growth:** The CGO adopts a portfolio-based approach to investment and growth, aligning resources around “big bets”—high-growth categories where the company has low investment. Further, this includes both organic and inorganic growth. Our conversations revealed that while CGOs may not formally oversee M&A, a majority have a strong say in the company’s M&A activity. The CGO funds growth by divesting shrinking or sluggish categories where the company might currently be investing heavily. This optimizes resources and eliminates duplication of efforts within individual brands. It also focuses the company on where the market is going rather than where it has been.

- **A strategic vision for long-term growth:** While category heads focus on short-term revenue targets, a CGO focuses on a three- to five-year strategic growth agenda for the company, often without any direct P&L accountability. It is through internal credibility and influence that the CGO’s vision gets operationalized across categories and geographies.

- **An end-to-end view of the business:** A CGO is responsible for the development and delivery of the strategic plan and needs to ensure that newly built capabilities impact accountability and that disruptive innovation is a precursor to commercialization across the company.

“*My role focuses on the future. One must think across categories, allocate resources to maximize returns and take the best ideas across boundaries,“*

*Fabian Garcia, CGO at Colgate-Palmolive*

“At any point in time, a CGO should be able to assess where to focus and where to cut back at the company level,”

*Mark Clouse, former CGO at Mondelēz*

“While I am responsible for end-to-end functions that drive organic and inorganic growth, the business unit presidents are in charge of operationalizing our strategic vision for the enterprise,”

*Darren Serrao, CGO at ConAgra Foods*

“The CGO is uniquely positioned to leverage cross-functional resources and to be the tip of the spear driving the growth agenda,”

*Tim Cofer, CGO at Mondelēz*
What Are the Key Challenges Facing the CGO, and What Are the Factors Critical to Success?

A newly appointed CGO has an uphill task, especially given the existing culture and bureaucracy in large CPG companies. Based on conversations with CGOs, we found the following to be key challenges:

- **Aligning conflicting agendas and increasing cross-category collaboration:** One of the first things Mark Clouse did post his appointment as CGO at Mondelēz was to take inventory of initiatives across the company and eliminate repetitive or conflicting ones, which were approximately 20% of the total number. Further, he needed to ensure that the growth agenda was aligned with the cost agenda. Our conversations revealed that CEO sponsorship and internal credibility and influence are critical to a CGO achieving these goals for the company.

- **Evaluating the portfolio based on the demand landscape:** Upon his appointment to the CGO role at ConAgra Foods, Darren Serrao set out to analyze where consumer demand is going in the future, assess whether the company was in promising categories, and determine whether it was a good competitor in those categories. Based on this, he moved resources to the most promising categories by freeing up resources being poured into shrinking ones. Our conversations with multiple CGOs highlighted that previous P&L or operational experience is essential to achieving this.

What Benefits Does This Role Bring?

In addition to the tremendous benefit of fueling company-level profitable growth in high-potential categories, the creation of the CGO role, along with the structural and cultural shift it brings, leads to a number of added benefits:

- **Speed:** Sally Grimes, CGO at Tyson Foods, attributes agility to less duplication of activities, lower bureaucracy and company-wide sharing of best practices.

- **Increased impact of investment:** For instance, as CGO at Mondelēz, Tim Cofer governs the CGO growth council, sets the agenda and highlights key check points for the regional presidents, category teams and the C-suite, bringing about greater accountability and structure to the growth agenda.

- **Governance:** The CGO brings a higher level of transparency to the company’s operations and agenda due to the breakdown of siloes and the increased level of accountability.

- **Resilience:** Due to the deliberate focus on building long-term capabilities and investing in categories with a high market potential, having a CGO reorients even large companies with high inertia due to legacy brands toward what they need for the future rather than what they have built in the past.
Conclusions—Learnings from the First Generation of CGOs

Our conversations highlighted a number of interesting themes, as well as some unanswered questions about the role:

- **Marketing and P&L are both critical experiences on the route to the top, but the CGO is not a glorified CMO:** While academy marketing experience is essential, a pure functional specialist is unlikely to succeed in the role. P&L and operational experience were repeatedly cited as vital to a CGO’s success, as what is most often needed is a proven commercial leader with marketing acumen and a strategic mindset.

- **There are differing perspectives on whether a CGO should have direct P&L accountability:** A portion of CGOs have dual P&L responsibility with either categories or regions reporting into them and see this as an advantage in operationalizing the growth agenda. However, a majority of CGOs feel that the lack of direct P&L responsibility allows them to build capabilities for the future rather than get caught up in the day-to-day activities of the business.

- **The temporal nature of the role is being acknowledged as a question mark:** While there is debate about whether this position is a point-in-time role vs. here to stay, consensus is that the concept of the role and the structure it brings are definitely enduring given macroeconomic realities. CPG companies need to organize around growth opportunities rather than legacy brands or risk becoming irrelevant.

- **The role is a reaction to disruption that’s already happened but also is the cause of further disruption within highly structured companies:** Our findings pointed to the CGO role being a vehicle for large CPG companies to win in a disrupted and fast-changing marketplace, but, in addition, the role sets off further internal transformation.

- **The role may be a stepping stone to the CEO position:** In many cases, the role is considered a conscious attempt at CEO succession planning. In other cases, the CGO is at the very least a span breaker for the CEO to focus on strategic tasks and a peer to category and regional heads in helping them operationalize a company-level growth agenda.

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**THINKING AHEAD—MEASURING SUCCESS**

A number of metrics for delivering the company’s growth strategy were cited as indicators of success in the CGO role:

**Enhancing long-term performance:**
- Higher rate of growth
- Increased revenues, profit and market share
- Geographic expansion into new markets
- New products in growth categories

**Building long-term capabilities:**
- Technology
- Digital/e-commerce
- Data and analytics
- Talent

A majority of these metrics are defined broadly, depend on a number of forces, and vary among the conversations we had. A clearer measure of success in the role is an opportunity for companies considering the role to further refine it. A company considering the CGO role needs to crystalize what “great” looks like in three to five years and, consequently, what defines success for the CGO tasked with company-level growth for that time frame.
Considering the Chief Growth Officer Role for Your Company

The trend of companies appointing a CGO is on the rise. That said, there still are a number of companies that do not have the role, structure or culture in place and might be considering it. Companies considering the creation of the CGO role should consider the following guidelines:

**Does your company culture reflect today’s market reality?**
- Are best practices shared across your company?
- Is there duplication of activities across your company?
- Are you bureaucratic rather than agile?
- Is your innovation additive rather than disruptive?
- Do your insights and R&D teams inform your new product development and routes to market?

**Do your products and services serve evolving consumer needs?**
- Do the bulk of your revenues come from legacy brands in shrinking or sluggish categories?
- Are you losing market share to products from new categories?
- How diverse are your business categories in terms of consumer base and channel?

**Are your financial and human capital investments future-proof?**
- Do your investments reflect your growth agenda?
- Are business leaders focusing on short-term targets over long-term profitability?
- Do you have a strong bench of talent when it comes to CEO succession?

“A chief growth officer needs to increase coordination and reduce repetition and create and develop a well-grounded and integrated strategic plan as a framework for decision making.”

**Mark Clouse**, former CGO at Mondelēz

“We are driving the car while changing the engine at the same time. We are building the foundation for long-term growth for a very different kind of company.”

**Sally Grimes**, CGO at Tyson Foods
Russell Reynolds Associates is a global leader in assessment, recruitment and succession planning for boards of directors, chief executive officers and key roles within the C-suite. With more than 370 consultants in 46 offices around the world, we work closely with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, environmental and political trends that are reshaping the global business environment. Find out more at www.russellreynolds.com. Follow us on Twitter: @RRAonLeadership

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- We have conducted more than 1,600 consumer products searches globally over the past five years across the full spectrum of functions spanning boards, CEOs and the C-suite.
- We are trusted advisors to leaders of some of the most successful consumer products companies around the world.
- Our work encompasses board of director searches, senior executive searches, succession planning and leadership advisory assessments.

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