

SpencerStuart

2019

# CPG Leadership Index

A Snapshot of the Leadership Teams  
and Boards of the Top 50 Global  
Consumer Packaged Goods Companies

## ABOUT SPENCER STUART

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At Spencer Stuart, we know how much leadership matters. 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. 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 nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 58 offices, 31 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 and many other facets of organizational effectiveness.

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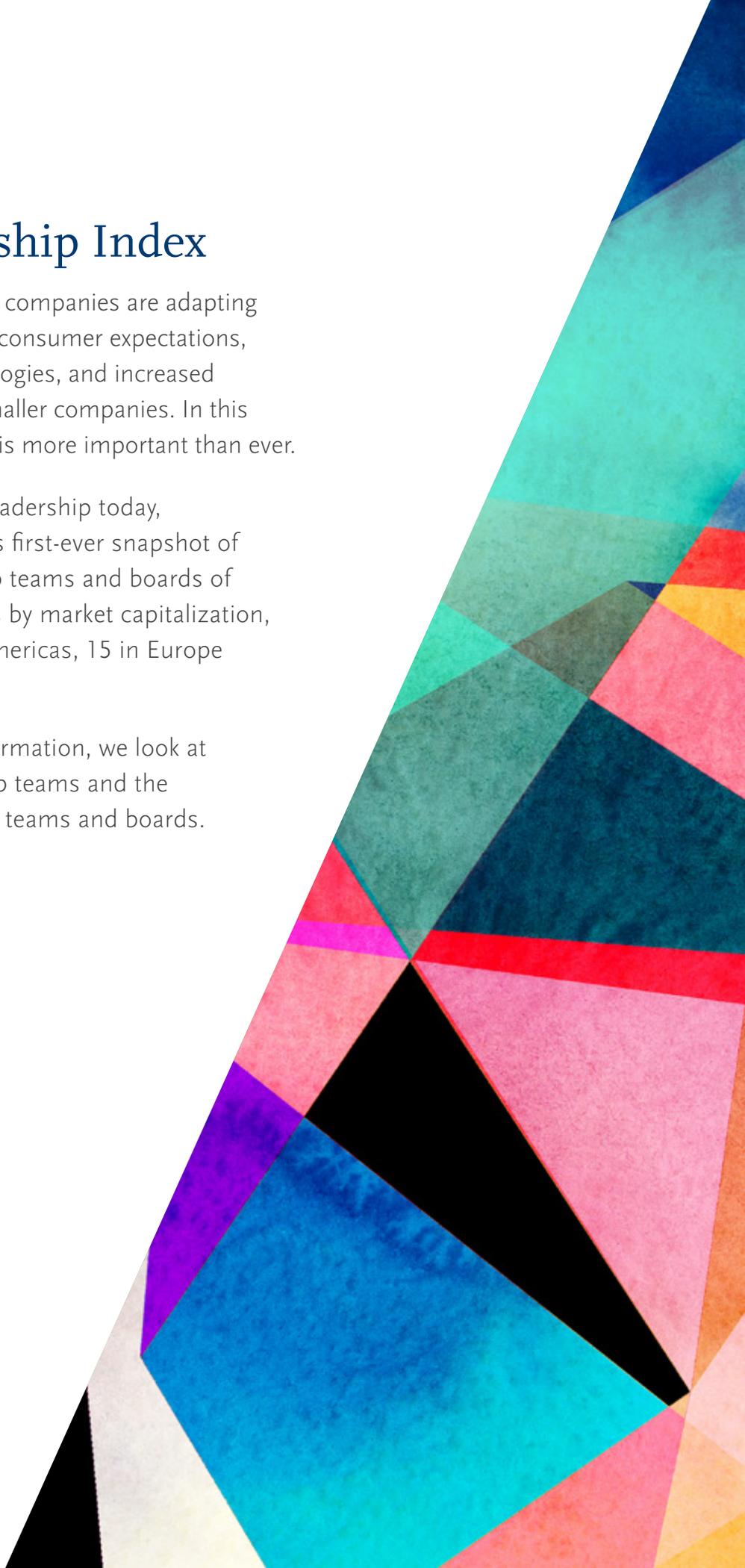
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# 2019 CPG Leadership Index

Consumer packaged goods (CPG) companies are adapting to respond to more sophisticated consumer expectations, advancing digital and data technologies, and increased competition from startups and smaller companies. In this dynamic environment, leadership is more important than ever.

To understand the state of CPG leadership today, Spencer Stuart has developed this first-ever snapshot of the composition of the leadership teams and boards of the global top 50 CPG companies by market capitalization, including 22 companies in the Americas, 15 in Europe and 13 in Asia.

Drawing on publicly reported information, we look at how companies organize their top teams and the backgrounds of CEOs, leadership teams and boards.



## CHIEF EXECUTIVE OFFICERS

- » CPG top 50 company CEOs have been with their companies for 22.6 years on average and have been CEO for an average of 5.3 years.
- » 20% are new to their roles, having been appointed between March 2018 and March 2019. Each one of these new CEOs was appointed from within, with an average tenure of 19 years with their respective companies.
- » 10% of sitting top 50 CPG company CEOs were hired from outside their companies.
- » Only three (or 6%) of CEOs on our list are women: Michele Buck at Hershey, Alison Cooper at Imperial Brands and Chen Lin at Wuliangye Yibin.
- » 28% of CEOs are a different nationality than the companies they lead, masking a wide variance by region. Half (50%) of CEOs of European companies and 33% of CEOs of U.S./Latin American companies are non-nationals, while all CEOs of Asian companies are the same nationality as their companies.

## Functional and industry background

The most common CEO functional backgrounds are marketing, finance and operations/supply chain. CEOs of European and U.S./Latin American companies are most likely to have marketing backgrounds, while CEOs of Asian companies are most likely to have backgrounds in operations/supply chain.

Most CEOs of the top 50 CPG companies grow their careers within the same industry they're now leading. There are some minor industry shifts across segments within CPG as a whole and only a few examples of executives becoming CEO after substantive experience in other industries, such as the following:

- » An executive joining a beverage company as CEO after several years of government appointments in Asia.
- » A healthcare executive becoming CEO of a food company.
- » An executive with deep private equity experience becoming CEO of a leading food company.

## CEO Functional Backgrounds

	Number of CEOs			
	Global	Europe	Americas	Asia
Marketing	19	8	10	1
Finance	9	4	3	2
Operations/Supply Chain	6	0	3	3
Sales/Commercial	4	2	2	0
Consulting	3	1	2	0
Strategy	2	0	1	1
Technology	2	0	0	2
Commercial	1	0	1	0
Quality, R&D, Innovation	1	0	0	1
Unknown	3	0	0	3

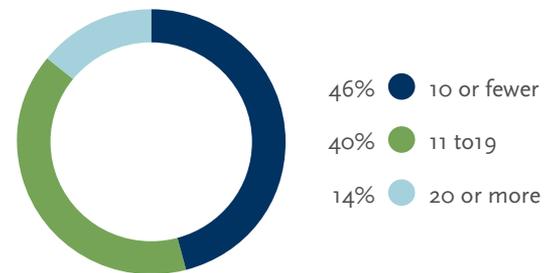
## CEO Industry Backgrounds

	Number of CEOs			
	Global	Europe	Americas	Asia
Beverages	16	4	7	5
Food	13	3	7	3
Household Products	9	3	5	1
Tobacco	6	2	2	2
Personal Products	3	2	0	1
Government/Education/Nonprofit	1	0	0	1
Healthcare	1	1	0	0
Private Equity	1	0	1	0

## LEADERSHIP TEAMS

Most companies identify the leadership teams on their website, but refer to them in different ways, including “executive leadership team,” “senior leaders,” “executive management committee,” etc. Leadership teams also vary in composition; some are heavy on functional leaders, while others have more divisional or regional leaders. Differences may be explained by regional governance and cultural differences, specific company culture, ownership structure, or strategic or organizational differences.

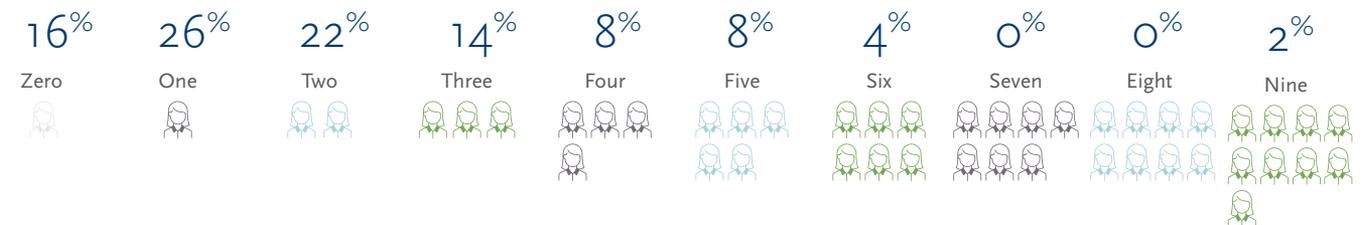
### Leadership Team Size



The top 50 CPG company leadership teams have 12.8 members on average.

In all, we identified and examined the backgrounds of more than 640 senior leaders of these companies, 17.5% of whom are women. 16% of leadership teams include no women, and 36% have three or more women.

## Representation of Women Executives on Top 50 CPG Leadership Teams



## Team composition

All top 50 CPG leadership teams include the CEO and a top finance leader. The next most common leadership team role globally is human resources.

Looking across regions, we see some interesting differences in team composition:

- » 90% of U.S./Latin American teams include operations/supply chain management leadership, compared with 66% of European company teams and 35% in Asia.
- » In the U.S./Latin America and Europe, more than 85% of companies have an HR executive in their leadership team, while only 28% of those in Asia do.
- » Half (50%) of the executives for whom we have data in Asian companies are classified as general managers, which is not a role we found on leadership teams in Europe or the U.S./Latin America.
- » At least half of CPG companies in Europe and U.S./Latin America have a technology executive on their leadership team, versus 14% of Asian companies.
- » Quality, R&D and innovation leaders are much more common on the leadership teams of Asian and U.S./Latin American CPG companies than those in Europe.

### Leadership Team Composition

	Leadership teams with at least one executive in this function
Finance Leadership	100%
HR	74%
Category/Brand Leadership	66%
Legal Risk Compliance	66%
Regional Leadership	60%
Operations Leadership	52%
Quality, R&D, Innovation	38%
Technology Leadership	38%
Marketing	32%
Commercial/Sales Leadership	32%
Corporate Affairs/Communications	28%
Strategy	22%
General Manager*	18%
Sustainability	10%
Growth Officer	8%
Corporate Development	8%
Diversity Officer	4%

\* General manager is commonly used in Asian companies without further identifying functional or operational responsibilities.

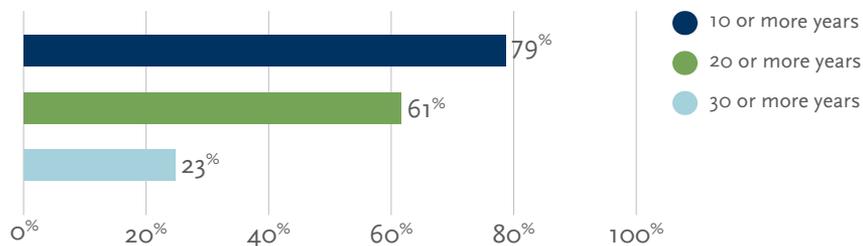
## Tenure

The majority of the top 50 CPG company executives (80%) have spent their entire careers in the industry.

Not only do top 50 CPG company leaders typically start their careers in the industry, they tend to remain with their companies for the long term — 20.1 years on average.

- » 47% have been with their company for at least 20 years
- » Category/brand leaders have the longest average company tenure, at 24.5 years.
- » HR and legal executives have the shortest tenure on average, 14 and 15 years, respectively.
- » 14% of top CPG executives have been with the company for less than 5 years.

## Time with Company



## BOARDS OF DIRECTORS AND SUPERVISORY BOARDS

Top 50 CPG company boards have 11.5 members on average. U.S./Latin American CPG companies have the largest boards, with 12.8 members on average, versus 12.4 in Europe and 8.2 in Asia. The average age of the board members is 60.

### Non-executive directors (NED)

Non-executive directors represent 70% of all directors on CPG company boards<sup>1</sup>; 10% of these are not independent, either because they are shareholder representatives or former company executives.

The average age of non-executive directors is 61.5. The youngest board member is 32, and the oldest is 86. The average tenure of non-executive directors is 8 years. Average tenure is longest among U.S./Latin American company boards (9 years), followed by Europe (8 years) and Asia (4 years).

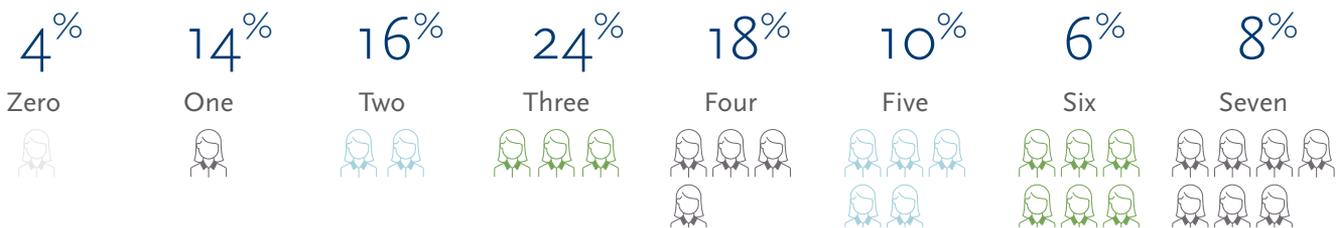
### Average Tenure

	Europe	Americas	Asia
Longest average board tenure	15	19	6
Shortest average board tenure	3	2	1

### Female directors

All but two boards in our sample have at least one female director, with 66% having three or more women. Women represent 28% of all board members. Among non-executive directors, female representation rises to 35%, while 44% of new executive directors (those elected between March 2018 and March 2019) are women.

### Representation of Women Directors on Top 50 CPG Boards



<sup>1</sup> Chairs and employee representatives excluded.

## Board chairs and lead independent directors

Twenty (20) of the top 50 CPG board chairs are also the current CEO (40%) of their companies.

- » 64% have executive experience at the company for which they currently serve as board chair. This is most common in the U.S./Latin America, where 17 of 20 board chairs are a former company executive (“internal”), and in Asia, where 10 out of 14 are internal. In Europe, only five out of 15 chairs are internal.
- » 84% of board chairs have CEO experience; 8% have CFO experience.
- » The average age is 61 and their average board tenure is 11 years.
- » Only one of the top 50 CPG company board chairs is a woman, Simone Bagel-Trah (Henkel).

Just over half (54%) of the top 50 CPG companies have a lead or senior independent director. This role exists in four countries: 18 in the U.S./Latin America, six in the UK, two in France and one in Switzerland. Only two lead directors are women.

## Nationalities represented on the board

In all, 36 nationalities are represented on the 50 boards.

- » Among U.S./Latin American companies, 20% of non-executive directors are non-nationals and 22 nationalities are represented.
- » Among the 13 Asian companies, five nationalities are represented. 44% of the board members are Chinese, followed by 40% Japanese and 11% Indian. Only two of the 116 board members are non-nationals.
- » In Europe, 27 nationalities are represented; among non-executive directors, 73% are European nationals. Of the non-European NEDs, 48% are American nationals.
- » 22% of the chairs are non-nationals.

## Industry experience

33% of top 50 CPG non-executive directors (and 47% of all board members) have backgrounds in the consumer industry, of which 77% have a background in CPG, followed by 16% in industrial; 13% in education, nonprofit or government; 12% in technology or telecommunications; 10% in financial services; 9% in professional services; and 7% in healthcare.

30% of NEDs have a regional or divisional president background, 27% have a finance functional background, and 12% have a marketing background. Only 4% have a functional background in research & development and 1% in technology.

## METHODOLOGY

Companies included in this study are the top 50 publicly listed CPG companies based on their market cap as of March 31, 2019. We identified more than 640 individuals on executive leadership teams. Our findings are based on the publicly available information on company investor relations pages and in company financial filings.

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 boards and leadership teams is publicly disclosed, we may not have complete data for every company.

### Global Distribution of Companies Included in Analysis



#### Footnotes:

Reporting on top global consumer packaged goods companies and their executive leadership teams and board of directors is based on company filings and other publicly available data as of March 31, 2019. Executive changes past this date are not reflected in this analysis.

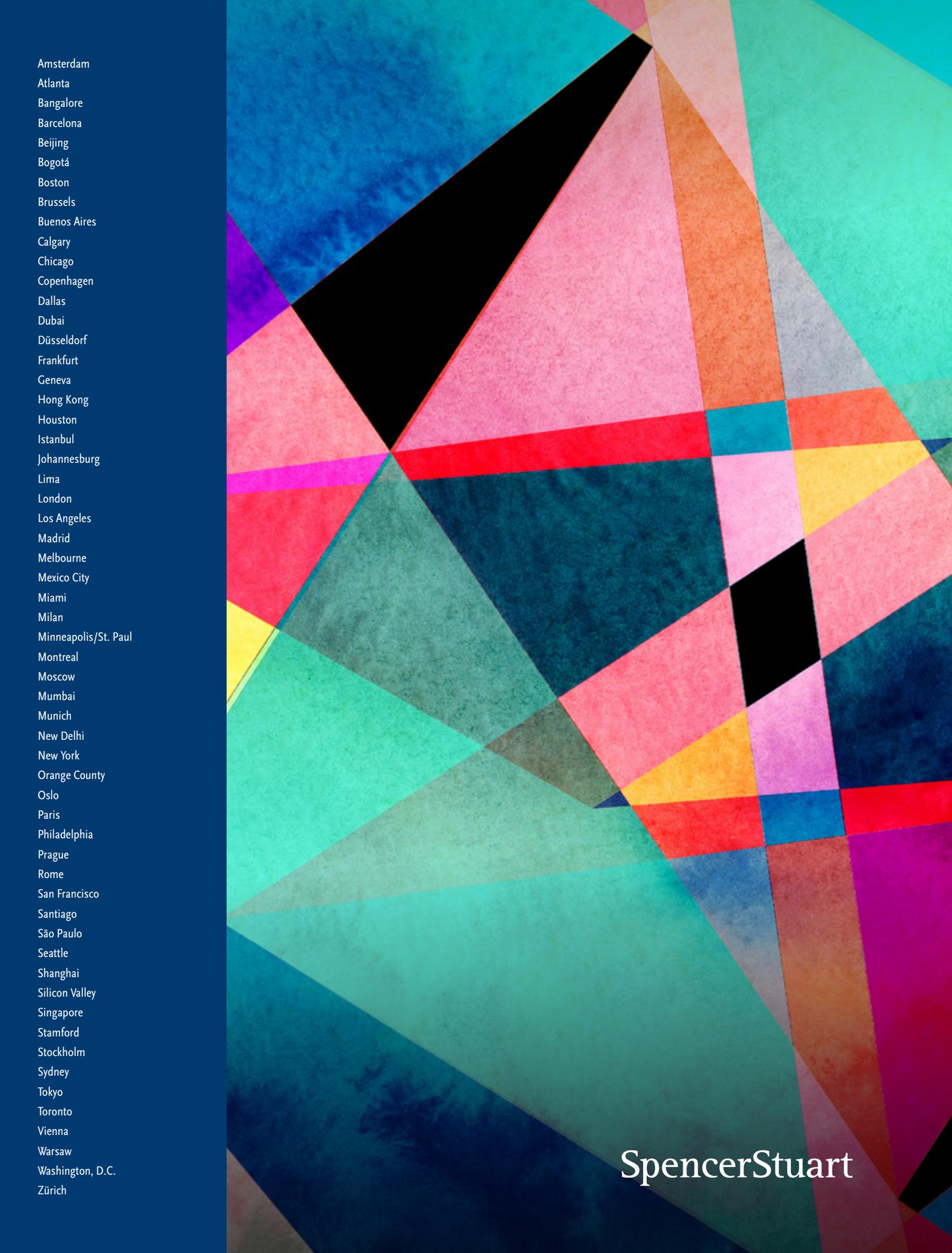
The analysis does not include team data from Associate British Foods, which does not have a formal executive committee. Indonesian company PT Hanjaya Mandala Sampoerna does not provide information on its leadership team and was not included in the analysis.

## Global Top 50 CPG Companies

Companies are listed in order of market capitalization, as of March 31, 2019, from largest to smallest. Companies ranged in market cap from \$283.5 billion to \$19.7 billion.

Nestlé	Switzerland
The Procter & Gamble Company	United States
The Coca-Cola Company	United States
PepsiCo	United States
Anheuser-Busch InBev	Belgium
Kweichow Moutai Co.	China
Unilever	Netherlands
L'Oréal	France
Philip Morris International	United States
Altria Group	United States
Diageo	United Kingdom
British American Tobacco	United Kingdom
Mondelēz International	United States
Heineken	Netherlands
The Estée Lauder Companies	United States
Colgate-Palmolive Company	United States
Reckitt Benckiser Group	United Kingdom
Wuliangye Yibin Co.	China
ITC	India
Danone	France
Pernod Ricard	France
Japan Tobacco	Japan
Kimberly-Clark Corporation	United States
Henkel AG & Company	Germany
The Kraft Heinz Company	United States
Keurig Dr Pepper	United States
Kao Corporation	Japan
Foshan Haitian Flavouring and Food Company	China
Constellation Brands	United States
Imperial Brands	United Kingdom
Wens Foodstuff Group Co.	China
General Mills	United States
Fomento Económico Mexicano	Mexico
Monster Beverage Corporation	United States
Jiangsu Yanghe Brewery Joint-Stock Co.	China
Shiseido Company	Japan
Inner Mongolia Yili Industrial Group Co.	China
Tyson Foods	United States
Associated British Foods	United Kingdom
Brown-Forman Corporation	United States
Hormel Foods Corporation	United States
The Hershey Company	United States
Beiersdorf Aktiengesellschaft	Germany
Kirin Holdings Company	Japan
The Clorox Company	United States
Asahi Group Holdings	Japan
Essity Aktiebolag	Sweden
McCormick & Company	United States
Unicharm Corporation	Japan
Kellogg Company	United States

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Johannesburg  
Lima  
London  
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Madrid  
Melbourne  
Mexico City  
Miami  
Milan  
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