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Taking a bite out of big food

As interest – and market share – of natural and organic food grows, so does the need for unique talent

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Executive Summary

According to the U.S. Organic Industry Survey, sales of organic food in the United States totaled more than \$39 billion in 2014, up 11.3 percent from the year before, and those sales represent 5 percent of the total food market.

As consumer interest and demand for natural and organic food increases, so does the need for talent to drive successful growth of this once niche segment. These leaders are unique. They possess a diverse set of skills and experience and are often living a health-focused lifestyle themselves. But where is this talent being developed, and how do companies that are willing to fully support them, with integrity and through their own corporate practices, find them?

Natural-organic shoppers are willing to pay a premium for food that they trust, making them highly coveted consumers. Increasingly, savvy food companies are focusing a highly-strategic approach to developing insights to further monetize this group's eating habits, shopping patterns and belief systems. These companies understand and appreciate that this is, indeed, a *real* community – one that is very discerning, informed, sophisticated and ever-evolving, and that necessitates rethinking how to communicate with, market and sell to them. The natural and organic companies who are successfully capitalizing on this trend are experiencing unprecedented growth which requires, in many cases, unprecedented hiring.

From a talent acquisition perspective, food companies – whether small- to medium-size natural/organic firms, or large, established organizations that are carving out their own space in that market – are having to recruit and engage talent that meets new expectations across all functional areas.

Natural and Organic: Consumer, Company and Employee Perspectives

First and foremost, companies must consider what “natural” and “organic” mean and represent to both their consumers and employees. Companies that manufacture, market and sell these products must not only have products of the highest quality and nutritional value, but they must present a compelling consumer brand proposition, as well as an employment brand that reflects their demonstrable mission and values-driven quest to help make employees, consumers and the world better and healthier.

The producers who create, grow or raise organic products, and the people who specifically seek them out, are health conscious, socially responsible and values-driven. And more than any other consumer, they expect those traits and behaviors to be evident and practiced by those companies that they buy from.

The growing interest in healthy food, and the increasing number of consumers demonstrating their preferences for such, has led to some level of consumer confusion. What is the difference between “organic” and “natural”? For some in the mainstream, the terms are interchangeable, and some marketers’ co-opting of terminology, such as GMO-free, gluten-free (on products that contained no gluten in the first place) and the word “natural,” itself, has been little more than a marketing gimmick that has contributed to consumer confusion and mistrust. Consumers, along with those food industry employees who bring an innate passion and lifestyle to work in the organic food sector, are increasingly sophisticated and informed when it comes to discerning between the differences in “natural” and truly “organic” foods. And the fact of the matter is that “natural” and “organic” are not synonymous.

In the U.S., the word “natural” has no regulated definition, except when referring to meat and poultry. Per the USDA, natural poultry and meat must be minimally processed and contain no artificial ingredients or added color. Governmental agencies have no rules or regulations dictating the use of the word “natural” on packaging or in the marketing of products.

The loose interpretation of the “natural” food label has made consumers somewhat skeptical of this descriptor, and has heightened the pressure on some retailers, such as Whole Foods, to increasingly serve in the role of trusted standard-bearers; the mere threat that Whole Foods may pull a product from its shelves is enough to make consumers stop buying and send companies scrambling.

“Organic” foods, on the other hand, are USDA-regulated and assure the consumer that these products were produced under defined and regulated circumstances, from farming to production, and are free of pesticides, antibiotics, hormones, and GMOs. Organic producers and processors are subject to rigorous governmental certification inspections, both announced and otherwise. Third-party inspectors ensure that manufacturers are producing and processing products in a trustworthy manner; once approved as truly “organic,” companies are legally free to label and market its products as such.

Natural vs. Organic

How food is grown	Organic	Natural	Conventional
NO toxic and persistent pesticides	✓		
NO synthetic growth hormones	✓		
NO petroleum-based fertilizers	✓		
NO cloning	✓		
How food is processed	Organic	Natural	Conventional
NO artificial colors or flavors	✓	✓	
NO artificial preservatives	✓	✓	
NO irradiated products/ingredients	✓	✓	
NO GMOs	✓	✓	

This is not to discount the value of “natural” vs. “organic” in labeling and marketing, and organizations and their leaders must also understand that consumers who seek out these products are by no means homogenous. Companies must appreciate and acknowledge the differences, and fully demonstrate respect for them.

The interests of consumers for whom “organic” is an incentive that drives purchases include other aspects as well. Consumers who specifically look for organic products also look for “local” and “natural” claims approximately 90% of the time, and more than half of all consumers look for “Made in America” when they shop for food. Customers develop confidence in those companies whose products clearly state that the country of origin is the U.S., even when competing with hyper-local producers.

The companies that understand and appreciate the high-standards and growth potential of this market – and the ones who are innovating based on a commitment to understanding what is driving consumer preferences and behaviors – are the ones profiting. Traditional food companies that pay lip service to natural and organic and apply “one size fits all” marketing principles will lose in terms of consumer credibility, growth and business performance, as well as their ability to attract the most highly-qualified candidates.

Respect for Integrity

Aldi and Stonyfield Farms are two examples of food industry companies that recognize the importance that consumers place on natural and organic foods, and the value of validating it through their hiring, corporate responsibility and communication practices.

Gary Hirshberg of Stonyfield Farms, one of the country's most influential organic food companies, is creating awareness of genetically engineered (GE) foods, as well as those grown using chemicals that are harmful to human health and the environment. Hirshberg's **Just Label It** is a campaign to drive change on the federal level that would require labeling of food as GE. Over 90% of the American public approves of such labeling.

Aldi, with more than 1,600 grocery stores in the U.S., is an example of how particular circumstances can affect efforts to eliminate unhealthy ingredients from the products on its shelves. In October 2015, the company announced that it had removed all certified synthetic colors, partially hydrogenated oils, and added monosodium glutamate from its products. "Since more than 90 percent of the products we sell are under our exclusive brands," says CEO Jason Hart, "eliminating these ingredients will have a real impact on the over 30 million people who shop in our stores." Aldi mostly sells its own private-label items, which gives them significant control over what's sold in the stores, and allows the discount grocer to make a change that most people would associate with a health food chain. They also established credibility by making the announcement after the substances had been removed, and Aldi was demonstrably not jumping on some bandwagon. The company's financial performance was healthy and steadily improving even before this change.

These examples demonstrate what even larger companies and conglomerates that own food companies will need to remember when seeking talent in this space – marketing with integrity is of the utmost importance to this consumer, and leaders must bring proven experience in seeking to uncover and understand the target consumer, innovating and "walking the talk" in terms of aligning business strategies with mission and values.

Growing the Business, Naturally

The growth of this segment of the food business has necessarily led corporate giants to pursue it. Some have applied traditional marketing strategies, such as developing organic versions of popular brands and by creating private label products. Some have purchased market share – literally – through acquisitions of organic brands which, according to [Dr. Philip H. Howard](#) of Michigan State University, often means a loss of product integrity.

"It's very common that when an organic food brand is acquired, that the new parent corporation reduces its commitment to organic ingredients and seeks out cheaper substitutes," says Howard. "Examples include Odwalla after it was acquired by Coca-Cola, Silk Soymilk after it was acquired by Dean, and Peace Cereal after it was acquired by Hearthside Foods (now Post Foods)."

- Ben & Jerry's is owned by Unilever, but the brand is largely thought of as an independent entity. In many ways, it is treated as such and generally acts like it, without blowback from the corporate parent. Ben & Jerry's publicly takes the opposite view of Unilever on a number of issues, including GMOs. Marketing is separate from other Unilever brands and Ben & Jerry's has been allowed to maintain its singular culture and, for the most part, the quality and integrity of its products.
- An August 2015 article in *Reuters*, "Big Food's Natural Brand Acquisitions Prosper Best When Left Alone," describes the reluctance of some retailers to carry Honest Tea after its purchase by Coca-Cola in 2008, and the challenges brand executives face in restoring trust in their product and returning it to retailers' shelves. "Since we don't have anything owned by Coke, we have to keep an eye on what they are buying," says Ann Herpel of Brooklyn's Park Slope Food Coop. Seth Goldman, co-founder and CEO of Honest Tea, said all of the company's bottled teas are now fair-trade certified, and that many of the retailers that initially dropped Honest Tea carry it again. "From our perspective, we've deepened or doubled down on the things that really defined our brand," he said.

There are some large, privately-owned food companies that practice what they preach and profit by doing so, according to Mark Kastel of the organics watchdog group, The Cornucopia Institute, but "the large publicly traded corporations are virtually all either on the wrong side of most of the issues in organics or operate in secrecy. We suspect some are doing a fine job, but they're just not being very transparent about their approach. On the other hand, there are still a number of very large companies owned by the founding families that are the gold standard in organics, such as Nature's Path, Nutiva, Dr. Bronner's, Eden Foods, etc."

"E-The Environmental Magazine" cites companies such as Nature's Path and Eden Foods as those that challenge the conventional wisdom that corporate buyout is the only way to reach a wider market. Mark Kastel of Cornucopia says, "They are proving that you can be big and you can be profitable and you don't have to sell out to do it."

Credible Behavior Rewarded

The requirements for top-tier talent in the natural-organic food industry have never been so specific, not only in terms of what these individuals bring to the table in the way of strategic abilities, general business acumen, values alignment, and cultural fit, but also in terms of bringing a track record of growth and product innovation to the table within a dynamic industry segment. Consumers who base purchasing decisions on demonstrations of genuine corporate concern for their families' nutrition, health and wellness increasingly expect that concern to extend to farming practices, corporate responsibility and larger green issues as well.

Functional Areas in the Natural-Organic Space

Few other industries are as affected by consumer expectations that extend beyond the product itself. Buyers respect and reward companies headed by those whose lifestyles mirror their own. They expect the leaders of an organic food concern to prioritize health, fitness and environmentalism not only in their companies' business practices, but in their personal behaviors. There is an ever-increasing, keen consumer focus on a company's authenticity and over-arching mission and values. There is no longer any escaping the fact that the executives and employees of these companies need to be authentically engaged and driven.

Across functional areas, there are traits that differentiate the high-performing organic food company executive from the traditional consumer company executive. For example, these individuals must be fast-moving, nimble, highly collaborative, strategic, and capable of operating with one foot in the smaller company, entrepreneurial environment while also bringing best-in-class process and systems experience. While specific profiles vary by company, the following are general specifications relative to hiring functional leaders in the natural-organic industry.

General Management

The most successful General Managers in the natural and organic food space must:

- Possess a strong track record of product innovation and profitable growth, while also bringing passion with regard to product integrity and leading trends. They must serve as authentic, credible spokespeople for the brand and be committed to product integrity.
- Build and thrive in non-traditional corporate cultures and bring a genuine and demonstrated concern for indigenous peoples, cultural diversity and corporate social responsibility.
- Bring perspectives on environmental responsibility, food security, rural small enterprise development, and inclusive business, value chain and farmer to market linkages, along with prioritizing natural resources and organic, sustainable agriculture and livelihoods.

Marketing

Marketers in this sector must possess more than impressive marketing backgrounds that demonstrate progressive career growth and increasing levels of responsibility. Specifically, they must:

- Be passionate, vision-driven leaders.
- Work collaboratively and cross-functionally throughout the organization, particularly with business leaders, innovation teams and product development.

- Have the experience, background and instincts to unlock consumer behaviors, desires and trends.
- Authentically embrace the lifestyle themselves.
- Excel at relationship-building.
- Find the white space in a market, figure out how the organization can best fill it, develop innovative commercialization processes and launch new products and brands.
- Innovate with regard to digital and social media marketing. Media is more relevant to this consumer group than most others.
- Stay on top of consumer insights through cutting-edge market research and develop programs based on the data gathered, both of which are crucial to leadership and innovation when communicating with an audience that is particularly aware and somewhat skeptical of marketing claims. This discerning consumer actively seeks out real support for, and validation of, their health and nutrition beliefs and behaviors.
- Be experienced in product development, brand management, agency management, marketing training and processes, creative services, digital and social marketing and media, consumer promotions, shopper marketing, consumer affairs, and consumer insights and analytics.

Sales

While sales leaders in the natural and organic food industry should bring extensive experience in the retail food industry, it is increasingly important that they:

- Bring a personal passion and value-based selling approach to all of their interactions.
- Bring experience managing brokers and distributors in the natural, specialty, grocery and Direct Store Delivery (DSD) channels, along with a broad understanding of both direct and broker sales structures.
- Have strong experience with founder-led/family-owned and closely held organizations. Fortune 500 training is a plus.
- Have a demonstrable track record of growing national and regional brands, along with bringing strong, existing relationships with natural and organic retailers (as well as experience with other conventional retailers).

Finance

Top financial leaders in this sector are expected to possess strong overall business acumen and broad experience in all aspects of accounting, auditing and financial management, along with direct experience with merger and acquisitions (due diligence), business integration, general management, strategic planning, and financial planning and analysis. As natural and organic moves ever faster into the mainstream grocery business – for example, 1 out of 10 dollars in the organic industry currently goes to Costco – that financial impact on almost all areas of the food business must be effectively managed through this period of radical change. High-growth food companies typically will search externally for their CFO. Candidates will often come from “academy” companies that are widely recognized as best-in-class training grounds for top-tier talent. CFOs will typically have extensive experience in finance and capital markets. Candidates for senior finance roles should generally demonstrate:

- A history of success in leading facets of finance operations for premier consumer products goods companies.
- A proven background in driving profitability and efficiency for growing enterprises, and responsibility leading IT is an asset.
- Food industry experience, preferably with some experience in the natural and organic segment.
- Domestic and international experience.

Supply Chain/ Sourcing

Supply chain and sourcing present specific challenges. Business missions requiring plant-based and organic consumer offerings can present complex challenges. A major food company working to replace GMO ingredients with non-GMO, for example, is facing a process that may well take several years. These changes may affect refrigeration on a large scale, for instance, as healthier ingredients may be more perishable, or may not travel well. These individuals must have the ability to drive growth and improve profitability by developing and implementing cost-effective supply chain strategies. High growth natural and organic food companies require supply chain leaders who will:

- Challenge process and proactively seek out opportunities to improve, innovate and grow. They will experiment, take calculated risks and incorporate the learning into strategy.
- Foster collaboration by promoting enterprise goals and building trust.
- Demonstrate social responsibility such as contributing to poverty reduction through the inclusion of low-income communities in the value chain as suppliers, workers and shareholders.

- Articulate a track record that includes driving productivity, increasing organizational design and enhancing cross-functional communication.
- Build and lead teams across supply and demand planning, implement and optimize supply chain strategies within procurement, transportation/logistics and distribution, including multi-million dollar contract negotiations, building customer relationships and leading cross-functional teams.

Research & Development

Many natural and organic companies are rooted in the spirit and principles of small food, but increasingly have the scale and resources of big food. Research and development is taking place in the labs of the major food companies as they not only work to make their products (often longtime staples in the grocery store and on the dinner table) healthier while keeping the taste and feel unchanged. Additionally, new products are being developed that may be radical departures for the giants, but must sell to the natural and organic buyer and the general public. As nutritious and alternative food choices become increasingly mainstream, R&D leaders are expected to create not just new categories, but also a new consumer mindset. These R&D executives must bring:

- Expertise in driving growth and profitability through new product development, gross margin optimization, and responsibly sourced food systems, along with demonstrated strengths in building organizational capabilities, leveraging consumer insights, and optimizing products and processes.
- Experience with corporate sustainability and social responsibility programs.
- A constant focus on environmental and social responsibilities, working to reduce waste, water usage and greenhouse gas emissions throughout company operations, and functioning as champions for food security.

Other specific areas of expertise may include:

- Product innovation, category expansion, gross margin optimization.
- Sensory testing and insights.
- Global nutrition and regulatory policies and programs.
- Sustainable and responsible food systems.

Human Resources

Today's high-growth company HR leaders are transformational, business-oriented strategists who serve as CEO- and Board-level advisors and presenters, while also bringing significant, cutting-edge expertise in talent management and human capital processes, total rewards, workforce planning, organizational design, succession planning and leadership development. They are collaborative, cross-functional leaders with P&L understanding and a market focus on the competitive landscape and its opportunities and threats. They are empathetic, motivational and inspirational leaders regarding change, pace and driving high-performance, while also serving as role models for the traits found in the company's most successful leaders. It is essential that they bring strengths in talent acquisition and talent management allowing them to hire, develop and retain leaders who thrive on growth and change.

Increasingly, we see corporate social responsibility (CSR) as one of the most prominent areas where companies can stand out to high-potential, natural-organic industry candidates. Over the past 20 years, business leaders and scholars have demonstrated that CSR initiatives provide companies with distinct competitive advantages. Natural-organic industry HR leaders must not only find talent with experience, but talent that will fit into a changing culture, or even be expected to be the catalyst that drives change. Within this dynamic space:

- Advancement and change must be accelerated with minimum disruption to the day-to-day operations while factoring into the long-term plans of every business unit, department and division.
- HR itself must promote sustainability, health and integrity at the most basic ground level.
- In addition to hiring for cultural fit and mission-vision-values alignment, executive hires should include a rigorous interview process that includes formal assessment and extensive referencing into the key personal traits that the position and company culture requires.

Strategy

Strategy executives must be highly intelligent, analytical planners and problem solvers, ideally with experience in Fortune 100 strategy, finance, marketing, distribution, and supply chain functions. These collaborative and results-oriented individuals can play pivotal roles in optimizing supply chains and influencing marketing strategies and other initiatives. They should:

- Bring strengths in strategic project management, quantitative analysis, financial and simulation modeling, executive-level communication, negotiation, performance improvement and vendor management.

- Be able to articulate their impact in generating outstanding business results throughout their careers that may include leading new market/category/product development and entries from concept to launch.
- Lead acquisitions and integrations, develop strategic growth plans and key strategic initiatives.

New Leadership that Evolves Naturally

Regardless of their functional expertise, the most successful natural and organic company executives inspire others through their shared vision of an uplifting and noble future. Strong leaders, they enlist others in achieving a common vision by appealing to shared values, interests and aspirations. They inspire, motivate, strengthen, engage and encourage from the heart; they empower and give power away; they ask for input and provide opportunities for discussion and debate; and they proactively develop competencies and offer visible support.

These leaders consistently set an example throughout the enterprise by behaving in ways that are in alignment with shared values. They celebrate even small wins that promote consistent progress and build commitment, recognizing and rewarding individual contributions to the success of every project through celebrating and rewarding team accomplishments that are key to success in innovative environments. They must move fast in an industry in which everyone wants to produce and market the newest, healthiest and purest product.

When these companies are managed – and their products are developed and marketed – with integrity, by and for true believers, products sell and the organizations prosper.



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