

Humanizing Growth Series

Hans Ploos van Amstel & Frank van den Driest in conversation
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Hans Ploos van Amstel



THE ADECCO GROUP



Frank van den Driest



F Today I'm honored to have Hans Ploos van Amstel, the Chief Finance Officer of the Adecco Group, which is the world's largest temp agency. Hans, can you tell me a little bit what's happening at Adecco right now?

H We're going through an unprecedented period of history. I think what is first and foremost important for all of us is the human side. I think we have to be here for people because what we will be remembered for is how we manage this crisis from a societal perspective.

For sure, we also need to manage the business continuity. I would say to all of you, manage the crisis, but that's not the objective. A quarter is only 1% of your market value. It's going through the crisis with that human touch, because people will really remember you for how you dealt with your people during this situation, both as a business and as an individual leader.

"Without bringing all stakeholders along in this society, growth won't sustain"

F I want to talk about your CFO perspective on the shift away from a focus on maximizing shareholder value to what we call real growth or a more human-centric approach to growth which is about creating value for all your stakeholders.

That means your colleagues, your customers, the communities that you operate in and the shareholders. How, as a hard-nosed finance man do you look at this?

H In business we focus too much on the P&L. I am very pleased to see - whether you go to the World Economic Forum, whether you talk to the investor community or even private equity - creating value for all stakeholders is increasingly on the agenda.

I'm very happy that people are seeing the need. They're struggling more on the how, so it's moving. I'm very pleased with that because without bringing all stakeholders along in this society, growth won't continue and won't sustain.

F From a financial perspective - if the corporation is not only about making money for its shareholders but also about creating value for all these stakeholders. How do you quantify that? Do you say - first, we need to maintain these profit levels before we can do good? What comes first and what gives first?

H I think it's going to be the power of the end. Milking today's business model doesn't build the business of tomorrow because we're living in a transformative world, both from a technology point of view and a sustainability agenda. You need to do both.

Three years ago, at Adecco we rewrote the contract with our shareholders. We said, "We will perform, but we also need to transform and innovate." First, we rewrote the shareholder contract and said we will reinvest three years of profit as a way of building improvements for the future.

It was difficult at the beginning because (for the shareholders) we were compromising short-term profit for long-term benefits. Two and a half years later the shareholders understand the need and are committed. But in the beginning you have to rewrite the contract, and this is where the business and the CFO need to work together so that you can drive that agenda from the viewpoint of tomorrow and the viewpoint of continuity and sustainability.

F With the shift that you see and with the accountability that you preach - What do you see as a role for marketing?

H I would first say to the marketers - there's a few things you can do together with finance. First, take finance away from their desks. When I started at Procter, they took me to focus groups. Honestly in the beginning wasn't interested in how people did their laundry because I liked spreadsheets. I also had to sell detergents on a Saturday in a store.

At Levi's it became automatic that I went to the store. At Adecco I'd go to the branch. So, the first thing I would say is bring the finance people out of their spreadsheets and into the world, because you build a better relationship, and you start to talk the same

language, because I think marketing people and finance people have quite a different language.

Importance of guidance to investors

F I have a question from one of our viewers: "Our new fiscal year starts today. We're spending hours and hours trying to get our forecast to Wall Street right. How important is guidance to our investors in these highly uncertain times?"

H For me, a budget can only be a guardrail, so you have a measurement. It's like when you go sailing, the wind is changing all the time, so you have to course correct. I think in many companies the budget process is way too rigid and gives a false sense of security. The real benchmark should be - Are we winning with our customers, are we winning against competition? Now you do need a budget, but I think an agile budget going forward is important. What we have done with the corona crisis is only do the budget globally, because we need to make sure we come up to all our cash commitments, but we said to the countries don't be too bothered about it.

Many companies still have fixed budgets. I would say - use it as guidance - do them but don't spend too much time on them. You need the guardrail, but it's not the absolute guide, it cannot be.

F Along the same lines, I remember that when Paul Polman took the reins at Unilever, he announced that he would stop quarterly reporting. And that cost 6% of the value of the company - billions of dollars. He said because it's a distraction that we have to put so much time into those quarterly reports. How do you see it? What's your point of view? Should we all do that? It was a brave move. He did it on his first day. He said, "Well, then, at least they don't fire me on my first day." But not everybody's in their first day. How do you see that?

H You need a strategic roadmap because you need a purpose and a vision of where you're going and a financial framework. I think many companies make that too complex. Every quarter I check - are we moving forward in the right direction? And we have three benchmarks to do that - 1. Are we performing? 2. Did we deliver the relative growth we needed to deliver? 3. Are we transforming, and can we show our shareholders that we are building the technology of tomorrow and are innovating?

My point is, it's good to have a guardrail, but don't make it the absolute truth. That's not what it is. Here I would work with finance, bring them into the business so that they better understand that. In a transformative world you have to work together, and you have to make each other see that there might be a better and different way. This is the relationship between finance and marketing we need to invest in, because together you will find a better answer. But take them to the store as I said, build some projects together.

F You've seen quite fundamentally different industries. Do you see that there is a fundamentally different role for marketing and marketing leaders in those different industries or are the basics always the same?

H I think the role is different, in companies like P&G it's the road to general management. In fashion organizations the merchants have a little more say than the marketers. But there are a lot of common truths. I think where marketing really can help with finance is in shaping a growth agenda that drives a better gross margin. It's a common thread throughout all my businesses - How can we create more value to get a higher gross margin? Because if that improves, you can do a lot. I always say value over volume.



"The costs have come down and we have seen that pricing power improved"

F In Adecco we worked together on the digital transformation that began with defining the customer journey. We did a lot of work in that space and it was rigorous. You took that as the backbone for the digital transformation.

It made me think. If a digital transformation doesn't start with the customer journey as the backbone, it's a missed opportunity. How do you see that, and why (as the CFO) did you take the lead?

H I think that if you only take cost out, you will commoditize the business and the pricing will go. You always must work on cost and value.

I was really intrigued coming into the recruiting business that we didn't know a lot about the experience curve of recruiting. And you helped us by interviewing many of the people who work for us - Why would you go to Randstad? Why do you go to Adecco? Or even a local player?

I was truly intrigued because in the end recruiting is about rejection. If we see seven people in our branches, one gets a job and the other six are pissed off and never hear back from us. And so, when we were building our new candidate app, we started

to measure the Net Promoter Score with candidates.

Now, a few years later, this candidate app has rolled out across many markets. It's the number 10 app across business, not just in our industry, and we reject less people. You can anonymously look for a job, you don't need to come into a branch (which is already intimidating) and you don't have to go back home and explain why you didn't get the job.

Statistically 1 out of 7 people gets the job, but we're now making it one 1 of 6. It's going to go to 1 out of 5, which means we can place the candidates faster and we reject less candidates. I smile as a CFO because, as you can imagine, the costs come down and we have seen that pricing power improved with it. It's a good example of where you care about the candidate, the customer is happy, you leverage technology and experience, and your gross margin goes up.

Futureproof growth leaders

F I have another viewer question here related to that. "Looking forward into the future, what is your suggestion to marketing leaders about retooling their toolbox to become true growth leaders, future-proof growth leaders? What skills would you recommend to focus on developing and how to go about that?"

H I have a few, but let's start with data. One, I would call 'demystify data'. I hired a data science guy who reports directly into me. At the start I didn't know what data science was versus data analytics and felt very embarrassed. I took this guy for a pizza every four weeks, just to educate me on what this is all about, and he demystified it for me. He helps me on pricing algorithms and he's training all my people to code so that they can do it themselves.

Think through where you can leverage technology in your function because the lines between the physical and the technological worlds are blurring. That makes certain businesses obsolete but also functions.

It's data, technology and then how your value chain works. Don't just think through a marketing lens. Think through the value creation of the business and then how you market that.

F How do you see data privacy, GDPR and beyond, affecting the marketing role and the overall ability of companies to do business? What do you see as the risks and what do you see as the opportunities?

H For our industry that is very relevant because you can imagine we have a lot of sensitive data, including your payroll and personal details. You can do a lot with the data by anonymizing it.

You need what they call good encoding so that you can strip away what is private versus the data you can leverage.

F I have another viewer another question - who are CMOs that you really respected, and you learned from? And what was their secret sauce?

"If you're not open to learning from everybody, you will never learn."

H I'll say something corny - if you are not open to learning from everybody, then you will never learn, I truly believe that. I didn't study very well when I was young. And that's actually a blessing because I probably listen more to different people.

I learned a lot from the Procter marketeers, they were very inclusive in working with finance, they taught me a lot and they gave me the room to do things. We would go to customers together. I think that dialogue helped a lot.

The other people I learned a lot from were in the fashion industry because the emotional side of fashion brings the marketing to a different level and dimension. And in our business, I worked with our CMO very closely, and he was also very keen to learn from me.

Embrace learning is my biggest thing and always work as a team. I don't believe it's about a perfect marketer or perfect finance guy. I think silos are killing. My advice to you is, invest time in building relationships and in the learning curve because we both know when you learn it's like going to the gym for the first time. It's not going to happen in a week that I lose my stomach. That takes probably a year. And the same when you learn a new skill set. Don't give up.



F Your business model over the past years is already more office light and virtually heavy, reducing significant fixed costs. Post COVID this might increase even more. How are you taking this into account? Is this just an acceleration of something that was going on, or are you shifting gears?

H For us that's a plus because we're still a fragmented industry, so that will drive more business to the larger players because technology will make the true difference. We see that already. Our virtual candidate tools which we have, have helped us a lot to help key customers in the retail sector.

We see more flexibility. Retooling, reskilling, I mean we get thousands of requests to retool, to rescale the workforce. We train marketeers on data analytics. We have complete programs to retool, re-skill the workforce.



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F What's your view or what's Adecco's view on the future professional, especially in marketing?

H I think let's first go back to the role of the CMO or the growth officer. I think you need to show your role as a generalist. I see my role as CFO as generalist, but I have a lot of specialists. It's like when you are conducting an orchestra, the music comes from specialists. When you are the general manager of a hospital, you need a lot of specialists.

I believe we need new specialists, and we need very good generalists. And the generalist needs to put the specialists together in a way that like with music it's beautiful music

F If you became the CEO of a very large corporation tomorrow and had to hire for the position, would you hire a CMO or a CGO? Do we need both or can they be replaced by the chief digital officer? How do you look at all of those shifts that are happening?

H I think no business wins without growth. I would have a growth officer with a growth agenda. And there could be specialists on the need there which could be marketing and digital, but they must bring together a growth agenda, and somebody must own the growth agenda which was the chief strategist in the past or in some companies the marketing function.

You must drive the growth agenda in a transformative way. And that would be my only question if I was the CEO. The cost can be managed by the CFO then.