Institute for Real Growth

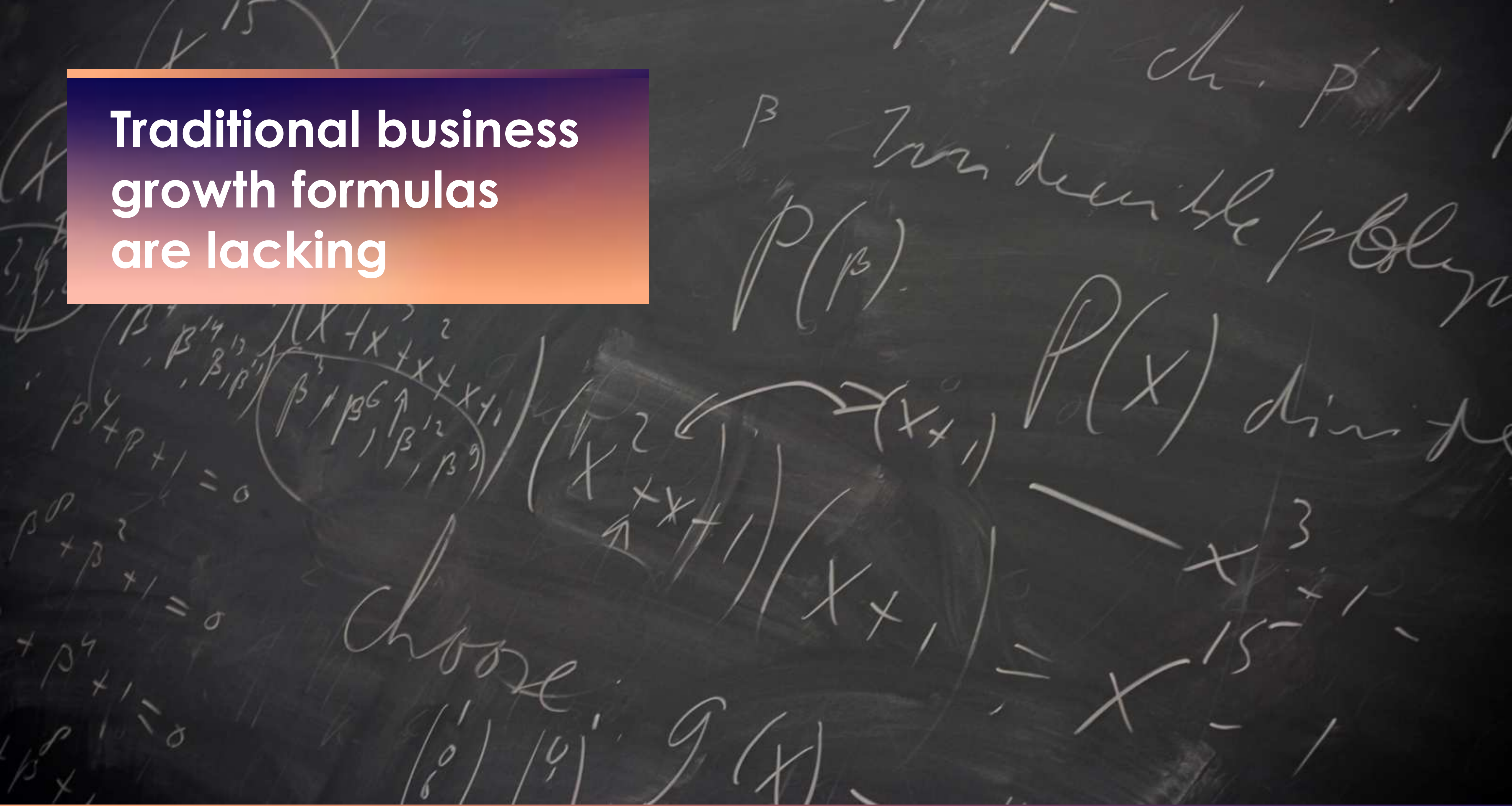
IRG Growth Study

December 2020

The growth
challenge

Institute
for Real
Growth

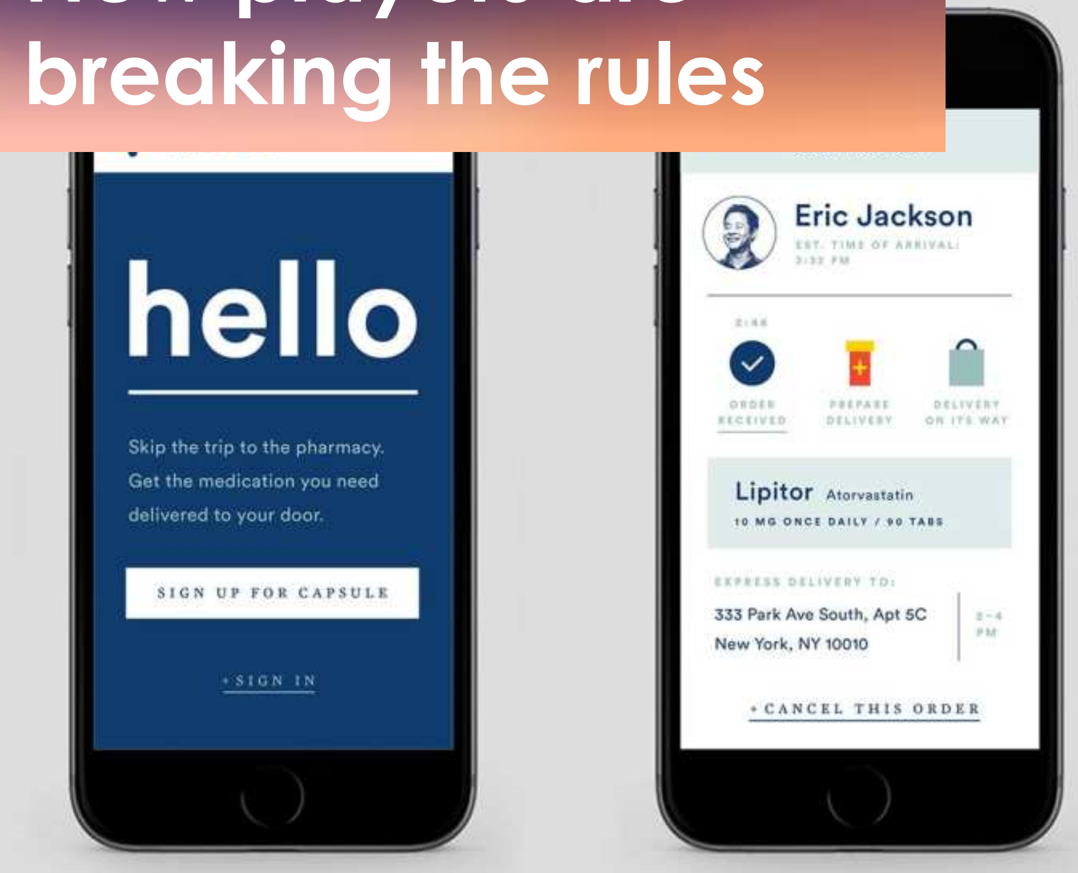
Traditional business growth formulas are lacking



What is holding growth back

Barriers to entry are disappearing

New players are breaking the rules

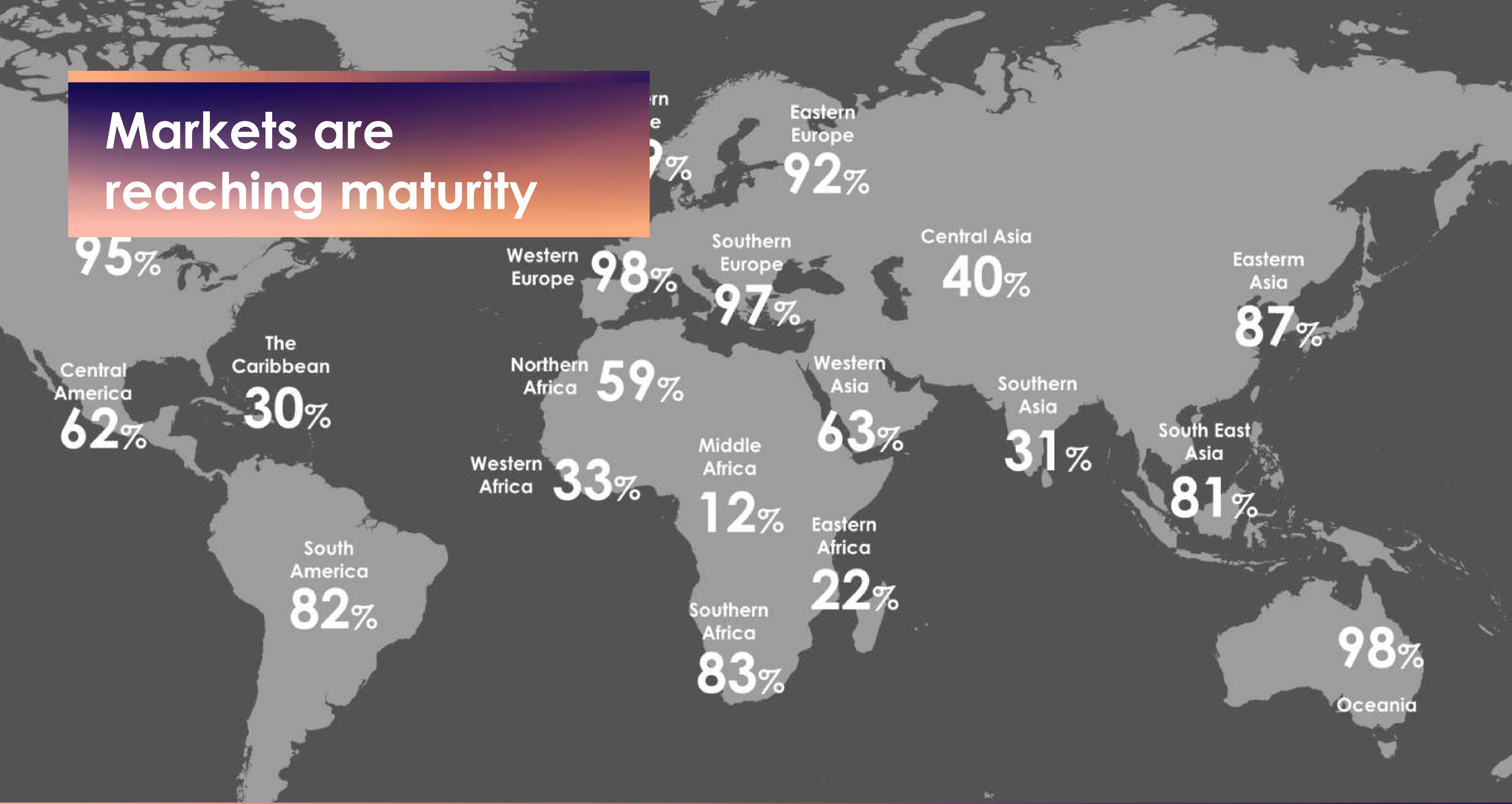


Disruptors are being disrupted

How growth is harder to maintain

Slowbalization

Markets are reaching maturity



The challenge of staying focused

Why stakeholders are pushing back on growth

The war for talent

Transparency of corporate culture

'License to operate' being challenged

Against a backdrop of...

Every partner jockeying to ‘own’ the consumer

Questions about what to take in-house…

…and transparency

And then there's Amazon…

Alibaba...

...and did we mention Amazon?

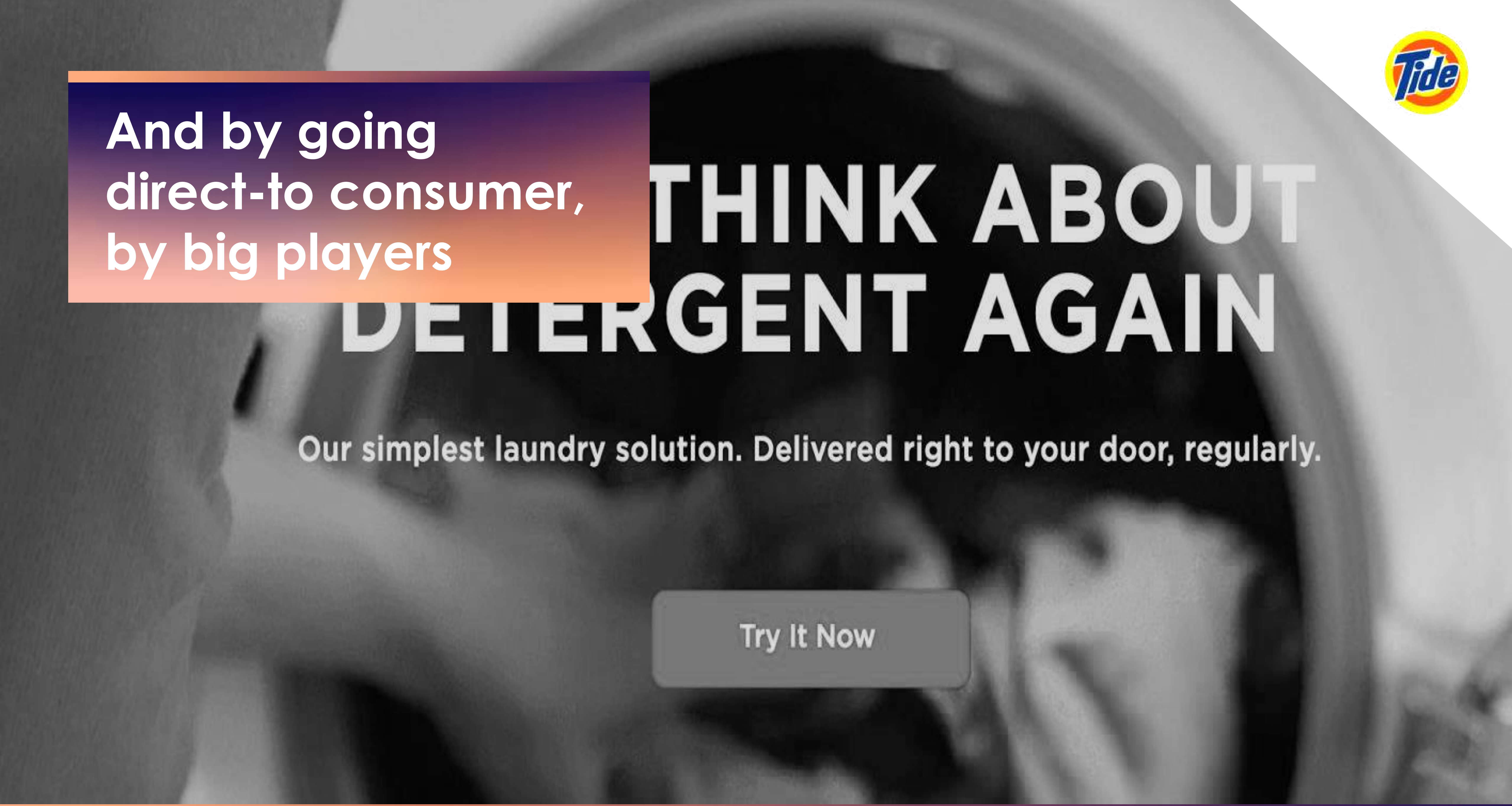

There is growth
to be found
Institute
for Real
Growth

In ‘uncomfortable places’

With new partners

With niche brands

And by going direct-to consumer, by big players

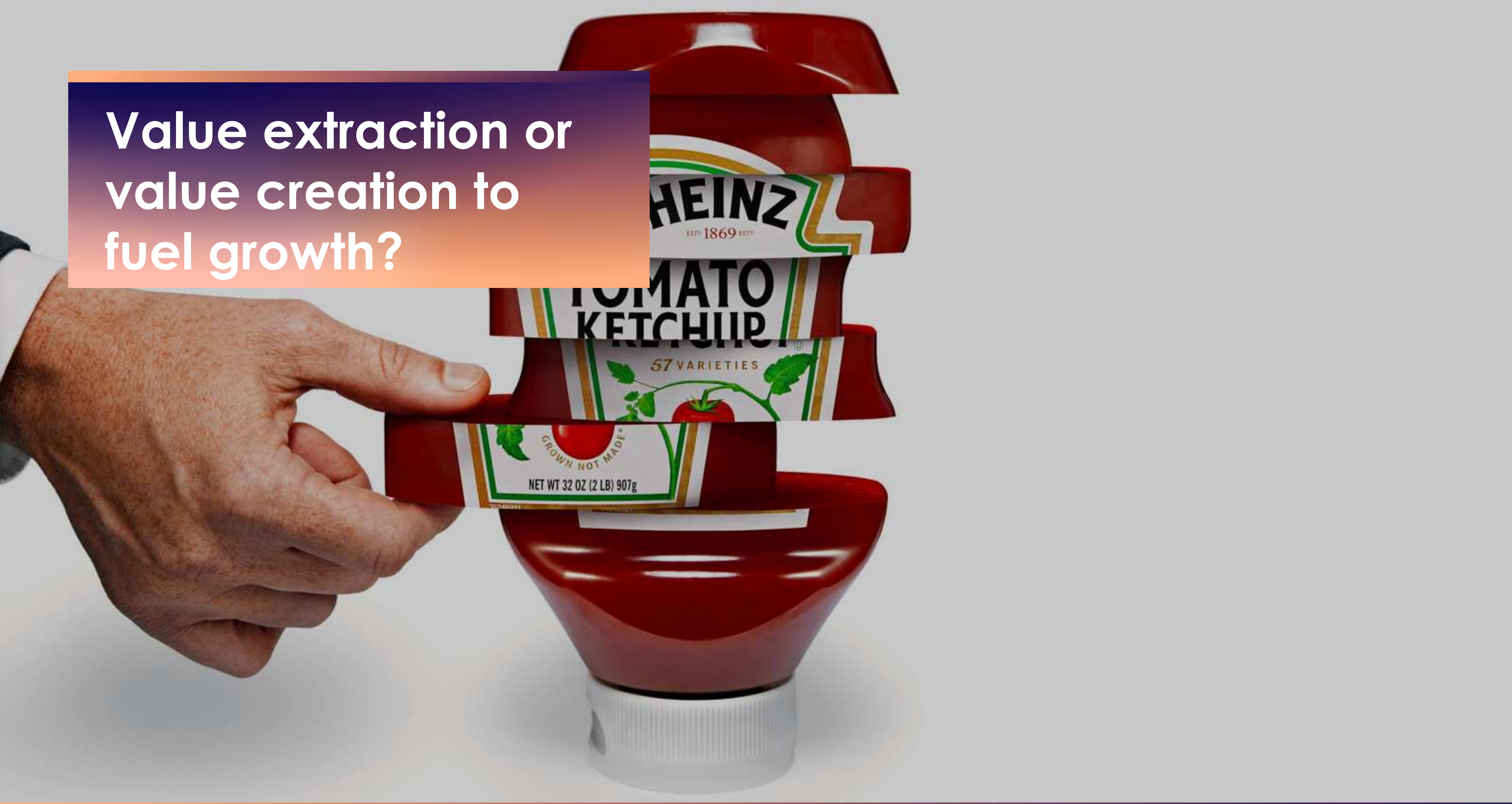


…and small players

Concerns around trust and fake news

And fake profit

Value extraction or value creation to fuel growth?



When growth
is lacking

The CMO is typically the first to go

SpencerStuart

Cannes 2018: the Marketing challenge

Kimberly-Clark

Johnson & Johnson

Mondelēz International

Kellogg's

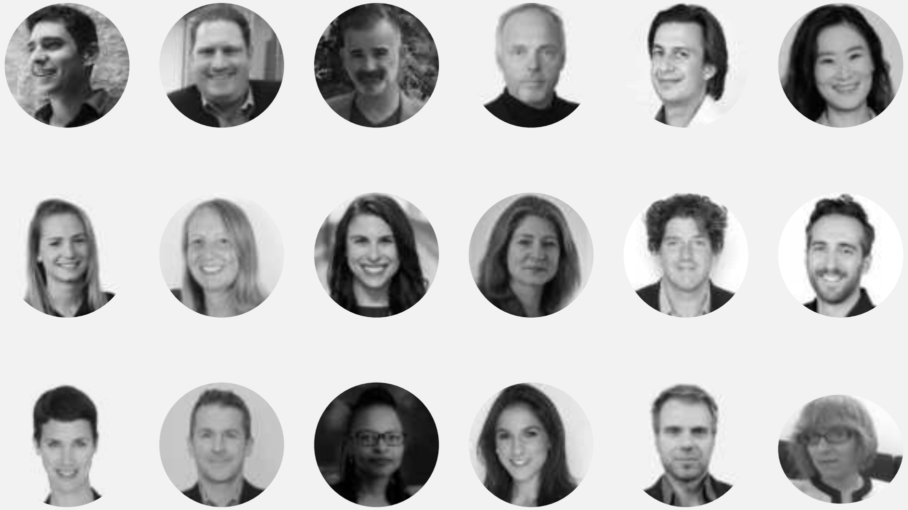
MARS

We need a new growth architecture…

And that's why we created IRG

Tested and proven methodology

Core team from 15 WPP companies and across the industry



WAVEMAKER

superunion

MINDSHARE

Ogilvy

VMLY&R

KANTAR

J. WALTER THOMPSON WORLDWIDE

GREY

DesignBridge

WUNDERMAN

PEPSICO

Global Partners

KANTAR CONSULTING

WARC

SpencerStuart

MMA MOBILE MARKETING ASSOCIATION

WPP

aba

ANA

UBA

Taking brands further

Diverse advisory board

Antonio Lucio
Global CMO,
Facebook

Lindsay Pattison
Chief Client Officer,
WPP

Lorraine Twohill
CMO,
Google

Bob Liodice
CEO,
ANA

Carolyn Everson
VP, Global Marketing Solutions,
Facebook

Meredith Verdone
CMO,
Bank of America

Roel de Vries
CMO,
Nissan

Enzo Scarcella
COO,
MTN

Peter Ter Kulve
CGO,
Unilever

Penry Price
VP Marketing Solutions,
LinkedIn

Di-Ann Eisnor
Director of Growth,
Waze

Yoram Wind
Emeritus Professor
Wharton

Cindy Wang
CMO,
UXIN Group

Frank Cooper
CMO,
BlackRock

Shiv Shivakumar
GE President for Strategy & Bus. Dev.
Aditya Birla Group

750+ vision interviews explored contrasting business cultures

SY Lau
SVP of Advertising,
Marketing & Branding

Fernando Machado
Chief Marketing Officer

Across market development levels

Morgan Flatley
Chief Marketing Officer, US

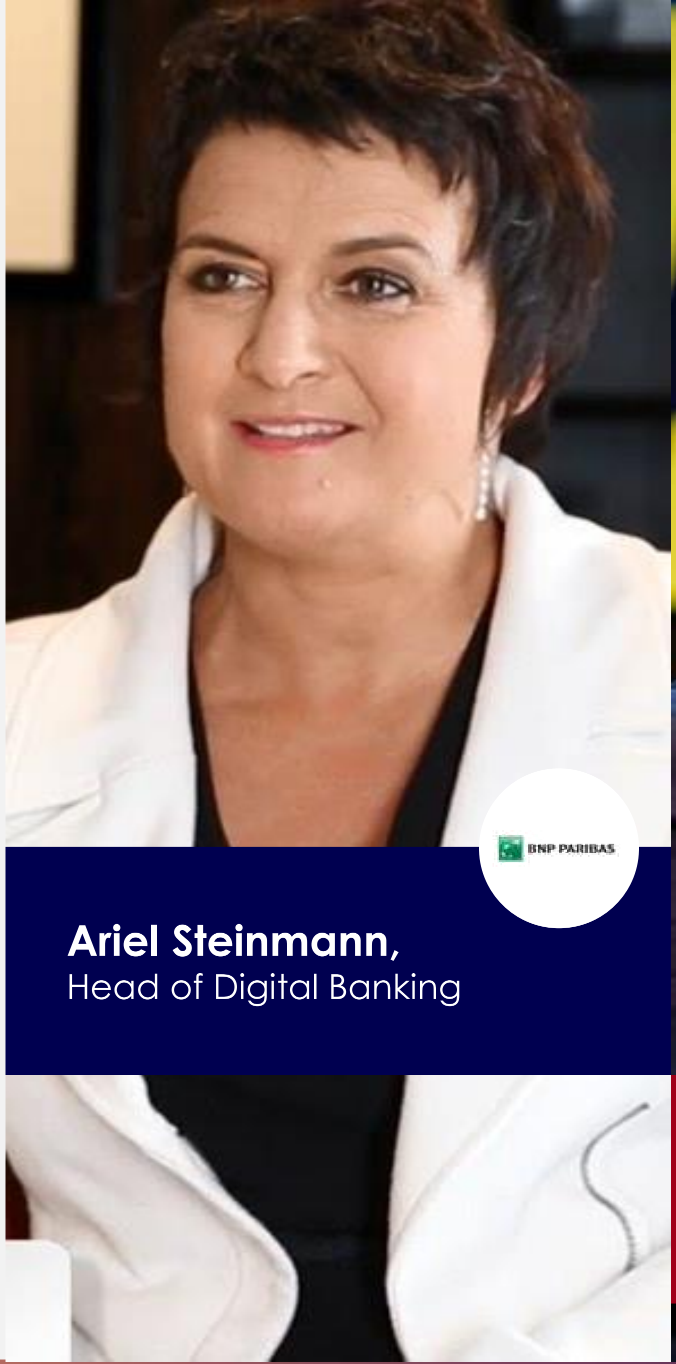
Noma Halimana
Country Manager, Zimbabwe

From unicorns to established businesses

Rudolph Karundeng
Head of Golive! Initiative

Hazel Detsiny
MD Food Solutions

Across disciplines



Ariel Steinmann,
Head of Digital Banking

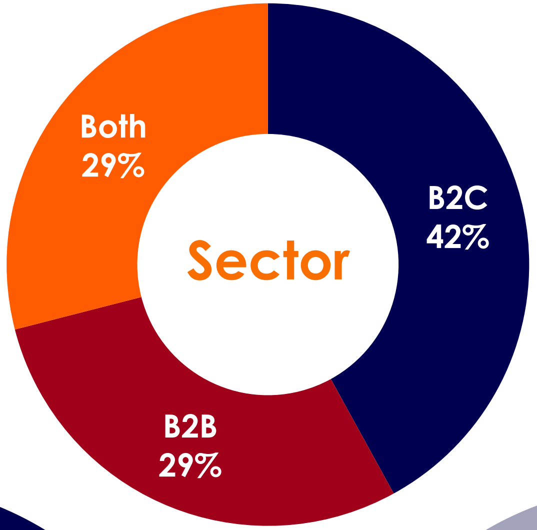
Mike Romoff
Head of Global Agency & Channel Sales

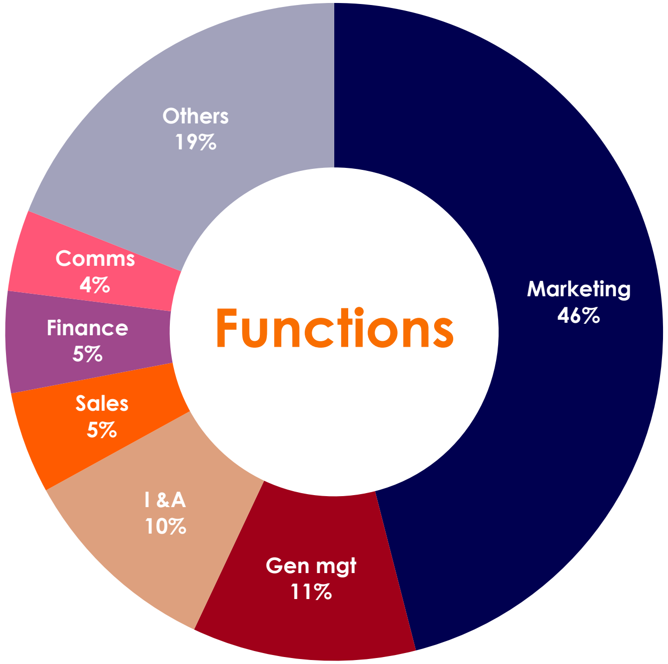
And from different perspectives

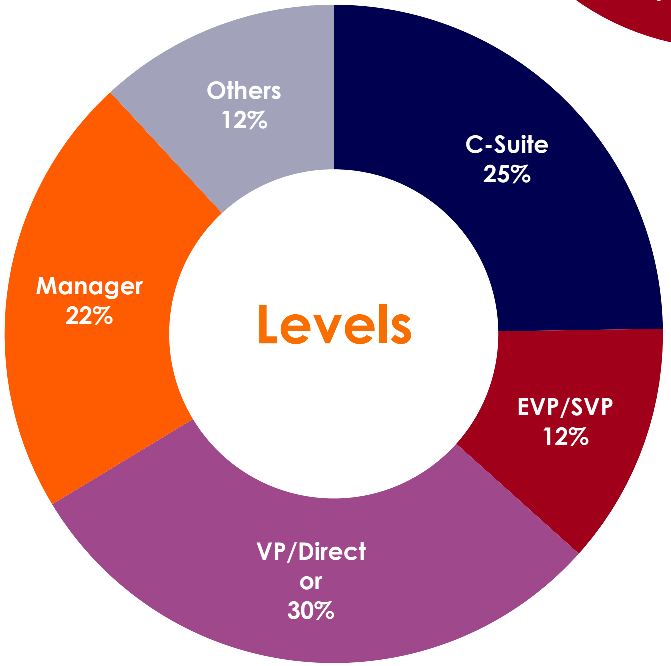
More than 5000 survey respondents

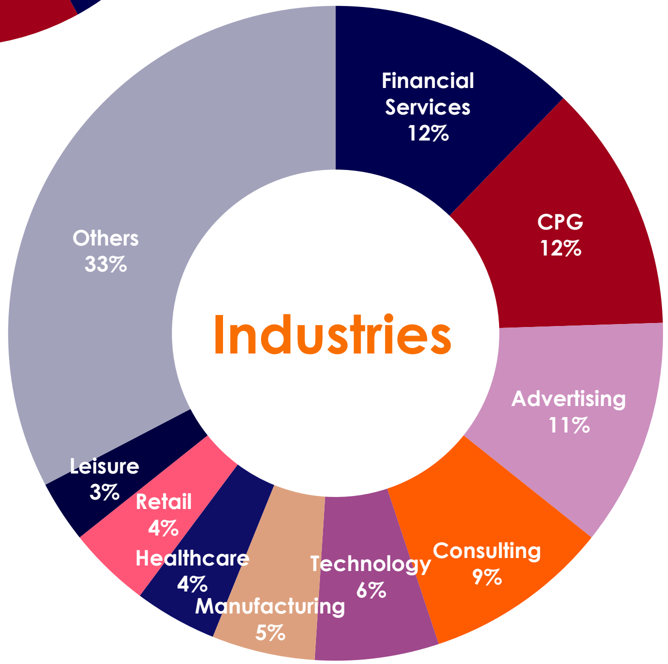
Across 73 markets

All functions, levels and industries







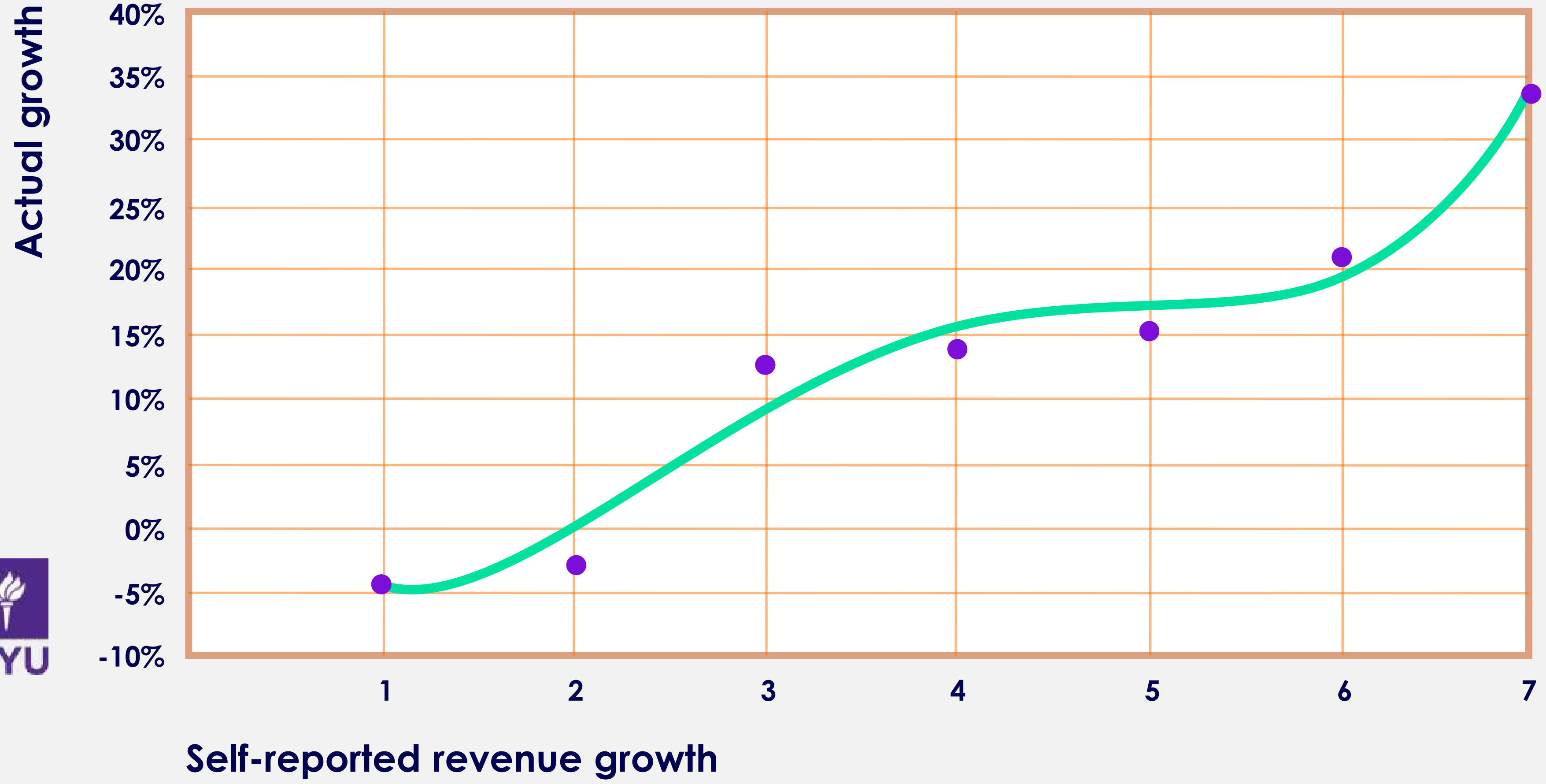


AI meta analysis of all things ‘business growth’

We analyzed LinkedIn data from over 800m+ connections across 3m+ employees

Contrasting the revenue growth of over- and under-performers

Validated methodology



Updated since COVID struck

What does it take to win

The 7 Building Blocks of Growth

WHY

WHAT HOW

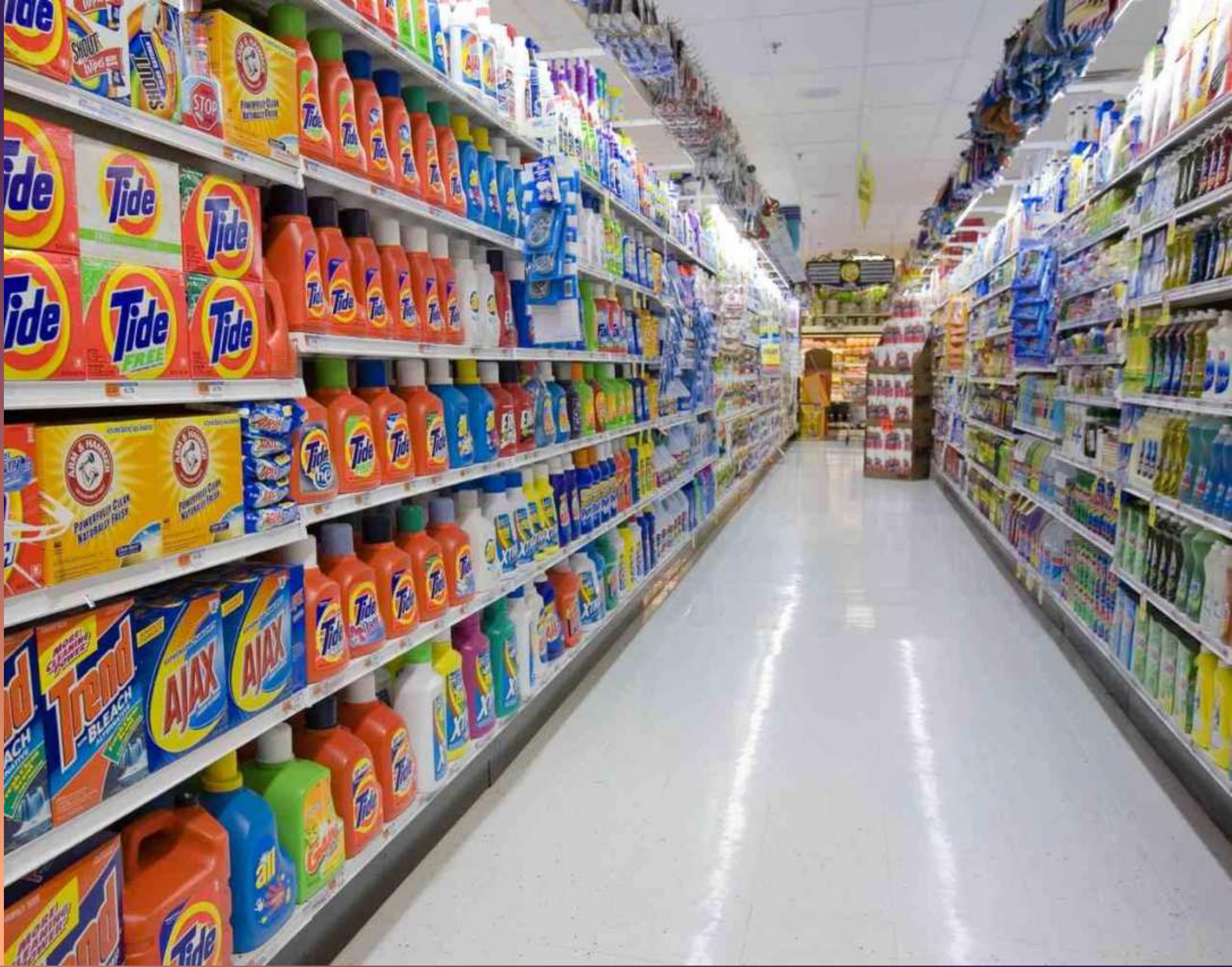
WHAT HOW

WHAT HOW

1. **Abundant** Markets

MYTH 1

“ Growth is about winning market share from competitors”



Overperformers think about Nielsen, Amazon and Kickstarter

30%

nielsen

11%

amazon

3%

KICKSTARTER.COM

Spotting and choosing the right wave

36%

86%

Assess and understand market developments

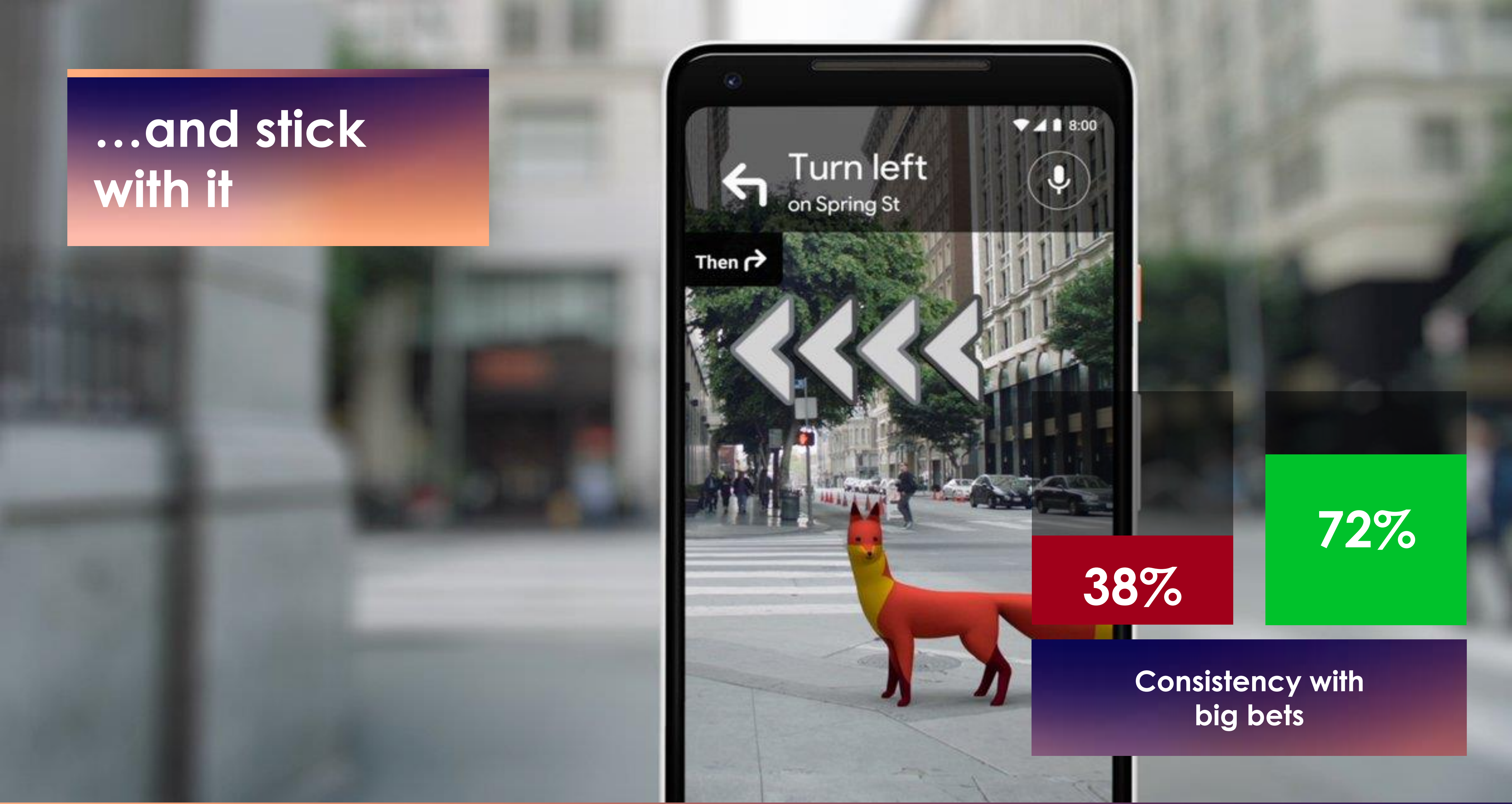
They make a bet about the future...

29%

63%

Long-term growth focus

...and stick with it



38%

72%

Consistency with big bets

Allocating marketing investments accordingly

Underperformers focus more on their slice of the pie

55%

44%

Focus on increasing market share

Overperformers take a more expansive view

46%	56%

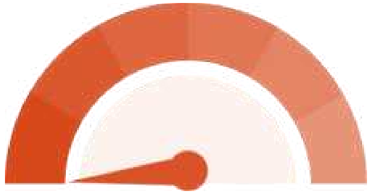
Focus on category growth and beyond

From creative software to total marketing solutions

Mars: from Pet Food to Pet Care

MARS petcare
A better world for pets

Progression checklist



FROM...		TO...
Product-based market definition	▶	**Future needs-based market definition**
Ad hoc trend presentation	▶	**Proactive systemic approach for aligning investments with size & shape of future demand**
Traditional usage & attitude studies	▶	**AI-based social watching, tension mining, & friction identification**
Ad hoc, unaligned initiative overkill	▶	**Embedding "one vision of the future" into the organization**

Actions

- Shift investment from explaining the past to predicting the future
- Define your market so you have no more than 3% share
- Define compelling growth platforms that guide everything the business does… and stop everything else

2. **Multiple** Models

MYTH 2

"If it doesn't fit in our ROI model, the spreadsheet mafia will kill it"

Overperformers play chess and checkers simultaneously

39%

71%

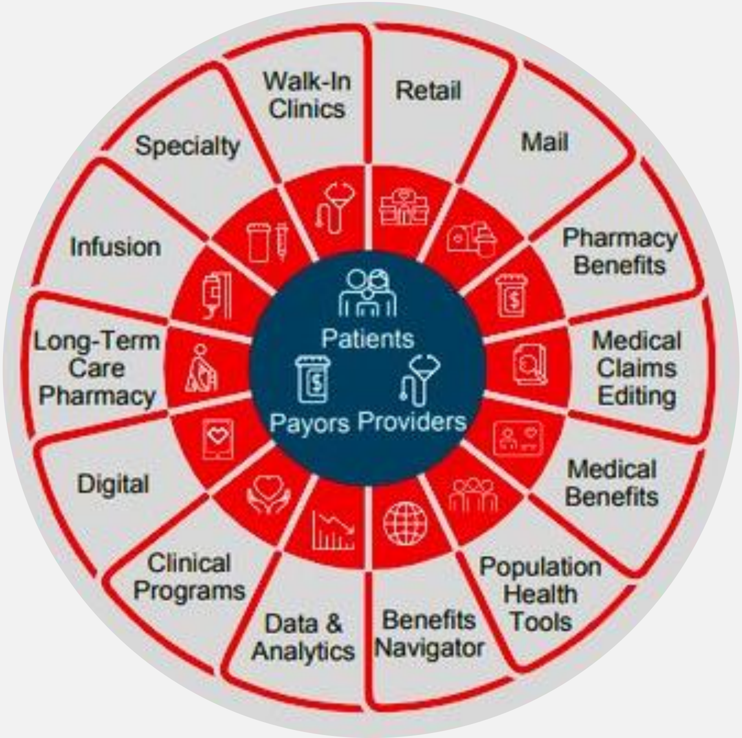
Willingness to accept new business models

From supermarket shelves to cafes & subscription models

Costa Coffee

Across verticals, channels, segments and cultures

CVS Health + Aetna



Via home-grown 'skunk works' or acquisition

Marketers need to boost financial literacy

Progression checklist

FROM…	TO…
ROI understanding	Financial acumen leading to business modeling proficiency
Dependent on the 'spreadsheet mafia'	Independent & interdependent, commercially partnered with finance
Focus on the ROI horizon	Focus on the assumption behind the business model
Conversation focused on ZBB	Conversation focused on fuelling growth

Actions

- Ensure the investment approval process allows for multiple business models
- Create or participate in start-up platforms
- Implement a finance-for-marketers training program

3.
Evolving Experiences

MYTH 3

"Growth is all about increasing customer satisfaction"

Overperformers embrace the ‘Always Beautifully Dissatisfied’

Focusing on eliminating friction

32%

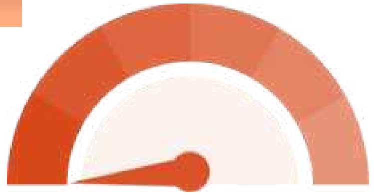
81%

Deliver
ever-evolving experiences

Hyatt: from hotel to full-service business travel solution

Constantly improving your experience

Progression checklist



FROM…	TO…
Product focus	**Total experience focus**
A DIY mindset	**Developing a diverse partner ecosystem**
NPS obsession	**Fascination with removing friction**
Interrogating consumers to map manifest wants	**Immersion in uncovering latent needs**
Discrete innovation projects	**Marketing ‘kaizen’ (continuous improvement)**
Optimization OR innovation	**Optimization & innovation**
Fighting for brand consistency across touchpoints	**Value creation along the whole consumer journey**

Actions

- Measure and benchmark your "share of experience"
- Ensure all your solutions include product, service and experience components
- Drive both optimization and innovation

4.
Open Culture

MYTH 4

"Our culture cannot be changed, it's in our DNA"

Overperformers rewrite the culture script

Building an ecosystem with complementary partners

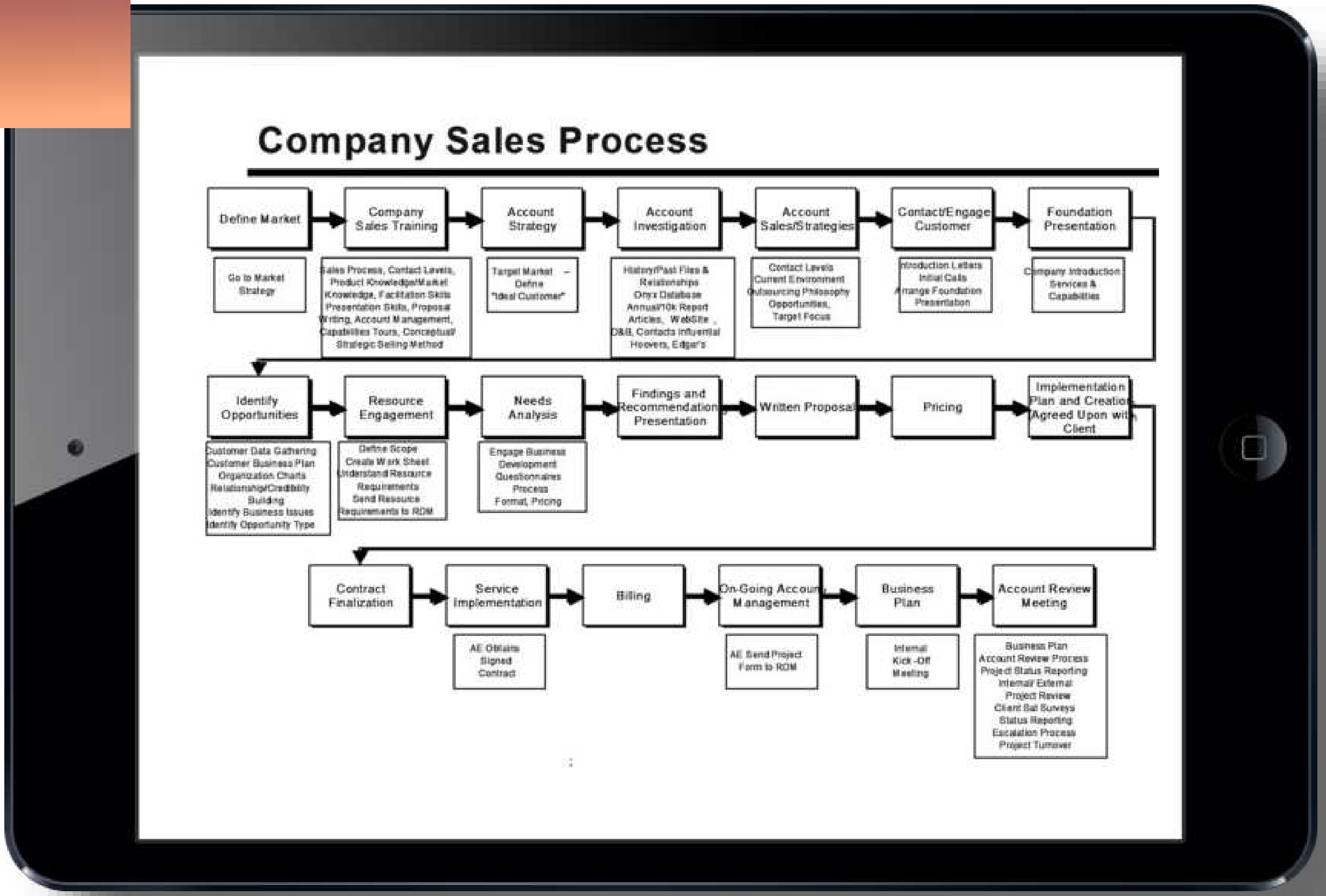
39%

67%

External connectivity

Uber | Spotify

“Procedures, structure & quality”



Index

underperformers 133

overperformers 83

Culture to deliver evolving experiences

#1 CULTURE DESCRIPTION

Innovation, change, entrepreneurship

133

OP index

More diverse strategic decision-making

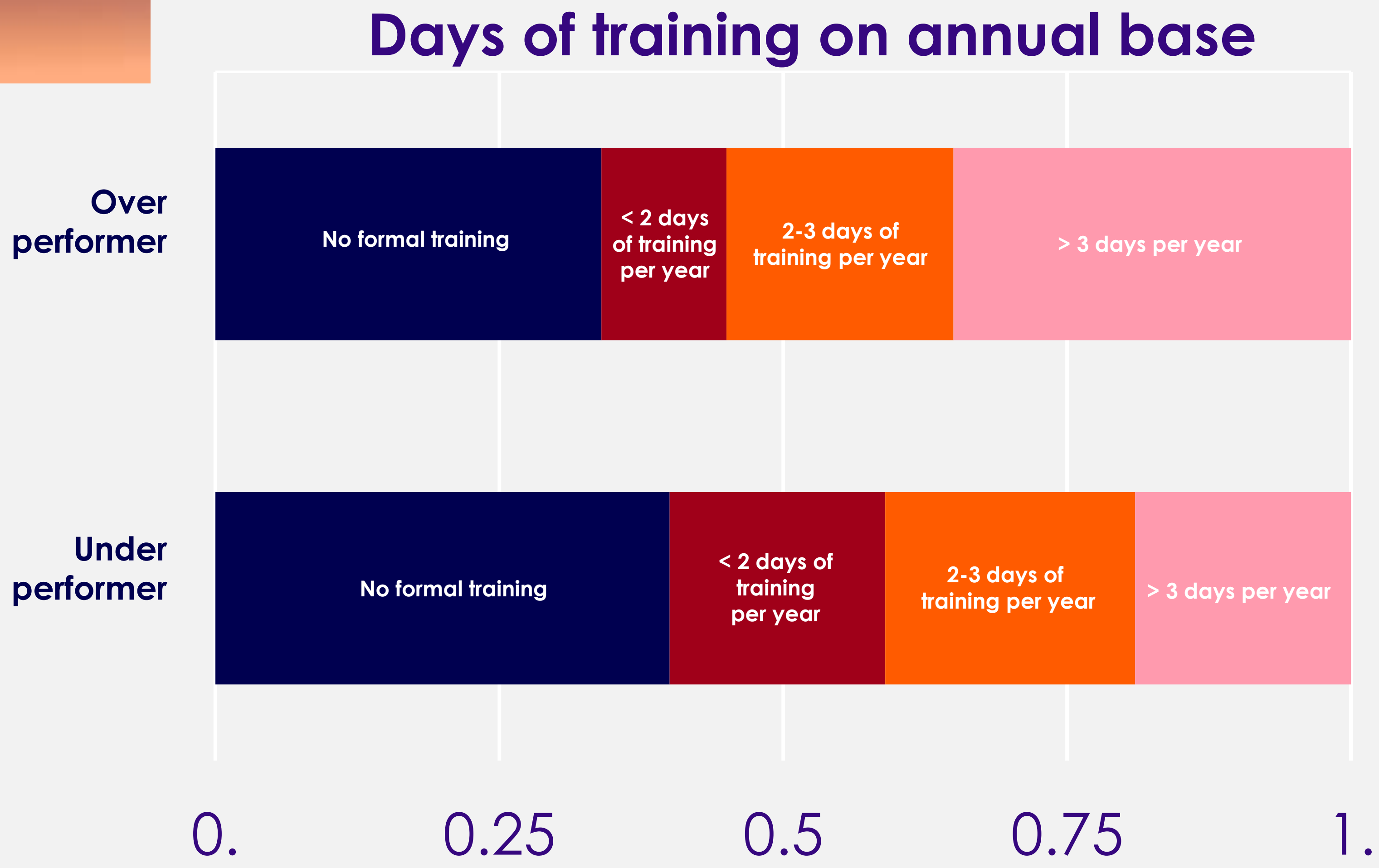
45%

70%

Diversity in strategic decision making

Winners train more

More training time per employee per year



Pernod Ricard: a new culture of growth and entrepreneurship

Unilever founders Council

Progression checklist

FROM...	TO...
Closed	**Open & connected**
Process orientation	**Innovative entrepreneurship**
Male, pale and stale	**Real diversity**
Celebrating expertise	**Celebrating learning & growth**

Actions

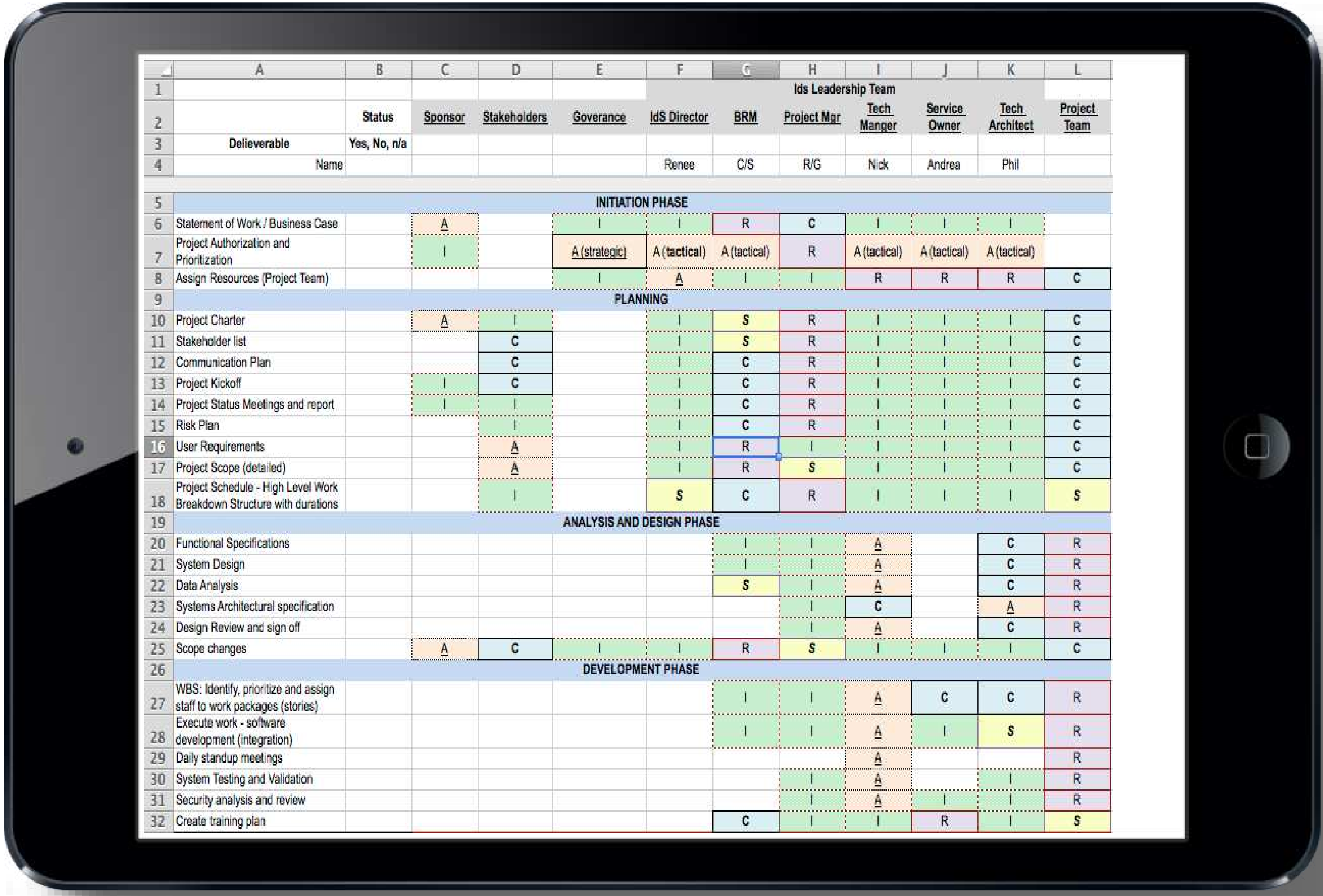
- Redefine career paths from a linear trajectory to a “jungle gym”
- Celebrate and reward intrapreneurship
- Ensure that the senior decision making team is truly diverse

5.

Anticipative Organization

MYTH 5

"Agile is forcing us to redefine our RACIs"

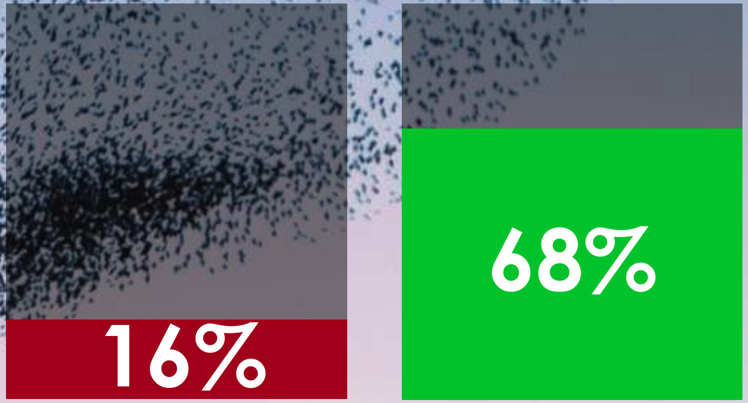


	A	B	C	D	E	F	G	H	I	J	K	L
1						Ids Leadership Team						
2		Status	Sponsor	Stakeholders	Goverance	IdS Director	BRM	Project Mgr	Tech Manger	Service Owner	Tech Architect	Project Team
3	Delieverable	Yes, No, n/a										
4	Name					Renee	C/S	R/G	Nick	Andrea	Phil	
5	INITIATION PHASE											
6	Statement of Work / Business Case		A		I	I	R	C	I	I	I	
7	Project Authorization and Prioritization		I		A (strategic)	A (tactical)	A (tactical)	R	A (tactical)	A (tactical)	A (tactical)	
8	Assign Resources (Project Team)				I	A	I	I	R	R	R	C
9	PLANNING											
10	Project Charter		A	I		I	S	R	I	I	I	C
11	Stakeholder list			C		I	S	R	I	I	I	C
12	Communication Plan			C		I	C	R	I	I	I	C
13	Project Kickoff		I	C		I	C	R	I	I	I	C
14	Project Status Meetings and report		I	I		I	C	R	I	I	I	C
15	Risk Plan			I		I	C	R	I	I	I	C
16	User Requirements			A		I	R	I	I	I	I	C
17	Project Scope (detailed)			A		I	R	S	I	I	I	C
18	Project Schedule - High Level Work Breakdown Structure with durations			I		S	C	R	I	I	I	S
19	ANALYSIS AND DESIGN PHASE											
20	Functional Specifications						I	I	A		C	R
21	System Design						I	I	A		C	R
22	Data Analysis						S	I	A		C	R
23	Systems Architectural specification							I	C		A	R
24	Design Review and sign off							I	A		C	R
25	Scope changes		A	C	I	I	R	S	I	I	I	C
26	DEVELOPMENT PHASE											
27	WBS: Identify, prioritize and assign staff to work packages (stories)						I	I	A	C	C	R
28	Execute work - software development (integration)						I	I	A	I	S	R
29	Daily standup meetings								A			R
30	System Testing and Validation							I	A		I	R
31	Security analysis and review							I	A	I	I	R
32	Create training plan						C	I	I	R	I	S

Overperformers organize to win wars through micro-battles

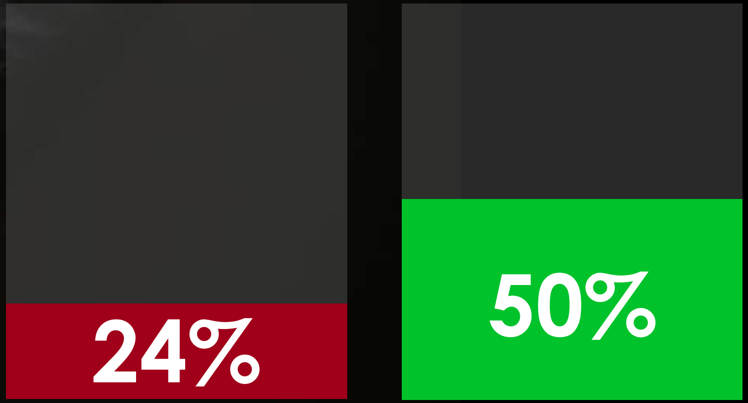
Switching perspective…

…on organizational change



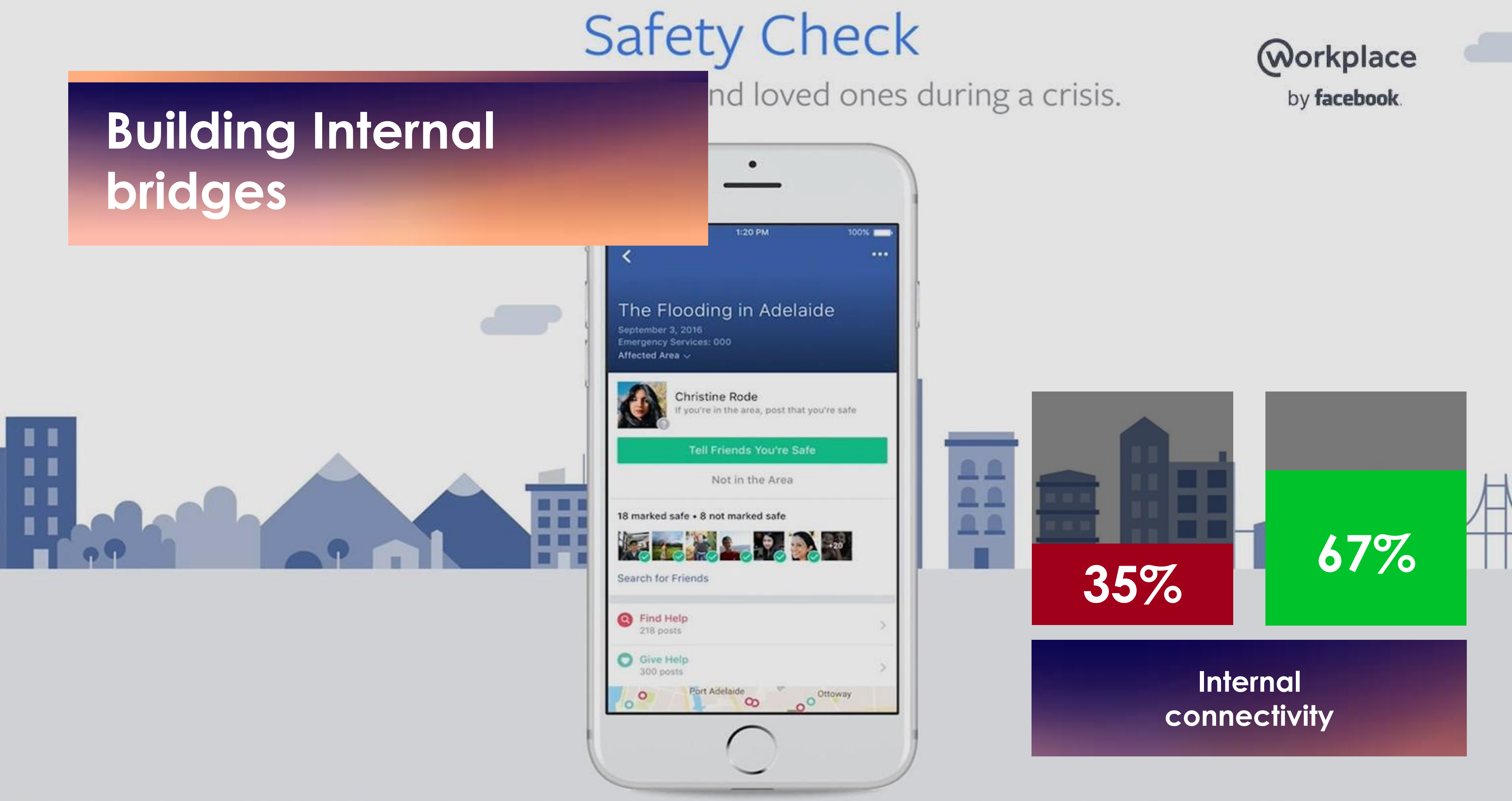
Competitive agility

Prioritizing the breakdown of internal barriers



Effectively removing internal barriers

Building Internal bridges



35%

67%

Internal connectivity

Connecting horizontally And vertically

3.5x
more connections with other functions

5.5x
more connections with senior leaders

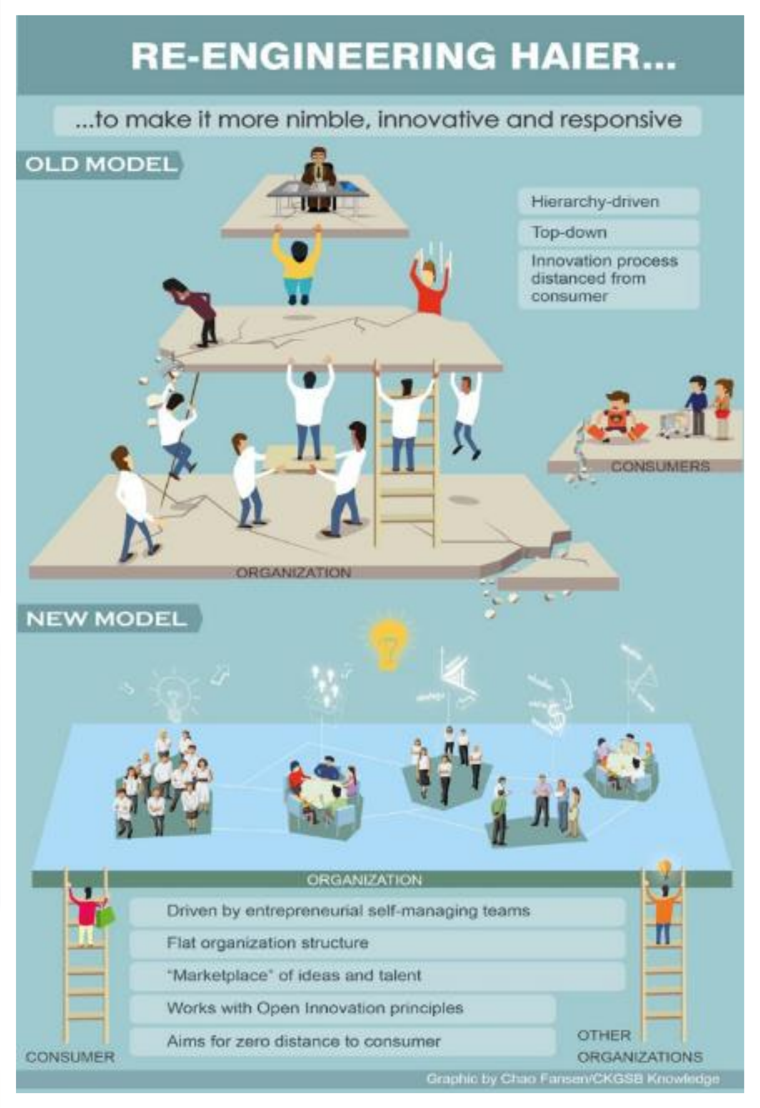
Integrating marketing and sales for E-commerce

37%

68%

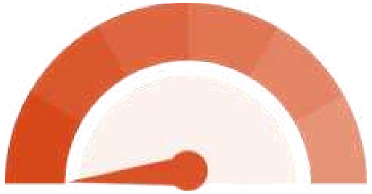
Marketing and sales collaboration

Haier: a flat organization with small competitive teams



Empowered mini-CEOs

Progression checklist



FROM...		TO...
RACI straightjacket	▶	**Freedom in a framework**
Rigid brand identity bibles	▶	**Continuous results-based course correction**
Individual performance KPIs	▶	**Results-based team KPIs**
Top-down line of command	▶	**Empowerment of consumer-facing colleagues**

Actions

- Push accountability down to consumer-facing staff
- Enhance your RACIs with guiding principles
- Create multi-disciplinary ‘fit for purpose’ teams for all your strategic initiatives

6.
Whole-Brained

Growth Study Myth:

“If only we had more data & analytics ”

Overperformers unlock data with human insights

Combining technology and human creativity

25%

65%

Ability to attract whole-brain

Starting with the data

36%

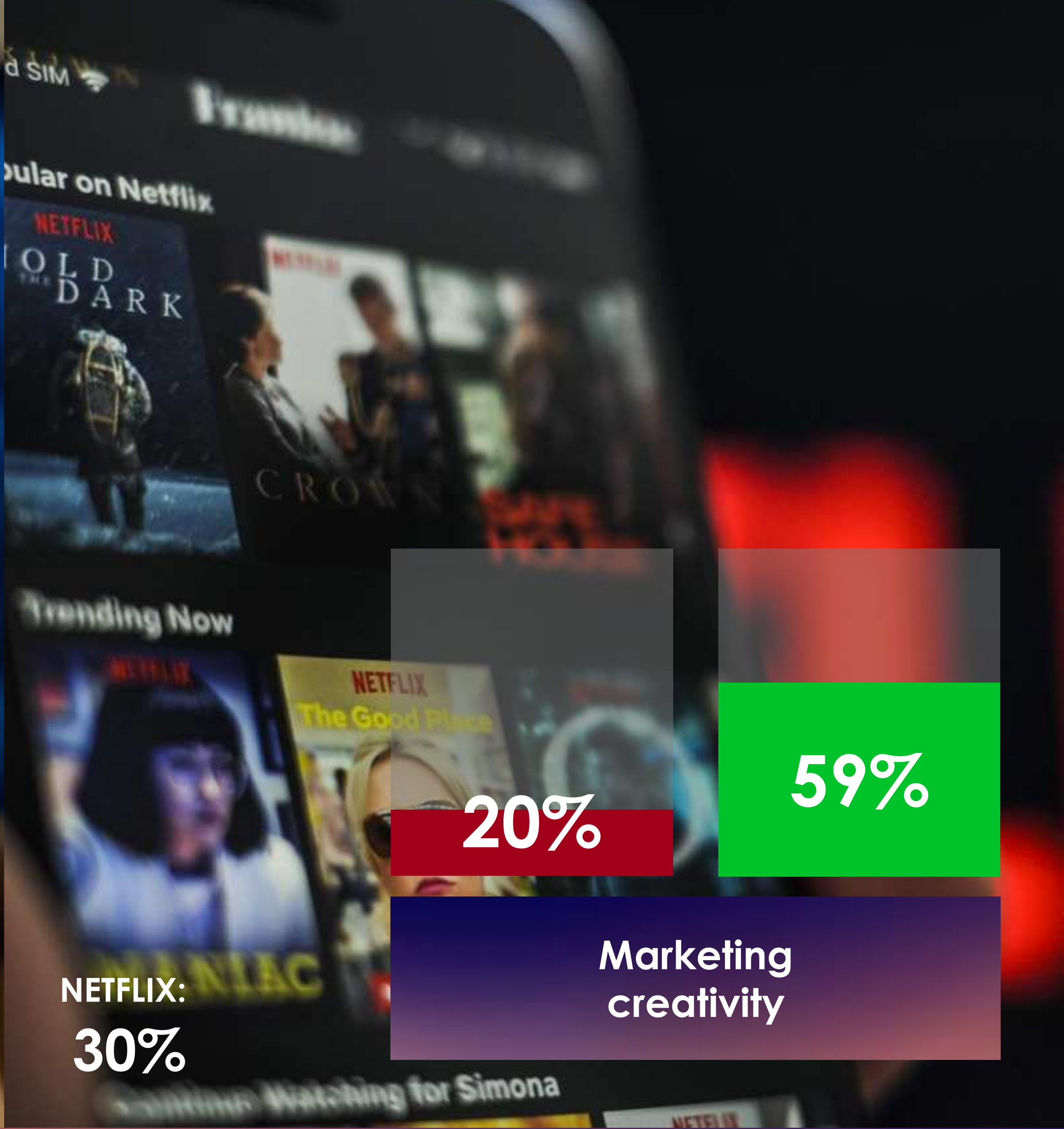
66%

Data and analytics at the core of strategic decision making

And developing creative solutions inspired by the data

LINEAR TV:

14%



NETFLIX:

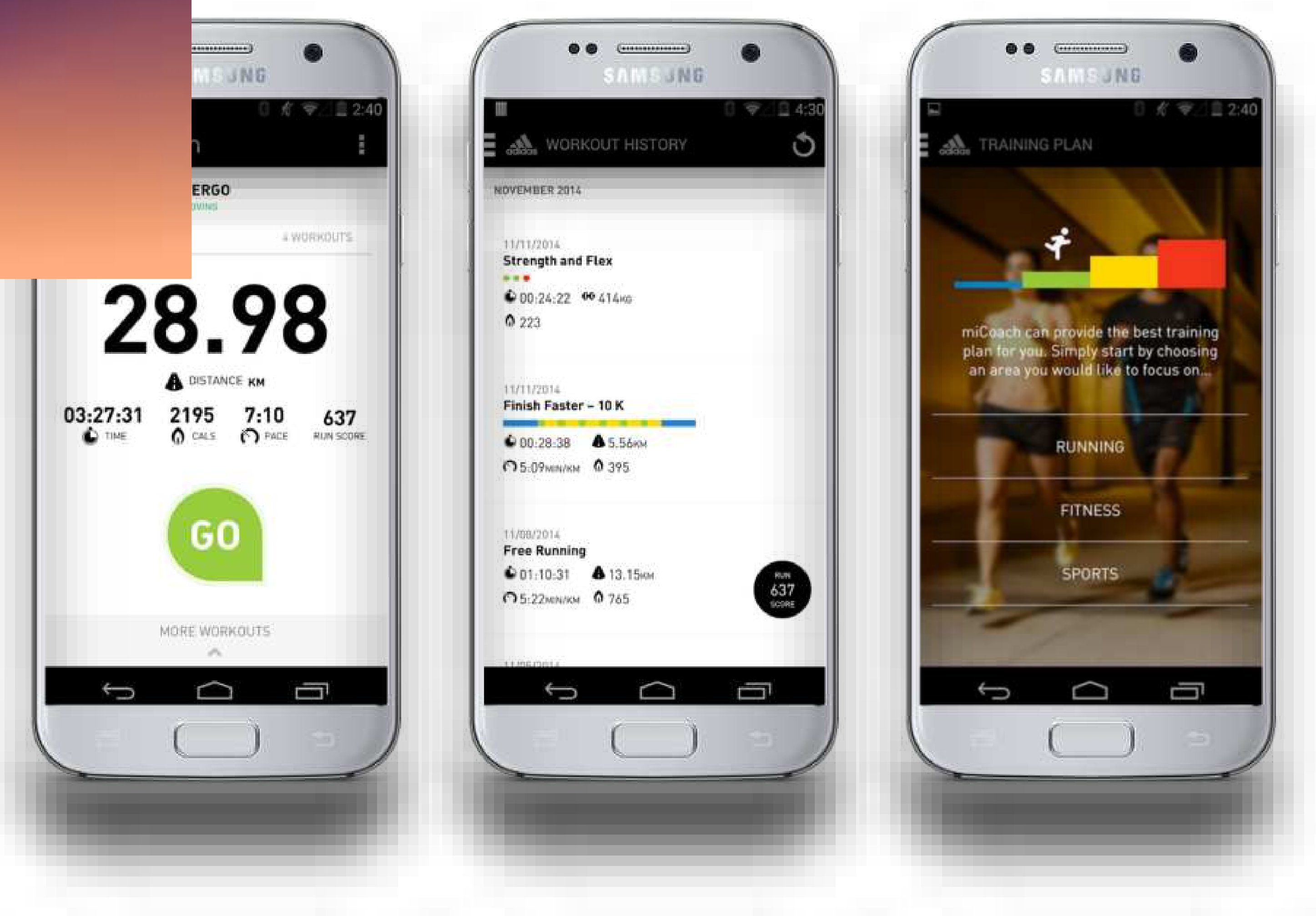
30%

20%

59%

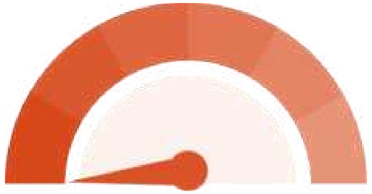
Marketing creativity

Adidas: communication > marketing > business planning



Adecco:
AB testing > human insights > creativity

Progression checklist



FROM…	TO…
Competing data and insight sources	**One version of the truth**
Treating AI as a panacea	**Using AI for what it's good at**
Data and creativity silos	**Whole-brain talent and teams**
Focus on the 'what'	**Focus on 'so what' and 'now what'**

Actions

- Create whole-brain teams of equals
- Integrate multiple sources and define ‘one version of the truth’ - accessible for all
- Shift focus from the ‘what’ to the ‘so what’ and ‘now what’

7.
Humanized Growth

MYTH 7

“Our objective is to boost profitable growth”

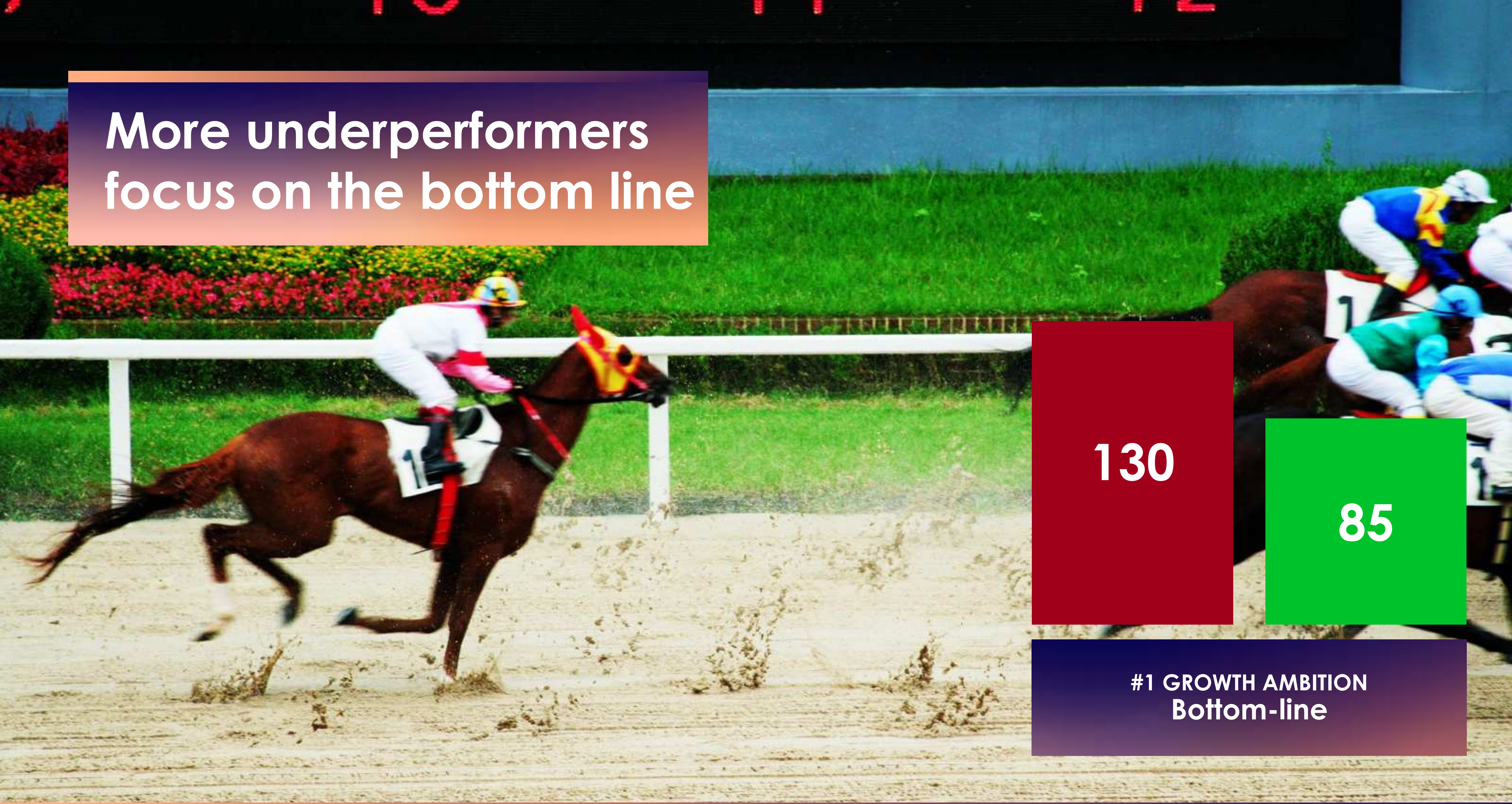
Everyone focuses on top-line growth

93

98

#1 GROWTH AMBITION
Top-line revenue

More underperformers focus on the bottom line



130

85

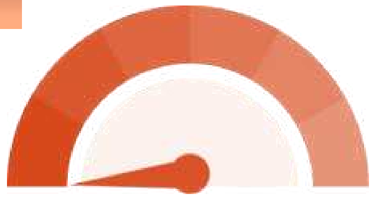
#1 GROWTH AMBITION
Bottom-line

More overperformers focus on the people they serve

Haidilao: obsessed with colleagues, consumers and communities

Cisco: from product focus to the 'People Deal'

Progression checklist



FROM…		TO…
Financial results as a goal	▶	**Financial results as an outcome**
Financial growth objectives only	▶	**Multi-dimensional growth objectives**
Talking about quarterly results engineering	▶	**Talking about a long-term growth story**
Shareholder growth	▶	**Purposeful growth**
Purpose as a marketing tactic	▶	**Purpose as a business philosophy**
Growth internally & externally as separate tracks	▶	**One growth story for both internal & external**

Actions

- Link business growth to people growth KPIs and incentive structures
- Make all growth objectives equally important
- Articulate your ambition in terms of your impact on people and the world around them

The 7 Building Blocks of Growth

HUMANIZED GROWTH

EVOLVING EXPERIENCES

WHOLE-BRAINED

MULTIPLE MODELS

ANTICIPATIVE ORGANIZATION

ABUNDANT MARKETS

OPEN CULTURE

Emerging Future

HUMANIZED GROWTH

EVOLVING EXPERIENCES

WHOLE-BRAINED

MULTIPLE MODELS

ANTICIPATIVE ORGANIZATION

ABUNDANT MARKETS

OPEN CULTURE

Institute for Real Growth

Growth leadership

Is this the future?

Need to go beyond communication…

…and shiny, distracting digital toys

Making better *marketing* decisions…

…and influencing better *business* decisions

Abundant markets: new growth framework

Multiple models: McDelivery

Evolving experiences: Experience of the Future (EotF)

Open culture: archway to opportunity & inclusion push

Anticipative organization: Fast Action Teams

Whole-brained: new data inspired marketing programs

Humanized Growth

One CMO journey:
CMO > CGO > CEO

HERSHEY
THE HERSHEY COMPANY

Real Growth leadership characteristics

ABUNDANT MARKETS

OPEN CULTURE

Real Growth leadership characteristics

HUMBLE

Real Growth leadership characteristics

MULTIPLE MODELS

ANTICIPATIVE ORGANIZATION

Real Growth leadership characteristics

EMPOWERING

Real Growth leadership characteristics

EVOLVING EXPERIENCES

WHOLE-BRAINED

Real Growth leadership characteristics

PASSIONATE

Real Growth leadership characteristics

HUMANIZED GROWTH

Real Growth leadership characteristics

COURAGEOUS

Facing a New Reality

Pre-COVID

Customers

Capital Markets

At COVID Outbreak

Colleagues

Community

Humanized Growth

Colleagues

Customers

Community

Capital Markets

Humanized Growth equation

Colleague Value x **Customer Value** x **Community Value** x **Capital Market Value**

Short Termism

2008

BlackRock

"To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society"

Laurence D. Fink
Chairman & Chief Executive Officer, BlackRock

2018

2019: US Business Roundtable

BR Business Roundtable

STATEMENT ON THE PURPOSE OF A CORPORATION

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide healthcare; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

WHILE EACH OF OUR INDIVIDUAL COMPANIES SERVES ITS OWN CORPORATE PURPOSE, WE SHARE A FUNDAMENTAL COMMITMENT TO ALL OF OUR STAKEHOLDERS. WE COMMIT TO:

DELIVERING VALUE TO OUR CUSTOMERS. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

INVESTING IN OUR EMPLOYEES. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.

DEALING FAIRLY AND ETHICALLY WITH OUR SUPPLIERS. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

SUPPORTING THE COMMUNITIES IN WHICH WE WORK. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

GENERATING LONG-TERM VALUE FOR SHAREHOLDERS, WHO PROVIDE THE CAPITAL THAT ALLOWS COMPANIES TO INVEST, GROW AND INNOVATE. We are committed to transparency and effective engagement with shareholders.

EACH OF OUR STAKEHOLDERS IS ESSENTIAL. WE COMMIT TO DELIVER VALUE TO ALL OF THEM, FOR THE FUTURE SUCCESS OF OUR COMPANIES, OUR COMMUNITIES AND OUR COUNTRY.

BRT.org/OurCommitment BR Business Roundtable


New
Reality

The future is uncertain

Systems are being questioned

2020 Update:
Significant shift to Humanized Growth

4%

78%

More Humanized Growth Study

IRG 2020 CMO Survey

2020 Update: The CMO is playing a more important role

11%

65%

Increased CMO influence on growth

IRG 2020 CMO Survey

Institute for Real Growth

In summary

The new architecture for Real Growth…

Is human centric...

HUMANIZED GROWTH

EVOLVING EXPERIENCES

WHOLE-BRAINED

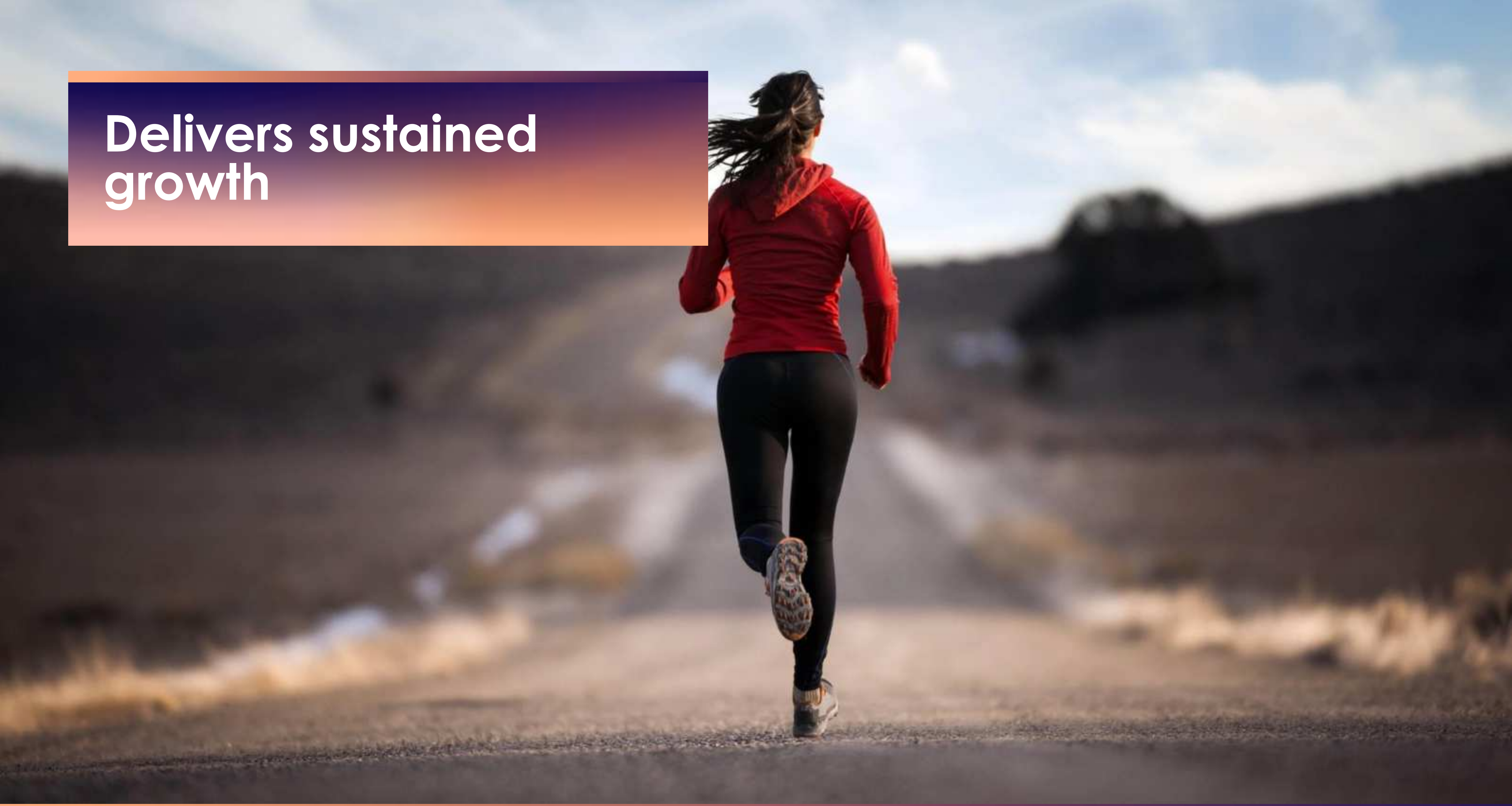
MULTIPLE MODELS

ANTICIPATIVE ORGANIZATION

ABUNDANT MARKETS

OPEN CULTURE

Delivers sustained growth



Recognizes all stakeholders’ needs

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society”

Laurence D. Fink
Chairman & Chief Executive Officer, BlackRock

Future-proofs the organization

And combines data, creativity and technology


Drones
Burning Man 2018
To deliver ever-evolving experiences that delight

Institute for Real Growth

Thanks
for your attention