



Global Consumer Insights

Second Edition



Global Consumer Insights

Second Edition

Table of Contents

Executive Overview	5
Leadership Capital Trends Around the World	8
The View From Asia/Pacific	8
The View From Europe	10
Emerging Markets Report.....	12
The View From Latin America.....	14
The View From North America.....	16
Consolidation in the Consumer Industry.....	18
Global Branding in the Digital Age	22
The Challenge of e-Business	27
About Korn/Ferry International	32
Korn/Ferry International's Worldwide Network.....	35



Chris van Someren
*President, Korn/Ferry's
Global Consumer Practice*

Executive Overview

At the risk of using a metaphor that may not translate all that well around the globe, I have to say that the last year has been a bit like riding a mechanical bull—tremendously exciting and absolutely challenging, yes, but not without its share of bruises and falls.

For instance, like our clients, candidates, contacts and friends, the Global Consumer Practice of Korn/Ferry International participated heavily in the thrilling rise and sudden, shocking fall of the dot.com frenzy. We also observed a level of consolidation that only five years ago would have been impossible to imagine, and helped many of our clients sort through the challenging process of integration. Perhaps more than anything else, however, we have pursued with clients and candidates alike the elusive goal of globalization—and found that even with the final destination not yet within reach, the journey itself is proving transformational. Said another way, the bruises of the past year are already beginning to heal, and temporary losses are already being transformed into new opportunities.

On the Internet side, though many pioneers and adventurers ended up failing in their bids to build viable businesses in the Ether, the majority have already fastened onto an even bigger idea. Specifically, consumer

“Consumer companies are now seeking to marry the power of the Internet—both technologically and culturally—with Big Business.”

companies are now seeking to marry the power of the Internet—both technologically and culturally—with Big Business. The rise of the global exchange, the high-tech logistics solutions being unveiled and the extraordinary accounting and planning systems being implemented around the world by our clients are a prelude to what the next Internet wave will

feel like. As one CEO recently said, "Taking an entrepreneurial start-up out into the rough waters of the Internet led to predictable results. Those entrepreneurial 'boats' mainly took on water, capsized or were simply lost at sea. The real play is to venture out in huge seaworthy vessels designed

for difficult crossings, conveniently using the experience of the smaller ships to avoid the icebergs."

As if the revolutionary change driven by the Internet was not enough, this year has also seen the stunning merger of longtime competitors, and the bringing together of cultures that were once oil and water. Across Europe and North America, in particular, some of the great, classical players began to divest themselves of once treasured possessions, not driven by fear of a downturn in the market, but by a desire to gain even more trajectory in their growth curve. Perhaps the single biggest issue created by these mergers is the difficult work of integration, with which nearly all our clients—from traditional packaged goods to the convergence advertising & marketing services players—are struggling to manage. Successful integration, as we have learned all too quickly, means much more than merely finding operational synergies—it means capturing, maintaining or building a common culture and a new set of shared values.

The single biggest theme of the year continues to be the globalization of business—as it has been for several years running—both on the service side and among our manufacturing clients. But while the theme is familiar, this year's variation is quite different. For the first time, companies are beginning to realize that globalization does not mean mere exportation of the parent company's culture or operating plan, nor does it mean "one size fits all." Rather, globalization today is about recognizing the differences between individual markets and finding ways to have a fundamental service or product offering make sense wherever it resides. Marketers have discovered that while the most basic icons of a brand stay the same across regional and national lines, the consumer's perception and motivation around a specific product can vary dramatically. Certain financial principles are universal, it's true, but high-end finance and corporate development experts are beginning to understand how to leverage local differences to their global advantage. Perhaps most importantly, inside both Korn/Ferry International and the companies where our key contacts live and work, the need for each

“ Rather, globalization today is about recognizing the differences between individual markets and finding ways to have a fundamental service or product offering make sense wherever it resides. ”

“...a market unified in its acclamation for a product is the ultimate measure of success.”

individual to be a citizen of the world—to approach each new problem in a culturally neutral way—is paramount. Indeed, the company that embraces market diversity is the company that finds market unity, and a market unified in its acclamation for a product is the ultimate measure of success.

In this second annual issue of *Global Consumer Insights*, we have tried to catalog for all the participants in our industry a small history of the past 12 months, focusing not only on what is happening in our core business—senior executive search—but also in the consumer industry at large. Thus, we discuss the major themes of Internet, consolidation and globalization, and how geographic viewpoints on these key themes vary. Because of their size and importance, we focus a bit on the key geographic markets for ourselves and our clients, but have also included emerging markets where quiet innovation is occurring that could well change the face of our industry in the years to come.

This report is, in many ways, a creation of the thousands of clients with whom the Global Consumer Practice at Korn/Ferry is in near-constant conversation. For your insights, openness, viewpoints and predictions, we thank you. In the final analysis, *Global Consumer Insights* is simply a compilation of our mutual vision for an industry that continues to captivate us all.



Chris van Someren
President
Global Consumer Practice



Lynn Ogden
Managing Director of
Korn/Ferry's Asia/Pacific
Consumer Practice

“Our clients are no longer trying to localize just for the sake of localizing. Instead, they want to identify the best candidate for the position, location and role, regardless of the person’s nationality....This reflects the war for executive talent—as much alive in Asia as anywhere.”

Leadership Capital Trends Around the World

Here, the regional heads and other key players in Korn/Ferry’s consumer practice—from Asia/Pacific, Europe, Latin America and North America—share the latest trends in executive demand—and the impact these are having on recruitment in consumer companies today.

The View From Asia/Pacific

Hiring Today

We are seeing a decrease in the traditional sales and marketing roles, such as those with food, beverage, personal care and other consumer product companies, and an equal rise in logistics, distribution and anything related to the supply chain. This isn’t to say that general management, marketing and sales roles have disappeared entirely, but rather that Asian companies are currently focused on the gains to be had inside the company through supply chain and distribution improvement.

From a sector standpoint, three sectors are leading all others in growth this year: luxury goods, consumer electronics and travel, leisure and hospitality. The travel, leisure and hospitality sector includes hotels, passenger airlines, the gaming industry, restaurants and so on—which are particularly strong in Asia at the moment.

The In-Demand Executive

Asia/Pacific had been in recession, which restricted demand in the consumer and retail sectors. Now that we are coming out of that recession, there is a fairly steady need for both country managers and human resource directors. Again, supply chain executives are much sought after.

There is little demand, however, for regional directors. This reflects not only the restructuring many companies did during the recession—taking out layers at the regional level—but also the consolidation within the consumer goods industry, which has had a severe impact on developing or emerging markets, leaving a surplus of regional managers. Large companies have also consolidated, which has had an impact on the regional role. But companies still need to strengthen their local operations—thus the focus on a sub-regional presence or one-country leaders. Our clients are no longer trying to localize just for the sake of localizing. Instead, they want to identify the best candidate for the position, location and role, regardless of that person’s nationality. For example, a company in Hong Kong looking to fill a position may expand its search to a country like Malaysia. Although companies would prefer to have someone local, they can’t limit their search just to one

Asia/Pacific: A Snapshot

- Companies are focused on gains to be made through supply chain and distribution improvements.
- Luxury goods, consumer electronics and travel, leisure and hospitality are the three hot sectors.
- Country managers, human resource directors and supply chain executives are in great demand—with less emphasis on regional directors. This reflects the restructuring that occurred during the recession, which typically removed layers from within the organization.
- Companies are looking further afield for their executives—throughout the region and even globally—although local talent is still preferred whenever possible.
- Companies need executives with strong international skills—people who can play in a more global arena.
- Stock options are still key, but the focus is also on opportunities for training and development.

country as they once would have. This reflects the war for executive talent—as much alive in Asia as anywhere.

Skills and Experience That Make the Match

Local companies are trying to upgrade and hire employees with better international skills. However, this can lead to assimilation problems, often because the management styles of these local companies remain patriarchal.

In general, the multinationals are looking for strong international skill sets that can play in a more global arena, as well as people with strong brand management backgrounds. In the area of sales, the companies want people who have handled key accounts and can demonstrate knowledge and experience in best practices related to sales.

Companies that are searching for a human resources director are not after simply a personnel director, but

someone who can be a business partner—with the ability to handle change management and organizational development.

Finding Executives at Home and Abroad

Companies in the Asia/Pacific region are drawing on both local and imported talent. They are completely willing to search globally. If the best candidate is down in Australia or over in Canada, they are willing to bring that person in. Companies are raising the bar regarding the quality of people they require.

Attracting and Retaining Talent

The most common incentives from a compensation standpoint are stock options, but almost more significantly than money is the desire for training and development, for ongoing career growth. People want not only compensation, they want a brighter, more interesting future.



Robert van Werkhoven
*Managing Vice President
and Key Account Manager
in Korn/Ferry's European
Consumer Practice*

“Multinationals definitely have an edge over local enterprises. Local companies can offer a job—while the multinationals can talk about a job and a long-term career, with plenty of interesting movement and development possible across the global stage.”

The View From Europe

Hiring Today

Because of tough competition, European companies are doing more advance planning around their staffing needs, partly to help keep people satisfied. Clients don't want to risk losing good managers because of understaffing—and they want to make sure that they have someone to step up if a manager does leave.

Hiring decisions are also being made much more quickly, as companies compete for talent with the e-commerce businesses. They understand that they need to make hiring decisions within days, not weeks or months as in the past.

The In-Demand Executive

The demand for the “cross-functionalist”—as opposed to the specialist—is on the rise. There is a particular focus on general managers and business development professionals. As European businesses migrate from operating country-by-country and truly embrace a pan-regional view, the need for multicultural, multilingual, broad-based thinkers becomes paramount. In addition, for the truly global players, historic resistance to non-Europeans in management roles has ebbed.

Skills and Experience That Make the Match

Good leaders who can manage people well and share knowledge and power—that's the name of the game. Companies are looking for executives who are more team-focused than hierarchical, who aren't afraid to step in and work with their employees. Of course, a strategic focus is a must, but the ability to get one's hands dirty—to get involved in the grit of the business—is also essential.

Finding Executives at Home and Abroad

Companies are importing talent more frequently because promotion from within is more difficult. Today, companies are flatter, without a lot of layers to draw from. Many of the multinationals that relied heavily on internal candidates are now looking outside so they can bring in fresh ideas.

But these people are being imported from other countries, not just other companies. While many companies want to use local talent whenever possible—in order to reduce the cost of expats—many others are simply focused on putting the right person in the right job, whatever the costs.

Multinationals definitely have an edge over local enterprises. Local companies can offer a job—while the multinationals can talk about a job and a long-term career, with plenty of interesting movement and development possible across the global stage. However, both types of companies are looking for the same types of people—broad thinkers and hands-on leaders who are truly multifunctional.

Europe: A Snapshot

- There is more advance planning around staffing needs, so companies aren't left short given the talent squeeze—and decisions on hiring are being made more quickly in this competitive environment.
- As country barriers erode, companies are looking for multicultural, multilingual, broad-based thinkers who have a more pan-regional viewpoint.
- Companies want people who can inspire teamwork and who can execute as well as strategize.
- Although promoting from within or hiring local talent can help reduce costs, companies are being forced to look outside the organization and the country to find the talent they need.
- Companies have had to become more transparent about compensation issues—which has made employers and employees alike more open about what they are trying to achieve and the long-term career paths available.

Attracting and Retaining Talent

Candidates are looking hard at compensation: guaranteed bonuses, sign-on bonuses, stock options and other kinds of equity grants. This has forced companies to be more transparent when talking about money issues, a historically uncomfortable conversation for the average European leader. This kind of openness is changing corporate cultures, increasing the level of competition for talent and ultimately impacting the margin structures of companies across the region.

One really positive effect of this transparency is that companies and employees alike are being more open about what they're trying to achieve and the potential long-term career paths available to those who can hit corporate objectives and drive the business. Companies are more up-front, too, about the use of 360-degree evaluations—stipulating that everyone will have a chance to evaluate a manager's performance. The book is still being written, but dramatic change in the fundamental nature of European employment is under way.

Emerging Markets Report

Thailand

Consumer packaged goods manufacturers are actively hiring in the ASEAN countries, as are companies in the retail, hospitality/leisure and luxury goods sectors. The consumer client base in Thailand is mainly composed of Western multinational companies with Asia/Pacific regional headquarters based in Singapore and Hong Kong.

The majority of recruiting activities in the consumer field are for general management positions and other senior-level talent in marketing and sales, human resources and finance. On occasion, more technical positions, such as those involving supply chain management, QA, R&D and logistics management, are being filled. Currently, there is a focus on market researchers who can provide companies with badly needed market information and on savvy brand managers with a proven track record of building a brand and increasing sales in poor economic conditions as well as good.

Malatip Khunwattana
*Principal in Korn/Ferry's
Thailand Consumer Practice*



“...Thailand attracts multinationals with a firm foothold in the market. One of the major recruiting challenges in Thailand is the limited pool of talented and experienced Thai nationals with solid exposure in the more advanced and highly sophisticated business operations of a multinational.”

A number of companies are diversifying and looking at how to embrace the new Internet economy. These businesses are interested in the types of executives who can help them succeed in this new environment. Especially in demand are those with a traditional consumer background plus experience in an IT-related company. Due to the competition for talent,

non-Asian expatriates from all over the world are also being recruited, although the choice of Asian nationals versus Westerners depends, to a large degree, on the stage of maturity of a Western multinational firm's operations in the Asian market.

Traditionally a strong consumer products market, Thailand attracts multinationals with a firm foothold in the market. One of the major recruiting challenges in Thailand is the limited pool of talented and experienced Thai nationals with solid exposure in the more advanced and highly sophisticated business operations of a multinational. Although there is a strong demand for Thai nationals for these top-tier positions, there is also a need for expatriates who can complement the skills lacking in the Thai candidate pool.

Turkey

The consumer sector is one of the strongest industries in Turkey. With a population of 65 million people, of whom 75 percent are under 35 years old, this is a buoyant market for fast moving consumer goods, food and non-food—and, increasingly, retail and fashion.

Turkey's proximity, both physically and culturally, to Central and Eastern Europe and its long-term trade ties with neighboring countries make it an effective hub for multinational companies expanding into the Balkan States, including Bulgaria, Central Asia and such Central Independent States as Kazakhstan, Uzbekistan and Turkmenistan. Local companies and multinational organizations—some of them present for many decades, such as Unilever, Nestlé and Philips, and many of whom established a presence in the past 10 years, such as Colgate, Danone, Gillette, Kraft, Procter & Gamble and UDV—are competing heavily for talented local executives. Turkish candidates offer a high level of education (many to the MBA level), linguistic skills and international exposure that often includes experience in the United States and other markets in Europe.

The consumer sector is very well developed and has captured many of the most talented executives, who are now increasingly sought after, particularly by consumer banking institutions. The skills most in demand are in the areas of sales and marketing, as well as finance, IT and, increasingly, supply chain expertise. Turkish executives are flexible and open to new challenges, looking for personal growth. Prospective candidates generally face multiple offers, so companies need to make hiring decisions quickly.

The Internet has yet to have a significant impact in Turkey; those most active in the e-space are the big holding companies—who, in the absence of incubators, have most access to capital, although they are often too big to move at market speed. Nevertheless, there is high demand for a relatively small pool of executives who are attracted to career development prospects, a strong professional challenge and internationally competitive remuneration and benefits.

Remuneration levels correspond to those in Western Europe and the United States for the most senior positions, with 10 percent of the working population enjoying a higher standard of living than the average European Union inhabitant. The main focus is on a high salary and bonus, with equity still a relatively new concept. Stock options can be very attractive for executives sought by multinational companies, and this is proving to be a challenge to local companies in the competition for talent. With the local legal and tax systems not as mature as in some markets, equity can be realized through off-shore accounts—a benefit local companies are not able to offer. The attraction of local companies is that they are more flexible and offer higher remuneration in terms of salary and bonus.

While Istanbul is the main commercial center in Turkey, multinationals are active in other regions, where executives with an understanding of differing local economies, sales channels and consumption and living habits are very much in demand. For example, Turkey is the fourth largest consumer of yogurt in the world, yet its buying habits are completely



Nilgun Langenberg,
*Principal in Korn/Ferry's
Istanbul Consumer Practice*

“Local companies and multinational organizations are competing heavily for talented local executives. Turkish candidates offer a high level of education (many to the MBA level), linguistic skills and international exposure that often includes experience in the United States and other markets in Europe.”

different from other parts of the world. So to turn a global brand into a successful local product, it is important to recruit local talent for marketing and sales positions.

Expatriates are still active in the market, primarily with multinational companies who tend to bring in executives who know the company, its products and processes. When multinationals are at the stage when they can expatriate local executives, they often move them to Central Asia or other markets in Europe as part of the grooming process for general managers. There is therefore a growing number of top-level Turkish executives in the consumer industry; for example, the Central Europe and Eurasia Group President of Coca-Cola is a Turkish national, based in Vienna. These in-demand executives are also repatriated to Turkey, bringing home international experience from the United States or Europe.



Paul Levison
*Managing Director of
Korn/Ferry's Latin America
Consumer Practice*

“Latin American companies expect that the executive will come in to contribute, not just to learn....Latin America is no longer a kind of glorified training ground for multinationals—it is a vital market in its own right, requiring executives who can drive the business and its critical contribution to the multinational parent.”

The View From Latin America

Hiring Today

Latin America has just experienced the peak of Internet-related hiring for general, technical and content management. Investor interest in the e-space rose and fell faster here than in the United States or Europe. Now, new economy companies are looking at how to retain their executives before these managers rush back to the traditional economy.

Mexico and Brazil—the two markets with the most foreign investment—are experiencing strong economic growth. This contrasts with the mid-1980s and 1990s, when those economies were closed and were grappling with debt. Today, there is generally more monetary stability, as well as open and competitive markets.

Executives who managed in a non-competitive environment may not be equipped for the current business world. Today's executives must be more sophisticated, more knowledgeable, more sensitive to technology and new developments. And things are happening at a faster pace, especially in Latin America. The “mañana” attitude is no longer acceptable. Executives must work long hours, with a sense of urgency.

The In-Demand Executive

The skill requirements for financial executives have changed dramatically. For instance, in Brazil between 1986 and 1994, the accumulated inflation rate was 1,500,000,000 percent. Financial executives had to be experts in investing and borrowing. Today, however, the emphasis is on the ability to control and reduce costs. Most appealing are personable number crunchers who can interpret financial statements for non-financial people.

Marketing and sales executives must be better educated and more international in perspective than ever before. Here, in addition to their native language, everyone in business must speak English—and usually Portuguese and Spanish also.

Skills and Experience That Make the Match

We look for multicultural experience—people who have lived and worked in the United States, Europe or at least one other Latin American country. These people are more valuable to their current and prospective employers.

Latin American companies expect that the executive will come in to contribute, not just to learn. Structured, multinational companies offer continuing training and development programs. Local companies don't have these programs, so executives have to be more resourceful. Latin America is no longer a kind of glorified training ground for multinationals—it is a vital market in its own right, requiring executives who can drive the business and its critical contribution to the multinational parent.



Latin America: A Snapshot

- The Latin American market has changed dramatically—executives who haven't had experience in competitive environments are now at a disadvantage in the region today.
- The emphasis is on executives with the ability to control and reduce costs and who can drive the business.
- Multicultural experience is highly valued, although importing talent from outside the region is rare.
- With the stabilized currencies, bonuses, pensions and stock options have become more attractive—as well as longer term career development. A position needs to pay well *and* be satisfying.

Finding Executives at Home and Abroad

Importing talent from outside Latin America is rare. When we search for senior management, clients expect that we will recommend either locals or people perceived as such. In an unusual situation—for instance, a highly technical function with only a few available candidates—we would look abroad. Otherwise, we focus locally and track nationals in other Latin American countries.

Attracting and Retaining Talent

Now that currencies have stabilized, performance bonuses, pension plans and stock options have become more attractive. The multinationals are offering the same programs locally that they would offer in the United States or Europe. Employees are also looking at the career development benefits the company offers—they want the job to be satisfying *and* well paying.





Tierney Remick
Managing Director of
Korn/Ferry's North America
Consumer Practice

“The competition for top players is simply too fierce. In the present environment, we’re focusing on the 90 percent solution instead of ‘perfection.’ Ironically, many companies find that, by taking a risk on someone, they end up achieving a better return on investment than they would have by staying in the box.”

The View From North America

Hiring Today

In North America, the most significant growth in recruitment is coming from entrepreneurial ventures and mid-cap companies. This trend has shifted a significant amount of talent away from the more traditional *Fortune* 500-type companies.

The result is an intense competition for management talent. Companies are being forced to put executives into roles they would not have been considered completely qualified for in the past. We’re seeing an incredible opportunity for talented executives to try their hands in new environments. A multi-faceted general manager with the ability to take on broader, deeper responsibilities can move up the ladder quickly, especially compared to someone with purely functional expertise.

The In-Demand Executive

A couple of years ago, the chief technology officer (CTO) was the hot commodity. Then, there was a surge in interest in CEOs—a trend that continues today. We are also now seeing a focus on the chief marketing officer, as the primary builder and extender of a company’s brand. In addition, there is strong demand for people within the whole supply chain/logistics arena. Our clients want operations executives who can transform the path to the customer.

Skills and Experience That Make the Match

Companies are looking for people who demonstrate adaptability in terms of strategic thought and leadership. In an environment where companies seem constantly to be growing, divesting, acquiring and merging, executives must have the ability to anticipate change, quickly adapt and lead the organization through the change process.

And since everyone recognizes the importance of developing and maintaining a company culture that treats people well, today’s executive must possess outstanding people management abilities—a strong track record of attracting, retaining and motivating top talent.

Finding Executives at Home and Abroad

Major companies are more willing to cross geographic borders to recruit talent. They are increasingly open to considering executives who bring the broader perspective that comes from running an international business that operates in five languages. The next generation of CEOs will feature truly global executives with multinational experience—people who have lived and worked abroad and who speak more than one language and, importantly, are “fluent” in more than one culture.

North America: A Snapshot

- With the intense competition, there is an incredible opportunity for talented general managers to move up the ladder quickly to take on broader responsibilities.
- The chief marketing officer—the builder and extender of the brand—and executives in the supply chain/distribution arena are much in demand.
- Companies want executives with change management skills and outstanding people management abilities.
- Crossing geographic borders to bring in talent is much more acceptable—people who have lived and worked abroad, speak several languages and are knowledgeable about various cultures.
- Companies must be flexible and willing to take risks, if they want to recruit the top-tier executive.
- Equity is critical—but executives are also looking for recognition and exposure within their fields.

Attracting and Retaining Talent

Hiring companies must be both flexible and open to bringing in an executive who may not necessarily have all the skills and competencies they are looking for. The competition for the top players is simply too fierce. In the present environment, we're focusing on the 90 percent solution instead of "perfection."

Ironically, many companies find that, by taking a risk on someone, they end up achieving a better return on investment than they would have by staying in the box.

In terms of retention, managers like it when they are recognized beyond just their divisional roles. It is highly motivating when companies provide their

people with public exposure and visibility beyond the company itself, such as setting managers up as experts in their field, encouraging their participation on boards or industry groups and giving them a public forum to comment on their industry or function.

Beyond these elements, equity remains and is always going to be a key component for executives in public companies.

Consolidation in the Consumer Industry

Recently, we brought together Korn/Ferry's regional consumer practice members from around the world to discuss consolidation in the industry and how companies are responding to it. The roundtable discussion included Bonnie Crabtree, Managing Director of the Miami office; Ling Li, Managing Director, based in Hong Kong; Raul Maestres, Managing Director of the Andean Region, based in Caracas; and Georg Unger, Managing Vice President of the Vienna office.

Below are excerpts from that discussion.



Bonnie Crabtree
*Managing Director of
Korn/Ferry's Miami
office*

“Consolidation is a fact of life with American companies, forcing people at all levels to redefine themselves and remarket their abilities. Over the past year, we’ve seen Kellogg acquire Keebler, General Mills buy Pillsbury, Philip Morris purchase Nabisco, Unilever acquire Bestfoods and Ben & Jerry’s—the list goes on.”

How prevalent is consolidation in your region?

Raul Maestres: In Latin America, the past year has seen a dramatic increase in the consolidation of major companies, particularly in the financial services and consumer products industries.

Ling Li: Here in Asia, too, there has been a significant increase in the rate of consolidation, especially with major companies.

As a result of the well-publicized economic downturn that had a profound impact on business in Asia until very recently, the multinationals in Hong Kong, Taiwan and mainland China have had to watch their overheads carefully, which has spurred consolidation in order to reduce expenses.

One area that has been especially hard hit is expatriate hiring. Expatriates are very expensive to maintain because of housing, benefits, trips home, education and so forth. A basic salary of \$150,000 for a local employee could translate to \$400,000 to \$500,000 for an expatriate. So there has been a real impact on the expatriate headcount.

As mergers have come to the forefront in Asia, we’ve seen duplicate jobs and a surplus of people, some of whom simply have to be let go. Unfortunately, it is not always the best people who stay. Often, the roles are defined at the corporate level of the organization.

Georg Unger:

Consolidation is most definitely a trend in Europe, cutting across all industries. Mergers are prevalent, with the big companies getting even bigger. At the moment, I don't see an end in sight.

Bonnie Crabtree:

Consolidation is a fact of life with American companies, forcing people at all levels to redefine themselves and remarket their abilities. Over the past year, we've seen Kellogg acquire Keebler, General Mills buy Pillsbury, Philip Morris purchase Nabisco, Unilever acquire Bestfoods and Ben & Jerry's—the list goes on.

How has consolidation affected the type of executive needed?

Unger: In an environment of consolidation, there is a stronger focus on emotional intelligence—people management, communication skills, listening skills and so forth—because it is key to having a successful merger. Executives have to be skillful not only at merging the business side of the two companies, but also the cultures, so that they come together in a way that successfully blends employees from both sides.

It helps, of course, to have people who have been through a consolidation process before so that they know what is needed.

Crabtree: Companies are demanding executives who have demonstrated success as true leaders—and who can obviously step up to the plate and have the leadership skills that can make a difference. With consolidation so prevalent, M&A and operational experience are highly valued—as is the knowledge of how to lead a company, not only



Ling Li
*Managing Director in
Korn/Ferry's Hong
Kong office*

“What companies in China are now focusing on is the next level down in the recruitment of managers. There is a localization policy in every company, meaning that if the current position is held by an expatriate—Asian or Western—one of their responsibilities is to train and develop a local person to take over.”

through major change initiatives, but also in a complex environment. In other words, consumer companies really need executives who have a much broader talent base than ever before.

Li: Again, we have been affected not only by growth in consolidation, but by the major differences

in the skills needed to manage in an economic downturn versus those required during a period of recovery.

In a downturn, you manage to contain costs. For example, advertising is a tool that gets put to the side during a downturn. The consumer may simply not have the money to buy certain products, so advertising becomes a luxury.

However, now that money is flowing more readily in Asia/Pacific, the executives with cost-reduction expertise—the stars of just a year or so ago—can have trouble adapting their skills to the stronger economy.

Maestres: In Latin America, post-consolidation organizations are looking for executives with internal experience and technological and operational sophistication, as well as a cultural awareness of our markets and our customers.

Given pressure on profits, how can consumer companies compete—in terms of remuneration—to retain their top executives, as well as those they see rising to the top in the future?

Maestres: In Latin America, companies have only one option: If they require better executives, they



Raul Maestres
*Managing Director of
Korn/Ferry's Andean
region*

“In Latin America, companies have only one option: If they require better executives, they have to pay higher salaries. The pay off is the future security of the company, with higher revenue from better management. This allows companies to pay their executives better salaries, which then completes the circle.”

have to pay higher salaries. The payoff is the future security of their company, with higher revenue from better management. This allows companies to pay their executives better salaries, which then completes the circle. But it starts with the company being willing to make the up-front investment in executives.

Crabtree: There is no question that in North America, stock options are still the currency. Consumer companies are changing the vesting schedules to be more competitive and are tying stock option awards to performance. We are also finding that clearly defined advancement opportunities are very important incentives. For private companies, the opportunity to create innovative, equity-replacing vehicles that give candidates the features of equity is critical.

Li: Stock options—primarily those with vesting periods of three to four years—are at the top of the list in Asia, too.

In terms of short-term incentives, performance-related bonuses are popular. Along with year-end bonuses for reaching specific targets, the two-year bonus is also being offered. This type of bonus is used particularly when a company is not doing well or is undergoing some sort of restructuring or other change. It acts as a sort of “golden handcuff,” helping to secure key executives who are seen as instrumental to the success of the organization.

Unger: European executives also respond well to bonus incentives. In Europe, we are moving from a structure of fixed salaries to one in which bonuses and stock options are increasingly important.

One important reason for this change is that smaller European companies that used to be private are now going public and, as a result, are able to offer incentives such as stock options that they didn't have available as retention tools in the past.

As consolidation and competition increase, to what extent are companies looking to expand into emerging markets? How is this affecting recruitment?

Li: China is one of the most popular of the emerging markets for investors. All the companies that knew they needed to be there have already been there for a number of years, including the major

multinationals. What companies in China are now focusing on is the next level down in the recruitment of managers. There is a localization policy in every company, meaning that if the current position is held by an expatriate—Asian or Western—one of their responsibilities is to train and develop a local person to take over.

There are some functions that tend to be localized first, such as sales and human resources. The last are usually heads of finance and marketing, as well as general managers. Especially popular are local People's Republic of China nationals who have had experience and exposure abroad and are now moving back to China. These managers have the benefits of a multicultural experience. It will be some years, however, before we see the role of the expatriate completely disappear from the marketplace in China.



Georg Unger
*Managing Vice
President of
Korn/Ferry's Vienna
office*

“In an environment of consolidation, there is a stronger focus on emotional intelligence—people management, communication skills, listening skills and so forth—because it is key to having a successful merger.

Executives have to be skillful not only at merging the business side of the two companies, but also the cultures.”

executives must be comfortable and skilled with dealing in international marketplaces.

Unger: Over the past ten years, the emerging markets of Central and Eastern Europe have become attractive for consumer goods companies, and they were early to enter these markets. Although some of these markets are now reaching a certain level of maturity, investment in Central and Eastern Europe continues. As a result, there is a strong need for highly qualified executives in these countries. More and more, these positions are being filled by nationals as companies step up their efforts to recruit top executives from within the various countries.

Maestres: I see Latin America as the land of the future. The region really can be divided by economic potential, with Mexico, Brazil and Argentina on one side, and the countries in the Andean region looking for badly needed political stability to enhance their economies and recover the growth path.

All the companies throughout the region have made great investments in talent. This, in turn, guarantees a good, stable demand for and supply of talent in the future—talent that has been born and raised in these countries.

Crabtree: Emerging markets are the growth areas for consumer companies—which means that the demand for international experience is very high. “Bicultural” is now common in our job descriptions—and bilingual is always a plus. Emerging markets, however, are challenged by volatile political and economic environments—so

Global Branding in the Digital Age

Four top Korn/Ferry experts on the issue of global branding—Sakie Fukushima, Managing Director of the Tokyo office; Andy Knox, Managing Director in the Los Angeles office; Horacio McCoy, Chairman of the firm’s Mexican operations; and Didier Vuchot, head of the Paris office and Vice Chairman of Europe—give their perspectives on the executive talent needed to build the brands of the future.



Sakie Fukushima
*Managing Director of
Korn/Ferry’s Tokyo
Office*

“When I think of a true global manager, I think, for example, of a Japanese person who can become the president of Coca-Cola in the United Kingdom. In other words, a candidate for whom nationality no longer matters.”

Is there any one sector of the consumer industry that is recognized as the breeding ground for outstanding global managers?

Horacio McCoy: When I think of global management trendsetters, four companies come to mind: Procter & Gamble, Colgate-Palmolive, Philip Morris/Kraft Foods and Unilever. These companies have led the way for all the others.

Andy Knox: I agree that those companies, as well as some others in the categories of food, soft drinks and tobacco, are the historical leaders. I would add major commercial banks to that list, because in the 1980s, they went on a blitz to attract the best consumer packaged goods people into the financial services sector. Their theory was that the process was similar whether the product was shampoo or a credit card.

However, there is enormous concern about managers who come out of these traditional companies, especially those who have been there for a long time. Can these executives make decisions at the lightning speed needed? It is a legitimate question, because these companies have not always stayed ahead of the market.

At the moment, the ideal manager is someone who has had the best of both worlds—a person who comes out of one of those leading companies, but who has also had experience at a relatively smaller company that is tied to the new economy. The entertainment industry is a good place to find executives who are nimble in terms of leadership and management style and who can bring everything together in the context of competition in our rapidly evolving world.

Didier Vuchot: Twenty years ago, when we were in the process of inventing the luxury industry in Europe, we found our people in consumer goods companies such as L’Oreal and Procter & Gamble. We still see great managers in these companies today.

Sakie Fukushima: In Japan, over 90 percent of our clients are foreign-affiliated companies that are trying to hire global managers from a Japanese or another foreign-affiliated company. Japanese consumer goods companies used to rely on advertising agencies for marketing expertise, so not many of their marketing managers are trained in classical marketing disciplines and the English language, two key qualifications for a global manager. So we recruit global managers—both Japanese and foreign nationals—from foreign-affiliated organizations such as Procter & Gamble and Warner Lambert. Recently, some Japanese companies have started hiring foreign nationals to transfer their know-how to Japanese employees.

Although the number of Japanese executives who have international experience has been increasing, it is still a challenge to identify truly global executives. We often target executives who head overseas operations of Japanese companies; they have the right skills and, on returning to Japan, aren’t always placed in positions that capitalize on their experience.

What skills and experience are needed to drive global branding?

Knox: First, it is important to have a global perspective—recognizing that state-of-the-art products and technology, as well as best-in-class leadership styles, can come from anywhere—not just internally, but through alliances or acquisitions, for example. Second, it is important to have cultural



Andy Knox
*Managing Director
in Korn/Ferry's
Los Angeles office*

“Companies today simply have no choice but to deal with the question of global branding and local management of that brand, since all of the competitors will inevitably be global too. ‘Think globally and act locally’ is an overused phrase, but it is the right strategy.”

neutrality. The managers who are skilled in this area can look at the largest markets and sub-regions and ask themselves where they can have the greatest impact, as opposed to what sells in Los Angeles or the United States or the Western hemisphere.

This cultural neutrality has not only to do with being able to speak the

language or live in the regions in question. It is also about empathy, sensitivity and the ability to be exceptionally observant about your surroundings. From there, the manager must be able to accurately process and synthesize all that information.

Fukushima: There are a number of professional and personal attributes that I think are key. Professionally, the manager must be strong in strategic thinking, classical marketing, quantitative analysis and crisis management. They also need to speak at least English—and experience in managing diversity is important. It used to be that Japanese and English were the language requirements—now, with globalization, candidates with a third language, such as French or Chinese, are more attractive. Personally, a “can do” attitude and positive outlook in the midst of crisis and an ever changing environment are imperative.

When I think of a true global manager, I think, for example, of a Japanese person who can become the president of Coca-Cola in the United Kingdom. In other words, a candidate for whom nationality no longer matters.

McCoy: I see three key skills, related to those mentioned, that come to the forefront. The first is sophisticated market knowledge. The second is a clear understanding of the competitive environment



Didier Vuchot
*Vice Chairman of
Korn/Ferry in Europe*

“Interestingly enough, there has been no change up to now in the area of European luxury goods, because the Internet has not had an impact on this sector yet. Luxury goods companies have put a lot of money in their shops, and they don’t want to undermine that investment. They will use the Internet for logistics, promotion, service and so forth, but they will not use it to sell to consumers.”

among brands. And, finally, managers need knowledge of the consumer or end user.

Vuchot: In my area, the European luxury goods industry, we are looking for people with strong management skills, but who also possess a combination of creativity and sensitivity to the product, especially its design and fabrication and the quality of the material. Product development skills are particularly important in this arena, since that important function supports and develops the culture of the company.

How can companies balance global branding with the need to take into account various regional or country cultural differences? How important is it for brand managers to have local experience, and can you successfully bring in an expatriate to drive local branding?

Vuchot: Companies can balance global branding with local markets, first, by developing a strong, worldwide communications network and, second, by centralizing their creative development activities in marketing, advertising and promotion at the headquarters level, but executing those activities locally. But it requires strict discipline to respect the centralized communication—and companies must have competent people in the local markets and subsidiaries to execute the programs.

At headquarters, experience in two or three markets is a real plus, but this is not necessary at the local level. However, working at this local level can help people gain the knowledge they need to go to headquarters, if that is their desire.

Knox: Companies today simply have no choice but to deal with the question of global branding and local management of that brand, since all of the competitors will inevitably be global, too.

Coca-Cola and IBM are both global brands with regional and local brand managers and brand adapters. They modify their products, marketing and advertising to suit local needs. “Think globally and act locally” is an overused phrase, but it is the right strategy.

I don’t think it is really important whether the manager is local or an expatriate. The important issue is that everyone who plays a role in the market has to add value. It is true, however, that expatriates can add value just because of their non-local perspective. They can bring in a new technology or a new approach to problem-solving.

McCoy: I agree. Companies must have a clear global image, but they have to take into account the cultural differences and unique consumer needs that are specific to the various regions in which they operate.

This cannot be accomplished successfully without local experience. There are differences in media distribution channels and purchasing power that would only be known by a member of the local community. All these factors have to be considered.

Fukushima: As a result of foreign direct investment into Japanese companies, some major corporations like Nissan are headed by expatriates. Some Japanese companies that used to develop their senior executives from within are now trying to bring in executives from outside. Japanese companies and the society in general are very monocultural—and since the culture is based on teamwork, it is very difficult to change the system from within. Often, outsiders, particularly foreigners, can be most effective as change agents.

As far as locals versus expatriates as brand managers, I normally recommend that my client bring in whoever is best, no matter their nationality. In the past, Japanese general managers were not international enough to establish an effective relationship with a company headquarters located outside of Japan. At the same time, many Western companies were not familiar enough with the Japanese culture to be effective. Fortunately, that situation is changing as the Japanese market slowly becomes more global.

How has branding changed with the advent of the Internet? What has this meant in terms of the organization and staffing of the marketing function?

McCoy: Branding has changed dramatically, because the Internet represents an additional method of marketing and distribution. The Internet has allowed the marketing function to become more efficient and results oriented. It is a value-added contribution to a company's business activities.



Horacio McCoy
*Chairman of
Korn/Ferry's Mexican
Operations*

“Companies must have a clear global image, but they have to take into account the cultural differences and unique consumer needs that are specific to the various regions in which they operate. There are differences in media distribution channels and purchasing power that would only be known by a member of the local community.”

Vuchot: Interestingly enough, there has been no change up to now in the area of European luxury goods, because the Internet has not had an impact on this sector yet. Luxury goods companies have put a lot of money into their shops, and they don't want to undermine that investment. They will use the Internet for logistics, promotion, service and so forth, but they will not use it to sell to consumers.

Fukushima: Japanese companies are behind in the use of the Internet, so the trend is just beginning here. All of our major luxury goods clients are setting up websites, and most consumer goods clients are also taking to the Internet.

The distribution industry was the least progressive of our industries, very much affected by the slow growth in the economy. Fortunately, the industry is now changing dramatically, and the Internet will change things even more because of direct sales. Companies need to take advantage of this opportunity quickly or they will lose market share.

Knox: If you believe that the Internet is an additional distribution channel, then you are expanding your brand and using that branded channel to protect your market from others who could encroach on it.

It is incredibly expensive to build a brand; it takes years—decades, even—and costs hundreds of millions of dollars. People in many new companies today do not think about the significance of that cost. In addition, the method of building a brand has changed, as well as the economic model for doing so.

I don't think the Internet has changed the way the marketing function is organized and staffed. The question remains: How do you build a brand and how do you do it with limited resources? Those who are successful marketers with a value proposition survive; the others don't make it. It is a struggle for mind share and pocketbook.

Where do you find the savvy marketers who understand the challenges presented by branding on the Internet?

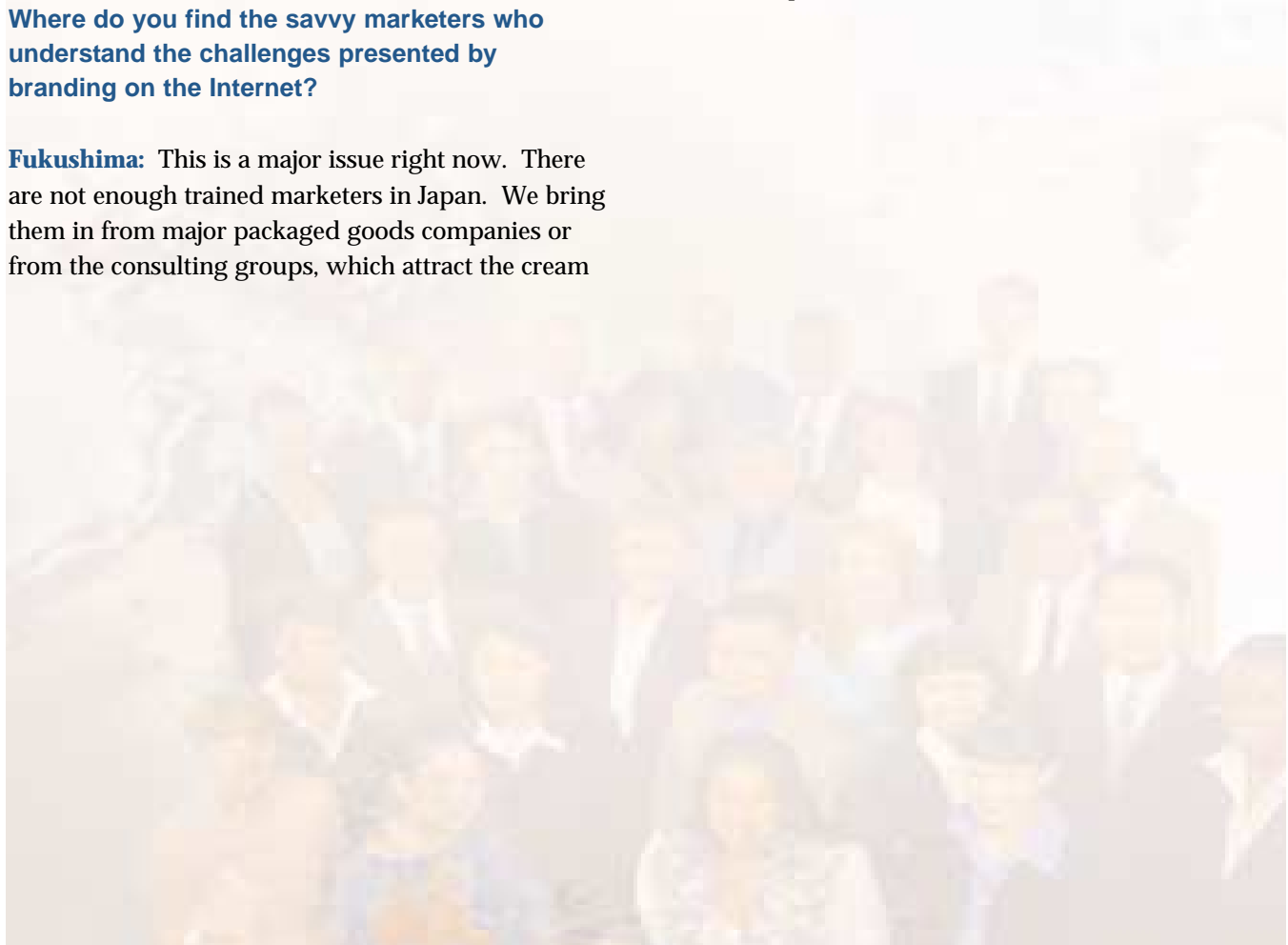
Fukushima: This is a major issue right now. There are not enough trained marketers in Japan. We bring them in from major packaged goods companies or from the consulting groups, which attract the cream

of the crop. Consultancies tend to have very bright people with an entrepreneurial spirit and an ability to build business models.

Knox: I agree that consulting groups are good sources for some top-notch marketers. They can also be found at competitor companies, since there is a huge shakeout going on in the Internet industry.

Vuchot: As I mentioned earlier, the luxury goods companies here in Europe are not interested in the Internet at the moment, so finding marketers with strong Internet abilities isn't important to them. The most they may have is a Webmaster.

McCoy: I think good people can be found in both the traditional, older companies, such as IBM, Lucent, Cisco and McDonald's, as well as in the Internet market itself at companies like Microsoft that have shown an ability to survive in the Internet space.



The Challenge of e-Business

The impact of the Internet is being felt around the world.

How are consumer companies meeting the challenge?

Augusto Carneiro, Managing Director of the Rio de Janeiro office; Alison Hill, Managing Vice President in the London office; Scott Kingdom, Managing Director of the Chicago office; and Julie Perigo, Managing Director in the Sydney office, discuss recruiting consumer executives in the e-space.

What are the major consumer e-business trends emerging in your region?

Augusto Carneiro: First of all, I think there is a distinction that should be made between traditional companies that are adding websites to their lineup, such as Barnes and Noble, and purely virtual companies, such as Amazon.com.

When clients view their website as simply one more outlet, e-commerce takes on a life of its own. At some point, companies realize that traditional marketing techniques—cloning what they did in their real-world stores—don't work. So they have to pursue a whole new marketing strategy. Americanas—a large chain of discount stores in Brazil similar to U.S.-style five-and-dime stores—is an example of a second trend. Americanas has both bricks-and-mortar stores and a Web presence in americanas.com. They see three kinds of clients on their website: the bargain hunter, the random surfer and the expert.

The bargain hunter finds it a lot easier to chase a bargain or compare prices on the Internet than by pounding the pavement. The random surfer is the cyberspace version of the couch potato, sitting in front of the computer after dinner instead of in front of the television. This person stumbles on the website by chance, and just might purchase something. Experts know what they want and are very engaged in the process. Companies are finding it difficult to develop a website that will keep all three types of people happy.



Augusto Carneiro
*Managing Director of
Korn/Ferry's Rio de
Janeiro office*

“The Internet accelerates things; it amplifies everything that a business has in its supply chain. Mistakes and bottlenecks become obvious more quickly. The Internet also reminds companies that they have a market

beyond their front door—and, just as importantly, a supply chain behind their back door.”

Scott Kingdom: North America is experiencing an explosion of “enabling technology” (virtual real-time exchange of information) as a result of the Internet. It has really forced our clients to take a careful look at the whole supply chain equation. There are pressures to increase efficiency, effectiveness and delivery—up and down the line. Customers want things better, faster, cheaper and more reliably. The new Internet tools help companies attack these issues—and they know if they don't, someone else will.

Alison Hill: In Europe, there is a growing sophistication in addressing new technologies and taking advantage of digital media. This trend started at the front end of businesses, as consumer companies and retailers started asking, “What can we do to sell more using digital media?” Now they are looking at how digital media can impact marketing, manufacturing, sales, logistics and so forth.

And, just as Augusto said, we are witnessing the cyberspace emergence of the established consumer and retail companies. Eighteen months ago, all we saw were new e-businesses on the Web. Now, the old economy companies, as well as e-business consulting and marketing services companies, are coming through.



Julie Perigo
*Managing Director
in Korn/Ferry's
Sydney Office*

“It is key to know how well the executive is going to make the transition from a traditional company to the e-space. Are they entrepreneurial and passionate enough to give up a great office and hundreds of staff members and be a hands-on, visionary leader?”

Julie Perigo: In Australia, mainstream consumer businesses are taking advantage of the new ideas that purely online companies have been introducing. They have either been waiting to see what happens, looking for opportunities to purchase successful online players or they have simply been slow off the mark. It will be to their advantage to learn from the early players.

What are the most important things to consider when recruiting an executive to lead a global e-business?

Perigo: It is key to know how well the executive is going to make the transition from a traditional company to the e-space. Are they entrepreneurial and

passionate enough to give up a great office and hundreds of staff members and be a hands-on, visionary leader? We are also looking for dynamism and proven ability. However, in a less mature marketplace like Asia/Pacific, those qualities are very difficult to find.

Hill: The answer begins with a clear understanding of what the business is trying to achieve in its regional, national and global markets. The successful executive will understand the business and its model for efficiencies, as well as understanding the consumer. Less important is knowledge of digital media, which can be bought from the outside.

However, the most important thing a global e-business should consider is retention. If a business is hiring an incredible executive, how are they going to keep that person? Candidates are telling us that while financial considerations come into play, what is really important is whether they like the business and believe that they can make an impact.

Kingdom: The notion of a global e-business by itself is vague. Every business has e-elements running through it or in some way affecting it. When looking to recruit new personnel, companies need people who are flexible, are adaptable, are action-oriented, can see the broader picture and the interplay between customers, suppliers, investors and stakeholders, both external and internal. And in today's world, these aren't mutually exclusive constituencies, by the way. Leaders must understand this and be able to maneuver effectively in that realm.

Carneiro: These companies need candidates who can understand where the business is going, someone who can roll up their sleeves on the sales floor, but can also sit back and reflect on the underlying trends.

Where are you now looking for the best e-talent?

Kingdom: I think the best e-talent is much the same as traditional business talent, though perhaps with more energy and urgency. Companies that are already in the e-space have probably had some failures—and better understand the importance of logistics, cost control, customer service and distribution. That puts them further along the curve than those firms that are just starting out.

Carneiro: We find in Latin America that people from the credit card companies are the closest to e-business. This applies to CEOs, CTOs, CFOs and marketing people. Next come people in commercial banks who deal with individuals, as opposed to those who deal with corporations.

Hill: In Europe, our search reach depends on what our client is looking for. If the issue is one of logistics or fulfillment, the best candidate may not be found in an e-business. If a company's strategy is not fully developed, we look at strategic and, possibly, e-business consulting firms.

As far as geographical considerations are concerned, the digital world has been happening longer in the United States than anywhere else. In Europe, we have an increasing number of U.S. citizens with experience to share. However, the number of strong European candidates is rising. The hottest markets in Europe are Scandinavia, the United Kingdom, Germany and France.

Perigo: In a less-mature e-business area like Asia/Pacific, we are looking everywhere for the best candidates, including traditional consumer businesses, smaller scale entrepreneurs who are not out of the traditional corporate environment and the few already successful e-businesses around the region.

We do tend to look within our own region, although there is certainly greater experience in the United States and Europe. The reason for this is the difficulty in trying to match “upside” stock options and salary packages.



Scott Kingdom
*Managing Director
of Korn/Ferry's
Chicago Office*

“Cash is important, but there’s no real secret here. Anyone can be outbid for a candidate; money is not the only answer. The winning strategy and vision will make more of the difference in the current market.”

What kinds of incentive packages and other benefits do consumer companies need to offer to attract the best talent? What seems to be the most effective in retaining top senior executives?

Hill: Candidates are not interested in taking a big hit on their cash compensation. They want a base salary and bonus that reflect their market worth in the general economy.

They are still very interested in stock. Depending on the business, some candidates would rather have stock in the new business; others prefer it in the parent company. This is based on whether they think there are both liquidity and an exit route—and how they view the performance of the parent's stock scheme.

Perigo: In the past, it would have been easy to say that a nice big equity package with stock options would have been the most-favored incentive in Australia. However, some of the traditional “golden handcuffs” do not apply anymore. If you have a 30-something executive who is a millionaire several times over, pure remuneration or stock options just do not work. It is more of a question of latching onto their motivators, involving them in the business and

keeping them interested. They need to feel that they can play a large part in developing the business and that their own equity holding in the company will not be diluted too drastically.

Carneiro: The base salary has to guarantee the standard of living and the kind of image that the person will have to project to his immediate peers. What really counts, however, is how leveraged the fixed part of the salary is. People with highly leveraged salaries complain, but I say that they will never be fired. They will never be too expensive. Senior executives are the hardest group to persuade on this issue.

Kingdom: I think that there are two components to this: one, traditional compensation (cash, long-term equity opportunities) and, two, a company's vision, strategy, growth opportunities, quality of people and the overall level of excitement that candidates feel about the position.

Cash is important, but there's no real secret here. Anyone can be outbid for a candidate; money is not the only answer. The winning strategy and vision will make more of the difference in the current market.



Alison Hill
*Managing Vice
President in
Korn/Ferry's London
Office*

“The most important thing a global e-business should consider is retention. If a business is hiring an incredible executive, how are they going to keep that person? Candidates are telling us that while financial considerations come into play, what is really important is whether they like the business and believe that they can make an impact.”

“The most important thing a global e-business should consider is retention. If a business is hiring an incredible executive, how are they going to keep that person? Candidates are telling us that while financial

To what degree have traditional consumer companies incorporated the Internet into their product supply, purchasing, distribution and manufacturing functions to grow share, improve supply chain performance and serve customers better?

Carneiro: This critical aspect of integration has not occurred nearly enough. We are just beginning this process. The Internet accelerates things; it amplifies everything that a business has in its supply chain. Mistakes and bottlenecks become obvious more quickly, which is a good thing. The Internet also reminds companies that they have a market beyond their front door—and, just as importantly, a supply chain behind their back door.

Kingdom: It's 100 percent—you can't hide from it. If you don't have real activities in these areas, you're dead. The Internet isn't the end all and be all, it's the connection point.

Hill: I agree that we are still in the very early days of this process. The number of providers in this area is increasing; most companies see huge potential and are committed to exploring it, but we are still in the early stages. The arrival of global exchanges, such as Transora and the Worldwide Retail Exchange, is now being felt in Europe.

Perigo: In Asia/Pacific, consumer companies are starting off in e-business with the supply chain end. They are seeing results in cost cutting and efficiency. Also, when CRM (customer relationship management) is incorporated as part of the e-business strategy, there is a direct impact on customers.

What type of consumer companies are the most advanced in this area?

Kingdom: In North America, it's the cosmetics and fast food companies—they've been under this extreme cost and performance pressure longer than others. They've had service "market makers" like Wal-Mart, which has raised the competitive bar.

Perigo: We don't really see a clear pattern in Asia/Pacific. The obvious answer would be the multinationals, as opposed to the locally based companies.

Carneiro: It is a similar situation here in Latin America, where no one type of company sticks out. Companies that distribute a consistent product, such as CDs, are probably better off. I would also say that over-the-counter pharmaceuticals and auto parts would be high on the list.

Hill: The automotive industry has been hot on EDI (electronic data interface) for years, so it is advanced as far as the supply chain is concerned. In terms of healthcare products, food and apparel, I don't see any particular segment as outstanding.

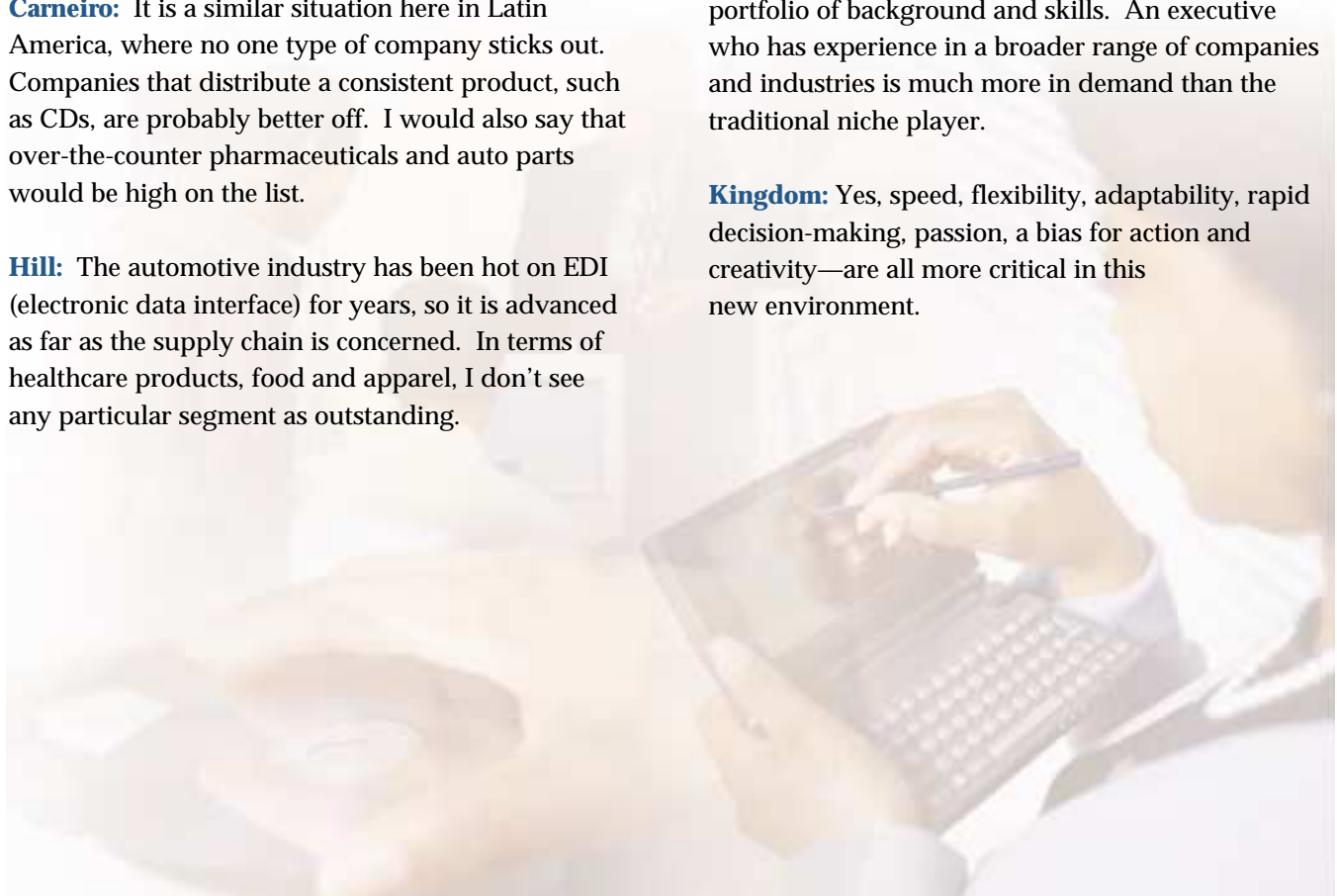
Has this changed the type of executive skills and experience that are most in demand?

Hill: Although the infiltration of digital business into the supply chain in Europe will have an impact on our work in the near future, I am not sure it is happening for us at the moment. There is a lot of work being done to form supply chain partnerships in consumer companies and supply chain consulting firms, so it is not always necessary to hire talent in this area. This is in contrast to, for instance, finding someone to lead an e-business strategy, which would require hiring from the outside.

Carneiro: I tell my clients that executives who are real walk-around, hands-on kinds of people can compensate for whatever shortcomings there may be in background.

Perigo: The basic skills must still be there, such as the ability to run a business profitably and to understand the financials. However, the current environment is rearranging things into a different portfolio of background and skills. An executive who has experience in a broader range of companies and industries is much more in demand than the traditional niche player.

Kingdom: Yes, speed, flexibility, adaptability, rapid decision-making, passion, a bias for action and creativity—are all more critical in this new environment.



About Korn/Ferry International

Korn/Ferry International, the world's leading recruitment company, works closely with clients to fill their recruitment needs throughout North America, Europe, Asia/Pacific and Latin America.

The firm focuses on senior-level executive search, identifying CEOs, board members and other top executives; on middle management recruitment through Futurestep, which combines the power of the Internet with our proprietary assessment tools and search expertise; on college recruitment through U.S.-based JobDirect, the leading online company to fill the demand for college graduates and entry-level professionals; and on evaluating senior management teams through our Management Assessment business. Just recently introduced globally, Management Assessment is particularly critical as consumer companies go through major consolidation and must capture, maintain or build a common culture and a new set of shared values.

The Global Consumer Practice is dedicated to delighting a select group of consumer clients by combining experience, judgment and high-quality service. Because our fundamental business strategy is to build fewer, but deeper, relationships with our key client partners, our clients are the high-growth, innovative companies we are best equipped to serve. We are proud of the depth of our core relationships, including both young, entrepreneurial companies and major multinational enterprises that operate around the globe.

Our commitment to the industry and the team of professionals we bring to each assignment have made us the leading consumer specialty practice in the profession, far outstripping our competitors. In fact, we hold an impressive market share of 31 percent when measured against the other major search firms that operate in this arena. In particular, our team has in-depth capabilities in these industry sectors:

- Advertising, digital marketing services & convergence
- Food & beverage
- Travel, leisure, hospitality & gaming
- Luxury goods
- Consumer electronics & appliances
- Personal care & beauty
- OTC & consumer health
- Durables & hard goods.

In addition, we have functional expertise in:

- Board services & non-executive directors
- The “C” Functions: senior management
- Marketing, sales & finance
- Supply chain, logistics & distribution
- Human resources, administration & IT.

Regardless of the size or corporate culture of the business, we have the teamwork in place to quickly provide outstanding candidates to fill our client’s needs, through strong regional teams based in Europe, North America, Latin America and Asia.

Our consultants demonstrate deep consumer expertise with first-hand knowledge of the industry—having held key executive positions with consumer companies, in addition to executive search consulting experience. Results occur because the Global Consumer Practice concentrates the talent, skills and energies of proven professionals in a way that makes sense for clients.

For more information, visit the Korn/Ferry International website at www.kornferry.com, the Futurestep website at www.futurestep.com and the JobDirect website at www.JobDirect.com.

Korn/Ferry International's Worldwide Network

The Americas

Atlanta

404-577-7542

Austin

512-236-1834

Bogotá

57-1-629-2301

Boston

617-345-0200

Buenos Aires

54-11-4114-0000

Calgary

403-269-3277

Caracas

58-2-285-0067

Chicago

312-466-1834

Dallas

214-954-1834

Denver*

303-892-6799

Houston

713-651-1834

Lima

51-1-221-4202

Los Angeles

310-552-1834

Mexico City

525-201-5400

Miami

305-377-4121

Minneapolis

612-333-1834

Monterrey

52-83-48-43-55

Montreal

514-397-9655

New York

212-687-1834

Newport Beach

949-851-1834

Philadelphia

215-496-6666

Princeton

609-452-8848

Quito*

5932-986-524

Rio de Janeiro

55-21-518-1380

San Francisco

415-956-1834

Santiago

562-233-4155

São Paulo

55-11-5181-9200

Seattle

206-447-1834

Silicon Valley

650-632-1834

Stamford

203-359-3350

Toronto

416-365-1841

Tysons Corner

703-761-7020

Vancouver

604-684-1834

Washington, D.C.

202-822-9444

Asia/Pacific

Auckland*

64-9-309-4900

Bangkok

662-636-1466

Beijing

8610-6505-2989

Bombay

91-22-282-6689

Brisbane*

61-7-3221-6084

Hong Kong

852-2521-5457

Jakarta

62-21-573-9933

Kuala Lumpur

60-3-238-1655

Melbourne

613-9654-4588

New Delhi

91-124-6358866

Seoul

82-2-399-7475

Shanghai

86-21-6256-7333

Singapore

65-224-3111

Sydney

612-9006-3400

Tokyo

81-3-3560-1400

Wellington

64-4-460-4900

Europe

Amsterdam

31-20-799-9000

Athens

301-777-7718

Barcelona

34-93-217-91-31

Birmingham

44-121-782-2492

Brussels

32-2-640-3240

Bucharest

401-230-45-66

Budapest

36-1-346-0600

Copenhagen

45-3916-3600

Düsseldorf

49-211-55865-0

Frankfurt/Niederad

49-69-669-0170

Frankfurt/Königstein

49-6174-2905-220

Geneva

41-22-310-2071

Gothenburg

46-31-13-4710

Helsinki

358-9-61-22-560

Istanbul

90-212-231-3949

London

44-20-7312-3100

Luxembourg

35-2-46-43-42-1

Madrid

34-91-701-43-80

Milan

39-2-80600-1

Moscow

7-503-956-4387

Oslo

47-22-82-39-00

Paris

33-1-45-61-8686

Prague

420-2-5732-00-88

Rome

39-6-806-87090

Stockholm

46-8-611-5015

Vienna

43-1-531-03-0

Warsaw

48-22-622-28-29

Zürich

41-56-418-11-11

* Satellite offices

