



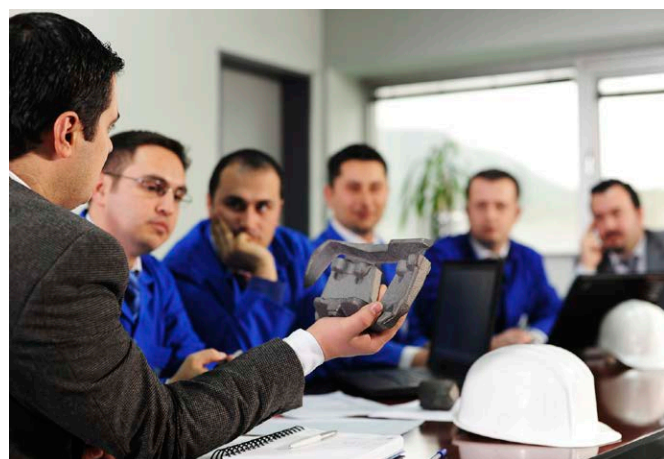
Talent 2020: Surveying the talent paradox from the employee perspective

The view from the Consumer Products sector

Deloitte Consulting's September 2012 *Talent 2020: Surveying the talent paradox from the employee perspective report* is based on a survey conducted by Forbes Insights of 560 employees across three global regions and five industries, comprising 17 sectors. Consumer Products (CP) respondents made up 6% of the participants. The September 2012 *Talent 2020* report highlighted several overall key findings across a broad range of sectors, many of which apply to CP. Compared to the other sectors included in the survey, CP stands out for the level of satisfaction expressed by surveyed employees.

The survey results indicate that 71% of CP respondents believe management is effectively communicating with employees about strategy (versus 55% overall) and 21% rate their organizations' ability to inspire trust and build confidence in leadership as "excellent" or "world-class" (versus 6% overall). In addition, 91% of surveyed CP respondents expect to stay at their organization for the next 12 months or longer, compared to 80% of survey respondents overall. Despite this higher-than-average employee commitment, lack of job security was one of the most frequently cited factors that would trigger a job search for CP employees (29% versus 20% overall). Further, 44% of surveyed CP employees (41% overall) expect to see layoffs in the immediate future.

Several industry trends are particularly relevant to CP organizations. The most significant of these trends are the increase in merger and acquisition (M&A) activity and the rise in commodity costs. Consequently, many CP companies have initiated significant cost-saving efforts to reduce operating expenses, including workforce reductions. Despite these environmental factors, results of the latest *Talent 2020* survey reveal that CP employees are, overall, still the most satisfied employees across all sectors surveyed. The observations in this survey also correlate with executive survey results found in Deloitte's January 2012 *Talent Edge 2020: Redrafting talent strategies for the uneven recovery*.¹ Based on the data collected from both the January 2012 and September 2012 reports, there are three key areas of focus for CP organizations: Job Security, Leadership Development, and Workplace Satisfaction.



Intense market forces are giving rise to a common set of business challenges for CP organizations, including globalization, cost reduction, channel expansion, and innovation. Each of these trends brings about multiple talent-related questions:

Key CP Trends	Retention Questions
<p>Global Assignments Expansion into emerging markets to maintain top line growth and leverage low cost opportunities</p>	<ul style="list-style-type: none"> • Are your employees prepared for and willing to participate in global deployment? • How are global assignments integrated into overall career pathing processes for high-performing talent?
<p>Local Acumen Ability to respond in local markets, requiring presence, infrastructure, and leadership</p>	<ul style="list-style-type: none"> • Do your employees possess the “right” skills needed to thrive in the local market? • Have you instituted processes for developing local employees and leaders?
<p>Increased Efficiencies Through enterprise-wide efforts, often achieved through consolidation, outsourcing and removal of unprofitable products or stores</p>	<ul style="list-style-type: none"> • Are appropriate steps taken and processes deployed to avoid voluntary turnover due to large scale transformations? • How do capabilities change with organizational model changes?
<p>Employee Retention Through new and innovative succession management programs</p>	<ul style="list-style-type: none"> • Are you allocating appropriate incentives to your high performing employees? • How fast is the career progression for the average employee?
<p>Consumer Expectations Consumers from different population segments expect customized, seamless, cross-channel shopping experiences</p>	<ul style="list-style-type: none"> • What learning opportunities do you provide high potentials for changing consumer landscape? • How will you keep employee morale high as they prepare for changing consumer expectations?
<p>Sustainable practices Improve the environment and consumer/ employee health</p>	<ul style="list-style-type: none"> • Is sustainability a high priority for the employees of your organization?
<p>Customized Services To increase appeal to consumers</p>	<ul style="list-style-type: none"> • Do your leaders inspire employees to be innovative? • How are you developing and rewarding innovative employees?

The broad comparison

Surveyed CP employees report the highest level of job satisfaction of any sector: 85% of these employees agree or strongly agree that they are satisfied with their job overall, versus 69% for all sectors (Figure 1). Further, 91% of CP respondents intend to stay with their current employer for the next 12 months or longer (versus 80% overall) (Figure 2).

The factors that are most likely to trigger a job search for CP respondents include a lack of job security (29% versus 20% overall), dissatisfaction with a supervisor or manager (29% versus 22% overall), and lack of career progress (29% versus 27% overall). Lack of challenge in the job seems to be less of a trigger for CP than for all sectors (12% versus 21% overall) (Figure 3).

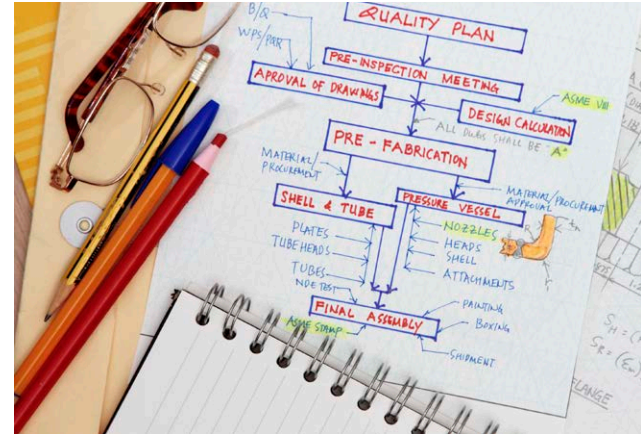


Figure 1. Overall, I am satisfied at work

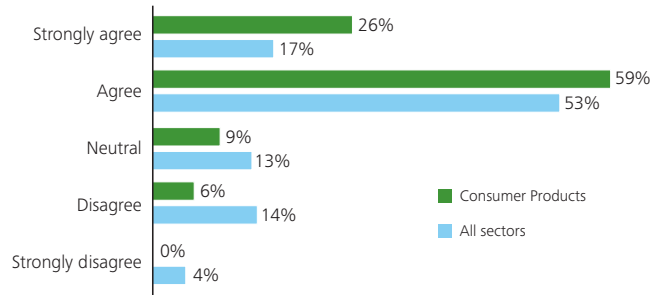
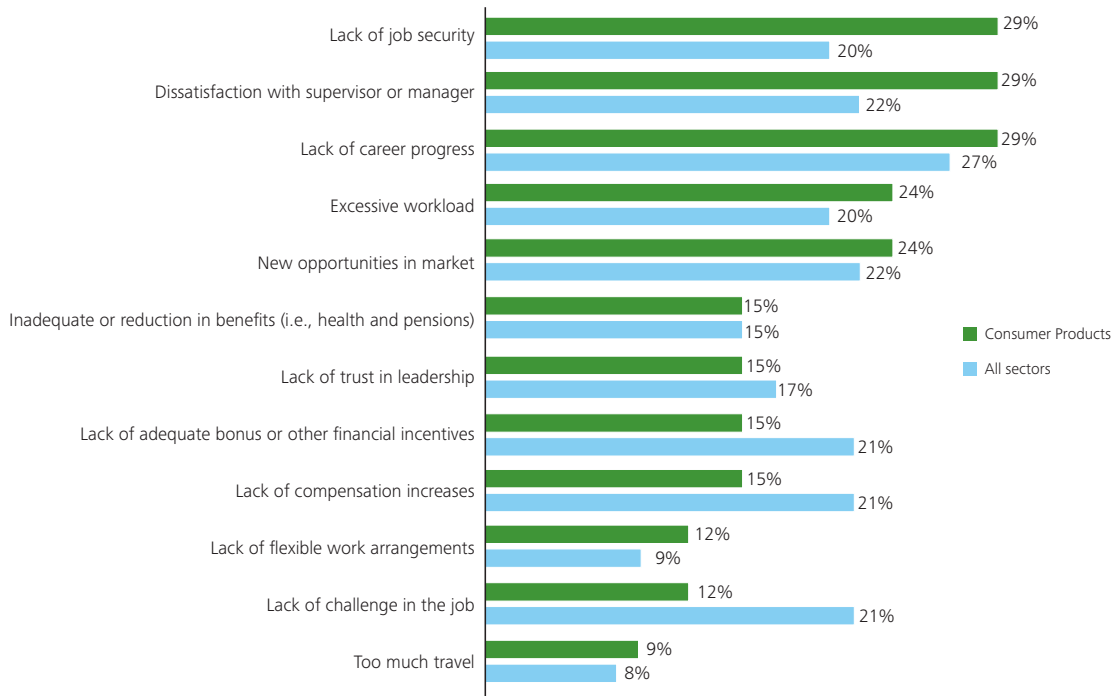


Figure 2. Do you intend to stay with your current employer for the next 12 months or longer?



Figure 3. What are the three most significant factors that would cause you to look for new employment over the next 12 months? Note: Survey participants were asked to pick their top three choices



Retention solutions can support CP companies in effectively “moving the needle” on their strategic priorities

CP Retention Challenges

- Alternative employment choices in emerging markets
- Cost pressures translating to work overload
- Diverse incentives are needed to meet employee needs; compensation alone is not a differentiator
- Lack of training, mentoring, and counseling
- Ability to meet high demand for talent
- Lack of organization recruitment and support for diverse employees
- Pressures to provide sustainability-focused customer and employee brands

CP Retention Solutions

- Develop a formal strategy for retention of workforce segments at risk of attrition
- Train and mentor to develop workforce
- Invest in long-term leadership development and succession programs
- Construct competitive, targeted rewards and recognition programs that meet employee needs
- Focus on hiring the right people
- Use workforce analytics/predictive modeling to identify at-risk employees and develop individualized retention strategies
- Develop sustainable diversity and inclusion structures and employee resource groups
- Invest in building a company brand that attracts and retains employees

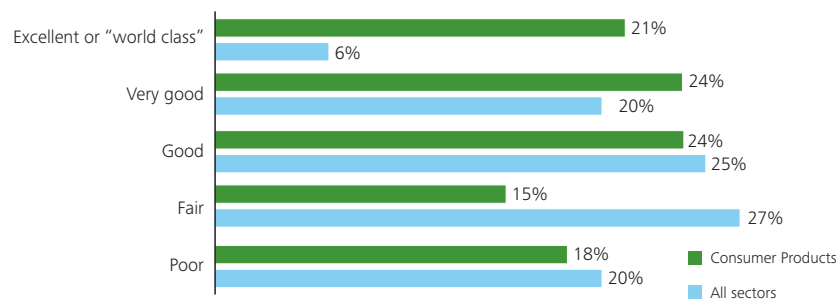
CP employees may feel a lack of job security, as a high number of survey respondents from this sector expect to see layoffs in the next six months (44% for CP versus 36% overall), indicating that they might soon be searching for new employment. These CP employee responses are in line with both CP industry trends as well as executive responses from the January 2012 *Talent 2020* report. When surveyed executives were asked which top three strategic issues currently capture the most management attention, both “Expanding into global and new markets” (33%) and “Cutting and managing costs” (32%) were within the top three responses listed. As commodity costs rise across the industry, many companies are implementing productivity programs to offset these costs and avoid drastic price increases. At the same time, as companies expand internationally and redundant costs mount, executives have the opportunity to consolidate workforce segments such as supply chains, systems, technology, and Human Resource (HR) programs. Layoffs can be a direct result of this consolidation, and as these initiatives have begun across the CP sector, the survey data shows that employees have taken notice.

Despite anticipated layoffs, some 91% of CP survey respondents (80% overall) say they plan to stay with their current employer in the next 12 months. In fact, even among those CP respondents who plan to leave, not a single employee has been actively looking in the past year or is currently seeking new employment. However, 67% of CP employees surveyed say they plan to start a job search in the next year, and the rest are passively looking—behavior which is perhaps driven largely by those anticipated layoffs. Furthermore, 26% of those who plan to leave in the next year cite lack of trust in leadership as

a key factor. Overall survey results find that employees are far more committed when they trust their leadership, receive clear communications about corporate strategy, and believe their leaders are capable of executing that strategy. Often in layoff situations, employees feel they do not have a clear understanding of the strategy behind such activities. CP leadership should take note that frequent and clear communication may in and of itself be a retention tool for engaging and retaining critical employees, and maintaining competitive advantage during layoffs. Especially in these cases, business leaders should be accountable for driving employee retention, rather than leaving it as an HR initiative. In CP’s case, 38% of CP employees chose support and recognition as one of the top three factors that would keep them from looking for another job—a finding their leaders would be wise to make note of and act upon.

Leadership development matters—survey respondents in the CP sector care more than other sectors about certain corporate commitments when evaluating a potential employer. These commitments include work-life balance (cited as “very important” by 56% for CP versus 44% overall), leadership development (53% versus 32% overall), supporting innovation (38% versus 29% overall), and diversity and inclusion (32% versus 21% overall). Within the area of leadership development, 44% of surveyed CP employees believe that their employers are “very good” or “excellent” at developing leaders, while only 26% of respondents in all sectors rated their employers as “very good” or “excellent” (Figure 4). So, not only do CP employees rate leadership development as “very important,” they also believe that their employers do a good job in this area, relative to other sectors.

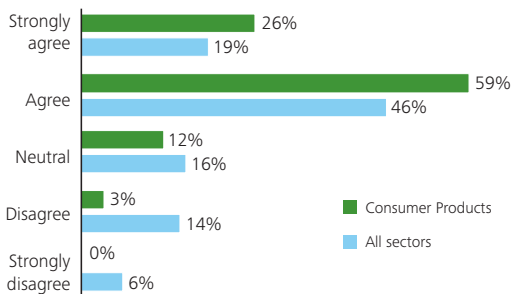
Figure 4. How would you rate your organization’s performance in developing leaders?



Survey respondents in CP give remarkably high ratings to their companies' overall talent efforts (rated "excellent" or "very good" by 39% of CP employees versus 24% overall). In fact, CP respondents rated specific facets of talent programs an average of 19% higher than all other sectors combined, including managing and delivering training programs (33% versus 13% overall), retaining top performers (47% versus 27% overall), and developing leaders (45% versus 26% overall). These types of programs can lend well to employee perceptions that the organization is making good use of their talents and abilities, which can in turn make them more likely to stay with their current employer.

Employees value meaningful work over other retention initiatives, and the majority (85%) of CP respondents feel that their job makes good use of their talents (Figure 5). Overall, respondents who report their company uses their skills effectively are more likely to plan to stay with their current employer (88% of this group plan to stay versus 57% of those who definitely feel their skills are not well used). Similarly, the majority (56%) of overall survey respondents who have been seeking new employment do not believe their job makes good use of their skills and abilities. Respondents planning to switch companies cite a lack of career progress (36%) and a lack of challenge in their jobs (31%) as the two top factors influencing their career decisions.

Figure 5. My job makes good use of my talents and abilities

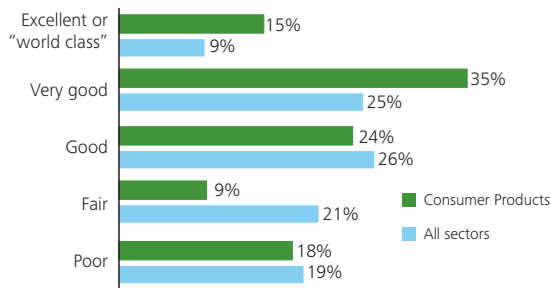


Despite anticipated layoffs, morale seems to be improving in CP. Specifically, 38% of survey respondents in the CP sector report that morale has improved or significantly improved over the past year versus 23% for all sectors. This may reflect the overall improvement in key economic indicators important to the CP sector. Industry trends have shown that since the 2008 recession, the economy has begun to slowly recover. Specifically, Gross Domestic Product, which is a strong indicator of consumer discretionary spending, has been on the rise in many developed countries since 2010.²

The incentive most likely to cause surveyed employees to postpone retirement is flexible work arrangements (53% for CP versus 45% overall). In addition, among all sectors, employees in CP are more satisfied with flexible work arrangements than other sectors (50% believe their flexible work arrangement programs are "very good" or "excellent" versus 33% overall) (Figure 6).

Workers in the CP sector show an unusually high opinion of the value of periodic employee engagement or satisfaction surveys: 38% (versus 21% overall) of surveyed CP employees say this is a valuable mechanism for employee input, and 23% (versus 9% overall) say they see clear improvements as a result of the surveys.

Figure 6. How would you rate your organization's performance in providing flexible work options (e.g., ability to work from home, compressed schedules)?



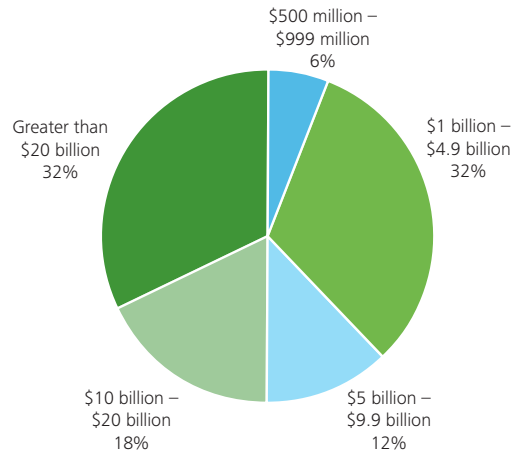
In conclusion

Overall, the data show that CP companies, for the most part, have effectively identified the important issues for their employees and then focused on those issues for retention. This is evident in the trending data between employees, executives, and industry trends. In general, CP employees are more satisfied, which is driven by the fact that they find their work meaningful and appreciate the non-financial aspects that their companies provide. The employees in this sector have shown that even without the highest financial incentives or bonuses in the marketplace (which were identified as very important by all sectors), a satisfied employee population is still achievable.

Survey demographics

Six percent of the overall survey respondents, 34 in total, were from the CP sector. The surveyed CP respondents represented all global regions, with 44% located in Europe, the Middle East and Africa; 35% in the America; and 21% in Asia Pacific (Figure 7). All of the CP survey respondents were employed by companies with annual revenues of more than \$500 million, and 50% work for companies with more than \$10 billion in revenue (Figure7).

Figure 7. Company revenues during the most recent fiscal year (Consumer Products)

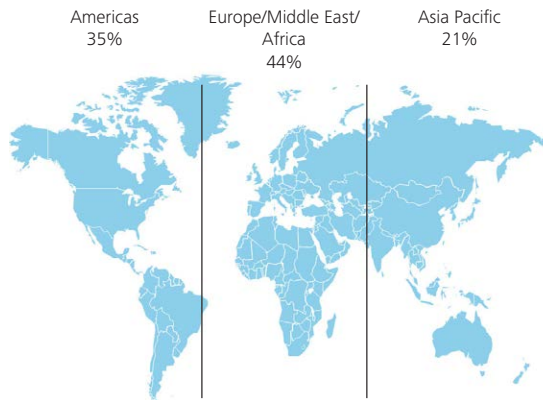


Endnotes

¹ *Talent Edge 2020: Redrafting talent strategies for the uneven recovery*, January 2012, Deloitte Consulting LLP

² World Bank: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>.

Figure 6. Geographic distribution (Consumer Products)



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About the survey

The *Talent 2020* longitudinal survey series follows the *Managing Talent in a Turbulent Economy* survey series launched during the recession. The report examines shifting talent strategies and priorities of global and large national companies. This report features results from an April 2012 survey that polled 560 employees at large corporations in Europe, the Middle East and Africa, the Americas and Asia Pacific. For more information visit www.Deloitte.com/us/talent.



The statements in this report reflect our analysis of survey respondents and are not intended to reflect facts or opinions of any other entities. All survey data and statistics referenced and presented in this report, as well as the representations made and opinions expressed, unless specifically described otherwise, pertain only to the participating organizations and their responses to the Deloitte survey conducted April 2012.

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