

Amrop Consumer & Retail Practice

Ireland

Planting Seeds
That Could
Feed The World

By
Mark O'DONNELL
Ray CAROLAN



Amrop

Leaders For What's Next

Ireland

Planting Seeds That Could Feed The World

Executive Summary

The grass is greener than ever in Europe's 'emerald isle'. The end of quotas on dairy output could unleash economic growth potential worth €1.3 bn and create 15,000 new jobs in the coming years. Furthermore, from the US to China, demand for 'green and sustainable' Irish agri-products is rising.

In response, Irish farmers and agri-processing companies are busy investing and innovating. High consumer confidence, Ireland's 2013 exit from its bailout program, falling oil prices, a strengthening labor market and falling inflation are all powering a month-on-month growth in Ireland's retail sector.

Combined with pressure to reduce its carbon footprint, these factors are driving Ireland's global and cross-sector quest for senior talent: from general managers and supply chain directors with insider knowledge of global markets, to specialist knowledge in nutritionals, pre- and post- food production and related industries. Meanwhile, Irish FMCG companies, in the quest for cost-efficiency and a peerless customer experience, are seeking digitally-literate supply chain managers and commercially astute executives.

Consumer Food, a Promising Year Ahead for Retail and FMCG

Agri-food and fisheries are deeply rooted in Ireland's society, history and culture and are central to the country's export economy. Yet for 31 years, milk quotas have stunted dairy output. As quotas are lifted, Irish businesses are preparing for a new era and National Dairy Council Chief Executive Zoe Kavanagh foresees growth potential worth €1.3 billion to the economy and 15,000 new jobs in the coming years.

Green and Growing – Global Markets Signal a Bounty of Opportunity

Demand from all continents is growing, so too is the emphasis on food quality, provenance and sustainability, for which 'green' Irish produce has established a worldwide reputation. In response, Irish farmers have been investing heavily in young stock, machinery and infrastructure;

processors have ploughed half a billion euro into innovation. Forecasters project a recovery in global prices for agricultural commodities in the medium to long term.

Irish Innovation Ready to Claim New Market Share.

The Irish dairy food processing sector is eyeing up opportunities for innovation and growth: China is demanding infant nutrition from Irish milk, sports and performance nutrition is expanding, with the move towards 'healthy ageing' turning attention to the role of milk protein extractions in increasing muscle mass.

Quality and regulatory controls, the need for general managers and supply chain directors with insider knowledge of global markets, all mean the sector will need a rich bank of expertise.

Broad Perspective, High Yields

As the Global Alliance for Climate Smart Agriculture grapples with security and climate change, Ireland is playing a leading role in the form of the Dublin-based Institute of International and European Affairs and the RDS Leadership Forum on Climate Smart Agriculture. Commitments to reducing Ireland's own carbon footprint are demanding focus and creativity.

Irish companies are looking across sectors and global markets for corporate-level talent with specialist knowledge in nutritionals, pre- and post- food production and related industries – supported by Ireland's attractiveness and its stable of enterprising players, from Kerry Group and Glanbia to Dairygold.

Retailers Rallying

High consumer confidence, Ireland's 2013 exit from its bailout program, falling oil prices, a strengthening labor market and falling inflation – all are combining to drive a month-on-month growth in Ireland's retail sector.

The focus on customer experience and loyalty is sparking a demand for talent from a variety of sectors and geographies as Irish employers broaden their horizons to adopt a progressive and flexible approach to talent hiring and development.

FMCG to Follow

Competition amongst the biggest FMCG players is fierce, with investment in recent years turning from long term strategy to short term tactics, in-store promotions and price wars.

Still, strong tailwinds in the retail sector are boosting FMCG, with companies seeking buyers, digitally literate supply chain managers and commercially astute talent further afield than before, and from lateral industries that have gained a deep respect for the food sector.

Agile, Connected, Forward Looking

We foresee even more flexibility and movement in the senior talent market in the coming year, as demand increases for executives with the background, skills and learning that equip agri food, retail, and FMCG business to capitalize on growth potential.

Consumer food, a Promising Year Ahead For Retail and FMCG

The retail and FMCG sectors have come through tough times in recent years. Potential in the agri-food industry has been forcibly restrained for decades. Thankfully, tough times do come to an end and the Irish food and retail sector has much to be excited about in the immediate future. We're impressed at how prepared and enthusiastic Irish businesses are for the coming era.

Milk Quotas: 'Tis the night before Christmas and things are stirring

As we lose the straight-jacket milk quotas put on the dairy industry for the past 31 years, confidence and optimism among the Irish agri-food sector are growing steadily.

The restriction of output forced a culture of curtailment in the dairy sector; it shifted the emphasis to cost reduction, and choked innovation. Agri-food, together with fisheries, is Ireland's largest and most important indigenous industry and has deep roots in the country's society, history and culture. It plays a vital role in maintaining a strong export economy.

However, over the past 3 decades, this sector's development has been stunted. In that same period, New Zealand has mirrored the growth all stakeholders in the Irish dairy industry feel they could have achieved, but lost out on.

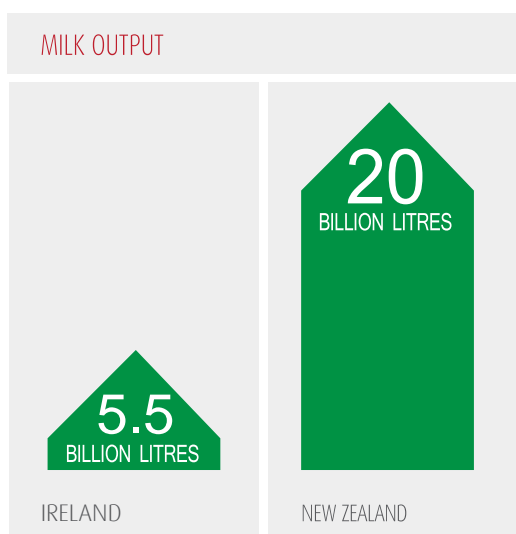
“The most important and exciting development for rural Ireland that we’ve seen in a generation.”

In 1984, New Zealand, a country of a similar size and population to Ireland, with a comparable climate and equal availability of prime grassland, was producing about the same quantity of milk to Ireland - roughly 5 billion litres annually.

Along came milk quotas and, despite the subsidies that accompanied them and from which Ireland undoubtedly benefited, (though arguably at a cost in the wider sense), the country’s production stagnated.

Ireland’s milk output is currently 5.5 billion litres a year, New Zealand’s is now 20 billion litres, making it the largest per capita producer in the world.

But things are about to change. Minister for agriculture Simon Coveney views the lifting of milk quotas as “the most important and exciting development for rural Ireland that we’ve seen in a generation.” So palpable is the sentiment in the dairy world that he described it as “like the night before Christmas.” National Dairy Council Chief Executive Zoe Kavanagh believes the abolition of production constraint will unleash growth potential that could be worth €1.3 billion to the economy and lead to 15,000 new jobs in the coming years.



Rapidly Expanding Markets Provide a Bounty of Opportunity

The world today is a vastly different place to the one Ireland marketed to in 1884. The global population is now estimated to be over 7 billion. Increasing demand for food is inevitable. Markets are expanding rapidly worldwide. The booming Asian population, in particular, has led to a surge in demand for good quality dairy produce. As well as the traditional commodities, demand for value-added food products has become much more sophisticated and diverse. South American and African markets are also growing significantly and are expected to be big importers of goods from this sector. The EU and US will continue to look for reliable sources of quality food that support wellness and promotes sustainability.

Irish farmers and processors have been rolling up their sleeves in recent years in anticipation of the exciting opportunities for expansion that are now on their doorstep. Farmers have been investing heavily on the ground in young stock, machinery and infrastructure. Processors have spent up to half a billion euro in preparation for a new era of growth. Though recent declines in prices for agricultural commodities in global markets are disappointing, forecasters are confident that in the medium to long term these will improve significantly.

It's expected that Ireland will increase its milk output by at least 50% over the next five years, surpassing the expectation set out in the government's Food Harvest 2020 strategy.

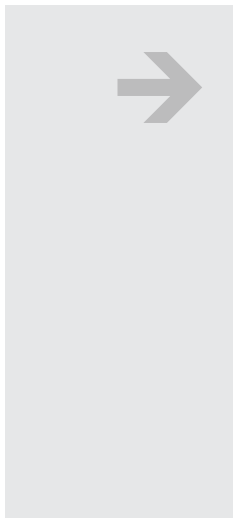
Ireland's global reputation in the food sector is already well established and has received two very welcome endorsements recently with both the US and China welcoming back quality, 'green' Irish beef. This can only help to swing more doors open more easily for Irish producers as they approach new markets. Another growing trend globally is the emphasis on food quality, provenance and sustainability. Ireland is already off the starting blocks on this agenda.

For people all over the world, Ireland is typically associated with 'green'. Maintaining its reputation as a clean and sustainable food producer will help 'the emerald isle' capitalize on this double association and become the iconic home of 'green.'

Ireland is already supplying China with infant nutrition made from Irish milk and, in line with a burgeoning population this is expected to be a reliable future stream of revenue.

Irish Innovation Ready to Claim New Market Share

The opportunities for innovation and steep growth ahead seem boundless. Ireland is already supplying China with infant nutrition made from Irish milk and, in line with a burgeoning population, this is expected to be a reliable future stream of revenue. The sports and performance nutrition market is another area with huge potential for expansion for Irish producers, as is the 'healthy ageing' market. Irish organizations such as Glanbia are paving the way in this area. Health experts worldwide are emphasising the need for a balance of targeted nutrition and exercise among the over 50s. Research has shown that the addition to the diet of protein, which can be extracted from milk, when combined with regular exercise, leads to increased rather than decreased muscle mass and more efficient muscle reconditioning.



Impact on Leadership Talent

These innovations are new departures for the Irish dairy food processing sector and will need a bank of expertise in many areas to capitalise on their potential. The specific quality and regulatory control involved will need experience from a wider talent pool than Ireland has known to date. Similarly, companies will need general managers and supply chain directors who have specific skills and also inside knowledge of the global markets where opportunities beckon. Irish companies will continue to invest heavily in both technology and in the right people to secure and maintain a competitive position in the global market.

Broad Perspective, High Yields

Producers will also need to skilfully foster competitiveness while retaining a reputation for best-in-class practices in environmental protection. A very real and growing challenge for all stakeholders in the food industry is agriculture's contribution to greenhouse gas emission. In response to the intertwined concerns of food security and climate change, one international response has been to set up a Global Alliance for Climate Smart Agriculture. Within this context, Minister Simon Coveney just launched The IIEA and RDS Leadership Forum on Climate Smart Agriculture. The complex task of meeting growing demand for food and at the same time achieving expansion in ways that meet the commitments Ireland has already made on reductions in its carbon footprint will need careful focus and creative thinking. The pressure on Irish agriculture to comply with further reductions targets will continually increase in the coming decades.



Impact on Leadership Talent

More and more Irish companies who are keen to meet challenges capably and capitalize on the auspicious economic outlook realise how beneficial it is to cast the net wide when filling senior positions.

They are looking across sectors and throughout global markets to target the specific talent that will bring powerful added value to their corporate team. The feedback from Amrop's global partnership is that Ireland is an exciting and attractive destination for senior executives from many corners of the world. Ambitious people with specialist knowledge in the area of nutritionals, pre- and post-food production and related industries are willing to relocate from a diverse pool of locations like New Zealand, Singapore and Switzerland to take up exciting and challenging positions with enterprising Irish companies such as Kerry Group, Glanbia and Dairygold.

The feedback from Amrop's global partnership is that Ireland is an exciting and attractive destination for senior executives from many corners of the world.

Retailers Rallying

The retail sector is showing strong signs of recovery. According to Investec, consumer confidence is at its highest since early 2006. Significant turning points in spending seem to correlate with Ireland's exit from the bailout programme in 2013 and with swallowing the last bitter pill of austerity budgets in October 2014. Added to the jumping of these hurdles, a significant fall in oil prices is putting more money in Irish consumers' pockets - for every \$10 drop in the price of a barrel of oil, there is an extra €100m freed-up cash to be spent in our economy. The labour market continues to strengthen. The standardized unemployment rate for January 2015 was 10.5%, a five year low, having fallen for 13 consecutive months. Total employment has risen for the last 8 quarters.

Taking all these factors into consideration, it's not surprising that consumer sentiment is more positive and the figures prove it.

Retail sales have shown 14 successive months of growth in both volume and value. Retail Ireland, an IBEC group, reports positive trends during Christmas 2014 and January's VAT returns were up 12.9% from a year ago. While we recognize this sector still faces challenges and has a long way to go to reach turnovers enjoyed during the boom years, forecasts are encouraging. Retail Ireland expects inflation to stay low and consumer spending to increase by 2.7% in 2015, more than double the increase last year. As retailers expand, they are now very focused on their customers' shopping experience. Along with remaining keenly competitive on value, they know that the edge is gained by surpassing rivals with excellent service that builds a loyal following.

Impact on Leadership Talent

To maintain consistent service standards and implement clever marketing strategies, retailers recognize that it pays to invest in existing executives to bolster their skill sets. And, when looking for bright talent to bring new skills and thinking, dynamic companies are adopting a new mindset. They recognise the potential in exploring a variety of sectors and geographical possibilities for a well matched executive who can bring fresh insight gained through wide experience.

In other words, when recruiting, Irish employers are broadening their horizons as never before and are adopting a progressive and flexible approach that's paying dividends.



RETAIL IRELAND PREDICTIONS

12.9%

INCREASE IN
JAN 2014
FROM JAN 2013

INCREASE IN 2015

2.7%

FMCG to Follow

The FMCG sector is still a challenging environment and has been struggling to feel the full effects of the economic upturn. Competition among the biggest players is at an all-time high. This has brought new demands on managers and often makes this area one of the most pressurised to work in. Investment in recent years has turned from long term strategy to short term, in-store promotions and price wars.



Impact on Leadership Talent

But the same influences that are providing tail wind to the retail sector are now giving a lift to FMCG activity. Movement of executives in and out of this sector has traditionally been less flexible than in other areas but this is also changing. Buyers, supply chain managers and commercially astute senior talent have been hard to come by in the past but, again, this problem is being solved by looking far afield where relevant skills and experience can more easily be found. Companies from outside the food sector have gained a deep respect for those from within it. Related and even non related industries are now recognizing the unique talent that grows from steering an enterprise in the FMCG and food sectors and see the value in transferring this knowledge and experience to their businesses.

We expect to see even more flexibility and movement in this market in the coming year.

As Ireland's economic recovery gains measurable traction, there's an increasing demand for executives with the kind of background, skills and learning that ensure agri food, retail and FMCG businesses can again forge ahead. In this new era of possibility, as companies create and innovate, creative and broad-reaching executive recruitment strategies will be the order of the day.

We're looking forward to seeing the fruits of today's seeds ripening in many world markets.

Authors



Mark O'Donnell
Partner, Dublin

Mark is a member of Amrop's global leadership services team. He has over 15 years' professional services experience working in executive search and leadership assessment and development. Mark co leads Amrop's Consumer, Food and Retail practice group in Dublin.

He has been very active in working with predominantly Irish food organizations sourcing executives for roles such as Head of IMF, European Quality Director, Commercial Director, Heads of Retail and Marketing and HR Director.

✉ modonnell@amrop.ie
☎ +353 1 669 7313



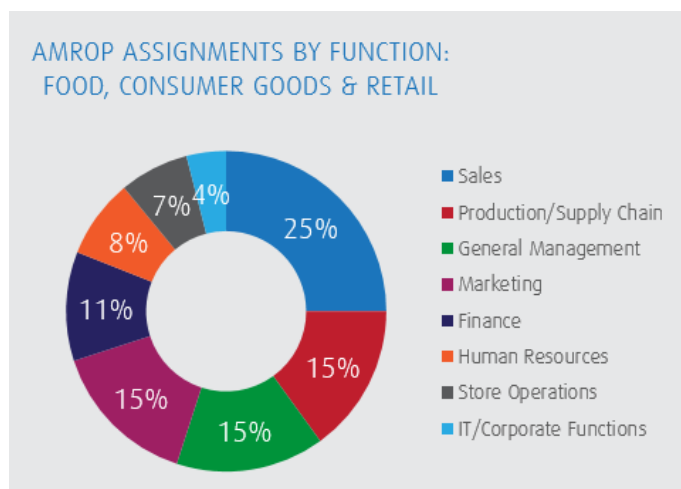
Ray Carolan
Partner, Dublin

Ray is a Partner in Amrop's Dublin office and co-leads the Consumer, Food & Retail practice.

He has over 20 years' search experience at Board and C-suite level.

Mark has worked with many of Ireland's leading food businesses and in latter years has specialized in international and cross-border search with strong exposure to the UK and western European markets, placing senior executives in leadership roles in Irish owned international subsidiaries.

✉ rcarolan@amrop.ie
☎ +353 1 669 7311



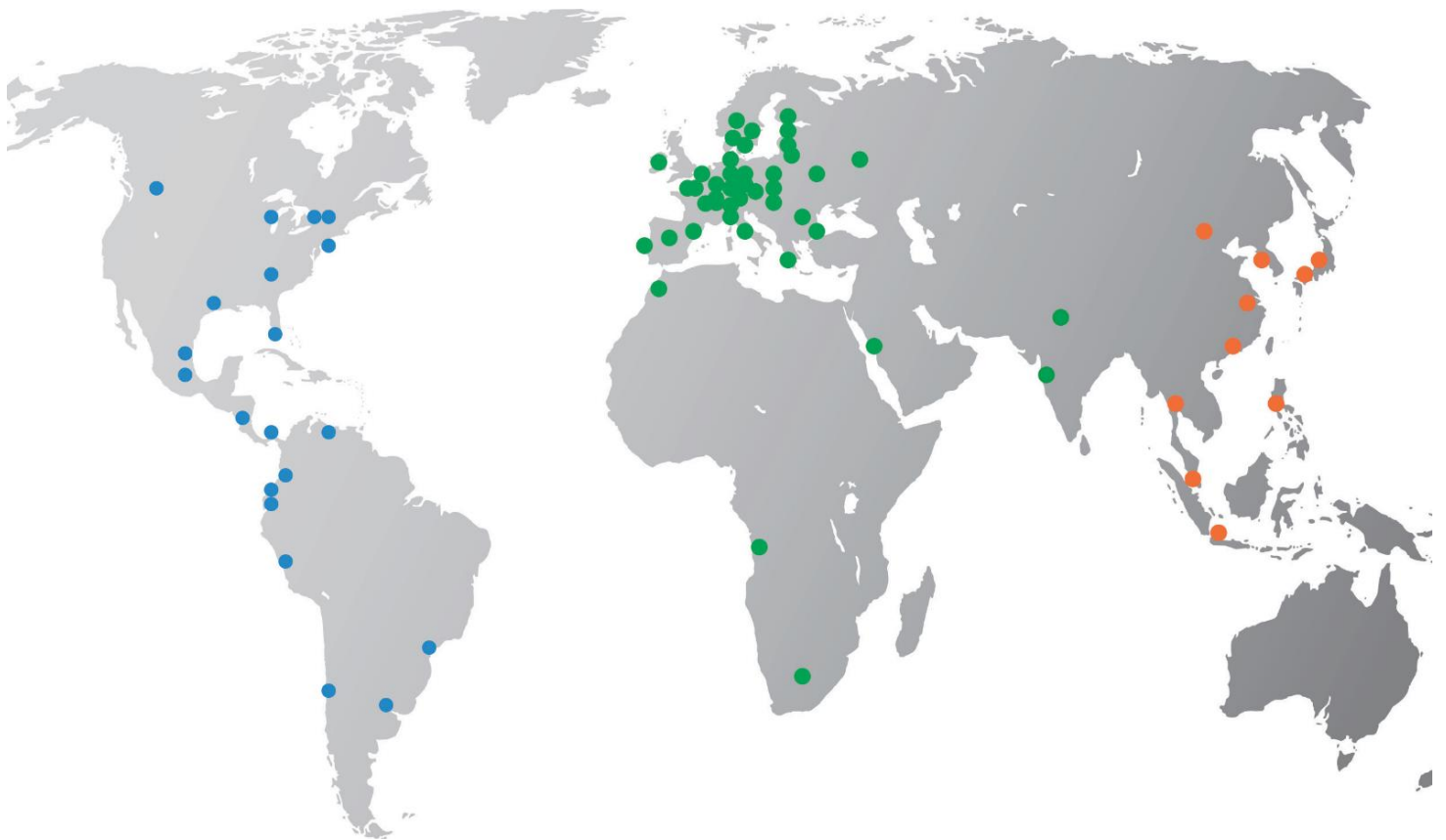
About Amrop

With 77 offices in 55 countries, Amrop provides services in Executive Search, Leadership Assessment and Board Consulting. It is the largest partnership of its kind.

Amrop Strategis is Ireland's premier executive search and leadership services firm with a 30 year track record, working with 40 of Ireland's top 50 companies on a continuing basis.

Amrop's Global Consumer Goods and Retail Practice Group identifies Leaders For What's Next – people adept in working across borders in markets across the world and who are able to flex and adapt to the multiple demands facing the sector.

Leaders For
What's Next



www.amrop.com/offices

