



Change Management at CPG Needs Hard Core Commitment

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In June, immediately after Amazon announced its \$14 billion bid to acquire Whole Foods, the stock prices of major US retailers and consumer-packaged goods (CPG) companies plummeted. In a Fortune article about the event, CEO/founder of food hub management software start-up, Farmigo, Benzi Ronen stated: "I would be terrified if I were a consumer packaged-goods company right now."

INVESTORS REACT

Food companies from grocery stores to cereal makers saw their stocks take a sharp dive the day Amazon announced its Whole Foods bid.

CHANGE IN STOCK PRICE BETWEEN JUNE 15 AND 16 CLOSES

SOURCE: BLOOMBERG

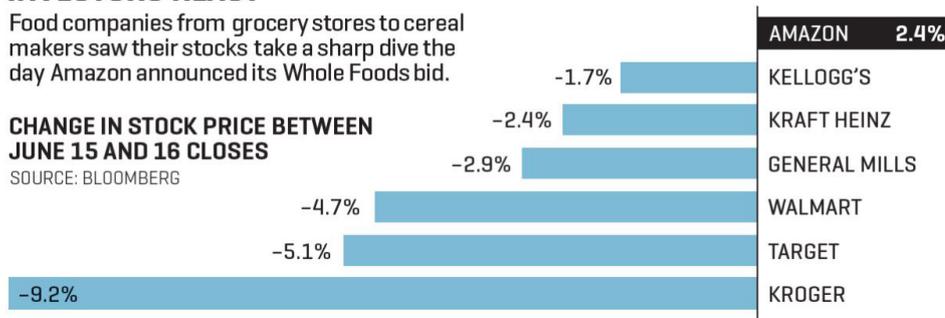


Chart shows change in stock price for food companies in the 24 hours following Amazon's bid on Whole Foods

While the CPG industry may not yet be disrupted to the degree of Retail, there's no doubt that this will happen.

For a business that aims to be up there with the best with a long future, there's no greater, inevitable change than your transformation into a software company. If you have any doubt of that, take a quick glance here at the 2016 valuation of tech-giant Amazon in comparison to traditional retailers.

Today, there are more and more examples of why businesses should be eager to disrupt themselves rather than being inevitably disrupted by outside forces.

In the CPG market, if you're not actively looking at how to change your organisation to harness tech to deliver better value to the customer; to

be a consistent top tier supplier and to radically improve profits; the chances are you're at risk of being dumped in the powerful waves of change crashing on the shores of business as usual.

The winners of the future are those companies with the vision and drive to be masters of change. And you cannot be a master of change in today's world without the mentality, leadership and the software perspective to master data, artificial intelligence and workflows in service of delivering value to today's demanding consumers.

As an executive, you might have your own clear vision and understanding of the change required in your company. But we know well now that simply demanding organisational change from the top down is fraught with challenges. At worst, the rigours of unguided transformation can literally sink a good change, never-

THE EXTRAORDINARY SIZE OF AMAZON IN ONE CHART

Amazon is bigger than most brick and mortar retailers put together

Market value as of December 30, 2016



mind raise its costs in terms of lost productivity, delayed implementation and the diminished goodwill of employees, partners and customers.

Change Management (CM) theories, models and processes trace back to the 1960's when the need to support individuals, teams, departments and organisations in transition was identified as an organisational 'concern'. Of course, the tech-driven imperative for organisations to change has escalated hugely since then, and CM has itself morphed accordingly from a sweet and side-lined worry to a hardcore C-Suite priority.

We've come a long way to recognizing that the 'human factor' in our organisations is not soft and fuzzy, but the most hardcore aspect of our success in business. And, this is most striking when it comes to change. The vast majority of people are hard-wired to resist change. It's impossible to order organisational change and get a universally, much less majority, positive reaction. People don't work that way.

Instead, studies have shown that most people experience organisational change as the 'death

of the old'; and the ushering in of a new reality that is fundamentally unwelcome and unhappy.

CM experts liken experiences of change to the stages of grief – shock, denial, anger, bargaining and depression – long before acceptance and integration. The former are strong and deeply unsettling human experiences you can get stuck in – they are not soft and fuzzy feelings that you can trip through as lightly as a field of daisies. For many people, change is a hardcore experience evoking fear, despair and other serious emotions.

This why top management needs to get behind change management processes like a potent force for good. Like the best of leaders, they need to adopt the mantra of 'no one left behind'. This is your time to inspire rather than command; to build confidence rather than break down with shame; it's your time to understand, share, communicate and empower. Nothing could be more hardcore in this century than our need to change.

One of the most exciting aspects of bringing game-changing SaaS to the CPG market over these past years, is that visualfabriq is witnessing clients making strides to embrace the cloud, SaaS and tech, in general, as their means to their end. We are seeing CPG leaders direct their organisations towards new business models; redefining roles and responsibilities, actively developing new and deeper organisational capabilities that can make them fit for a successful future. And, all along the way, they think, speak and act with hardcore commitment to the change management model and processes that make transformation as effective as possible.

About visualfabriq: visualfabriq was founded in 2013 by Jaco Brussé and Carst Vaartjes – both experienced FMCG and Retail professionals who embarked on a quest to develop a tool that could truly transform the industry's Big Data into instant meaningful insights. In its start-up years, the company already won engagements at various Tier 1 manufacturing companies. In the 2016 Promotion Optimisation Institute (POI) TPx Vendor Panorama, visualfabriq's Trade Promotion Master™ was awarded with 'Best-in-Class' distinctions for both Financial Orientation/Simulation and Post Event Analytics. For more information visit: www.visualfabriq.com

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