# Agenda:
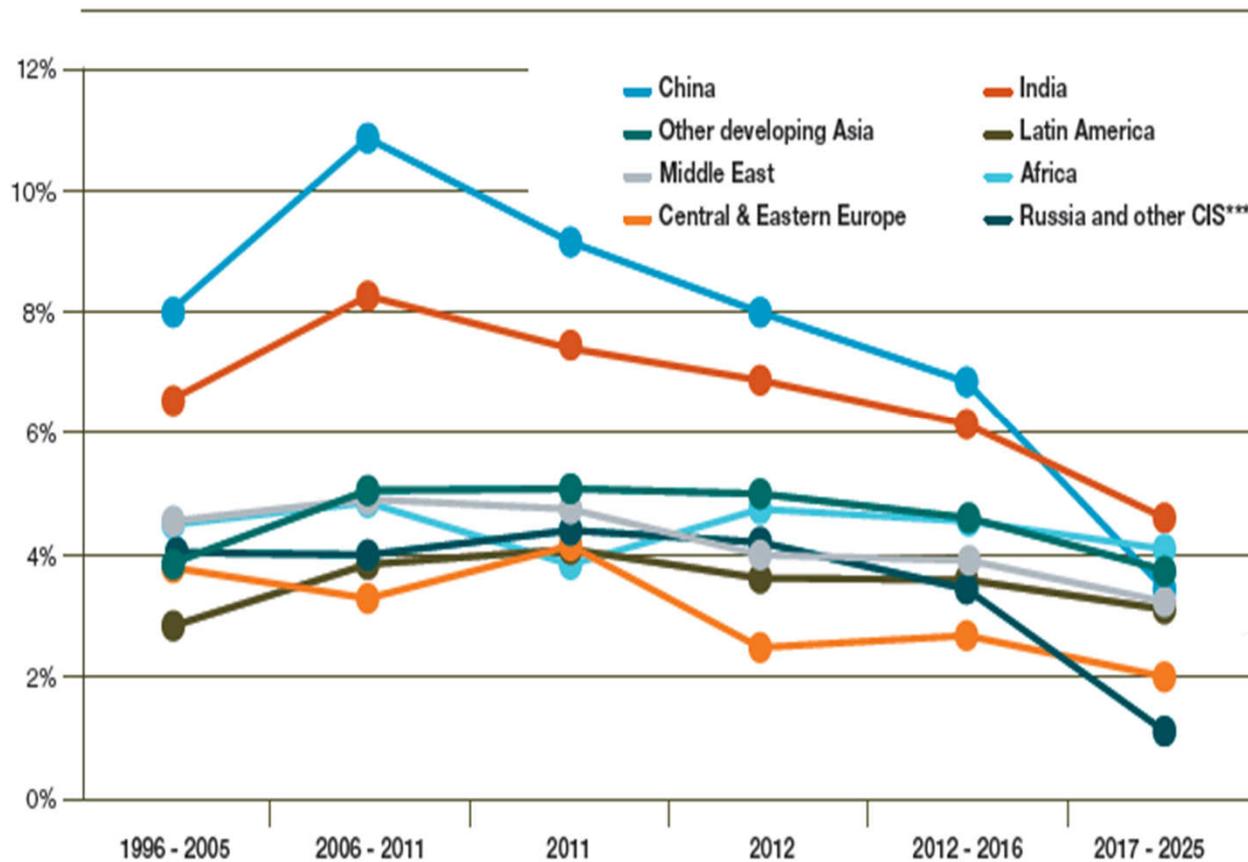
✓ **Outlook : Shifting from Easy Growth to "Smart" Growth**

✓ **Organizational Agility**

✓ **What does this all mean**

# Easy Growth Will Give Way to Smart Growth



Slowing GDP growth in emerging markets

The party is over!

# Easy Growth to Smart Growth Shifts

| | FROM | TO |
|---|---|---|
| | Easy Growth | Smart Growth Conditions |
| **Markets** | With GDP and other growth strong, the **market can sustain multiple players**. | With economy weak or slowing, **only the leading players will win**; others will fall behind. |
| **Demand** | Customers spend and invest even to the point that **demand outstrips supply**. | Customers cut spending and investment, so **supply outstrips demand**. |
| **Investors** | Investors are keen to **invest in growth ideas**. | Investors are **focused on avoiding risks**. |
| **Talent** | War for talent is fought with **number of boots on the ground**. | **Smart growth talent** – the special forces of business – is in high demand. |
| **Regulation** | Regulatory environment has a **growth bias**. | Regulatory pressure **to reduce risks**. |
| **Innovation** | Innovation is fast-paced **but not disruptive**. | **Disruptive innovation** leads to new models. |

# Smart growth leadership


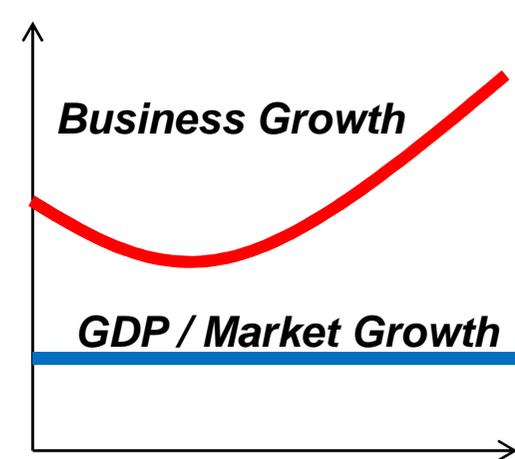
EASY GROWTH LEADERSHIP

Business Growth

GDP / Market Growth

SMART GROWTH LEADERSHIP

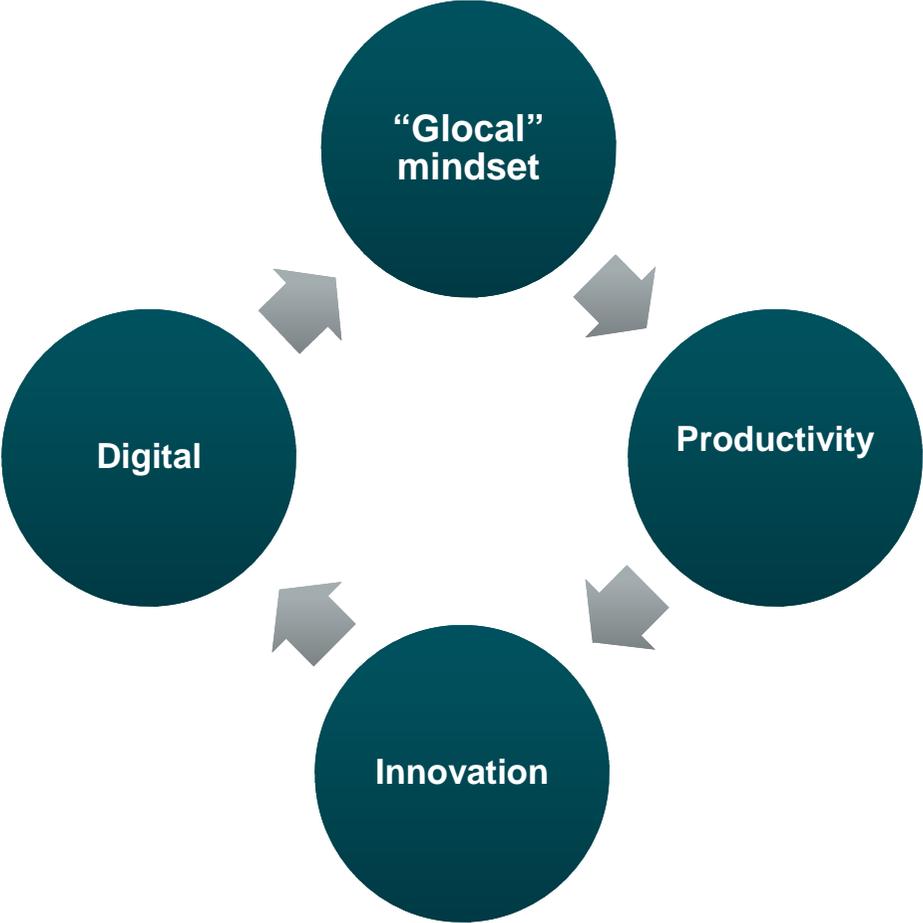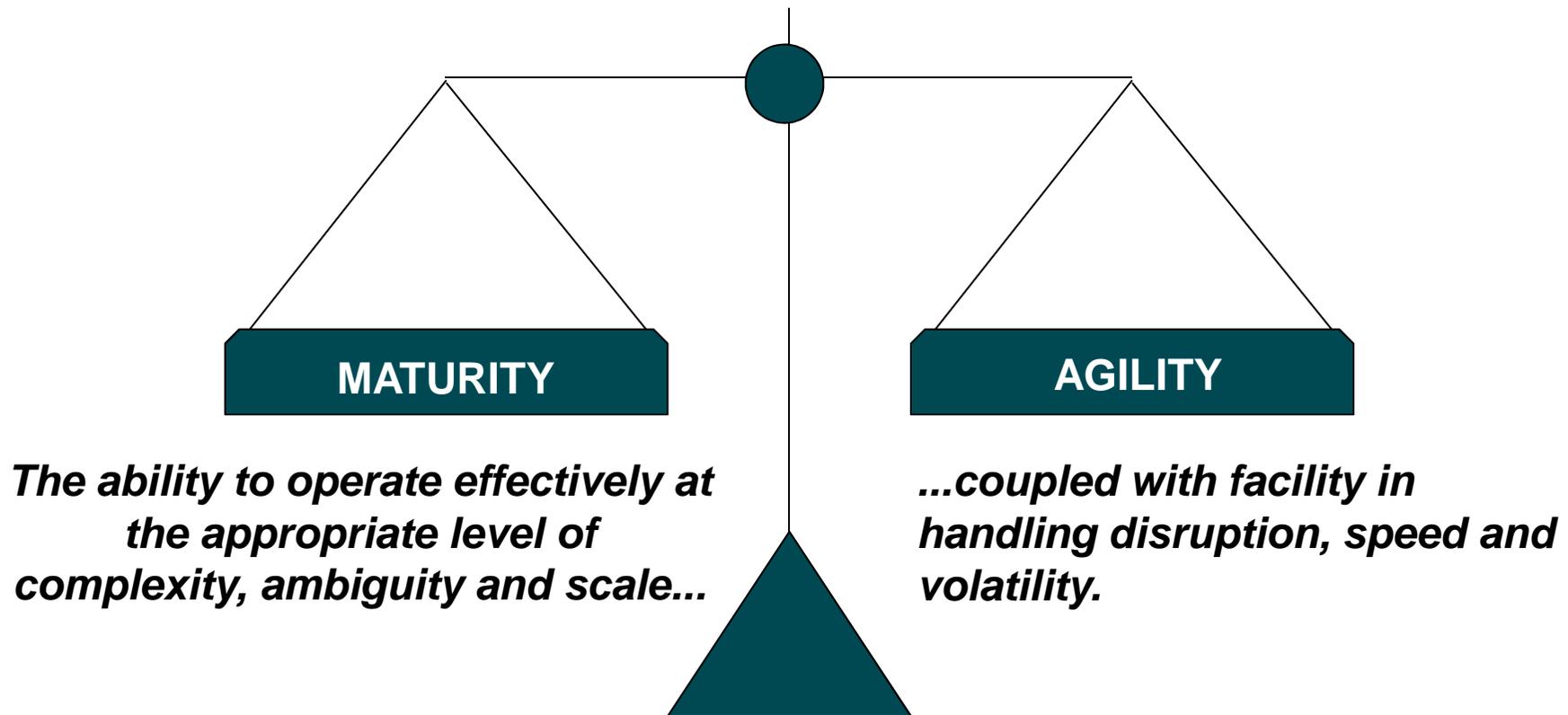Business Growth

GDP / Market Growth
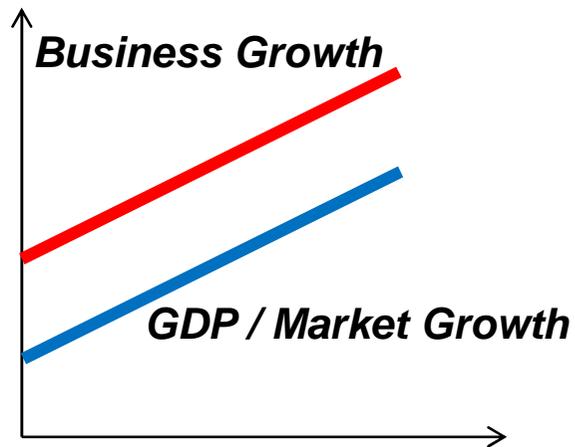
# Major Forces Affecting Future Business Performance

# Organizational Agility will be Key Differentiator of Smart Growth Leaders

# What is organizational agility?

**MATURITY**

*The ability to operate effectively at the appropriate level of complexity, ambiguity and scale...*

**AGILITY**

*...coupled with facility in handling disruption, speed and volatility.*

# Forces Influencing the Need for Organizational Agility – World and Brazil

| WORLD | BRAZIL |
|---|---|
| • **1B new consumers** in emerging markets. | • **30+ MM new consumers; a new mindset to serve the bottom and new "middle" of the pyramid (<u>unlearn</u>)** |
| • Shifting demographics are affecting consumption | • **Brazil is aging - by 2050, 23% will be older than 75 years; by 2040, life expectancy for women reaches 83 years and 77 years for men** |
| • Rise of Digital Consumer. | • **More than 50 MM internet users and > 300 MM mobile lines** |
| • Increased Supply Chain/Productivity Volatility. | • **Infrastructure, regulation, efficiency** |
| • **M&A** activity on the rise. | • **Increasing consolidation across sectors** |
| • **Innovation** as a key growth driver. | • **Brazil is now part of a global game – simultaneity, ubiquity, instantaneity** |
| • **Lack of talent** to meet demands in emerging markets. | • **There is a shortage of quantity (18-24 yrs fell from 25 MM (2005) to 21 MM (2012) and quality (Brazil reached 100 k ex-pats in 2012)** |

# Global Talent Forces affecting Organizational Agility

- **Talent war exists in both mature and rapid growth markets**

  - **Most "in-demand"jobs did not exists 5 years ago**

  - **By 2025, Millennials will make up 60% to 75% of the global workforce.**

  - **By 2015 there will be 1.3 billion 'mobile workers', representing nearly 40 percent of the global workforce.**

  - **Before global recession, 1 in 10 employees felt disengaged from their job. Today, 4 in 10 feel that way.**

  - **CEOs consistently rate strategic talent management as area in need of dramatic change in 2013-14.**

# Talent Trends in Latin America influencing Organizational Agility

- **Huge demand has been met with local talent; although  isn't sustainable to support growth.**

- **Latin executives have prioritized stability/retention over career advancement.**

- **Increased  global spotlight and investment will drive demand for executives who can function on a global stage.**

- **Millenial perspectives on careers and working**

- **Multi-cultural sensitivity is on rise.**

# What does this all mean?

1.  Increasing demand of a different breed of executive talent
2.  Trails of development would need to be rethinked
3.  Great supply of talent outside Brazil (non-cyclical behaviour).
4.  Brazilian companies still biased towards the "ready now" candidates
5.  Risk averseness is high.  Perception that Brazil is too different and that expat candidates would have a higher failure rate are still present