

Managing and Retaining Talent in Changing Environments

Moscow May, 2012



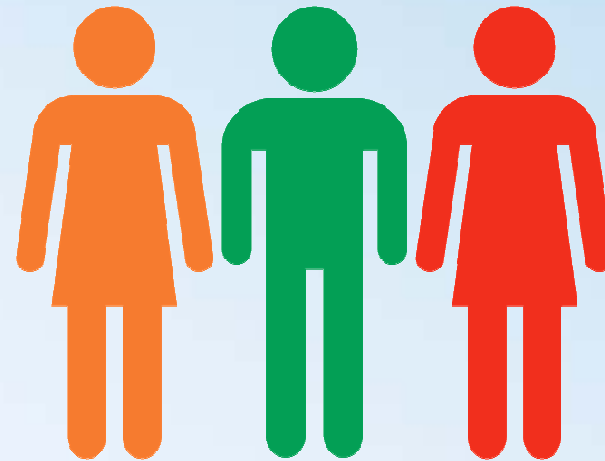
possibilities...

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A GLOBAL POWERHOUSE

billion
dollar
brands

19



employees

300,000

annual revenues

\$57.8 billion



History of PepsiCo's Involvement in the Region

**Donald Kendall
brought the Pepsi-
Cola drink to the
USSR**

1959

**First Pepsi plant in
Poland opened**



1973

1974

**First Pepsi Plant
opened in
Novorossyisk, Russia**

**Acquisition of
Lebedyansky in Russia**



2007

2008

2011

**Acquisition Sandora
in Ukraine**

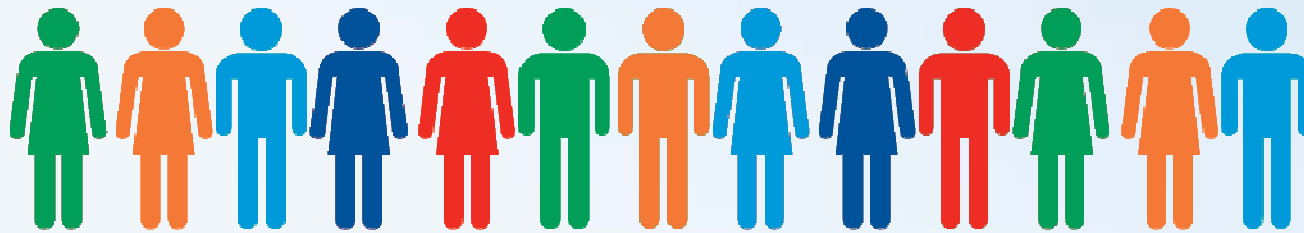


**Acquisition of
Wimm-Bill-Dann-
Foods in Russia**



IMPACT ON TALENT

our needs have evolved; emphasis shift toward complexity, global, innovation



candidates are more likely to be passive and less receptive

more competition when filling c-suite jobs

Hunt Is On for Fresh Executive Talent

Recruiters List Hot Prospects

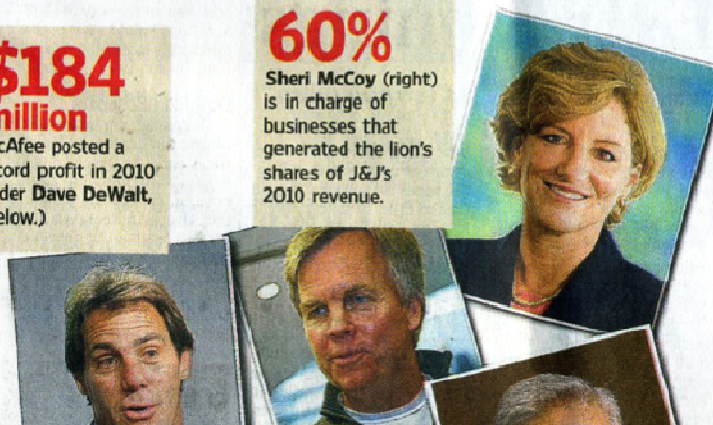
BY JOANN S. LUBLIN

As the economic recovery gathers speed, big U.S. businesses are coming out of their crouch and hunting for fresh management talent that can help them grow faster.

The number of North American executive searches rose by 27% last year after plunging 24% in 2009, according to the Asso-

\$184 million
McAfee posted a record profit in 2010 under **Dave DeWalt**, (below.)

60%
Sheri McCoy (right) is in charge of businesses that generated the lion's share of J&J's 2010 revenue.



Cultural Flexibility In Demand

BY JOANN S. LUBLIN

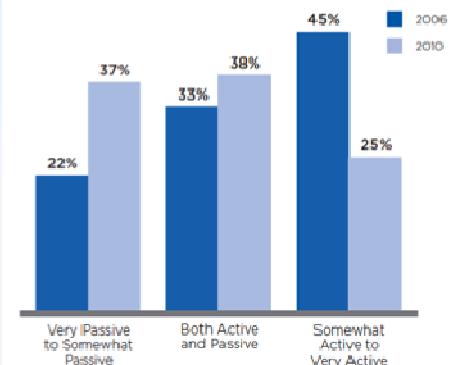
U.S. and European multinational corporations are raising their bets on booming emerging markets. The trick is finding the right executives to play their hands.

In rapidly growing countries such as Brazil, China and India, tapping expatriates is becoming obsolete. Instead, global hunt-



"My job isn't that great, but I'd rather stick it out here than be the 'last in-first out' somewhere else."

Passive Candidate, Consulting Company



Source: Corporate Leadership Council

BY THE NUMBERS

75 million

baby boomers are nearing retirement, but there are only

30 million

generation x-ers to fill roles

25% of talent pool is employable to global

company standards – uneven quality of education systems

58%

of multinational companies lack talent for critical leadership positions

89% of women who voluntarily leave jobs want to go back to work, but only

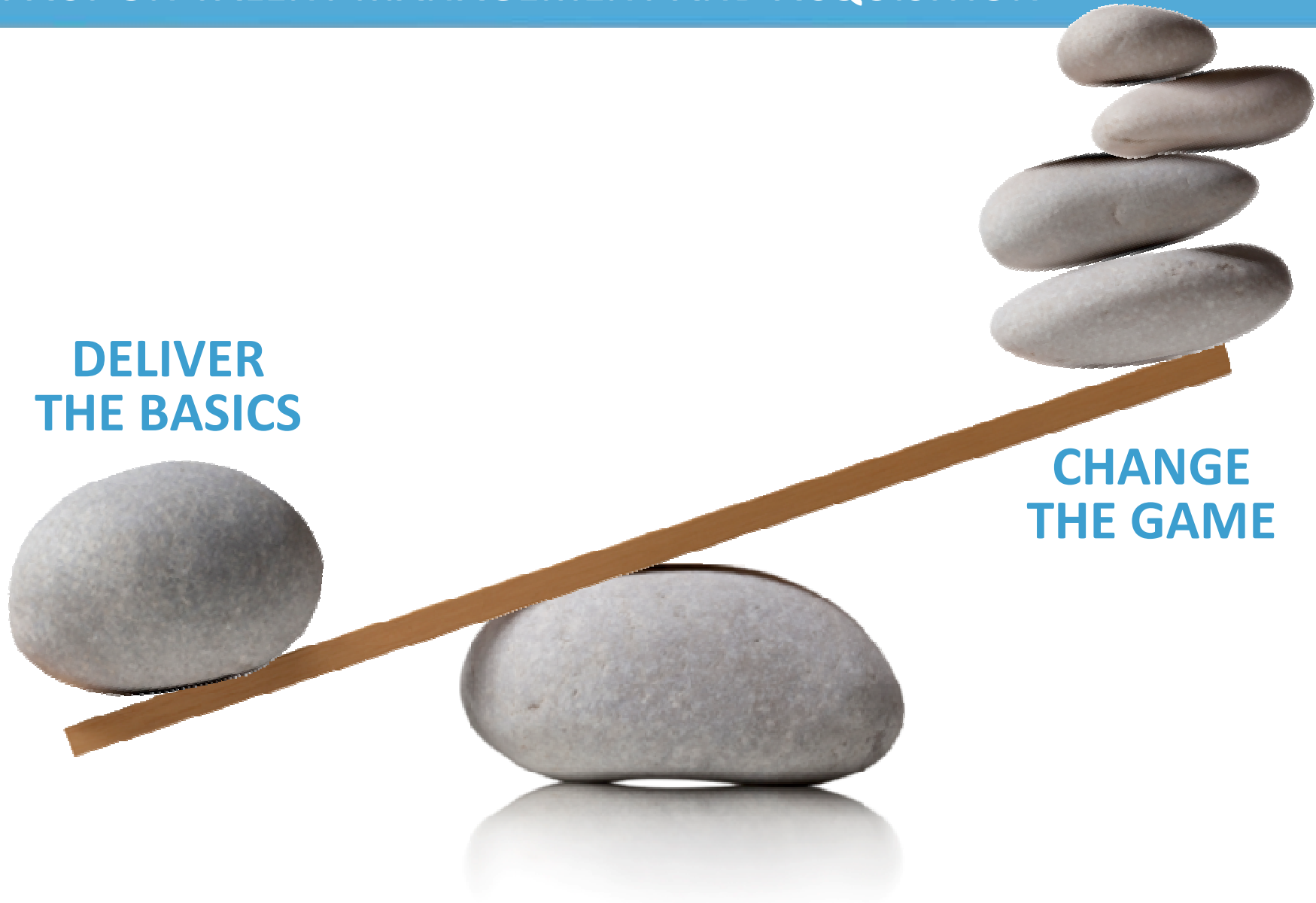
40% have found full-time, mainstream jobs

Source: Boston Consulting Group

IMPACT ON TALENT MANAGEMENT AND ACQUISITION

**DELIVER
THE BASICS**

**CHANGE
THE GAME**



IMPACT ON TALENT MANAGEMENT AND ACQUISITION

**DELIVER
THE BASICS**



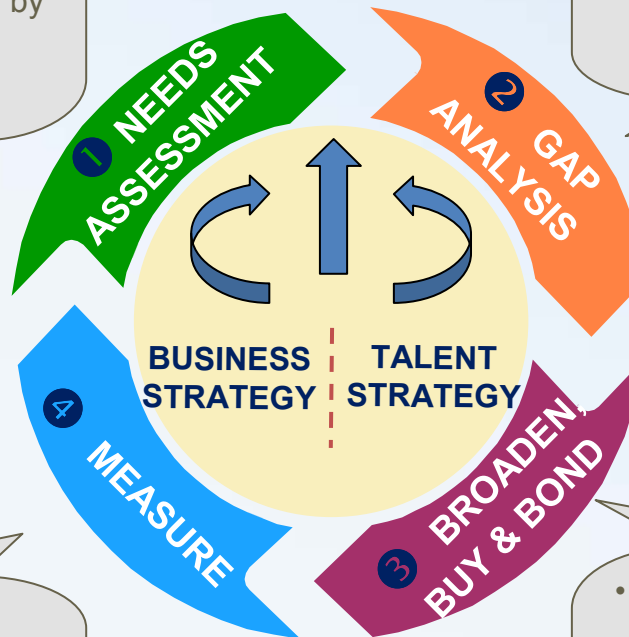
**CHANGE
THE GAME**



Integrated Talent Management Stages: Key Questions

- What is the linkage between strategic planning and talent planning?
- What should be our key priorities for highest business value?
- What talent segments do we need, by number, time & competencies?
- What capabilities do we need?

- How should we define and assess talent and potential within the company?
- How can we identify talent throughout the organization and across silos?

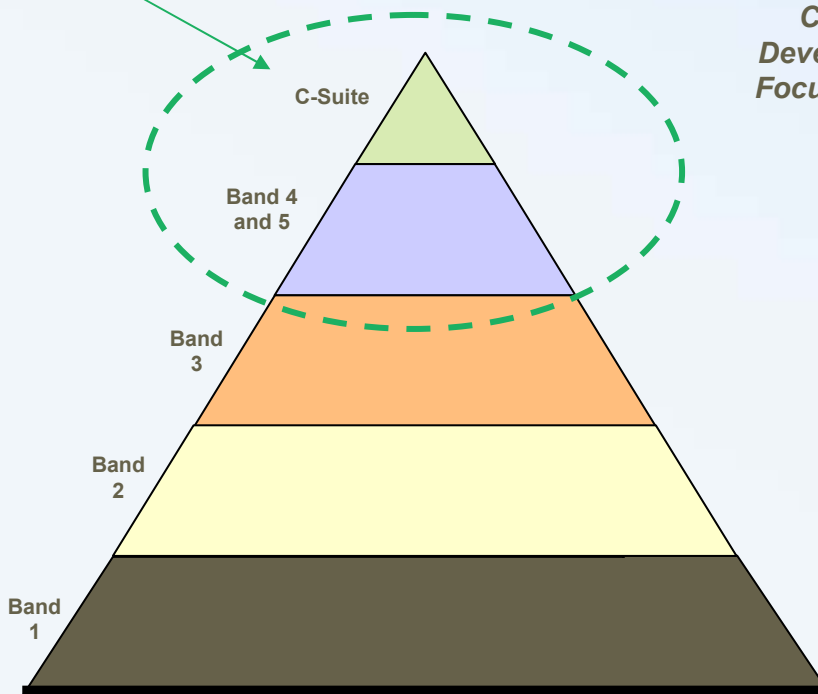


- How can we drive performance, engagement, and commitment to the organization?
- How can we track business impact?
- How should line management be involved?

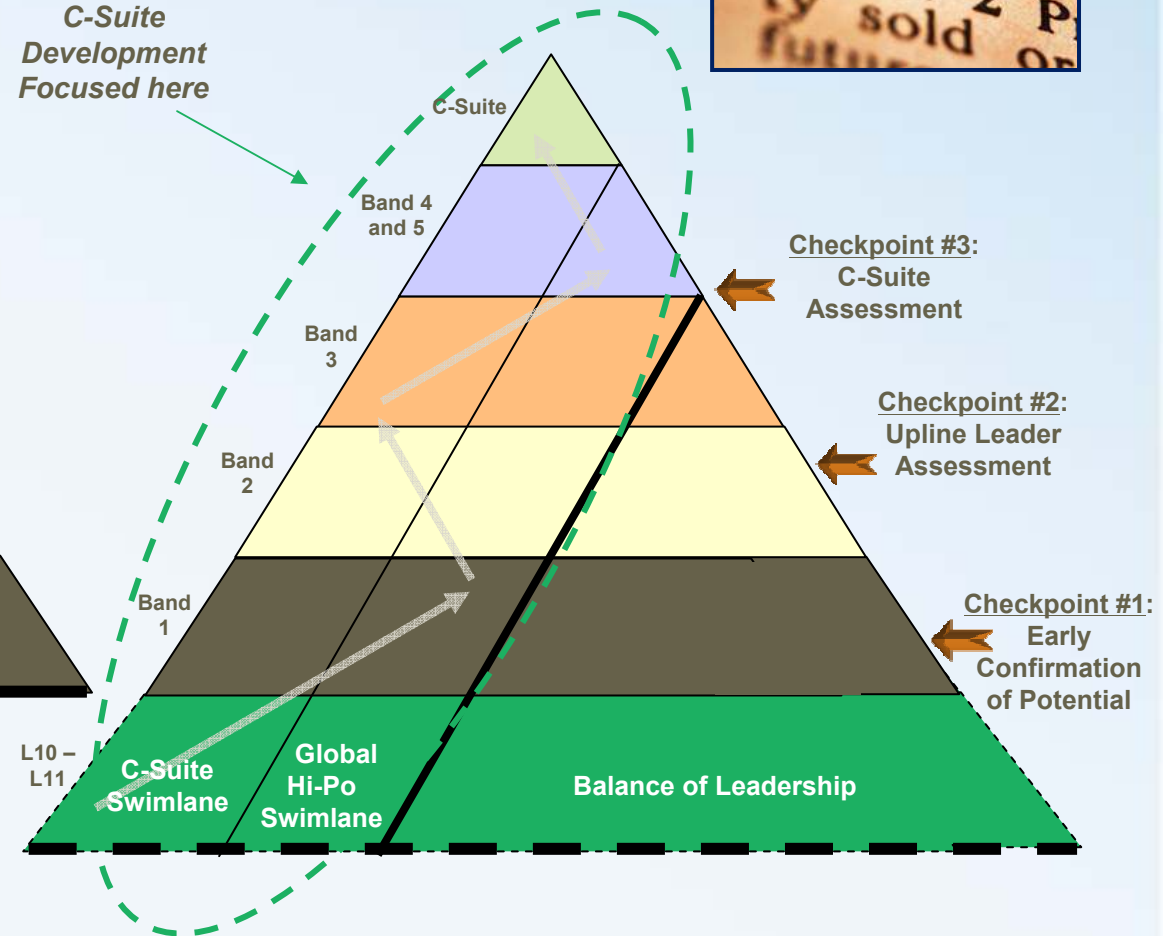
- How can we upgrade our talent pool?
- How can we effectively attract critical talent groups?
- How do we differentially & effectively develop talent and high potentials?
- What career paths/moves do we need to provide?

Priority Talent with C-Suite Potential

C-Suite Development Focused here



C-Suite Development Focused here



Framework for Exec. Talent Management

1) Global Talent Supply / Demand Model

- a) Driven by inputs from Sector level strategic plans
- b) Multi-scenario outputs reveal quantity and quality gaps, and help to increase transparency for TM resources globally

2) Talent Segmentation & Development Prioritization

- a) Enterprise (“High-Value”), Continuity (“Engine Room”) and Opportunity (“Improvement / Exit”) Talent

3) Role Classification

- a) Segmentation of Corporate Function vs. Operational Roles
- b) Prioritization of Critical, Developmental and Other Roles

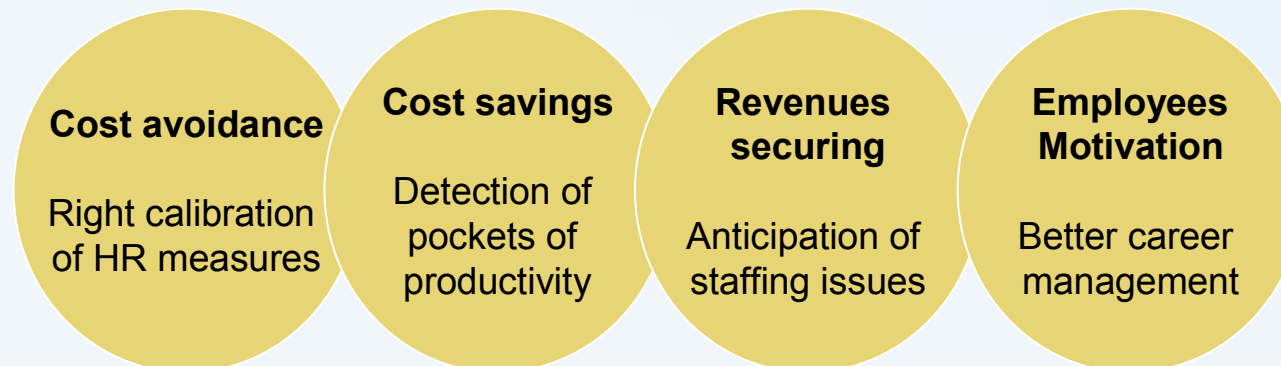
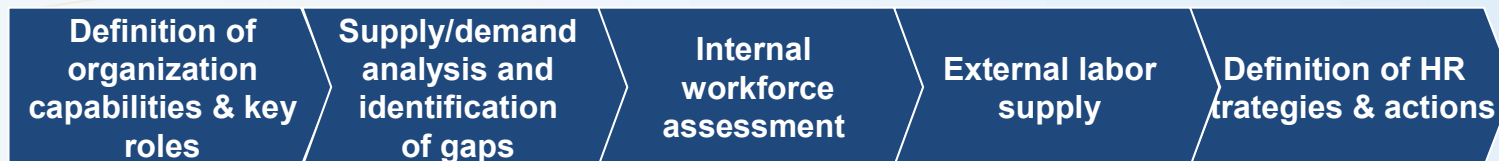
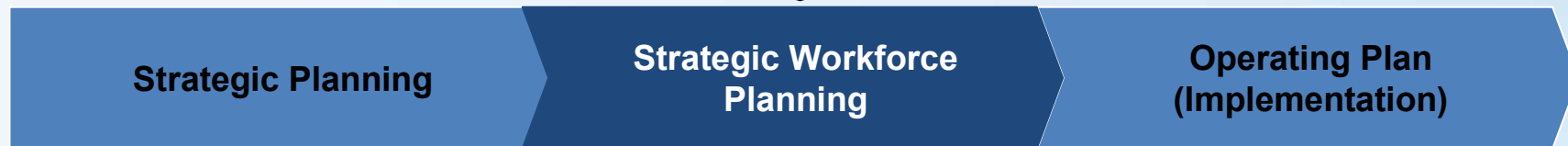
4) Talent Playbook

- a) Establishes harmonious boundaries and development expectations for Enterprise Talent
- b) Future Back Career Planning

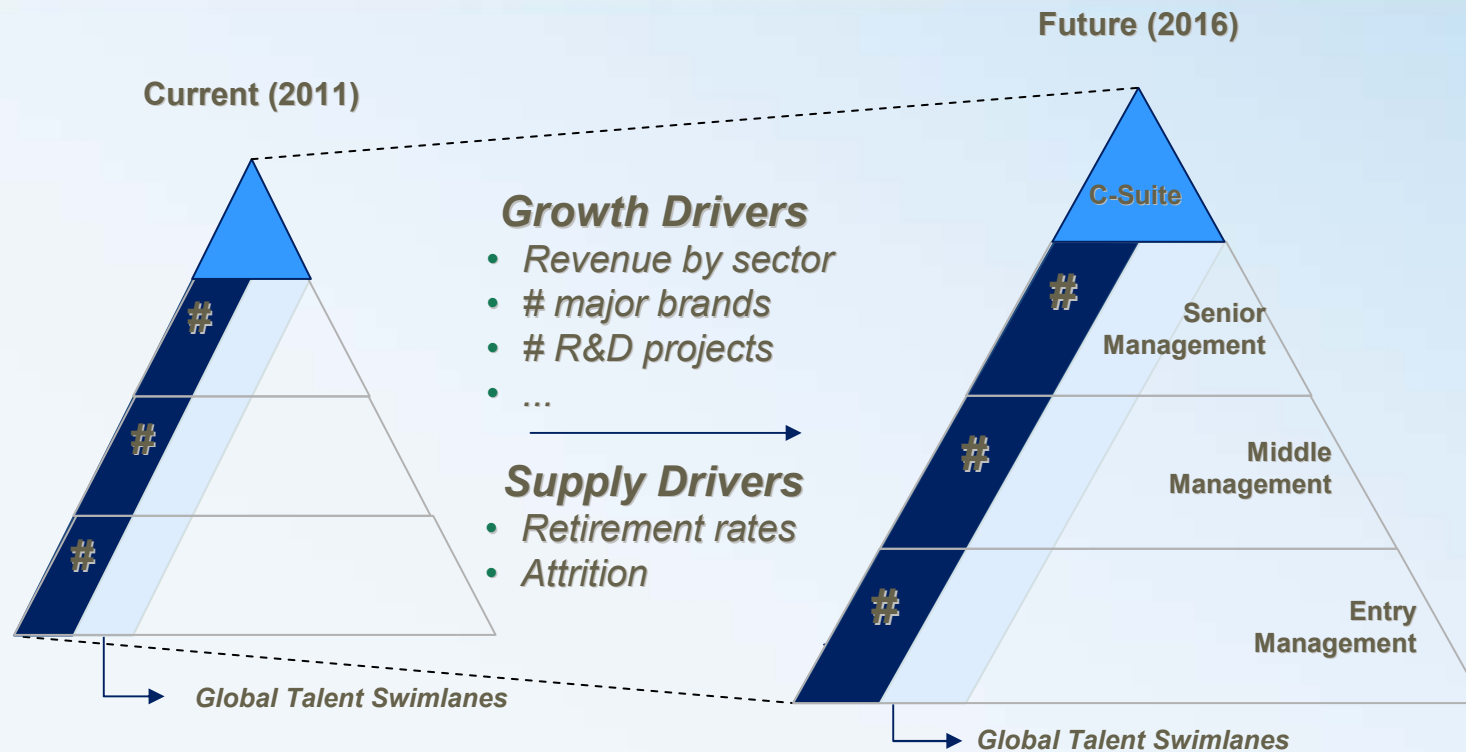
5) Succession & People Planning

Robust Strategic workforce planning is critical

Strategic workforce planning enables the organization to understand future implications of current HR data, to determine future workforce requirements, to identify shortfalls and gaps, and to respond with tailored solutions (e.g. training, talent management, recruitment, transfers) to meet these requirements



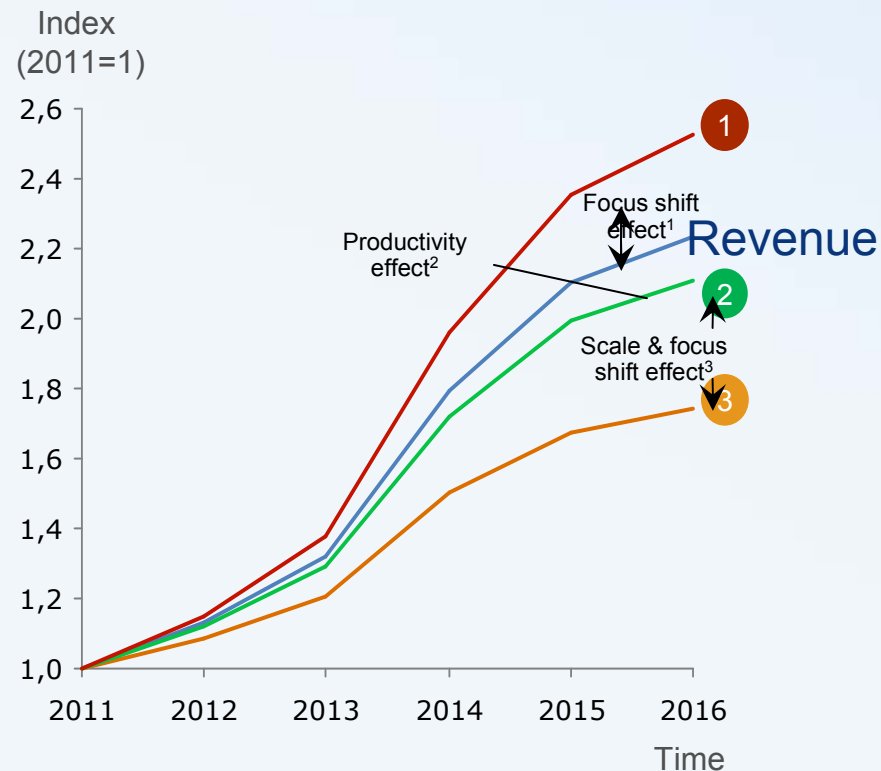
Projecting Future Talent Demand through Detailed Modeling



- 🌐 How much talent will we need?
- 🌐 Where and by when for possible alternative futures?
- 🌐 What is difference between talent that we have and talent we need?
- 🌐 What do leaders and functions need to continue doing, start doing, and stop doing?

Differentiated demand projection for key roles









Revenue growth derived as main driver of workforce demand...



... with varying impact on different (selected) key roles

- 1 Over-proportional growth, eg,
 - New Product Development
 - Key Account Management
 - Category Management
 - Revenue management
- 2 Proportional growth, eg,
 - Trade marketing
 - Brand management
 - Sales reps
- 3 Sub-proportional growth, eg,
 - Sales Management
 - Service functions, eg, Accounting, Reporting, Administrative Support
 - Supply Chain and Warehousing

Measuring the Capability Gap against Gold Standard

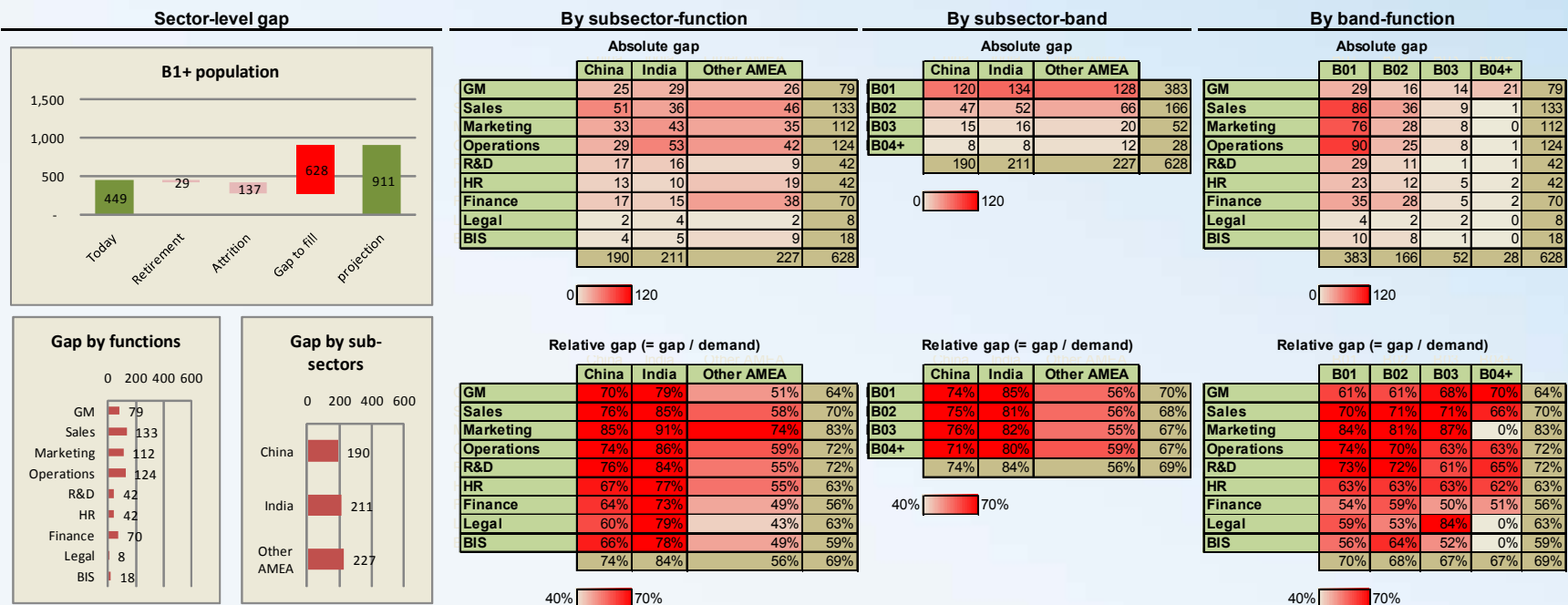
Capability	Knowledge & Data		Processes & Organization		Tools & Systems		Ability to execute	
Consumer and Shopper Insight								
Customer Management								
Marketing and Brand Management								
Revenue Management								
R&D and Innovation								
								

-  Small gap to top 25% of FMCG benchmark
-  Medium gap to top 25% of FMCG benchmark
-  Significant gap to top 25% of FMCG benchmark

Source: BCG capability benchmark database, PepsiCo/WBD capability survey

Global Talent Supply / Demand Model

Model output: Leadership talent gap (2016)

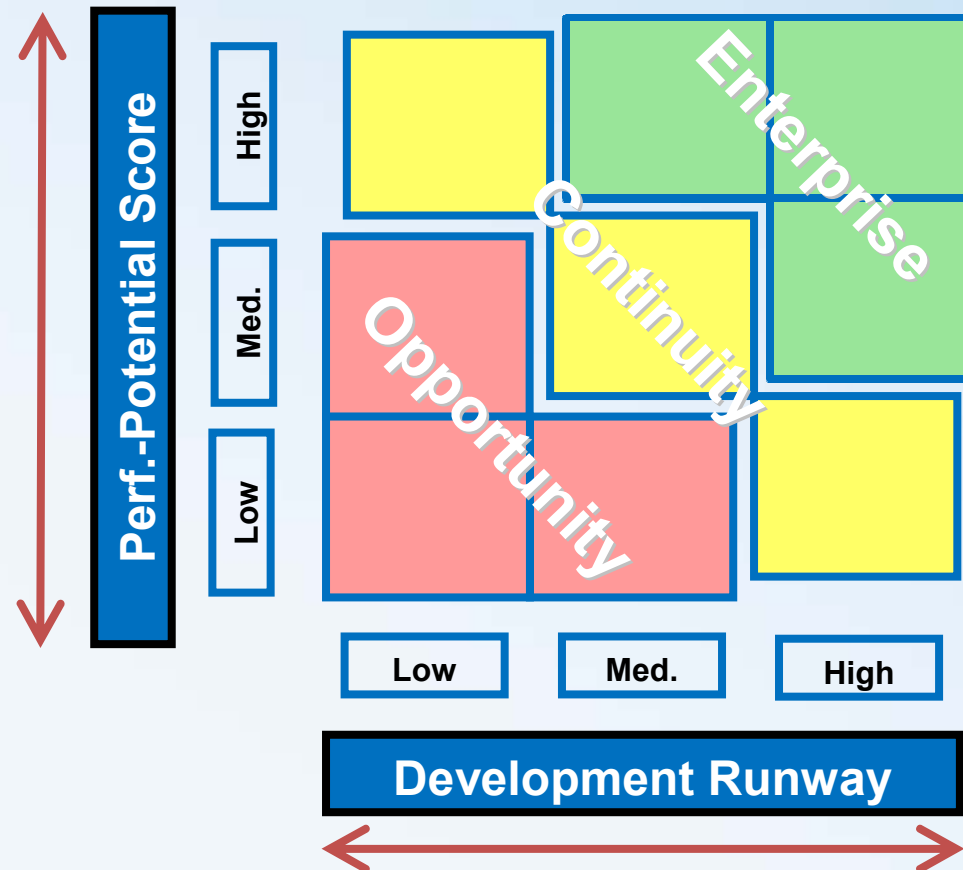


- **Supply** – Current executive headcount by function, sector and level
- **Demand** – Additional headcount needed to deliver business growth and offset retirement, attrition etc. over then next 3-5 years
- **Scenario Based Output** – Establishes a range of talent quantity shortfalls in both absolute and relative terms. Helps to determine TM resource allocations via a set of action plans

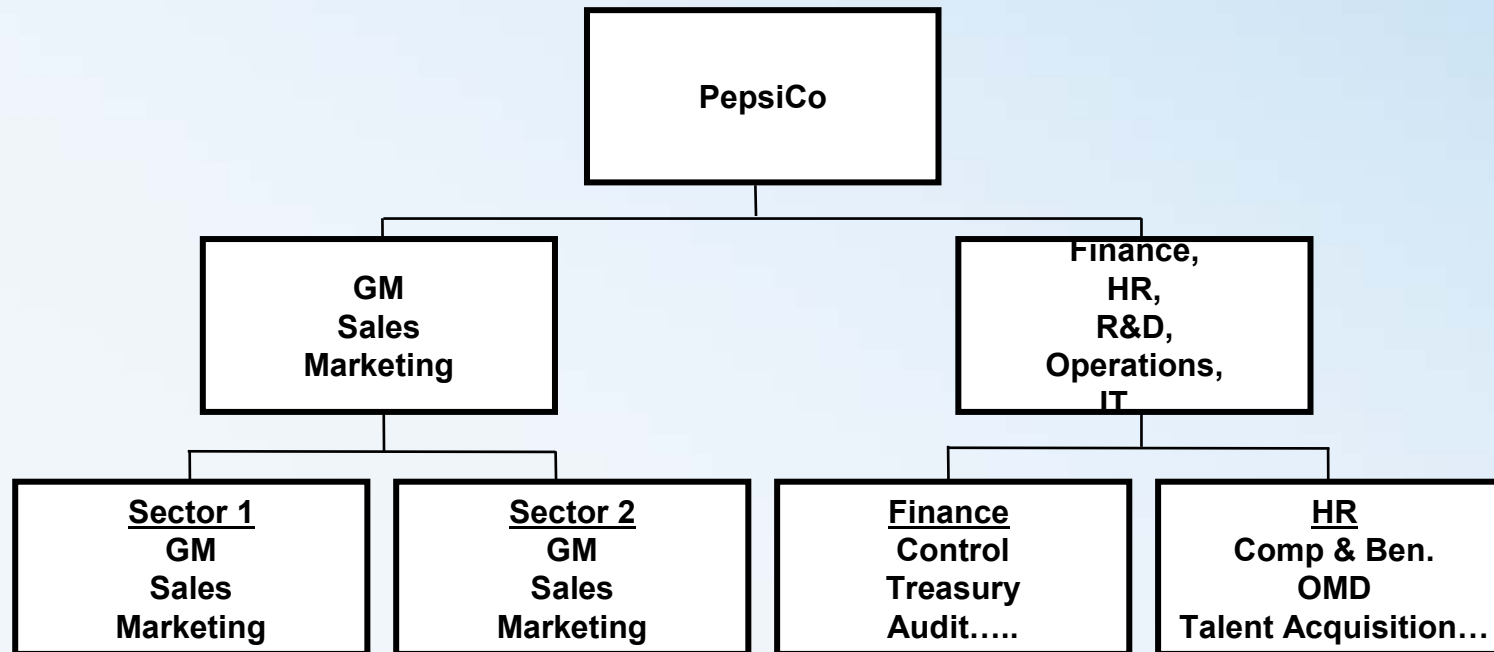
Sample data not indicative of current state

Talent Segmentation & Development Prioritization

- Evaluate all top roles talent based on multi-year performance, current talent call and a proprietary formula for future development time
- **Enterprise Talent** segment is adjusted for exceptions in the field, and considered our “high-value” investment opportunity
- Enterprise Talent development is managed via a central clearing house “*Talent Brokerage*”



Role Classification



- Sector CEOs own sector level General Management, Sales and Marketing Talent
 - Global development is critical for senior leadership positions
- Corporate Function Leads own functional talent management
 - Ensures a global view of functional talent embedded in an operating unit
 - Promotes more granular “track-based” development within complex functions

Role Classification / Prioritization



Developmental Roles

Rich experiential learning relevant for progression to the most senior positions



Developmental & Critical Roles

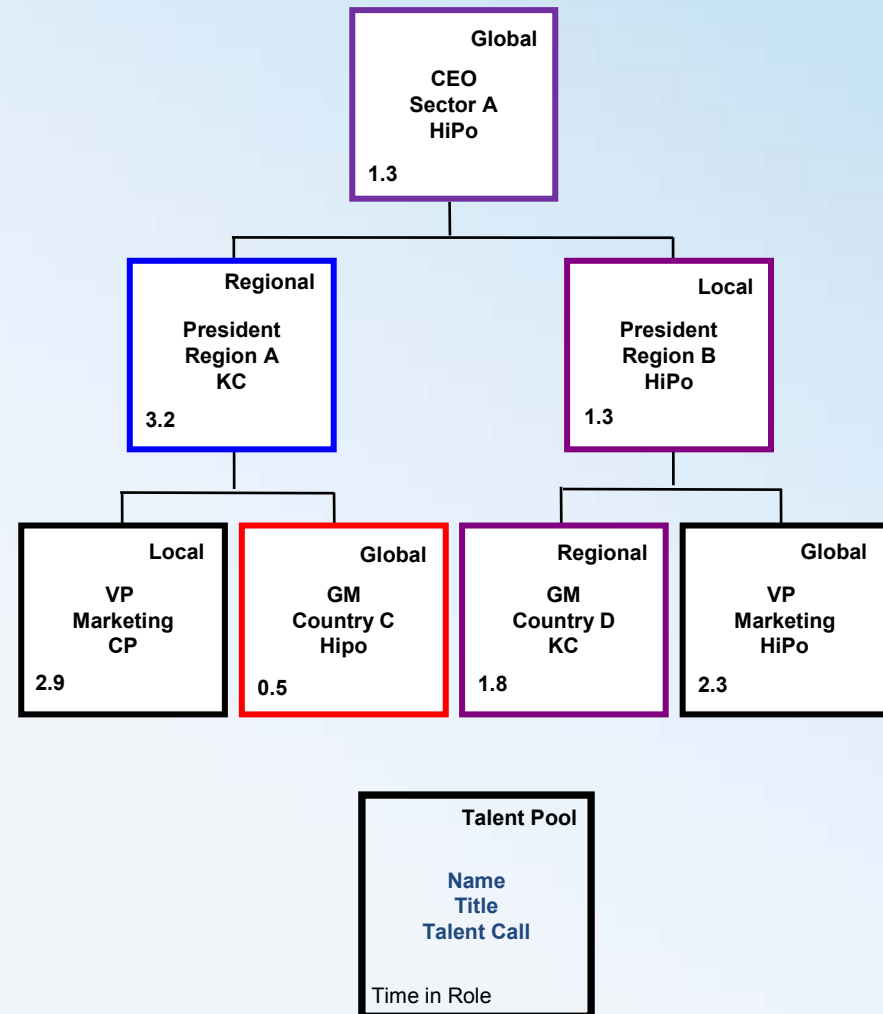
Combined rich learning & development plus critical importance to long-term success



Critical Roles

Disproportionately high impact on long term success of the business; specialist capability is essential to mitigate risk

- Role Classification is completed annually as part of People Planning Process
 - Identification of what roles deliver specific capability building
- Always done with the talent development “endpoint” in mind
- Segments our best development “real estate”
- Overlaying talent in classified roles enhances our ability to improve utilization of both roles and talent
 - *Enterprise Talent has priority in turnover of Developmental Roles*



Talent Playbook for Enterprise Talent

- Talent Playbook outlines the guardrails around capability and leadership competency for a mid and senior-level enterprise talent
 - Also details talent development tools available, progress metrics, and intervention opportunities that correspond to the 70/20/10 career growth model
- Key component of the Playbook is a 10-Year Career Plan for each Enterprise Talent. For each individual, the plan addresses:
 - **Technical / Functional Proficiency Gaps** – Future proficiency estimated through initial Supply / Demand model. Gaps closed through planned moves into developmental roles
 - **Leadership Capability Gaps** – Periodic assessment against a future Senior Leadership profile. Introduction of coach / mentor, stretch assignments, “Special Assignment Bank” roles, and Learning / Development Programs
 - Planning requires thoughtfulness around timing role assignment transitions and allows for contingency planning (mobility changes, life challenges etc.)
 - Plan also serves as a way of bonding talent to the organization

10-Year Career Plan Sample

John Doe

Potential Score

		A1

John Doe
B3 YIB = 3
RVP FLNA
Exp/Competencies Needed:
• Cross-sector/int'l experience
• Developing/emerging markets
• Company leadership experience

Insights

- John Doe is keen for PepsiCo partnership experience
- Excited about opportunity to help transform PepsiCo business
 - Role provides him operating board experience
- Family is flexible for multiple overseas assignments
 - John Doe raised in several countries of the world
 - No dual career concerns
 - Desire to educate their children in an international environment
 - Need to enroll in next year's school now



2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

VPGM Partnership (B3)

- International experience
- Transformational leadership role
- Large people agenda
- SLT member

GM Country (B4)

- Broader accountability
- P&L accountability
- GM experience

BUGM Beverage (B4)

- Cross sector experience
- P&L accountability
- GM experience

SVP Sales (B5)

or
GM GNG (B5)

or

BUGM, Europe or Asia (B5)

CEO US Sector

or

CEO Europe or Asia

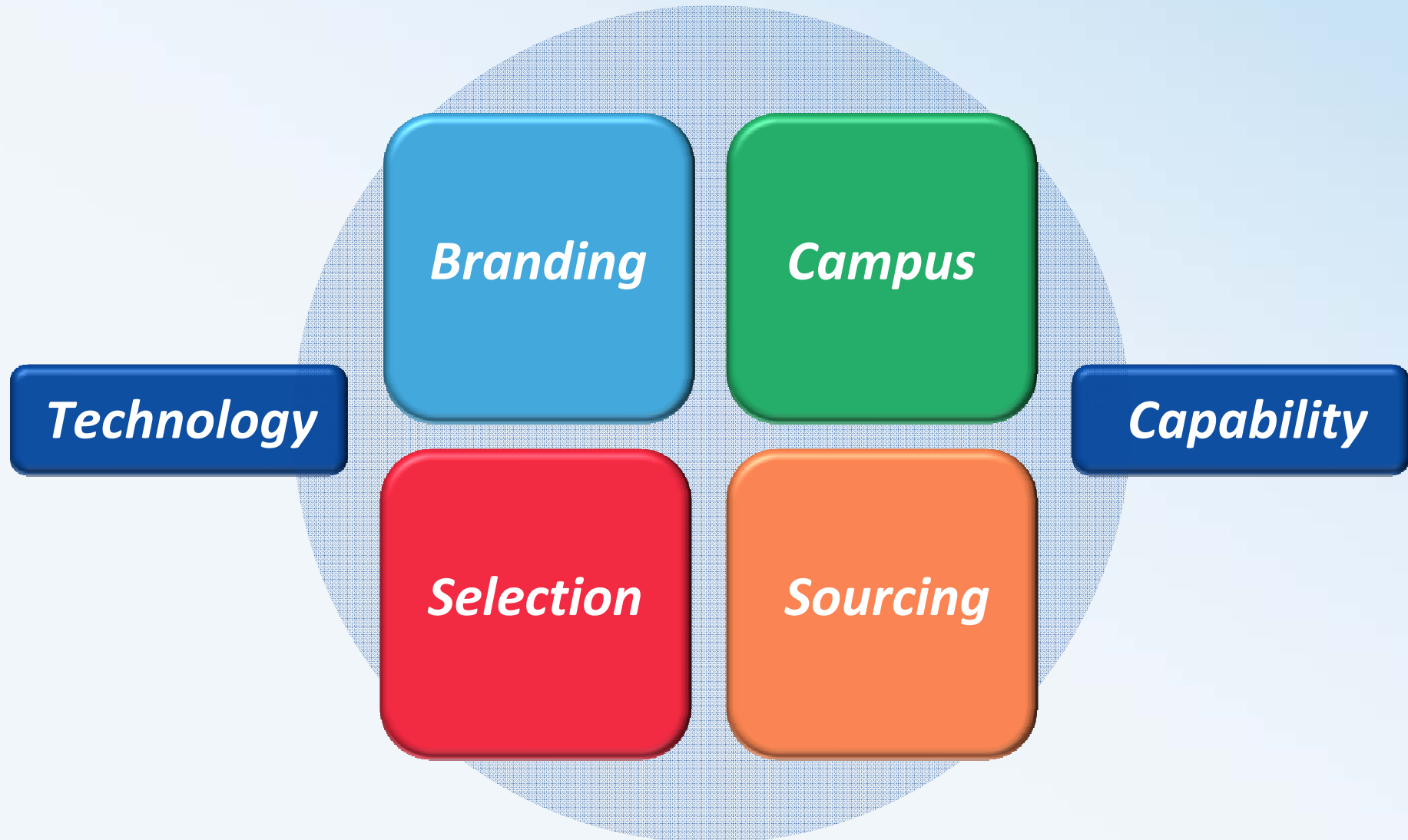
Discussion

- Plan is ambitious, but John Doe has promising blend of key skills
 - Strong thought leadership (Strategic)
 - Proven operating experience as RVP (Practical)
 - Great cross-cultural understanding & ability to align large groups for change (Social)
 - High intellectual curiosity and learning agility
- Critical decision points:
 - 2013: is he GM material for non-US business
 - Does he track towards a more senior leadership positions
 - Or move back to US in sales and towards sector CEO role?
 - 2015: is he C-Suite material?

Succession & People Planning

- Rolling up Enterprise Talent 10-Year Plans leads to a “pro-forma” organization in the future
 - Allows a global view for succession slates / pipeline development in the following categories:
 - Emergency Backfill
 - 1-3 Yrs / 1 Move Out
 - 3-6 Yrs / 2 Moves Out
 - 6 – 10 Yrs / 3-4 Moves Out
 - Iterative adjustments to 10-Year plans to avoid duplicity against specific positions
 - Proactive recognition of areas with weak bench leads to action plans (People Planning) addressing:
 - Accelerated development, targeted talent acquisition, Learning & Development programs etc.
 - Transparency enabling cross-Sector / geographical talent sharing

OUR STRATEGIC “BIG BETS”



ENGAGING CANDIDATES

OLD

*Delivering
a message*



NEW

*Creating a dialogue
and keeping it fresh*



ONE COMPANY, ONE VOICE



ONE WORLD, ONE VOICE

neograničene
mogućnosti...
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possibilidades...
pepsico.com/careers

無限の可能性...
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가능성...
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possibilities...
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möglichkeiten...
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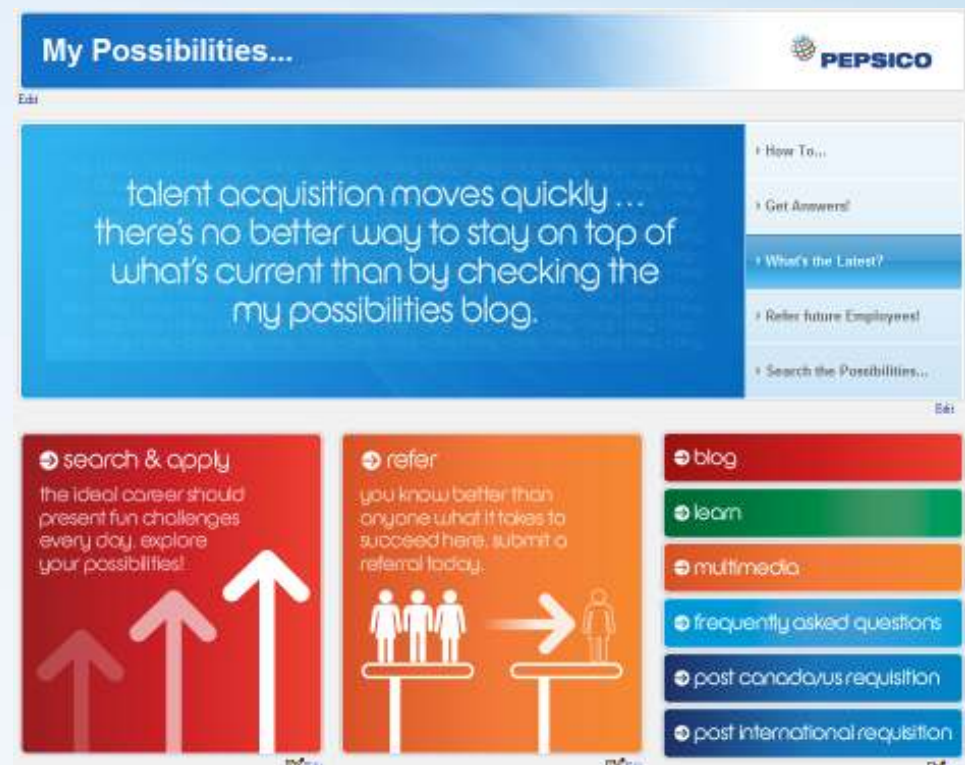
संभावनाएं...
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TWO AUDIENCES, ONE VOICE

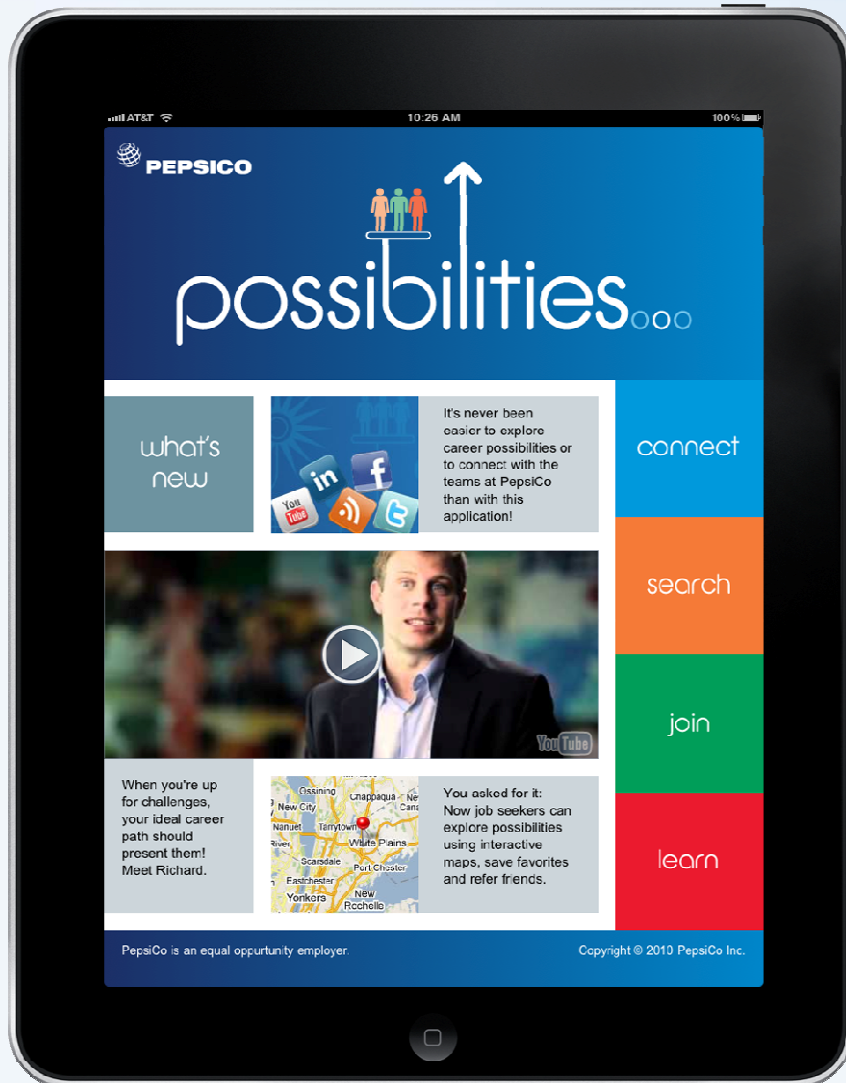
WITH CANDIDATES



WITH EMPLOYEES



WITH A FOCUS ON AN ADVANCED DIGITAL EXPERIENCE



TRADITIONAL SOURCING CHANNELS REMAIN VIABLE

employee and
alumni referrals

EMPLOYEE REFERRAL PROGRAM

mypossibilities

search
partners

HOLLANDER HORIZON
INTERNATIONAL

Egon
Zehnder
International

K KORN/FERRY INTERNATIONAL

raines
international

internet job postings and database search

careerbuilder

monster.com

Linked in

Careers in
food
.com

NEW SOURCING CHANNELS ARE WHERE IT IS AT

pepsico.com/careers

join the pepsico
talent connection

620,000
members

LinkedIn

60,000+

416

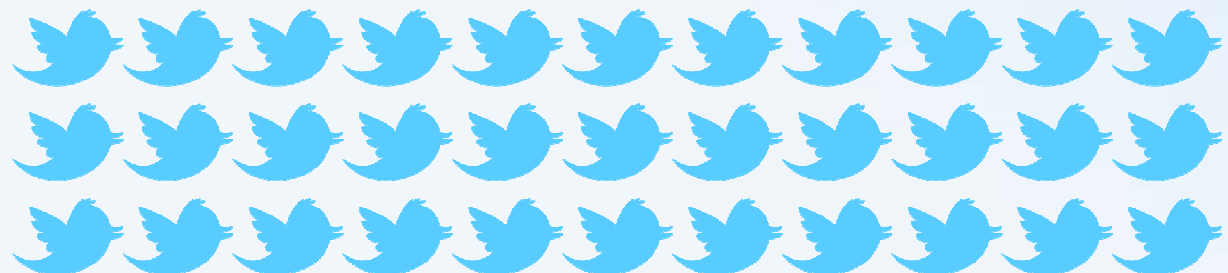
membership
growth over
the past year

twitter



35

new
followers
every day



FINDING FUTURE LEADERS – CAMPUS AS ONE



OUR GLOBAL ATS IS OUR FOUNDATION

~~Taleo~~

Taleo Drives Performance

~~deploy~~

~~recruit point~~

~~HRsmart~~

KeneXa

one global
technology
solution

us/canada

3/11



europa

10/11



amea

1/12



latin america

5/12



global rollout



a seamless
process



2 – AN INTEGRATED TALENT SYSTEM



Closing Remarks

1. Talent management must be handled much more as science not just art
2. Talent management must be owned by all, driven by the CEO, but owned by all
3. Talent management requires courage – make people moves before it's too late, don't rely totally on homegrown talent
4. When managing and developing talent, pay particular attention to leverage and integrate diversity (*race, gender, generation, thinking, background, experience, capability, culture, etc.*)
5. Good talent management can help slowly shift a company's "dominant logic" from yesterday to tomorrow's needs
6. Great talent management requires taking a long-term perspective – 5/10 year development plans for people

THANK YOU!



possibilities...

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