People Performance Profits

The Importance of Executive Leadership in Emerging Economies
Why People Matter. Creating Results.

Darryl Judd
Global Chief Operating Officer
Globalized Leadership in a supply chain world without borders

Emerging Markets are leading the change in wealth distribution
Economic Growth remains concentrated in Emerging Markets

Global Middle Class in 2009 and predication for 2030

Sources: OECD, Standard Chartered Research
Real GDP Growth in Emerging Markets Well Ahead of Developed Economies

Developing Countries forecast to grow greater than OCED & World

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014f</th>
<th>2015f</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2.2%</td>
<td>2.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>U.S.</td>
<td>2.0%</td>
<td>2.8%</td>
<td>3.0%</td>
</tr>
<tr>
<td>OECD Countries</td>
<td>1.9%</td>
<td>1.1%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Euro Area</td>
<td>0.9%</td>
<td>1.5%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Developed Countries</td>
<td>5.1%</td>
<td>5.6%</td>
<td>5.7%</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>7.3%</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Latin America &amp;</td>
<td>3.3%</td>
<td>3.9%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Middle East &amp; North</td>
<td>4.2%</td>
<td>3.3%</td>
<td>5.1%</td>
</tr>
<tr>
<td>South Asia</td>
<td>6.0%</td>
<td>6.4%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>4.9%</td>
<td>5.2%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Source: World Bank
Mixed fortunes for Latin America

Two-thirds of global GDP growth to 2030 from emerging markets

Source: IMF - Latin America Regional Outlook
Economic Challenges threatening growth

Consumer Price Inflation high in Argentina / Venezuela

Source: IMF - Latin America Regional Outlook, Focus Economics

NOTE: Argentina - was officially censured in 2013 by the IMF not supplying accurate economic data.
Growth in an Emerging Market is Fragile

Depends on the ability to remain globally competitive

Monetary & Inflationary Controls

Increasing Business Productivity

• Up-skilling labour force

• Improving Leadership

• Creating a larger pool of talent through Education & Training

Growing the size of tax revenue base to enable investment
Same Challenges
Different Approach

Established Stable Political Environments

Created Stable Taxation Policies

Opened Economies for Qualified FDI - bringing with it investment & new jobs

Increased access to Education

Investment in Infrastructure to drive the supply chain - Airports, Ports and Roads
Global Company and CEO’s Challenge

As the economic spotlight shifts to developing markets, global companies need new ways to manage their strategies, people, costs and risks.
The **Common Agenda** of **Business Leaders**

- Sustainability of Growth & Profits
- Reduce Risks & Volatility
- Promote Employer Values
- Good Corporate Citizen
- Increased Shareholder Value
The Impact of Labour Costs

Percentage of respondents who ranked labor-cost inflation as one of the top 4 most significant cost pressures

<table>
<thead>
<tr>
<th>Country</th>
<th>Resp. %</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>60%</td>
<td>1</td>
</tr>
<tr>
<td>Brazil</td>
<td>54%</td>
<td>1</td>
</tr>
<tr>
<td>India</td>
<td>50%</td>
<td>3</td>
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<tr>
<td>Russia</td>
<td>46%</td>
<td>2</td>
</tr>
<tr>
<td>China</td>
<td>44%</td>
<td>3</td>
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<tr>
<td>Argentina</td>
<td>44%</td>
<td>2</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>44%</td>
<td>2</td>
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<tr>
<td>UK</td>
<td>34%</td>
<td>4</td>
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<tr>
<td>US</td>
<td>29%</td>
<td>3</td>
</tr>
<tr>
<td>Germany</td>
<td>29%</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td>29%</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: EY (Ernst & Young): Institute for Emerging Markets
Candidates lacking necessary hard skills & a general lack of applicants are the two key reasons why employers in the Americas are facing talent shortages.
The issue of most concern for employers is how talent shortages undermine their ability to serve clients, followed by reduced productivity and competitiveness.
No Silver Bullet can fix the Talent Challenge

Define Company Culture, Employer Brand & Identity
Keep Training & Development Fluid
Build An Agile Human Resources Architecture
Increase Workplace Diversity and Talent Pipelines
Develop Leadership
Developing the organizations

Leadership Roadmap
Prioritize and develop a leadership pipeline with a focus on results and employ nurturers who will share knowledge.
Build global champions and reach beyond the region, transferring knowledge and increasing leadership capabilities.
Actively encourage future leaders to extend beyond their functional responsibilities to gain broader perspectives.
Knowledge can empower a workforce

Invest in global training programs, higher education and manage careers carefully
Attracting, recruiting and retaining individual leadership talent is imperative for success, so make this a key agenda item.
Get smart with your compensation and benefits offering

Be market competitive
Reward for professional growth and performance
Creative approach to compete with nationalized sectors
Introduce non-financial incentives
Attracting a diversity of talent and managing their future skills development is critical to **right shaping** your leadership team.
Engage early and Engage often for tomorrows future leaders

Understand the generation target – what ticks...

Early and consistent engagement is critical

Adopt technology – get savvy

Creative brand energy

Inspire – promote the potential advancement
Commitment and Vision will win the talent battle

Lead in diversity
Attract younger talent
Encourage elders to stay
Invest in your future stars
Educate for the future
Blend with international talent
Energize the graduates
The Leadership Roadmap

Diversity Management
Employer Branding
Career Path Management
Education & Training
Recruitment Practices & Retention
Compensation & Incentives
Workforce Planning
Logistics Executive has studied workplace behavior and team dynamics in the Supply Chain and Logistics industry cross-culturally. For 15 years we have assisted multinational companies to develop people strategies, led talent attraction programs, defined and implemented business processes and provided expert consulting that has impacted organizations with positive business outcomes.