

# RGM NEWSLETTER

RITA GUNTHER | MCGRATH

## Big Food, Big Problems

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Dear colleagues,

The rules of the game used to be pretty simple for large food companies: Make massive quantities of tasty and inexpensive (if not particularly nutritious) food products, create memorable brands around them, and use their market clout to get them within arms' reach of the everyday consumer. For my mother's generation, the germ-free, safe, and convenient access to packaged and processed food was a boon.

And then the backlash began.

A growing chorus of critics began to link the practices of agribusiness and mass-produced food to any number of evils. Obesity, under-nutrition, hypertension, diabetes risk, and a host of other problems were linked to easy access to cheap eats. At the same time, consumers started to look for organic and natural ingredients and smaller-batch, locally produced foods. Cue Chobani yogurts and Annie's snacks. In

food deserts, healthy choices are hard to come by and expensive, while those same areas are often swamped by cheap high-calorie choices.

The large food manufacturers were not caught entirely by surprise by these trends—but changing their fundamental business models to ride through the inflection point has proved challenging. For many, acquisitions were part of the answer—making [acquisitions of disruptive companies](#) that had sprung up to capitalize on the trends. The goal is to expand their reach in organic, convenience, snacking, and trendy new flavors. While acquisitions should certainly be part of these companies' growth strategies, they shouldn't forget about home-grown innovation.

The flurry of acquisitions aside, packaged goods food CEOs are a breed at risk. Some 15 of the largest have been shown the door since 2016. What could these companies do? [Innovate](#). Specifically, stop it with the nostalgia-as-business-strategy approach. Put your best minds on discovering the next generation of better-for-you-and-the-environment food. Reconsider convenience—Millennials might not open cans of tuna, but they could well buy fresh tuna salad. Use your incredible manufacturing prowess to go from huge volumes of standard stuff to greater variety of niche-oriented products. Digital can really help here. And stop using earplugs when listening to critics—they may be telling you something vitally important.

While Big Food is facing some big problems, successfully surviving the revolution in the ingredients business is possible. Just look at Danone, Unilever, and even Pepsi.

[Read more](#)

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## Reading List

A curated roundup of interesting books and articles to get you thinking:

- **How to Stop Playing “Target Market Roulette.”** In this great post featuring the work of my friend and colleague Marc Gruber, Steve Blank rediscovers the book *Where to Play* and the Market Opportunity Navigator, which he calls an important addition to the “Lean Startup” toolkit. ([Steve Blank](#))
- **Are Women Really Moving Up in the Workplace?** A new poll reveals that just 20 percent of women think work culture has gotten better for women in their companies over the past five years. ([NBC News](#))

- **Stop Making Assumptions—and Start Seeing Around Corners.** Last month, I was thrilled to attend Parliament's PowerShift, where I had the opportunity to speak with Peter Sims about some of the themes of my forthcoming book, *Seeing Around Corners: How to Spot Inflection Points in Business Before They Happen*, and to share how leaders can get outside of their little bubbles and out to the edges of their organizations in order to see what's really going on. ([Blog](#))
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## Upcoming Events

**June 5-7:** [ScaleCon](#) (Washington, D.C.)

*It's the event of the year for growth leaders. At the inaugural Predictable Success ScaleCon, you'll receive an immediately actionable roadmap to scaling your organization.*

**June 13-14:** [Strategic Storytelling](#) (Columbia Business School)

*As media-savvy audiences tune out advertising while searching for immersive entertainment experiences, the way businesses need to communicate is changing. Over the course of two days, you'll engage in deep learning and hands-on workshops that will leave you with a thorough understanding of the digital media ecosystem and how to communicate within it.*

**June 18-20:** [Women in Leadership](#) (Columbia Business School)

*Despite the compelling case for equality of gender representation at all levels of an organization, unconscious bias can distort critical decisions influencing who moves ahead. In this program, participants will learn time-tested techniques and practical ideas that women can apply immediately to their career to help combat these performance-limiting biases.*

**Interested in having Rita speak at your organization or event?**

[Learn more](#)

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## In the Press

- Entrepreneurs: Don't Make These 5 Mistakes in the Pitch Room ([NBC News](#))
  - How to Scale Up the ICT Value Chain ([LMD](#))
  - Financialisation and the Innovative Capability of Firms ([SOAS Economics](#))
  - Business Leaders Are Blinded by Industry Boundaries ([Financial Times](#))
  - Bubble Bursts on Some Unicorns ([Bloomberg Radio](#))
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**Where there is uncertainty, there is also opportunity.**



Here's to your next advantage! - Rita

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Rita McGrath Group, P.O. Box 7286, Princeton, NJ 08543

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