

February 2020 | Interview

Reviving the center aisle: An interview with Kellogg's chief growth officer

From Monica McGurk's perspective, innovation is alive and well in packaged food—and Kellogg's best days are still ahead.



Since Monica McGurk took on the global role of chief growth officer (CGO) at Kellogg Company in early 2019, the food manufacturer has logged four consecutive quarters of organic sales growth. McGurk expects that pattern to continue—especially with this year's rollout of two new highly anticipated product lines: Incogmeato and Leaf Jerky. The launch of these two brands in retail stores marks Kellogg's entry into the booming market for plant-based meat alternatives.

McGurk recently spoke with McKinsey's Jordan Bar Am in Chicago about these new products and about innovation and growth more broadly. Edited excerpts of the conversation follow.

McKinsey: Many Americans associate Kellogg's with breakfast cereal—a category that's been stagnant in the US market for several years. From that standpoint, your job as CGO sounds like a tough one. How's it going?

Monica McGurk: Many people don't realize that cereal is no longer the largest part of Kellogg's portfolio, and the United States is no longer the main growth engine of the company. We're more of a snacking company. In fact, if you combine snacks with cereal consumed for snacking occasions, which are often in different packages and different forms, we're over 55 percent a snacking company. We've also got our plant-based-protein business, a frozen-food business, a noodle business, and a cookie business. So we're quite diversified. And our emerging-markets footprint has been driving—and will continue to drive—a lot of our growth. On top of that, there's still a lot of upside for cereal. Around the world, we're seeing sequential improvement in the performance of our cereal portfolio. I believe the best days of our company are yet ahead of us.

McKinsey: Let's talk about one of the businesses you mentioned: plant-based protein. That market has taken off in the past year. How big will it get?

Monica McGurk: It's going to be big. To me, it doesn't really matter exactly how big, so long as we're prepared for that future. The demand will vary around the world, based on a number of factors: religious and cultural drivers, concerns about health, concerns about sustainability, government regulations, and so on. The key, whether we're on the retail or the manufacturing side of the equation, is to be prepared for all sorts of different paths and flexible in how we approach the market.

McKinsey: Big food manufacturers seem to be going after the opportunity organically, as opposed to acquiring start-ups. Is that because developing plant-based products is proving to be easier than initially thought?

Monica McGurk: It is perhaps proving to be a little bit easier technically than some people thought. Remember, though, that some of the solutions that are coming to market are blends that contain meat—not pure plant-based products—so that's a reflection of companies using what's already in their tool kits.

I think another reason that big manufacturers are throwing their hats in the ring is that the end-to-end value chain—the supply chain—for this category is really important to get right. Designing and making the food is just the first part. You then need to get it through the supply chain so that it shows up on time, in full, in the retailer's case, looking great to the consumer—and that's hard to do at scale. One of the things that retailers have told us is that a lot of start-ups underestimated the difficulty of getting the supply chain right.

McKinsey: Speaking of retailers, how do you see the retail landscape evolving to accommodate the growing demand for plant-based protein?

Monica McGurk: What we've seen so far is retailers expanding the space they allocate to plant-based products, starting in the frozen case and now encroaching into the fresh-meat case. But retailers don't yet have a full category strategy that looks across every relevant temperature state: frozen, fresh meat, and ambient meat. Globally, one of the biggest categories of animal-based proteins is dried-meat snacks; we recently introduced Leaf Jerky, a plant-based jerky product. I think retailers still have a ways to go in thinking through the role of plant-based protein in shoppers' lifestyles.

McKinsey: What are your expectations for Incogmeato?

Monica McGurk: We've got really high aspirations for it. The kinds of metrics we'll be paying attention to are household penetration, trial, and repeat rates. What's also important to us—and we'll be watching this closely and continuously iterating to improve it—is how it stands head to head against competitors on a sensorial basis, not just at the moment of consumption but in every part of the experience. How does it look on the shelf? How does it smell and sizzle when consumers cook it at home? What aroma is left in the air after they're finished with their meal? Those, I think, will be the acid tests of whether consumers ultimately embrace the brand.

McKinsey: It seems like both Incogmeato and Leaf Jerky were developed relatively quickly. Is Kellogg innovating faster than it has in the past?

Monica McGurk biography

Vital statistics

Born in 1970 in Chisago Lakes, Minnesota

Married, with 3 children

Education

Holds master's degrees in business and education, both from Stanford University, and a bachelor's degree in government from Harvard University

Completed the Agribusiness Seminar, part of Harvard Business School's Executive Education program

Career highlights

Kellogg Company

(2019–present)

Chief growth officer

(2018–19)

Chief revenue and e-commerce officer

Tyson Foods

(2017)

Chief growth officer

(2016–17)

President, food service; executive vice president, global strategy and new ventures

Coca-Cola North America

(2012–16)

Senior vice president of strategy, decision support, and e-commerce

McKinsey

(1993–2012)

Partner

Fast facts

Is on the board of directors of Mid-America Apartment Communities, a real-estate investment trust

Recently served on the Governor's Blue Ribbon Commission on Data Analytics and Computing for the state of Arkansas

Monica McGurk: Yes. For years, the industry has been bemoaning lack of growth in certain categories; everyone says, "The center of the store is dead." No, it's not. To me, the fact that many small, emergent brands are growing fast is proof that every single category will thrive if innovation is breathed into it.

At Kellogg, we're doing a lot to diversify our innovation model so that we can be faster to market while also keeping in mind that our biggest advantage is scale. We're experimenting with agile techniques. We've run internal incubator and start-up challenges. We have a venture-capital fund that we use to invest in high-potential companies. We've refined our external network. All those things are helping us innovate faster.

Underpinning all of it are, of course, great insights. There's no substitute for those. We're upping our game with advanced analytics and big pushes in behavioral science so that we can uncover needs or desires that consumers might not even be able to express themselves.

One brand that's exemplified this agile approach is Joyböl, which is a compact, portable, smoothie-like breakfast product that people can eat at their desks. We got a lot of negative feedback on our first prototypes, quite frankly. So we could've just said, "Oh my gosh, this is a failure." Instead, we renovated the product and put it back in market for further testing, and now

it's performing at the high end of retailer benchmarks. That took us less than six months. So we need to figure out how to do that again and again, in a way that isn't reckless but drives faster growth and is profitable for us.

McKinsey: There aren't many consumer companies today with CGOs. You've now had that role at two large consumer-goods companies. If I'm a CEO, how should I think about installing that role? Does a CGO replace the chief marketing officer?

Monica McGurk: At Kellogg, the CGO is responsible for all demand-generation levers. I oversee our insights and analytics team, our global R&D team, and the commercial COEs [centers of excellence]—that's marketing, revenue-growth management, sales and channel development, and a team that we've pulled out to focus on digital and e-commerce because of our aspirations for leadership in that space.

If you're a CEO, and you're thinking about creating a CGO role, you first need to recognize that the CGO can't be a Band-Aid for capability gaps in the P&L [profit-and-loss] owners or in the regional business units. But if there's a need to better integrate commercial execution, or a need to inject new capabilities to supplement traditional commercial capabilities, a CGO structure can make that happen much faster than leaving every business unit to figure it out on its own.

It's critical to look for talent that has the breadth of commercial capability—someone who has not only been a CMO but also has had a tour of duty through lots of different commercial roles and, ideally, has P&L experience so that he or she understands what a business needs on a practical level. As CGO, I work with and for our region leaders on the P&L so that we're working together in a way that one plus one equals three. It's a collaboration engine. The CGO structure is the wind beneath their wings, or the fuel in their engines, so to speak.

Jordan Bar Am, an associate partner in McKinsey's New Jersey office, conducted this interview.

[For more from Monica McGurk, see the videos accompanying this article on McKinsey.com.](#)

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