

Mars Gears Up for a New CEO and Its Next Chapter

One constant remains: the Mars family and its commitment to growing the business.

By **Shefali Kapadia** | September 28, 2022



Skittles on production line in Yorkville, Illinois. Courtesy of Mars.

From the outside, it appears an ordinary day at Mars' headquarters, just across the border from Washington, D.C., in Virginia. But inside the corporation, change is afoot. The CPG is gearing up for one of its biggest shifts since 2014, as a new CEO prepares to take the helm.

Inevitably, some degree of change is bound to happen under a new head honcho.

"Any new leader will also see new opportunities," **Andy Pharoah**, VP of corporate affairs and sustainability at Mars and a member of the Mars Executive Board, told CPG Specialist.

CEO **Grant Reid** will retire at the end of the month, staying with the company through the end of 2022. **Poul Weihrauch** will assume the role of chief executive, moving up from his current position of global president at Mars Petcare.

"Having worked closely with Poul for many years I consider him and his family to be close friends. I am very excited about the future of the business under his leadership," Reid said in a statement.

Mars is not a company known for quick changes or dramatic overhauls. The family-owned, privately held business isn't obliged to bow to quarterly investor pressure that public CPGs face. And the Mars family, while providing "tremendous freedom" to the company's leadership, according to Pharoah, will continue to play a pivotal role, keeping the CPG laser-focused on its goals.

For that reason, experts inside and outside of Mars said they expect Weihrauch to sustain the momentum Reid has built during his tenure. Of utmost importance are growth and profitability, which the family has instilled upon the organization, said **Vidyotham Reddi**, former director of growth analytics at Mars.

"They're very kickass when it comes to results," Reddi, now principal and founder of **The Rejuvi Venture**, told CPG Specialist. "They have really performed at or even above some of the best CPG companies out there."

Passing the Baton

Indeed, Mars has seen its annual revenue balloon to \$45 billion, more than Coca-Cola. Mars is now the largest pet food company in the world, according to PetFoodIndustry.com's rankings. The CPG's petcare division, with brands such as **Iams**, **Royal Canin** and **Whiskas**, brings in an estimated \$19 billion in yearly revenue, above **Nestlé Purina's** \$16.5 billion.

From origins in confectionery to expanded services in petcare, "there's been this constant evolution of the business, and I would expect that to continue," Pharoah said of the CEO transition. "We liken it to the handing of a baton in a relay race."

Weihrauch has been part of the leadership team since 2011. When Reid became CEO in 2014, he put Weihrauch in charge of the petcare business, Pharoah said.

"The changes that we've been driving, Poul has been very much involved in it," Pharoah said.

Weihrauch has had a wide-ranging career at Mars and previously Nestlé. He's been a brand leader, a general manager and a president across the U.K., Prague and Brussels, with positions in confectionery, food and petcare. During his time at the helm of the petcare division, Mars acquired VCA for \$9.1 billion, a company that owns animal hospitals and labs.

"He has worked across every segment that we operate and brings a real breadth to his new role," Pharoah said.

Varied experience is common across Mars, whether they're associates or managers. Leaders don't tend to ascend linear ladders in siloed functions, instead moving laterally to various segments within the company. Leaders at Mars often have global experience and have lived and worked in multiple markets.



Incoming Mars CEO Poul Weihrauch. (Courtesy of Mars)

Reid, who has been with Mars since 1988, held a range of positions, from sales to procurement to marketing to plant management. He was global president of Mars Drinks and later global president of Mars Chocolate before becoming CEO. Reddi said that experience is what made Reid so influential at Mars.

"Grant had the context of virtually every moving part of the Mars business," he said. "He would, on any given day, be able to talk with extreme confidence about its supply chain, its operations, its R&D, its people."

Under Reid's leadership, Mars' headcount grew from 60,000 employees to 140,000. The CPG acquired **Kind** in a multi-billion-dollar deal, latching on to the better-for-you snacking trend. It doubled down on sustainability commitments, with Reid a vocal advocate on the topic.

"Our significant transformation and record growth as a business would not have happened without Grant's leadership," Board Chair **Frank Mars** said in a statement.

As the chief seat changes hands, Reddi said he expects a shift in leadership style. When Reddi was at Mars, his team did a lot of work for Weihrauch's team, and Reddi said Weihrauch often pondered new growth models, profitability, household penetration, consumer behavior, e-commerce and more.



Outgoing Mars CEO Grant Reid. (Courtesy of Mars)

The petcare leader "comes at it from a very strategic growth perspective. Whereas [Reid] came at it from a very operational perspective. And both have their place," Reddi said.

Weihrauch's leadership philosophy favors decisions made market by market, Reddi added. That thinking could be at odds with a more centralized "One Mars" approach that the company has been striving toward for better efficiency.

It's not uncommon for large conglomerates to unify areas such as R&D, distribution and marketing, so they can share costs across brands, according to **Aaron Sorensen**, partner at **Axiom Consulting Partners** and head of the firm's Business Transformation Practice.

His firm found that at "mega" companies, with more than \$10 billion in annual revenue, "the initial impulse may be to employ a corporate model that places more power into the hands of the business units — but our analysis suggests that the more controlling corporate models may actually win out on performance," said the study, which was emailed to CPG Specialist. "Having more centralized control allows for the most capable resources to be deployed as needed across the

enterprise."

At the same time, Sorensen added that large businesses with centralized functions can suffer from "organizational drag."

"I think that their biggest challenge, to me, is going to be the fact that they are a global company that's trying to push a One Mars agenda," Reddi agreed.

Long Horizons

Central to Mars will always be the family. Its priorities give "real clarity for the organization about what's important," Pharoah said. "You're incredibly accountable to delivering what the family wants."

In the 1980s, family members codified Mars' five principles: quality, responsibility, mutuality, efficiency and freedom. Today, those principles, along with Mars motto — "The world we want tomorrow starts with how we do business today" — still serve as "a North Star in terms of how we do everything," Pharoah said.

A common refrain at the company is that it thinks in generations rather than quarters. Even the leadership changeover is taking place over a long timeline. Reid told the board he was leaving 18 months before Mars announced the change in June. And Reid will stay on with the company through the end of 2022.

"They've been in transition for quite a while. Things are not necessarily that smooth at public companies when there's a transition," said **Jeff Grogg**, managing director at **JPG Resources**.

It's that methodical approach that leads observers inside and outside the company to doubt Mars is in for a shakeup, unlike some of its CPG counterparts undergoing restructurings, such as **Unilever** and **Hormel**. Even as the CEO changes, the Mars family still provides plenty of stability and continuity, Grogg said. "There's a lot less potential for disruption."

That's in contrast to a business such as **Kellogg**, which is set to split into three businesses with new leadership already in place for the cereals segment.

"Mars and Kellogg are so different," Grogg said. While both are conglomerates with seemingly dis-synergistic segments (petcare and confectionery for Mars, and snacks, cereal and plant-based meat for Kellogg), only one is at the whim of the stock market's rollercoaster.

Mars doesn't have investors pressuring the CPG to maximize shareholder value by way of dramatic portfolio alterations. "They're an oddly diversified company, but it works," Grogg said.

Grogg named **Seeds of Change**, a line of rice, sauces and seeds, as a "little bit of a misfit toy," and said he wouldn't be surprised to see Mars shed the brand.

When asked if there are any particular segments he sees Mars getting into more, or divesting, Pharoah replied, "That's the sort of question that nobody you asked could ever answer. ... We love all our businesses. We think they've all got a very strong role with Mars going forward."



Jacqueline Mars, granddaughter of Mars founder Frank Mars. (Photo by Ron Sachs - Pool via Getty Images)

CPG Specialist is a copyrighted publication. CPG Specialist has agreed to make available its content for the sole use of the employees of the subscriber company. Accordingly, it is a violation of the copyright law for anyone to duplicate the content of CPG Specialist for the use of any person, other than the employees of the subscriber company.