

2024 HIRING & LEADERSHIP TRENDS SURVEY RESULTS

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SUMMARY

In January 2024, Noto Group surveyed over 100 top-level executives across athletic and outdoor, apparel and footwear, recreation, and retail consumer segments about the challenges, opportunities, leadership priorities, and trends shaping their business.

Our survey results revealed that employment in the consumer sectors will remain relatively steady in 2024 despite significant layoffs in certain segments. In addition, survey respondents are seeing talent availability ease slightly, allowing companies to take advantage of a moment in the market to hire previously unavailable talent. Companies requiring employees to return to the office will continue to have a disadvantage compared to those that maintain hybrid and remote flexibility.



NOTO GROUP
EXECUTIVE SEARCH

KEY TAKEAWAYS

Overall, there was a theme of cautious optimism balanced with a healthy dose of reality as companies focus on profitability and team performance. The stakes are high as the call for new leadership capabilities in our complex, changing, and uncertain world continues to grow.

- Most companies have settled into a hybrid office arrangement, with few changes in one direction or the other.
- Profitability and go-to-market strategy are the top business imperatives as many companies attempt to bounce back from a period of excess inventory and mediocre profits.
- Hiring activity remains relatively steady with 37% of survey respondents expecting to hire for new roles and 38% planning to fill vacant positions in the first half of the year. The total volume of openings will be tempered with 20% of employers planning to pause hiring, and 9% planning to eliminate jobs during the same time period. Executives surveyed expect the hiring picture to strengthen further in the second half of 2024.
- Larger companies (with annual revenues of over \$1 billion) are more likely to limit hiring, freeze hiring, or reduce headcount in comparison to companies under \$1 billion that are stabilizing and adding headcount as they lean into new growth initiatives.
- Organizations are finding it slightly easier to identify and hire top talent, yet some familiar challenges remain—most notably, relocation hurdles, compensation, and availability and quality of talent. Moreover, it's still difficult finding qualified talent in marketing, e-commerce, and product creation disciplines.
- Developing executive competencies in the areas of change management, leadership development, relationship building, and teamwork is a priority going into 2024. This is very similar to what we learned last year.

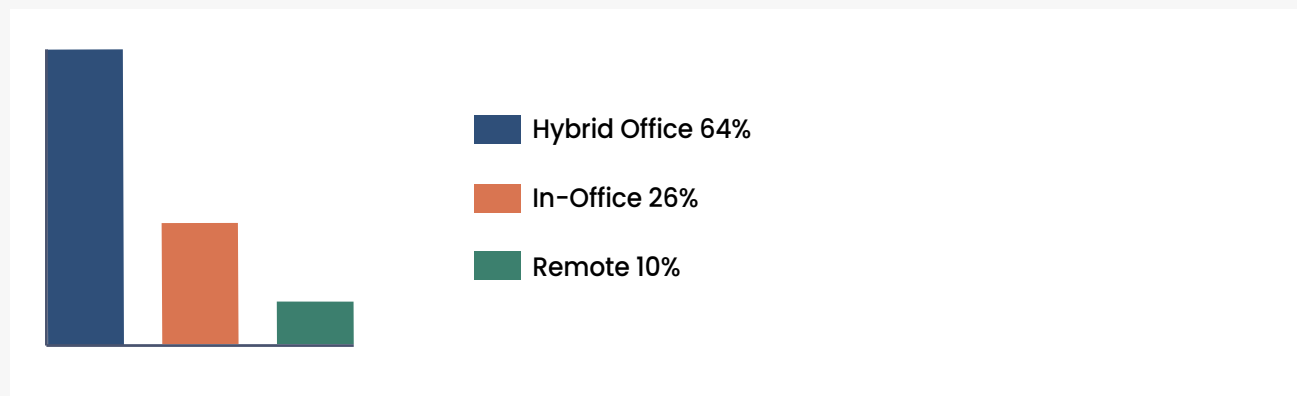


1. HYBRID IS HERE TO STAY

Almost two thirds (64%) of respondents say their current office arrangement for the majority of employees is hybrid. A little over a quarter (26%) require employees to be fully in the office, while 10% say they're completely remote.

Interestingly, the vast majority of respondents plan to stick with the arrangements they currently have in place. The top reasons for changing or keeping their current office arrangement were "access to talent," "productivity/innovation," "communication," and "employee retention."

A HYBRID WORKFORCE CONTINUES TO PREVAIL



OUR TAKE

The push to bring workers back in the office is not as strong as many thought. While a small percentage of companies are moving toward an in-office arrangement (four to five days a week), most organizations are settling into a hybrid office arrangement, with few changes in one direction or the other.

Thanks to the pandemic, traditional work environments were turned on their head, and employees are demanding continued flexibility. Indeed, 76% of employees want their employees to make work permanently flexible, according to a CBS-US Catalyst survey.

At the same time, companies are realizing that mandatory in-office presence leads to increased burn-out and turnover. Companies requiring employees to return to the office have seen high rates of attrition. For the majority of businesses, hybrid environments present the right balance between the need for in-person collaboration and flexibility—and there's no incentive to move away from a hybrid work environment as execs focus on retaining their talent.



2. TOP IMPERATIVES ARE PROFITABILITY AND GO-TO-MARKET STRATEGY

As we enter 2024, survey participants overwhelmingly listed “business model/profitability/financial results” as their top priority followed by “go-to-market strategy/sales/wholesale” and “brand/marketing/connection to consumer.”

Interestingly, “technology/systems/AI” and “digital commerce/direct to consumer/retail” received the lowest rankings.

TOP BUSINESS IMPERATIVES FOR 2024

1. Business Model / Profitability / Financial Results
2. Go-To-Market Strategy / Sales / Wholesale
3. Brand / Marketing / Connection to Consumer

OUR TAKE

In 2023, many companies had high inventory, forcing them to reduce prices. With the threat of inflation, profits were mediocre for some businesses and catastrophic for others. With many industries seeing a decline in profits, especially in the last half of 2023, it’s no surprise that businesses are now laser focused on profitability—and the introduction of new products and services coupled with a stronger brand offer the path forward.

As business leaders focus on their go-to-market strategies, our results indicate they are less concerned about technological advancements at the moment. That may change as AI continues to gather steam, but for now the focus is on boosting financial results.

3. HIRING ACTIVITY REMAINS RELATIVELY STEADY

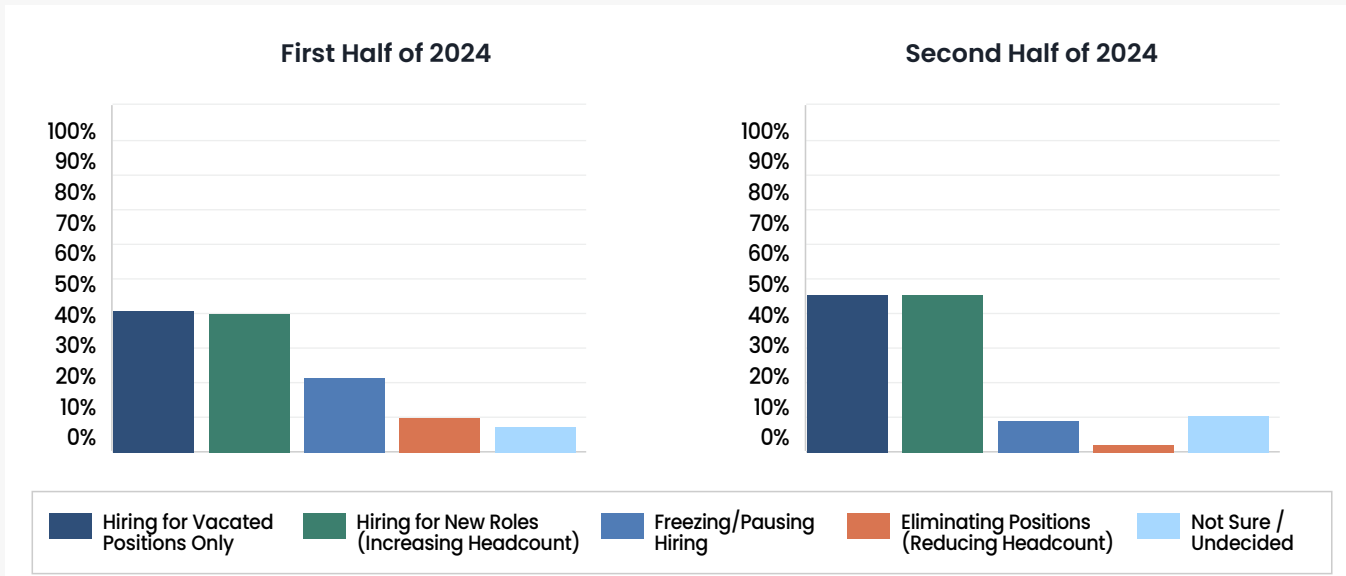
During the first half of 2024, 37% of survey respondents anticipate hiring for new roles and 38% plan to fill vacant positions. Hiring will be tempered with 20% of employers planning to pause hiring, and 9% planning to eliminate jobs. Executives we surveyed expect the hiring picture to strengthen further in the second half of 2024.



Approximately, 42% of respondents anticipate hiring for new roles in Q3 and Q4, and 42% plan to fill vacant positions, with just 9% saying they plan to pause hiring and 2% planning to eliminate jobs.

Interestingly, survey respondents at the largest companies are less likely to hire for new roles and more likely eliminate jobs in 2024 compared to respondents from other companies. Specifically, 25% of respondents from companies with annual revenues of over \$1 billion plan on increasing headcount, 25% plan on hiring for vacated positions, and 25% plan on not hiring. Additionally, 13% of individuals from companies over \$1B plan on eliminating positions. These results remain in line with the general trends we are seeing currently in the market.

Hiring was tempered in 2023 with restructuring and right-sizing activities. While layoffs will likely continue for some brands, others are well-positioned to maintain or grow headcount.



OUR TAKE

Many industry leaders have been right-sizing while also realigning their business strategy and teams in response to 2023 results. At the same time, there are numerous companies that are already well-positioned and counting on growth. The combination of forces will result in a net positive hiring year as companies prioritize restructuring and new initiatives to boost their profits. We believe that leaders are ready to align and invest resources to achieve new strategic priorities.

The plans to increase headcount come at a time when economic growth is predicted across the consumer sector. In North America, for example, apparel and fashion companies increased their revenue in 2023, and that growth is expected to continue in 2024. Likewise, the CPG industry has a projected compound annual growth rate (CAGR) of 5% from 2022 to 2031. Similarly, the hospitality industry will enjoy a projected 5.5% CAGR between 2023 and 2027.



4. IT'S A LITTLE EASIER TO LAND TOP TALENT, BUT CHALLENGES REMAIN

Nearly half of survey participants (47%) say it's become easier or slightly easier to find top talent over the last 12 months. About 31% say hiring has not changed, while 22% say it's become difficult or slightly difficult. Interestingly, few respondents said it has been significantly easier (9%) or significantly harder (5%) to hire top talent.

While it's become slightly easier to identify and land top talent, there are still some obvious challenges. Survey respondents listed "relocation hurdles/talent not open to relocation" as the top challenge of hiring at the director, VP, and C-Suite levels This was followed by "talent availability/competition for talent," "talent quality/diversity/experience level" and "compensation/benefits not competitive with market."

Companies that had key employees leave in 2023 cited "career profession/development" and "compensation" as the top two reasons.

When asked what the most difficult jobs have been to fill, the number one choice for respondents was marketing, brand, and creative positions. This was followed by product creation positions including design, development, and merchandising; e-commerce, digital, and direct-to-consumer positions; and most executive-level leadership roles.

IDENTIFYING AND HIRING TOP TALENT



TOP FOUR HIRING CHALLENGES

- 1. Relocation Hurdles
Talent Not Open To Relocation
- 2. Talent Availability
Competition For Talent
- 3. Talent Quality / Diversity
Experience Level
- 4. Compensation / Benefits
Not Competitive With Market



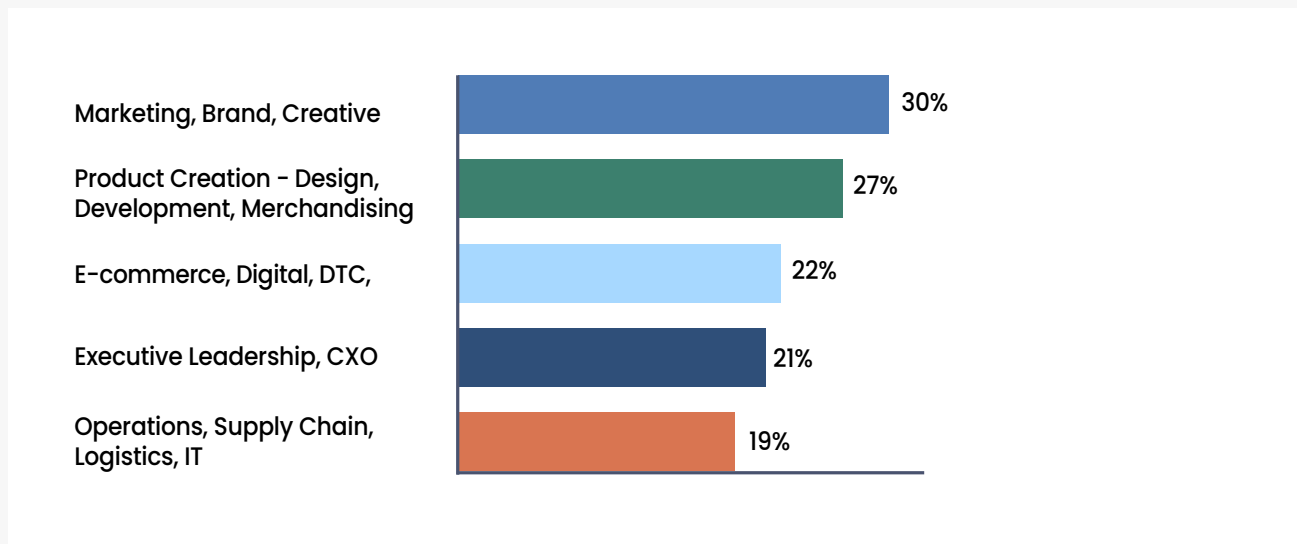
OUR TAKE

A slew of high-profile layoffs and restructuring has increased the volume of active job seekers. Indeed, the total volume of job openings dropped from a record high of 12 million in March 2022 to 9 million in December 2023. While the volume remains healthy, layoffs increased in 2023, compelling at-risk and active job seekers to apply for jobs. The result is fewer job openings, with more people interested in the opportunities that exist.

The Great Resignation, Great Migration, and Quiet Quitting behaviors are also winding down. With the volume of job openings decreasing in 2023 and a slower housing market, many employees who feel secure in their job are thinking twice about making a move. And with many employees securing flexible positions with higher pay during COVID, there's less reason to switch. A survey by the nonprofit think tank Conference Board found that more than 60% of U.S. employees are satisfied with their jobs and some of today's most content workers the ones who changed jobs during the pandemic. .

As always, certain positions remain difficult to fill, and companies continue to be focused on recruiting the most qualified talent for the most competitive roles. Indeed, half of recruiters indicated that improving candidate quality is their top priority for 2024, according to Employ Inc.'s annual Recruiter Nation Survey.

HARDEST POSITIONS TO FILL



*Ranked by weighted average of multiple selection responses.



5. COMPANIES ARE INVESTING IN THEIR LEADERSHIP

Asked what aspects they'd like to improve when it comes to their organizational leaders, change management, leadership development, relationship building, and teamwork rose to the top.

TOP FOUR ORGANIZATIONAL LEADERSHIP PRIORITIES

1. **Adaptability / Learning Agility / Change Management**
2. **Leadership Development**
3. **Trust / Relationship Building**
4. **Teamwork / Collaboration**

OUR TAKE

Companies have begun to see the business case for improving team effectiveness through leadership development efforts. All of the top organizational leadership priorities respondents cited are related and require investments in leadership, people, and culture. They also match the sentiment of recent Gartner research, which found that leader and management development is the top priority for HR leaders in 2024.

As organizational effectiveness expert Ted Freeman said in a recent Noto Group blog post, "The debate about the value of investing in the fundamentals of leadership and organizational culture is over. It's broadly understood that what we call Great Everyday Management practices—a coaching mindset, clear communication, role clarity, delegation and accountability, cross-functional collaboration, the ability to productively have difficult conversations, among other core skills—reduce waste in organizations, facilitate better decision-making and enhance productivity."

In fact, leadership development will be a top priority in 2024, as companies work to retain and optimize the talent they have. Organizations are just now beginning to reap the value of the hires they made during the pandemic, and they're focused on developing high-potential talent. In addition, teamwork is a priority because of its positive effect on employee morale and overall innovation.



6. CONNECTION TO MISSION IS THE TOP CULTURE PRIORITY

Asked about their priorities for organizational culture and people, executives ranked “connection to purpose/mission” as their number one focus, followed by “fostering collaboration and trust.” These were closely followed by “performance management,” “leadership development/coaching” and “talent development/succession planning/retention.”

TOP PEOPLE AND CULTURE PRIORITIES

1. Connection to Purpose / Mission
2. Fostering Collaboration and Trust
3. Performance Management
4. Leadership Development / Coaching
5. Talent Development / Succession Planning / Retention

OUR TAKE

The emphasis on purpose-driven leadership continues to grow as employees make it clear they prefer to work for organizations whose values align with their own. By promoting a meaningful mission that extends beyond profits, companies can foster collaboration and trust, while motivating employees to work together to achieve exceptional performance.

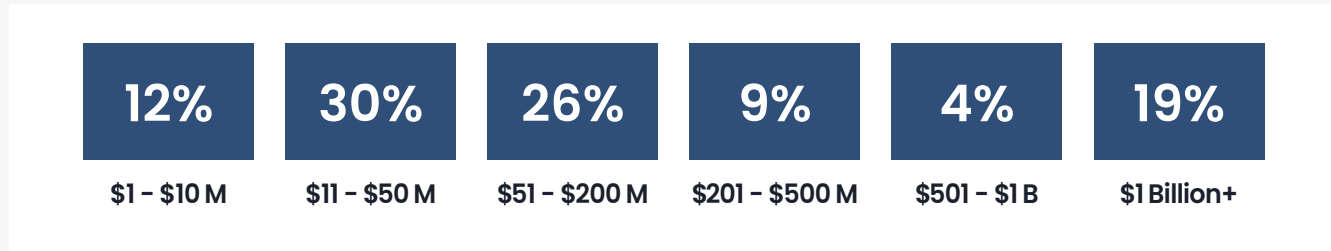
The data shows that employees are more driven when they feel connected to their company’s mission. 63% of employees at companies with a clearly defined and communicated purpose say they’re motivated versus only 31% at other companies, according to a PwC survey. In addition, 65% say they’re passionate about their work, versus 32% at other companies. What’s more, 90% of purpose-driven companies experience growth and profits at or above the industry average. As companies strive to inspire and engage employees, the focus on purpose-based leadership will only strengthen.



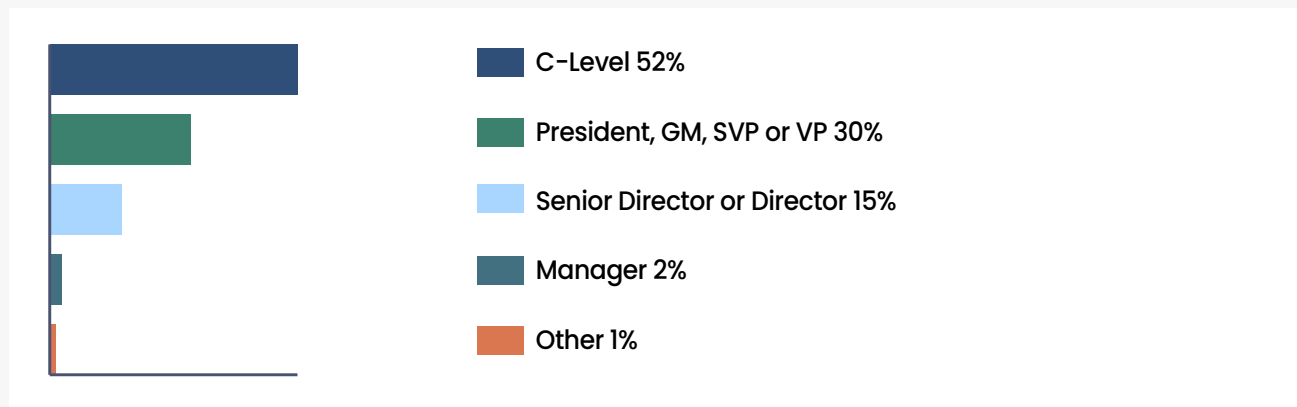
ABOUT THE SURVEY

In January 2024, Noto Group surveyed 108 executives with hiring oversight across the consumer products, athletic and outdoor performance, apparel and footwear, recreation, and retail industries as well as nonprofits.

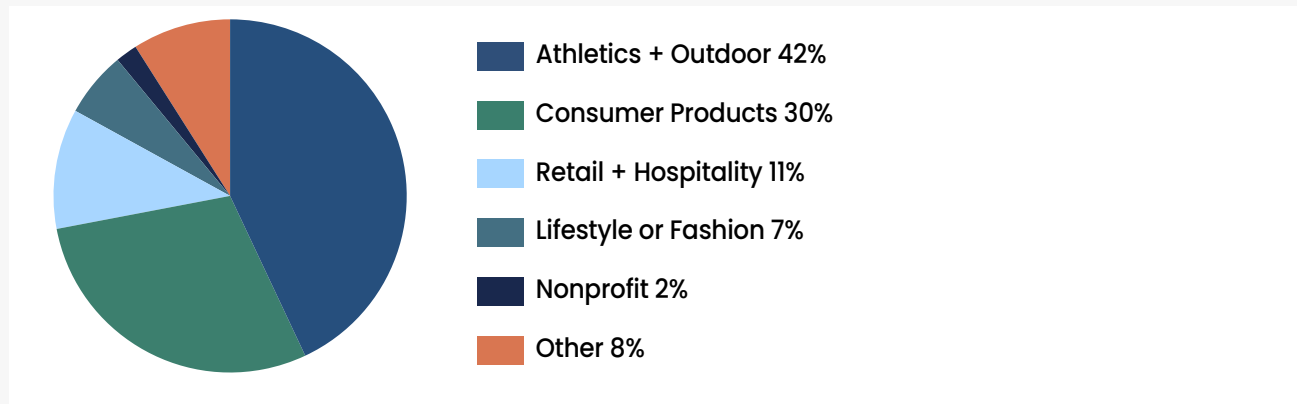
ANNUAL REVENUE OF COMPANIES SURVEYED



SURVEY RESPONDENTS BY LEVEL & INDUSTRY



SURVEY RESPONDENTS BY INDUSTRY



ABOUT NOTO GROUP

Noto Group is an industry-leading executive search and leadership consulting firm. Over the past decade, we have worked with over 225 notable brands in the athletic, outdoor, food & beverage, and healthy living consumer sectors.

Our clients turn to us when they need to recruit, select, and integrate exceptional leaders in response to rapid growth, a new initiative, a turn-around, or change in strategy. We are proud to be a Certified B Corporation since 2013.

Subscribe to our email updates to stay informed of active searches and talent market insights.

For more information, check out www.notogroup.com and the How I Hire podcast.

Contact us to talk about your leadership and hiring needs.

