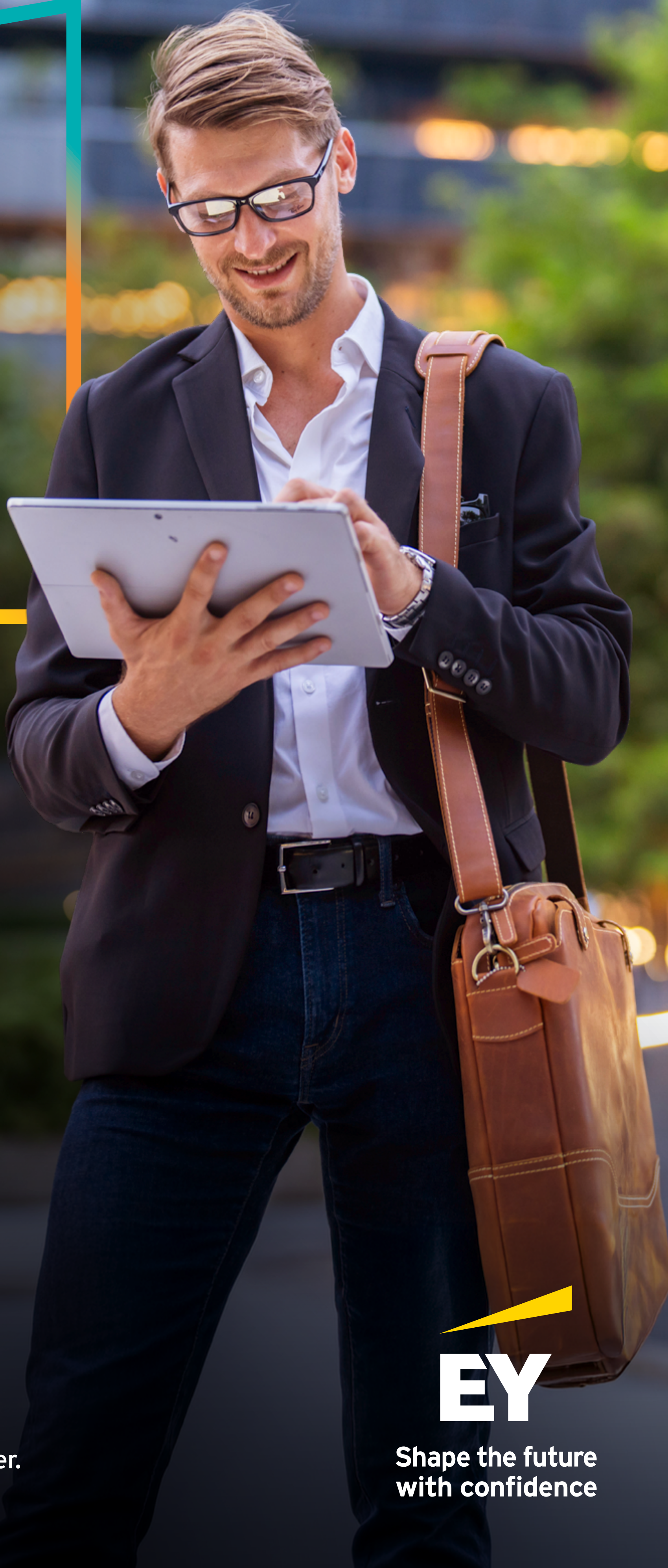
Beyond optimisation

Rethinking the CPG workforce for the operating model of the future



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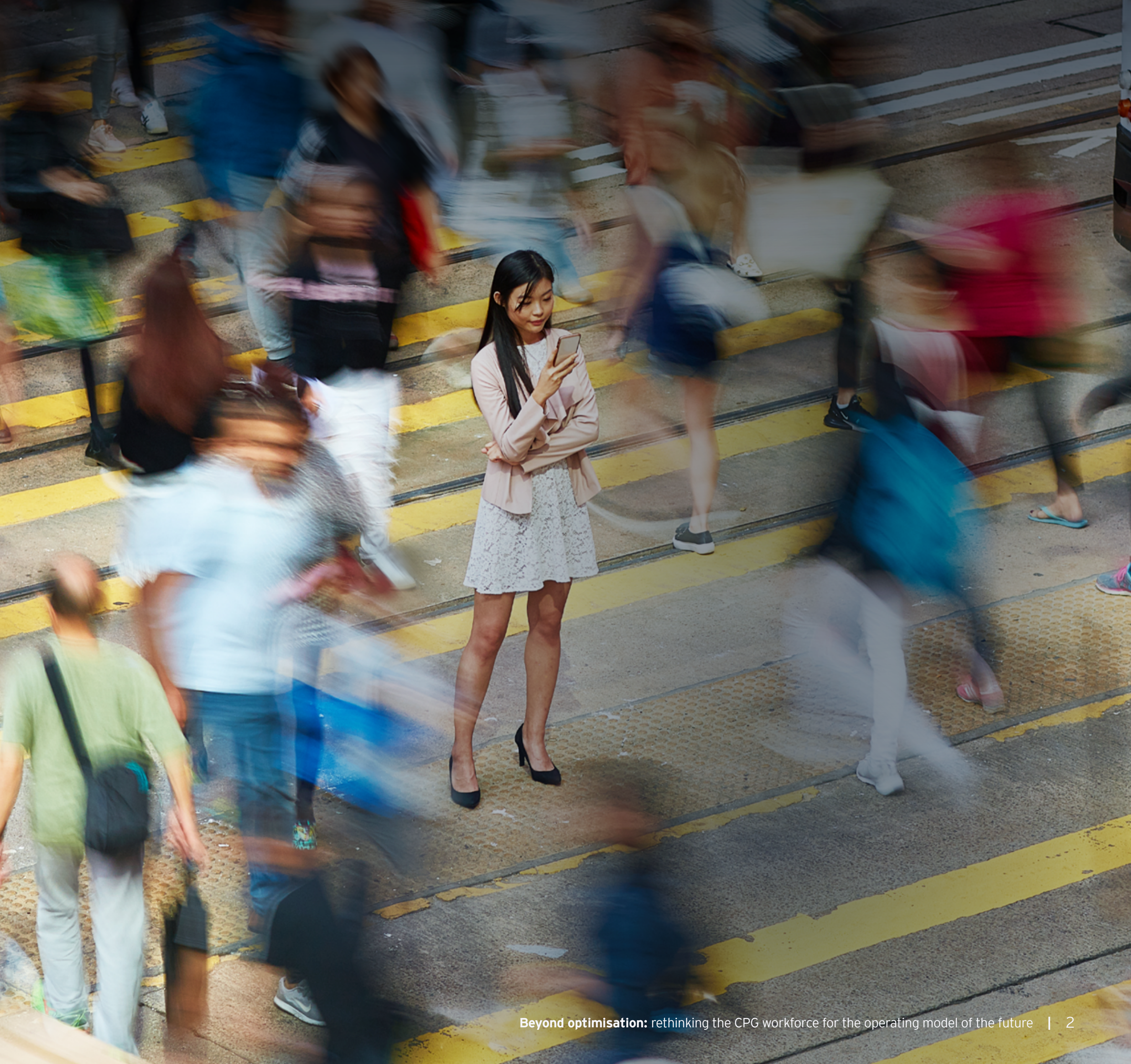
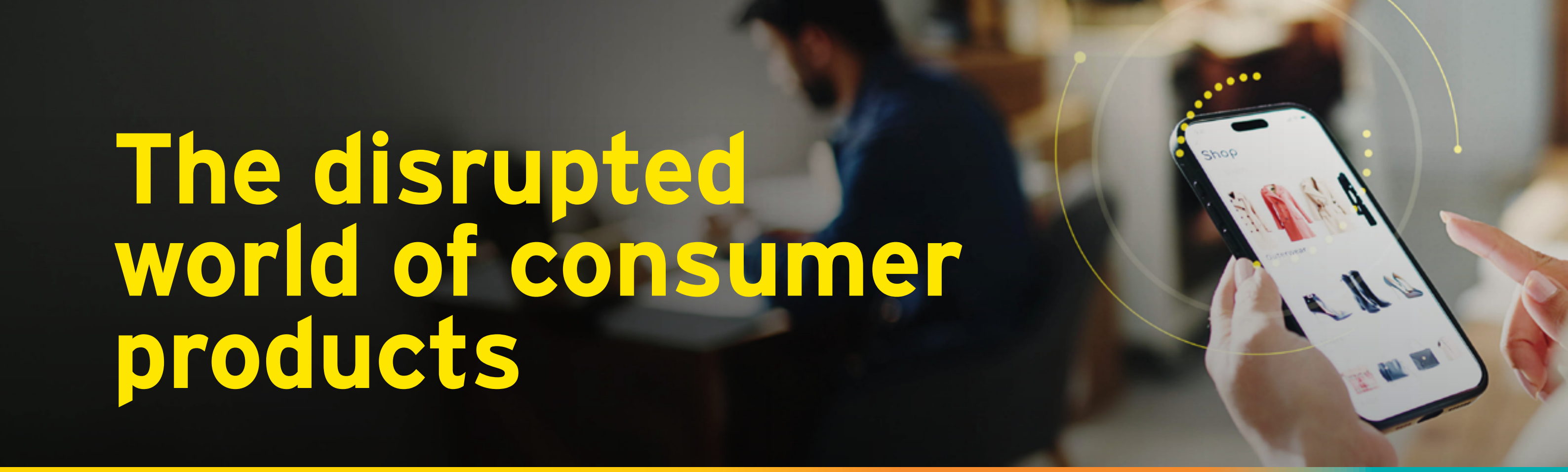
Executive summary

The multigenerational and multidisciplinary workforce across consumer products and goods (CPG) is facing a constant stream of daily change as the primary forces in and outside of CPG reshape their business operating environment, prompting radical shifts and transformation of the underlying CPG value chain.

From scaling AI to unlocking continued growth and winning over the next set of human and agentic consumers, the shifts employees need to make at pace is also requiring CPGs to unlock a people function which can outpace peers. Reorganised around what we believe is a dynamic, digitally enabled, value-stream-led model. To get there, CPGs must redefine what work is, how it is delivered and how to keep it meaningful in order to build a business which can realise continued success.





The disrupted world of consumer products

For most of the last decade, the consumer products playbook has been one of optimisation and it has delivered real gains. Portfolios have been squeezed. Pricing has been sharpened. Supply chains are tighter – and companies have become faster, leaner and more data-driven. These drivers have led to incremental improvement but the strategy has also created a hidden problem: companies are getting better and better at running a model that the market is steadily leaving behind.

The industry today is facing a seismic shift in its operating conditions, and one the current model simply was not designed to handle. Consumer products companies are now operating in a nonlinear, accelerated, volatile and interconnected (NAVI) environment: one that is nonlinear, accelerated, volatile and interconnected – and there are five game-changing macro-trends that are impacting the CPG environment simultaneously.

Firstly, consumer engagement is shifting decisively, becoming digital-first by default, with many consumers exercising buying power on terms set by retail platforms rather than by manufacturers. Geopolitical and macroeconomic volatility has turned planning assumptions into moving targets and made resilience a commercial issue.

Sustainability and regulatory expectations continue to be ever more volatile and divergent in how companies are navigating. They are rising in importance and now shape what can be made, how it can be sold, and what it costs to bring to market.

Data and the technology architecture beneath the business follow and are undergoing wholesale transformation. Legacy systems are giving way to integrated, intelligent foundations capable of supporting an AI-enabled enterprise. And finally cutting across all of these, artificial intelligence (AI) is arriving at scale and moving from a tool that supports human decisions to one that increasingly makes them.

AI and other new technologies are reshaping how CPG companies compete. For most of their history, they have contended for relevance in three arenas – the consumer shopping cart, the retail channel and the capital markets – but a fourth is now emerging: the algorithmic layer.

Purchasing decisions are being shaped upstream of the consumer - within retailer platforms, recommendation engines and agents acting on the shopper's behalf. This means brands are competing not only for attention or shelf space, but for selection by systems they do not control.

The change is already happening. One consumer products chief customer officer interviewed for the 2026 ***EY State of Consumer Products Report*** predicted that by 2030, 80% to 90% of negotiation could be conducted through AI agents. A home and personal care leader put the timeframe even shorter, giving the major players under two years to adapt.[1]

Retailers themselves have become simultaneously customers, gatekeepers, platforms and direct competitors, increasingly equipped with proprietary first-party data that gives them an advantage in this fourth arena. And a growing minority of consumers are already comfortable delegating purchase decisions to AI or using it to support their choices.[2]

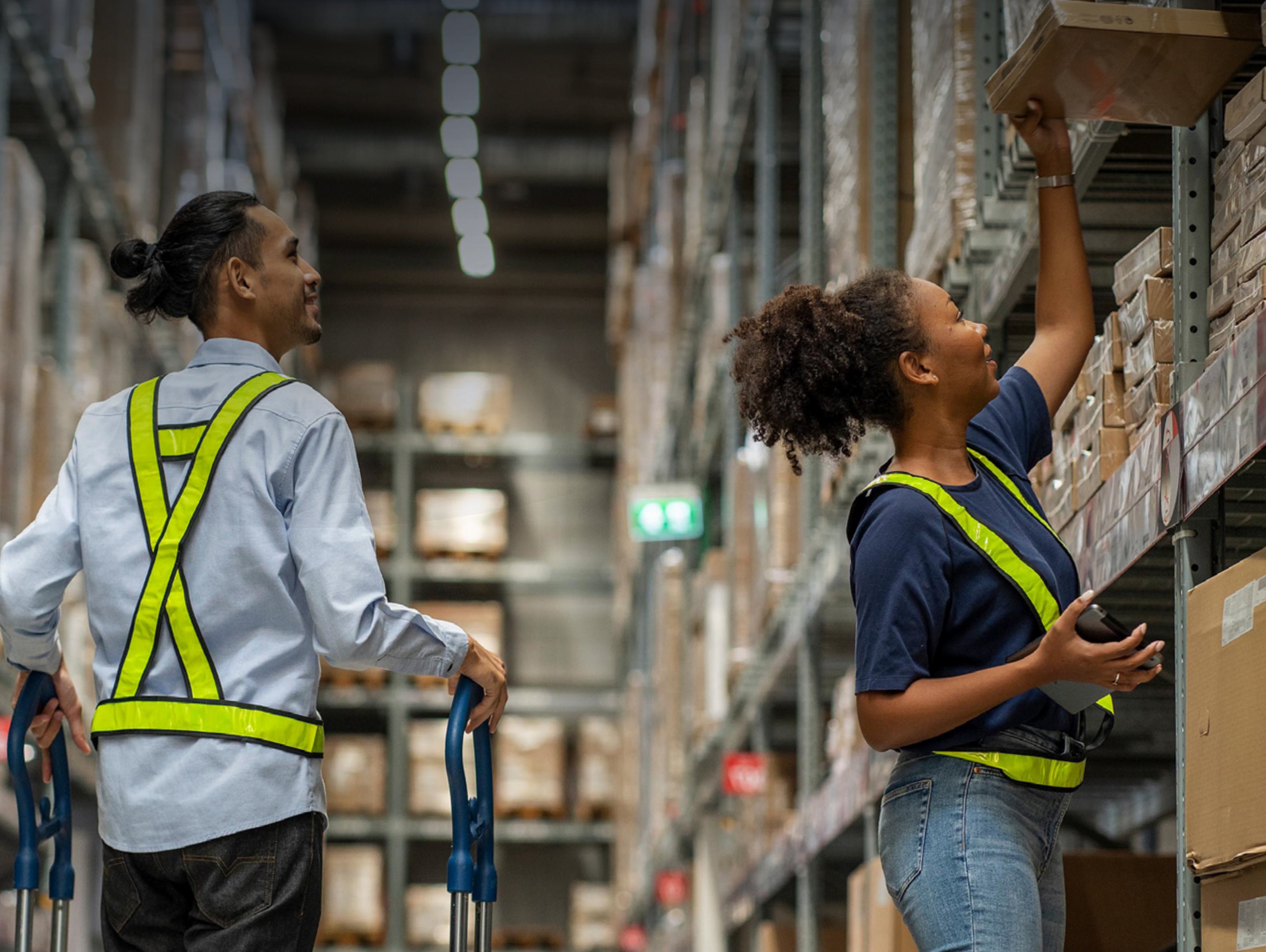
CPG companies have relied on an operating model built for scale for decades, but those operating models are no longer fit for today's reality. Those that are getting it right are building for growth. A future fit organisation needs to create an agile end to end P&L focused on the most attractive profit pools. This requires evolving ways of working – fusing teams, and shifting leadership mindsets from command and control to one of empowerment, continuous learning and cultural adaptability.

[1] EY State of Consumer Products Report 2026
[2] EY AI Sentiment Index, 2026

Three spikes of disruption hitting the CPG value chain

We're not just seeing general change in CPGs, we're seeing sharp, specific disruption events that expose where the system is fragile across the end-to-end value chain. These spikes signal what matters most; they show where the bottlenecks and structural weaknesses are and they signpost areas where data, AI and operating model changes would create the biggest leverage.

These examples are not the only areas under pressure, but they show clearly the gap between the current model and what the market now demands.



Spike 1
The commercial value chain

As the arena of competition has moved, the pace has increased dramatically. When selection happens upstream of the consumer – inside platforms, recommendation engines and the agents acting on shoppers' behalf – relevance is decided in milliseconds, and based on signals that shift continuously. Commercial teams now need to read those signals and respond together, as one. Instead, pricing, promotion, media and supply decisions still get made in sequence, by different teams, against different metrics. That disconnection - what we call the Decision Gap – this is where value is being lost.

Our research bears this out. 64% of consumer products companies say their sales and marketing transformation efforts have delivered little or no improvement. Over half are optimising yesterday's operating model rather than redesigning for the future and just 15% have integrated commercial data. The most exposed area is the new arena of competition itself: only 21% of executives feel confident they can influence the algorithmic recommendations that increasingly determine success. And the single biggest barrier to closing the gap is not technology or data – it is decision rights and governance, by a factor of 1:4.[3]

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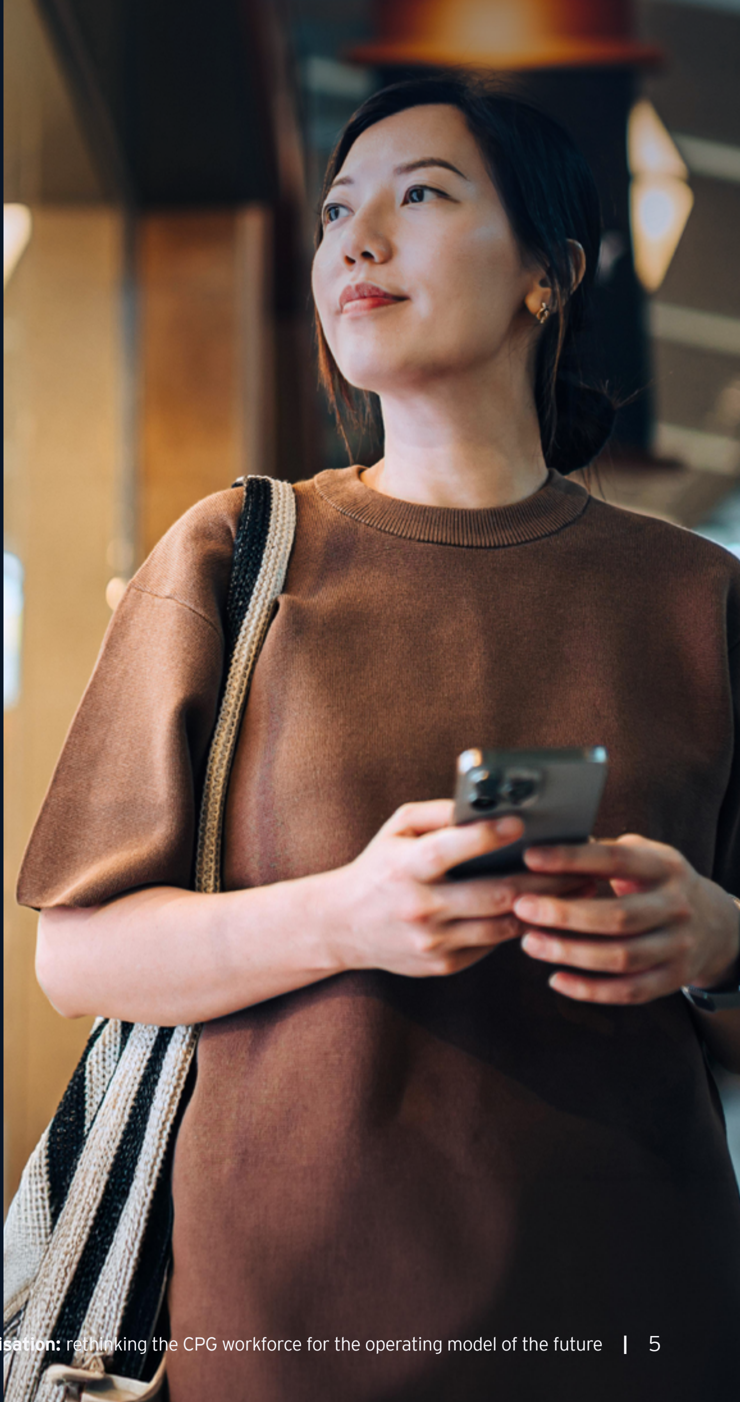
15%

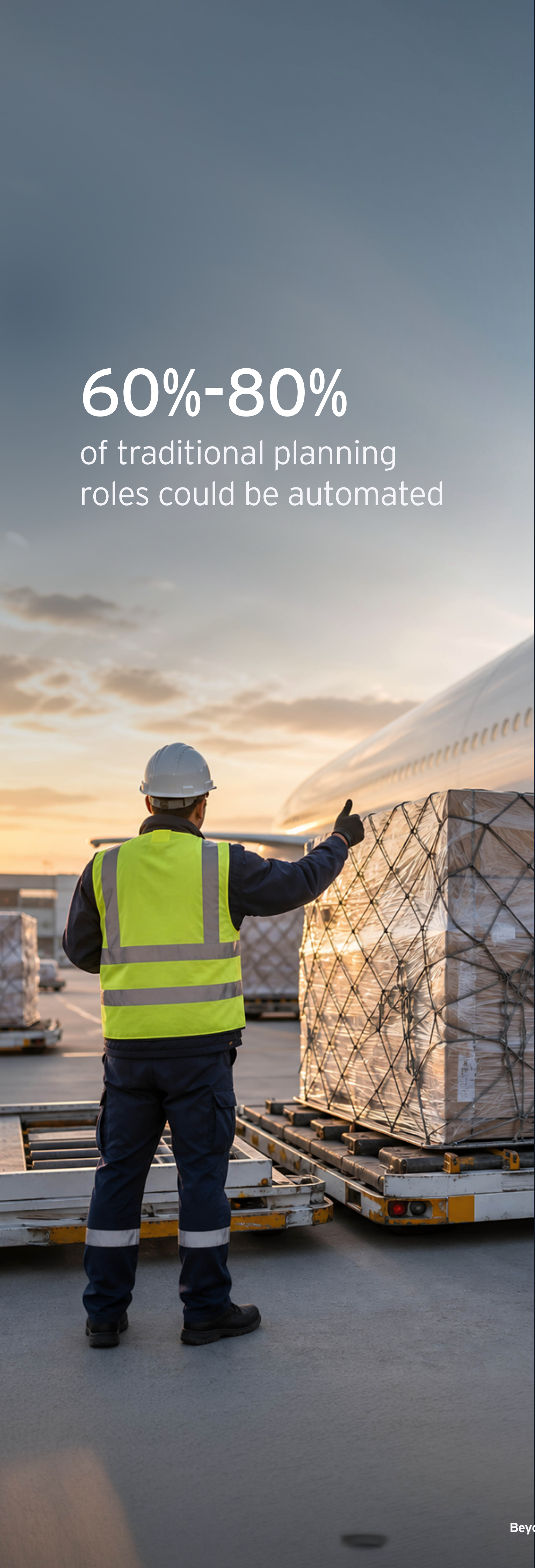
of companies have integrated commercial data.

21%

of executives feel confident they can influence algorithmic recommendations.



[3] EY Consumer Products Report 2026



60%-80%

of traditional planning roles could be automated

Spike 2
The operational value chain

The same pattern is evident across the operational value chain, which was built for linearity, now strained by daily variability. Each stage hands off to the next, assuming that the path from idea to delivery can be planned, sequenced and executed with minimal change. That assumption no longer holds.

This legacy shape is increasingly visible. In our market analysis we see R&D is still roughly 80% physical experimentation, with projects moving through slow sequential approval stages, even as digital and AI-enabled experimentation makes much of that work compressible.

Although the case for a single end-to-end dynamic value chain is compelling, CPG value chains remain siloed across research, planning, sourcing, manufacturing and logistics. For example, we see an opportunity to automate 60–80% of traditional planning roles. Redeploying remaining roles through a small multidisciplinary squad running scenario real-time to assess trade-offs as part of an integrated nerve centre. This would ultimately link promotion, supply, risk and supplier / ESG / CSR assessments.

This lack of application also exists in the back and middle offices, what was once leading edge in the market, CPG global business services (GBS) organisations have become particularly focused on transactional services and isolated in towers – process executors arranged by activity type rather than by the value they create. Many have struggled with adopting an E2E mindset be it in process ownership or service experience in light of the agentic unlock. An AI native operating model is required to re-set.

Spike 3
The people value chain

The pattern cuts deepest across the people value chain. The current model assumes an exclusively human workforce, doing work that can be defined in advance, in an organisation whose shape changes little from year to year. As AI moves from a tool that supports human decisions to a participant in the work itself, what gets done, how and by whom is being reconsidered across every function. Static organisation charts do not fit a workforce that includes humans, agents and external providers. Performance, progress and learning systems built for 12-to-18-month cycles cannot keep pace with a world that now measures progress in weeks.

The EY's proprietary AI and embedded data set, brought together in the EY Workforce Platform (EYWP), is showing in real time how pressing this impact on workforce composition really is. EYWP predicts a dramatic 40% to 80% potential for outcome based digitisation across many common CPG roles, and projects a 35% reduction in headcount alongside a 25% shift towards using an external portfolio and ecosystem of workers by 2030.

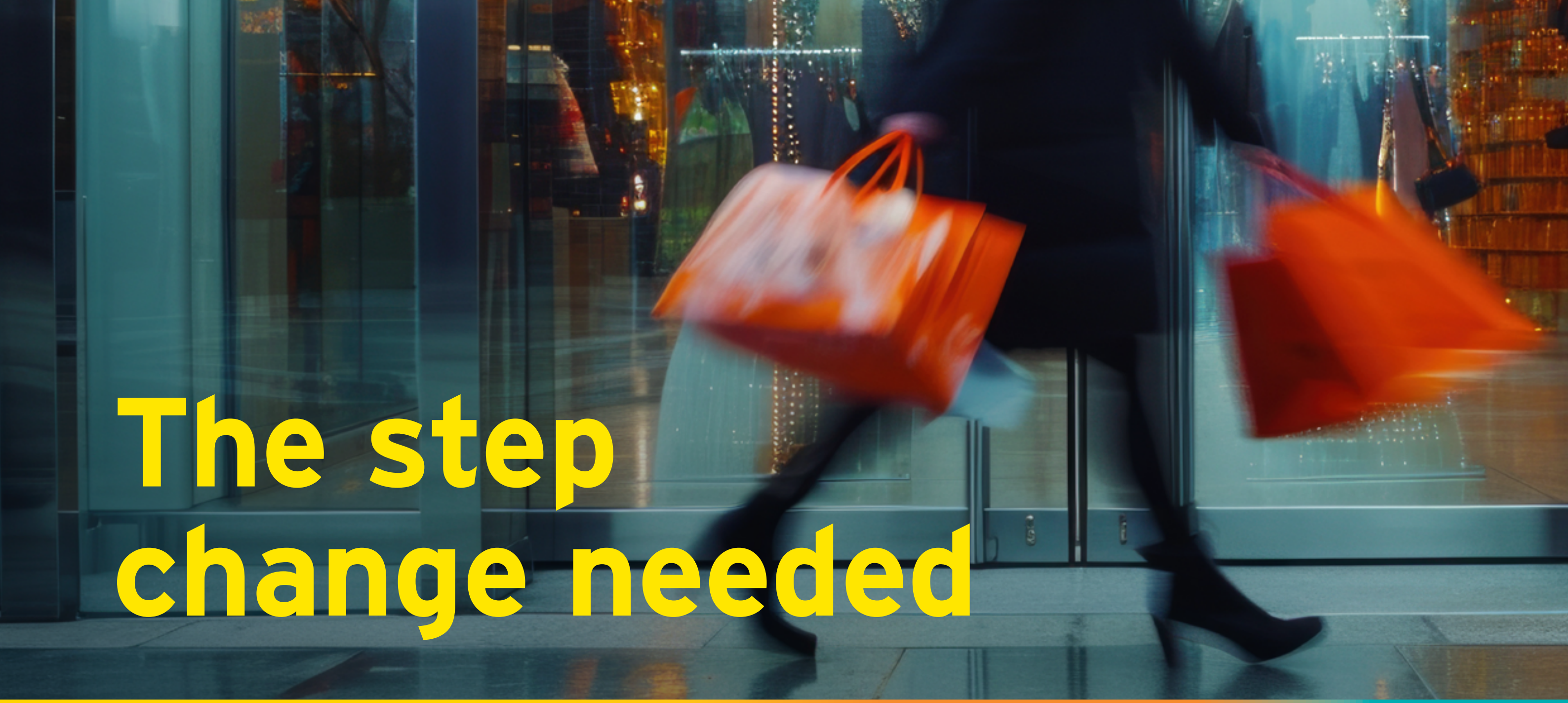
Whatever the eventual numbers, the direction is clear: the people value chain is being asked to do a fundamentally different job with impact across work design, brand, risk and sustainability. Change is paramount.

EY Workforce Platform projections for the CPG workforce through 2030:

25%
shift towards an external workforce ecosystem.

40%-80%
potential for outcome-based digitisation across common CPG roles.

35%
reduction in headcount projected by 2030.



The step change needed

These external forces and the impact they have on the legacy operating model must lead to a re-evaluation and total restructuring of how the CPG works. The outline shape of the business will change, impacting the leadership requirements, culture and required skills, and with them, ways of working and the redesign of what work itself means. There are three major goals; to embed AI, to unlock growth and to win over the consumer and each will require workforce evolution.

Deeply embed AI across the business

The first job is to absorb AI into the way the business actually runs, moving from being a layer of tools to a participant in the work itself. This changes the shape of the organisation: the traditional pyramid, with a broad base of execution, a layer of management and a slim top – is being replaced by something closer to a diamond. As agents and self-learning systems take on rules and pattern-based work, the base compresses. The mid-band expands around higher-judgement work: designing and governing AI, resolving exceptions, making trade-offs, orchestrating cross-functional initiatives. The top stays narrow, but the work it does changes too, setting direction and empowering teams.

That structural shift must be matched by a redesign of how work itself is organised. Tasks not roles become the unit of deployment; skills are compiled into a flexible inventory and humans and agents learn from each other, continuously building capability. Line managers, many of whom will be running mixed human and agent teams, need to be able to assess and develop both - and to be assessed themselves on how well they enable each.

Unlock growth by empowering flexible judgement calls

The second job is to find the growth the current model is struggling to deliver. The workforce needs not more capacity but a reorganisation of capacity around growth itself.

Roles are now reassembled around missions, for example acquiring consumers, converting them, defending share, opening new categories. Persistent cross-functional squads with the right mix of brand, shopper, data, technology and sustainability skills, operating with rapid feedback and minimal hierarchical sign-off. The judgement work that sits above execution - knowing where to invest, which trade-offs to make, when to act - becomes the differentiating capability, because the execution itself becomes entry stakes.

The changes also mean taking a different position around risk. Volatility, whether that is geopolitical, regulatory or climate-related, becomes a continuous input into commercial decisions. Executives running growth need to act like portfolio managers, designing resilient routes to market and customer mixes. Sustainability becomes embedded in the conditions under which growth is earned, with non-negotiables around carbon, circularity and human rights that shape commercial decisions.

The workforce that can unlock growth in this environment is smaller, more senior, more cross-functional and more judgement-led than the one most companies have today. And it is one that must be deliberately built to meet changing needs.

Win over the consumer

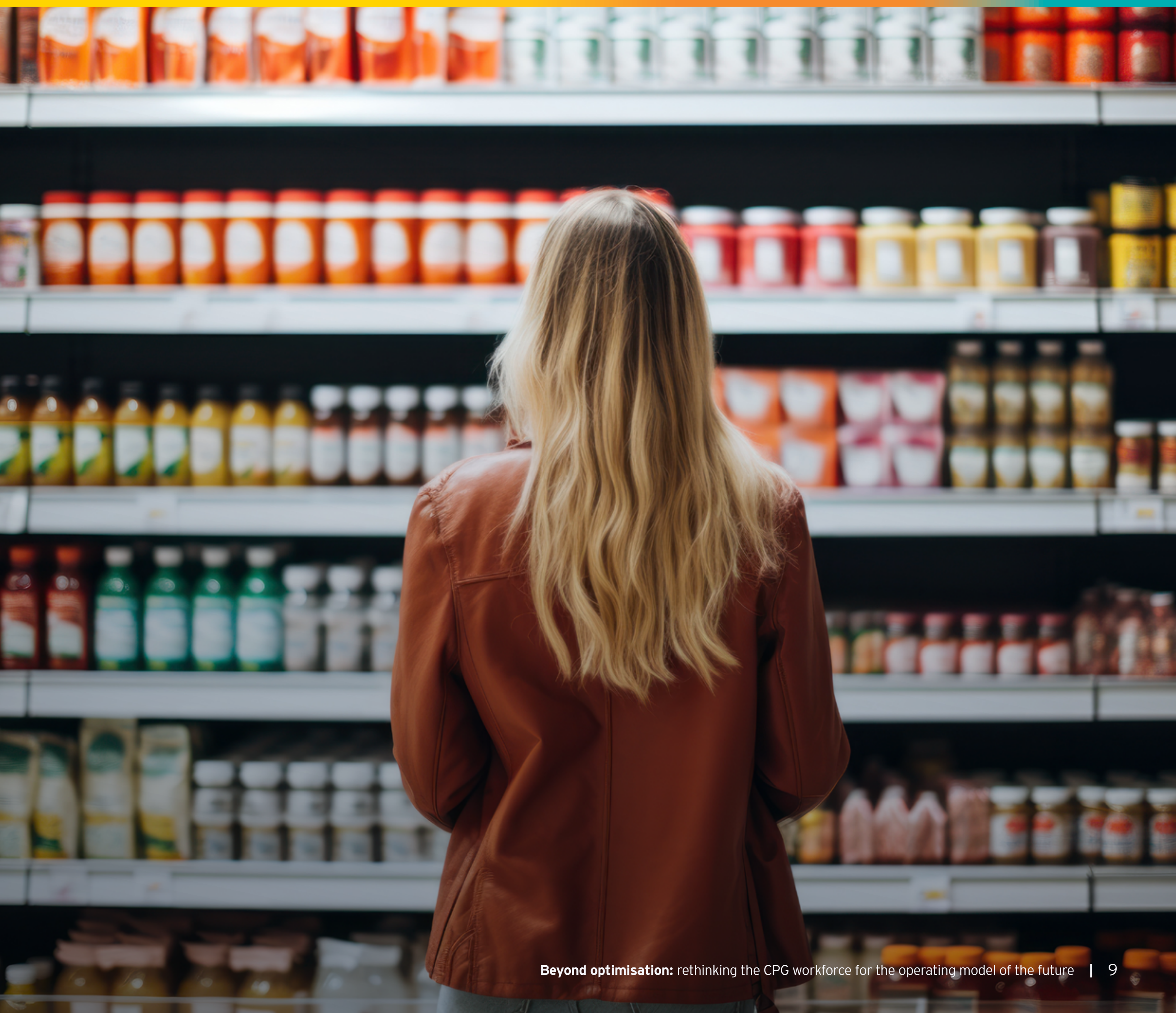
In a system-driven market, brand is no longer what you say, it is what the system reveals – an outcome assembled from product data, pricing, availability, reviews, fulfilment and every other signal the system can read.

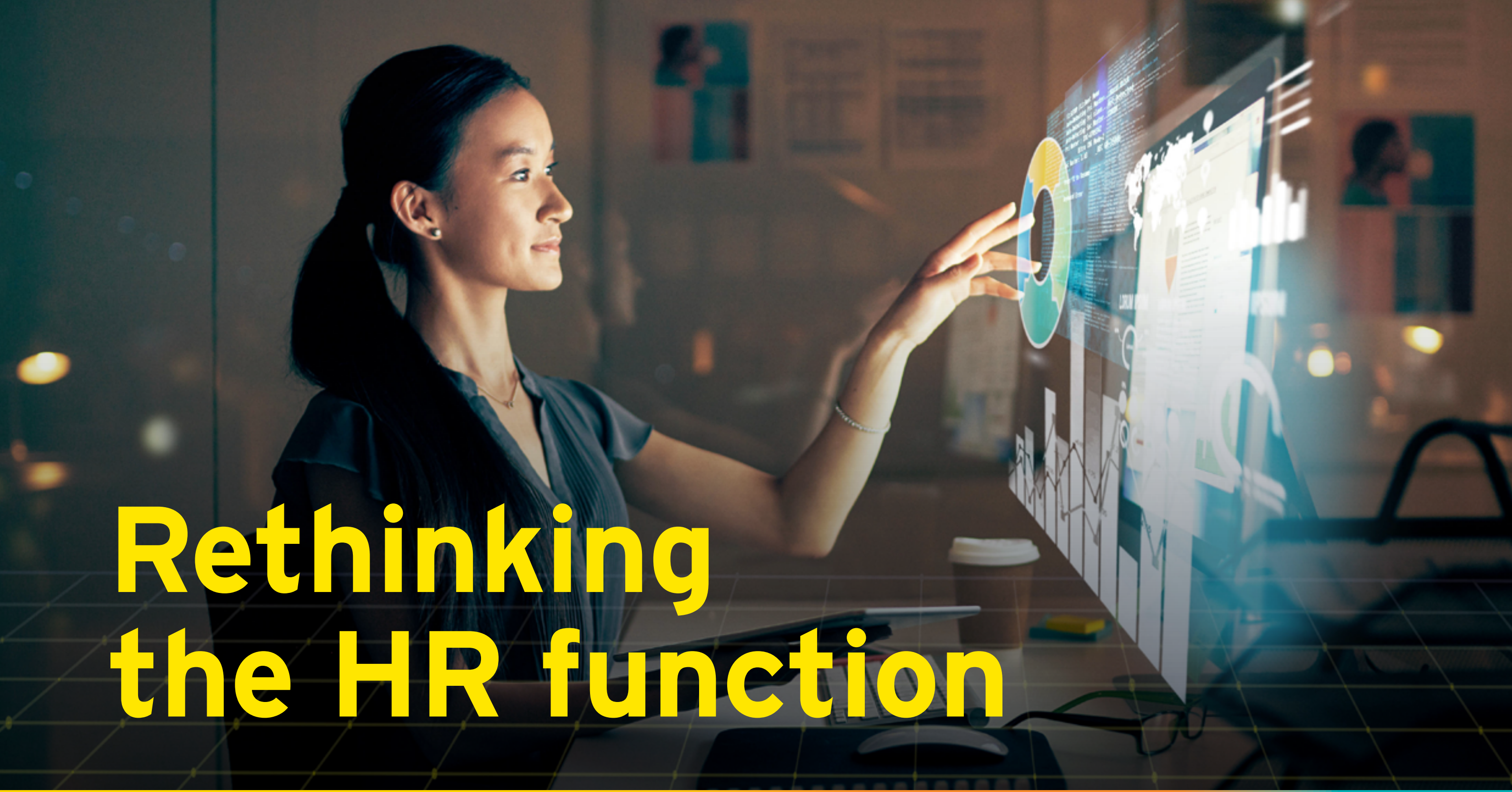
This has two consequences for the workforce. The people who build, activate and sustain brands need to understand that brands are now selected by algorithms and agents, as well as by humans. This shift redefines what marketing is: it becomes the orchestration of consistent signals across the system, rather than the production of campaigns into a channel.

At the same time, the things AI structurally cannot deliver become the things only humans can. Trust, creativity, ethical judgement, cultural coherence, the ability to make a brand feel like it means something; these are human contributions in a system-driven market, and they become more valuable as more of the surrounding work is automated.

The implication is that a human workforce that needs to stay deliberately close to the product, the consumer and the values the brand carries, using the time AI unlocks to deepen that connection rather than simply moving faster.

A workforce that can win over the consumer in this environment is one that has the technical fluency to operate inside the system and the human depth to mean something of value. But a workforce of this shape requires active curation. Designing it, building it, sustaining it through continuous change are substantial undertakings that sit in the gap between functions in most organisations today.





Rethinking the HR function

Even the label is starting to feel strained. The changes coming mean there is expectation that the Human Resources function will expand its ‘people’ remit. A substantial new job is opening up at the centre of the organisation: designing the workforce, designing the work, and governing how the two come together. This is the architecture of the future-ready company, and it does not yet owned anywhere. HR has the standing to take it on; but this is not yet a foregone conclusion.

Brand, sustainability, risk and the AI transformation agenda are also territories the ‘new HR’ needs to own or influence, because each is now partly a workforce question. And the current remit – planning, performance, reward, talent, culture, wellbeing – continues, but covers humans and agents together, which changes the whole substance.

A dynamic value stream model

What does the new structure to manage the expanded remit look like? It’s a substantial shift to a dynamic, value stream model. HR’s work is no longer organised around a sequence of stages a person passes through. Demand for work is matched to available capacity across the blended workforce, and it is done continuously as the work itself is no longer stable enough to plan in advance. Capacity builds are run in cycles short enough to keep pace with the skills involved, and performance is assessed against outcomes that combine human and agent contributions.

This also changes what HR rewards and how it does this. Advancement, pay and benefits track the outcomes, impact and the behaviors the future model depends on, rather than job level and tenure. Performance and wellbeing are handled continuously, built into the flow of work rather than run as periodic compliance cycles.

A live view of the workforce

Real-time workforce modelling sits at the heart of the new operating model. The system has to continuously know what work is being demanded, what capability exists to meet it, and where the gaps are. Skills inventories update themselves from the work people and agents are doing, rather than from periodic self-assessment. Performance data flows into the same systems the business uses for commercial planning, so workforce decisions sit alongside commercial ones rather than in a separate stack.

This requires an essential capability HR has not historically owned at depth. A people data science function – fluent in labour economics, behavioral science, occupational health, ethics and risk, alongside the quantitative skills. Rather than relying on a back-office analytics team, this becomes part of how HR makes decisions.

The human contribution

As more of the surrounding work is automated, the work that remains for humans becomes more demanding and high value. Judgement, creativity, trust, ethical reasoning, the ability to make a brand stand for something – these are the contributions only humans can make in a system-driven market, and their quality depends on something the operating model has not always prioritised: the sense, on the part of the people doing the work, that it matters.

That makes culture, wellbeing and meaning part of HR's operating remit. As technical capabilities converge across the industry, the things that differentiate one company from another increasingly sit in territory HR is uniquely placed to shape – values, leadership, the felt experience of working somewhere, the connection between the people who make a product and the consumers who buy it.

The practical implication is that HR's job is not only to make the workforce more capable. It is to make the company a place where the people who remain - fewer in number, doing more demanding work, with more responsibility for what AI cannot do – find the work worth doing.

Happiness as advantage

A well-designed job is the foundation but what sits on top of it is something a standard transformation programme rarely names: whether people actually enjoy the work, and whether the organisation thinks that is worth engineering for.

Start with mastery. When the skill base moves continuously, expertise is unsettling – it is hard to take pride in capability that expires. The enterprises that get this right reframes skills development as growth itself. People frame the experience as becoming more capable, giving genuine satisfaction, providing the company makes the progress visible and celebrates reskilling as advancement rather than remediation.

Then there is play. When AI absorbs the routine work, it creates slack. That slack can be quietly reclaimed as efficiency, or it can be deliberately protected for curiosity; for example for trying a new tool, chasing an odd idea, building something nobody asked for.

The license to experiment is one of the sources of enjoyment at work, and usually one of the more reliable sources of innovation too.

There is also the simple matter of good company. Smaller, more senior, more distributed workforces lose the incidental warmth of a large team. An organisation can be deliberate about creating the occasions to build connection, rather than assuming it survives the shift to lean and hybrid work.

And then there is winning. People enjoy being part of success – a brand that breaks through, a category that opens up, a competitor beaten. Momentum is energising. A workforce that can feel the company gaining ground, rather than managing decline, draws energy from that.

Why does this matter? As technical capability converges across the industry, the experience of working somewhere becomes one of the few durable advantages a company has in attracting and keeping the senior, judgement-led people the whole model now depends on. Happiness is a retention strategy.

Leadership through change

A change of this scope is unusual in one particular respect: the people leading it are themselves part of what is being redesigned. Leadership moves from oversight to something more challenging – shaping culture, orchestrating blended teams, holding judgement and direction while much of the execution around them is automated. The tension between architect, driver and participant is a structural feature of the work, and it should be planned for from the outset.

The open question remains: who owns the responsibility for redesigning work and the workforce? It does not yet sit anywhere. HR has the standing to take it on, but standing is not the same as a claim, and the territory will not stay vacant. If HR does not step into it, another part of the business will – and the function will find its remit decided for it rather than by it.

As external forces reshape the operating models of the future, the CPGs who succeed will be the ones which step up to the challenge. The technology is ready. The harder and more decisive challenge is rethinking the workforce – and meeting it is something only people can lead.

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