

This story was originally published online in February 2024. In August, it was announced that Mars will acquire Kellanova.

A spinoff that offered enormous opportunities for a 118-year-old company posed no shortage of challenges for executives determined to chart a new course while honoring the legacy of its founder. As the maker of popular treats like Pringles, Pop-Tarts and Cheez-It, and iconic cereals like Frosted Flakes, Froot Loops and Special K, Kellogg Company has long been a beloved house of brands with a powerful legacy.

Yet, Wall Street wasn't fully appreciating

Nearly 120 years after he founded Kellogg Company, the memory of William Keith Kellogg remains influential. "Mr. Kellogg's spirit lives in the company," says Cahillane, "in ways that you have to really be part of the company to understand."

"He's in our bricks," says Gary Pilnick, who rose to Vice Chairman and Chief Legal Officer after joining the company 24 years ago and now serves as Chairman and CEO of the recently spun-off North American cereal business.

Mr. Kellogg was the founder of the cereal industry, and cereal remained the product for which Kellogg Company was best known. Would Mr. Kellogg approve of the company he'd founded spinning off the likes of Kellogg's Corn Flakes, Froot Loops and Rice Krispies?

Mr. Kellogg Would Approve

the stock's value. While other snack stocks were trading at 18 times earnings, Kellogg Company sat five points lower. Wall Street saw Kellogg Company as a cereal business that also sold snacks—in reality, snacks made up more than 80% of the portfolio.

For other companies, the solution would have been simple: spin off the slower-growth business. On paper, the argument for that strategy certainly applied to Kellogg Company. "The industrial logic of a spinoff was compelling, nearly inescapable," says Steve Cahillane, then Chairman and CEO of Kellogg Company.

But any proposal to spin off the North American cereal business, says Cahillane, was sure to raise a question—an extraordinary question—among employees: "What would Mr. Kellogg think?"

In a word, yes—but only if done the right way. For Mr. Kellogg, the right way often wasn't the easiest. The right way required continuous communication and complete transparency with employees, communities and other stakeholders. Employees who saw themselves as part of the Kellogg family could hardly be informed of the spinoff in a press release. It wasn't enough for the move to benefit everyone. Everyone deserved the opportunity to ask questions. Employees and other stakeholders needed to feel welcome and important on this journey. They needed to know that the Kellogg name would remain on packaging across the globe. They needed to know that the Kellogg legacy would endure at both new companies, a promise embedded in each new company's name: Kellanova,

A spinoff that offered enormous opportunities for a 118-year-old company posed no shortage of challenges for executives determined to chart a new course while honoring the legacy of its founder.



Kellanova WK Kellogg Co

In 1912, the first electronic billboard in New York's Times Square advertised Kellogg's Toasted Corn Flakes. Below: W. K. Kellogg, accompanied by his seeing-eye dog, in front of his foundation's offices in 1949.



featuring that iconic red “K” that is so recognizably Kellogg, and WK Kellogg Co, a direct nod to the company’s visionary founder.

In October 2023, the two new companies debuted on the New York Stock Exchange. While the global headquarters of Kellanova is now in Chicago, both it and WK Kellogg Co maintain a strong presence in Battle Creek, Michigan, and remain the pride of the city.

Cahillane, now Chairman and CEO of Kellanova, is proud of the painstaking effort made to win the support, trust and confidence of employees at both companies.

Having recently marked the first 100 days as two independent public companies, both Kellanova and WK Kellogg Co are focused on delivering on this next chapter. Kellanova has reintroduced itself with a vision to be “the world’s best-performing, snacks-led powerhouse.” WK Kellogg Co is able to turn all of its attention to its products, commercial activities and supply chain infrastructure, without having to compete for resources.

Corporate spinoffs tend to be reported as dry transactions, focused on the business and operational complexities of executing the separation. An altogether more dynamic, more interesting, more humane portrait emerges from the interviews that Brunswick Partners Jayne Rosefield and Monica Gupta conducted with Steve Cahillane, Chairman and CEO of Kellanova, and Gary Pilnick, Chairman and CEO of WK Kellogg Co. Personal essays by Kris Bahner, Senior Vice President, Chief Global Corporate Affairs Officer for Kellanova and Stacy Flathau, Chief Corporate Affairs Officer for WK Kellogg Co, offer concrete lessons from their spinoff experiences, along with moving detail about the transformation journey Kellogg Company took to become Kellanova and WK Kellogg Co. ♦

Guided by the example of founder **William Keith Kellogg**, Cahillane executed a transformation of considerable consequence across the global food industry.





Steve Cahillane and Pringles mascot Mr. P. at the celebration of Kellanova's debut on the New York Stock Exchange in October 2023.

KELLANOVA

Chairman & CEO

Steve Cahillane

Brunswick Partners **JAYNE ROSEFIELD** and **MONICA GUPTA** interview **STEVE CAHILLANE** about his role in the Kellogg Company spinoff that created a global snacking powerhouse called Kellanova, and a North American cereal giant called WK Kellogg Co.

You've noted that the separation of the North American cereal business was part of a multi-year portfolio transformation—can you tell us about that?

It really was the next step as part of our transformation journey. We never stopped challenging ourselves on how we could continue to press the portfolio in ways that would make it more competitive and set it up for more growth.

Obviously, that comes with acquisitions, but maybe it's not quite as obvious that it comes with separations, spins or divestitures.

So, in 2019, we divested the Keebler business. We looked hard at that. We loved the business, but it was hard to understand where our competitive advantage would come from, and hard to understand why we would invest in that business when we had opportunities in Pringles, in Cheez-It, and others. Selling the Keebler business strengthened our ability to focus on other areas of our business.

Spinning off the North American cereal business was an even harder decision because it was such a legacy part of the company. It was almost unthinkable. You couldn't think about separating what Mr. Kellogg started. That's where the courage of the organization came through—we found we could actually look at that and say, "Yes, we can do that because it unlocks value for all stakeholders."

That really was the hardest part of this whole thing. And as I've said many times, the industrial logic to me was compelling, nearly inescapable. But that didn't change the fact that people were going to react strongly. People would ask me, "How could you do that? What would Mr. Kellogg think?" Mr. Kellogg's spirit lives in the company in ways that you have to really be part of the company to understand. We knew it was going to be difficult, and it was.

We felt that the North American cereal business had the best chance for success as a standalone company. We truly believe that. This also set up Kellanova for a real opportunity to direct investments toward our best opportunities for accelerated growth.

That helped us confront the unthinkable, separating the North American cereal business. And that's what we did.

How has a transformation of this magnitude shaped you as a leader? Any lessons there for others?

I think the most important lesson, truly, is to surround yourself with an outstanding team. When you are doing something like this, as the CEO, it can feel like a lonely place, but only if you let it. When you surround yourself with outstanding people, and you treat them as equals, and you treat them with the respect that they deserve—because they're really driving the organization with you—it makes this possible. It's not easy, but it's what makes the challenge exciting. You're driving together to really do something that is exceptional.

When we're all old and sitting in a rocking chair, what are the things you're going to talk about in your career? This is one of them. We're living through that moment right now.

Can you talk about naming the new company? You've mentioned how important it was for you to come out with a new identity, rather than just keeping the Kellogg Company name.

I consider myself moderately creative, but as much time as I spent trying to think about what the next great name for the business could be, I utterly failed. I didn't come up with anything remotely interesting.

The unlock really became keeping the K, keeping the "Kell" at the beginning of the Kellogg Company name, and then just the magic of a new day and a new beginning. When Brunswick presented "Kellanova" as a choice, you could see everybody on the Executive Committee who was involved, just the lightbulb going off—like, this is it. When we



"Mr. Kellogg's spirit lives in the company in ways that you have to really be part of the company to understand."

unveiled it to the organization, the enthusiasm for it was really inspiring.

This was an organization that was in the middle of the grieving process, understanding that the Kellogg Company name was going to go away for them, and suddenly there was this sense of excitement that permeated across the organization—people could put a name behind it now.

Were you nervous to do the big unveil for employees and then to the public?

Nervous is probably not the right word, and anxious probably isn't the right word either. It was just the expectation that I had. The confidence I had in the new names was so great that I would've been disappointed if we didn't get that reaction. So maybe that's anxiousness.

I felt like I had this great gift, and I could see everybody just waiting to rip the wrapping paper off. So, there was a little bit of theater in it, and a lot of enthusiasm and excitement. It was an incredible honor to be the one to unveil this to the whole organization, because it's a name that will live on long after I'm gone.

Kellanova's new vision statement sets an ambition for the company to be "the world's best-performing snacks-led powerhouse." Can you talk about that?

It was a really important moment when we unveiled the new strategy. As an Executive Committee, we all articulated how purposeful the idea was—being the best-performing, snacks-led powerhouse—because it's unlikely in our tenures that we'll become the biggest, just being realistic. But that doesn't mean you can't be the best.

That underdog mentality to go against long-standing, truly world-class companies—how you can outmaneuver them, out-innovate them, out-execute them, out-think them, out-work them. That becomes a really inspiring place.

We're still defining what it means to be the best. But the best is all those things, and it gets right at the heart of what Mr. Kellogg himself intended for the company. You have to have better innovation. You have to have better execution at the shelf and in high-frequency stores. You have to perform better in the away-from-home channels. You have to have better presence in emerging markets.

The other thing that we've unlocked is a healthier appreciation from our competitors that these guys are coming. And so it requires showing up in a different way. And that's exciting for us.

Can you talk about the role people and culture will play in helping you achieve that over the long term?

Yes, it's everything. It really is. I know, everybody says that, right? There's nobody in my position who doesn't say that. The differentiator is, do you really mean it? Do you really believe it? And do your actions back it up?

People created this great company and these great brands. There's a man who invented Pringles. That happened. And these kinds of innovations are truly market-defining! Like the Pringles can, and the iconic shape of that product. Even "Mr. P," the Pringles mascot. These things define the category that Pringles is in. Rice Krispies Treats defines the category that it is in. Cheez-It, the same thing. It defines what it means to have real cheese in a cracker. These products and images that people around the world know, love and recognize all came from our people. We as leaders can't ever forget that.

So, with all of that in our past, the challenge for all of us is now to ask, what does being the best-performing, snacks-led powerhouse look like? What is the next Pringles in our portfolio? How do we drive Cheez-It to be a global brand? How can we use new technology to connect with consumers? There are real things that we need to do. It's not going to just happen on its own. It's going to happen because we bring together the best people, those people have the courage to challenge the status quo, and they work together to execute with distinction. It happens because people are going to make it happen.

You mentioned this separation being one of the most consequential moves in the company's history. How does that play out in your communications strategy?

This was the most important communications campaign that I've ever been involved with. It really, truly was. Town halls, blogs, meetings, constantly communicating. Always showing up in places, physically being there. The communication was relentless, and it was really important—I'll give you one simple example: So many times, we told people that we're not changing the Kellogg's name on the cereal box. And somehow some people still thought, "Oh, you're changing the brand name of 'Kellogg's.' Why would you do that?" And, that's just not true. People are still able to buy the Kellogg's brands they know and love—that is not going to change.

You can never underestimate the importance of getting the message right, making sure that it gets through and then testing whether it got through.

"You're only new once, so this is our debut—coming out of the gates strong and showing that we are a different company. We're more innovative, more efficient, faster moving. We're better collaborators with our customers."

When you look at our global opinion scores, when you look at the town hall surveys that we do after each and every event that we've had, we've scored very, very highly. That means a lot to me because, again, this was unthinkable at first. There were people when we announced this, who said, "You're going to do what?" People went immediately into a grieving process. I had people coming to me and saying, "I'm a fifth-generation employee of this company. How could you do this?" People were crying.

These were incredibly emotional moments for the organization. Getting the communication right with the right level of empathy was important, but also with the right level of conviction: "We're going to do this, and here's why."

As a broader point, our success shows the industrial logic in ensuring that people from the top of the organization all the way through the rest of the organization could understand the rationale, could ask questions and could come to grips with why we were doing it. Ultimately, getting people on board and convincing them that this was the right next step in the company's transformation was all about getting the communication right.

You also had to bring the local community along with you on this journey, a community that had grown to love Kellogg Company.

We have a commitment to Battle Creek, and we had to be thinking about the next 118 years. As an international enterprise today with 50% of our business outside of the United States, we need an international airport. We need certain levels of infrastructure.

To the community, it was fundamental that we were being honest and transparent, and we weren't holding back. Community leaders were very appreciative of that. If you honestly confront the things that people are most fearful of, even if they don't like the answer, that's better. That's the way to do it.

By the end of it all, several community members said to us, "You guys said you were going to do certain things, and then you did them. Thank you for the transparent and authentic communication."

What was the most rewarding part of the spinoff for you?

When we launched company-and-company, which was essentially a trial run of being separate companies before the spin was officially complete, that first day, second day, third day went by, and it worked. The lights went on. The trucks ran. Orders were delivered. Cash was collected. All that stuff happened. It was really rewarding.

Being with members of my team down on Wall Street, ringing the opening bell at the New York Stock Exchange, that was exciting. Rushing into the CNBC booth, and representing the company, and talking about all of the things that make Kellanova compelling. Walking outside the exchange and seeing the food trucks with our new branding, the enthusiasm of consumers passing by and tasting all of our great snacks, and the food trucks being emptied out almost immediately, it was an exciting day.

You've talked about preparing for the next 118 years. What's most immediately on the radar for you as you think through to the year ahead?

You're only new once, so this is our debut—coming out of the gates strong and showing that we are a different company.

We're more innovative, more efficient, faster moving. We're better collaborators with our customers. That's going to be really important. When our critics, when our fans, when our customers evaluate our performance, they have to really be able to say, "I see what's different. I see that this is a different company."

This year, we had the best Super Bowl spot we've ever had—that's one example. When I joined the organization in 2017, I don't think we'd ever done a Super Bowl spot. They had good reasons—it's very expensive and competitive. But to me it's not just a 30-second TV commercial. It's a testament: Are you going to show up on the biggest stage, on the biggest day, against the biggest players and hold your own? So, we kicked off that year [2018] with our first Pringles spot. We've been on ever since.

I'm involved there every step of the way. I love it. It's an exciting way to kick off the year. This spot marked our seventh consecutive year doing it, and the best one we've ever done.

How are you thinking about personally kick-starting the new year?

There will be a lot of time that gets freed up that is no longer part of a major project. More time with customers, more time out in the regions, constantly being where the action is happening is going to be really exciting.

What's your favorite snack from the Kellanova portfolio?

I often say it's like asking who your favorite child is. Difficult for me, but I will tell you that last night I opened a box of Cheez-It White Cheddar Grooves, and that box didn't stand a chance. It's empty this morning. ♦



Spirit of the Founder

Transparency and empathy guided the spinoff that created Kellanova and WK Kellogg Co.
By KRIS BAHNER.

AS THE SPINOFF BECAME MORE AND MORE real, I knew we needed help to bring all our stakeholders along with us on the journey. I have led a lot of things in my career, but I'd never led spin communications. So, the first thing I did was seek out partners at Brunswick who not only brought the experience I needed but were also people I could trust and who would care about the work we were doing together.

I knew that this process was going to be about relationships—about empathy—and I needed people close to me who understood the power in that. Together, we formed a deep understanding of the thesis behind why we were undertaking a risky change of this magnitude. That thesis was our bedrock. Then, we began building our communications plan, starting with comprehensive stakeholder mapping.

Investors were a core group—we needed to convince them of the rationale in order to increase value and move to the top quartile of our sector. But our people had to come first. We knew that we couldn't deliver for investors without the support of our people. We needed them to be with us on the coming journey.

To our people, Kellogg's is more than a brand and Kellogg Company is more than a place we come to work. We're a 118-year-old company with an incredibly strong sense of identity and community

Above: CEO Steve Cahillane and his team pose outside the New York Stock Exchange to launch trading of Kellanova after the spinoff.

harkening back to the legacy created by our founder. We represent stability, community and family. Multiple generations from the same families work here. It becomes part of your identity. Being able to say, “I work for Kellogg Company,” is a badge of honor. So, there was always the concern that this change might present as out of character for our employees. But critically, we felt that our founder would not see it as out of character, and in fact, the decision to separate the two businesses would honor his legacy.

The fact that we still call him “Mr. Kellogg” indicates the reverence we have for him. He was bold and innovative. He expanded the business very early on, into many international markets that we’ve now served for generations. He was also one of the world’s foremost philanthropists, an early sustainability leader, a well-being guru long before it was popular, and intensely focused on his people, putting in place some really advanced policies for his time.

We continue to invoke his values to this day—in our Better Days Promise corporate responsibility programs, our focus on philanthropy, well-being and sustainability, and in how we treat each other every day. That focus on our people and our role in society speaks to the caliber of our employees today, just like it did then.

To bring this group of employees on this journey to transform the company, we had to help them embrace being bold the way Mr. Kellogg was. If we’re going to continue to succeed going forward, this is what it’s going to take.

Transparency was critical. Sometimes leaders think, “Well, I have nothing new to say, so there’s no need to gather everyone.” But we decided early on that we were going to have a regular cadence of two-way communication, and we were going to be there for employees every step of the way. We could stand up in a global town hall with nothing new to share—but we were there. And once you show up, it turns out there is plenty to talk about and questions to answer.

The name change was something that required a lot of discussion because everybody felt heavily invested in the Kellogg Company name. There were some strongly held beliefs, and rightfully so. The Kellogg Company name was part of the fabric of the company. Internationally, people felt like the name allowed them to compete in certain markets, that without it they would lose their negotiating power. Our North American region felt equally passionate about the name. For both companies, the name supported not just the products, but inspired a sense of history, purpose and direction that paved the path forward.

In the end, we kept coming back to the fact that, for so many stakeholders, Kellogg Company was synonymous with cereal.

It would have been inherently confusing for the company with a snacks-led portfolio to keep the name. The name Kellanova elegantly captured our message of moving forward and allowed us to keep meaningful components of the old name in the new brand: the signature red color, the script, the big “K” and the root “Kell,” and all the meaning imbued



After joining Kellogg Company 18 years ago, **KRIS BAHNER** rose to Chief Global Corporate Affairs Officer. In that capacity, she helped plan and execute the spinoff that created a global snacking powerhouse called Kellanova, and a North American cereal giant called WK Kellogg Co. She talks about lessons learned amid that transformation, and the central role that communications and empathy played along the way. Her account is compiled from interviews with Brunswick Partners **JAYNE ROSEFIELD** and **MONICA GUPTA**.

in those elements. Kellanova represents a connection to the past while signaling our ambition for the future, setting us up to be the world’s best-performing snacks-led powerhouse.

Looking back on the past two years, I think that our relationships with our stakeholders are stronger for having been through the spinoff. That’s especially true where the conversation was the hardest—for example, the Battle Creek community, who were concerned about our continued presence and commitment.

Given the magnitude of the change we were undertaking, we knew how important it was to spend time explaining the rationale and conveying our continued commitment to the community, as evidenced by our decision to maintain dual campuses in Battle Creek and Chicago. We had to show up with authenticity, face-to-face with the senior-most people, saying, “I’m here. Here’s the state of play. Ask me anything.” That was hugely trust-building.

We’re two separate companies now, but it doesn’t stop there. Now, it becomes: How does Kellanova show up as a global, snacks-led powerhouse, especially for those who knew us as Kellogg Company? How do we fulfill our promise of being a bold, innovative company as we embark on this next chapter? We may not be the biggest, but we’re going to be the best.

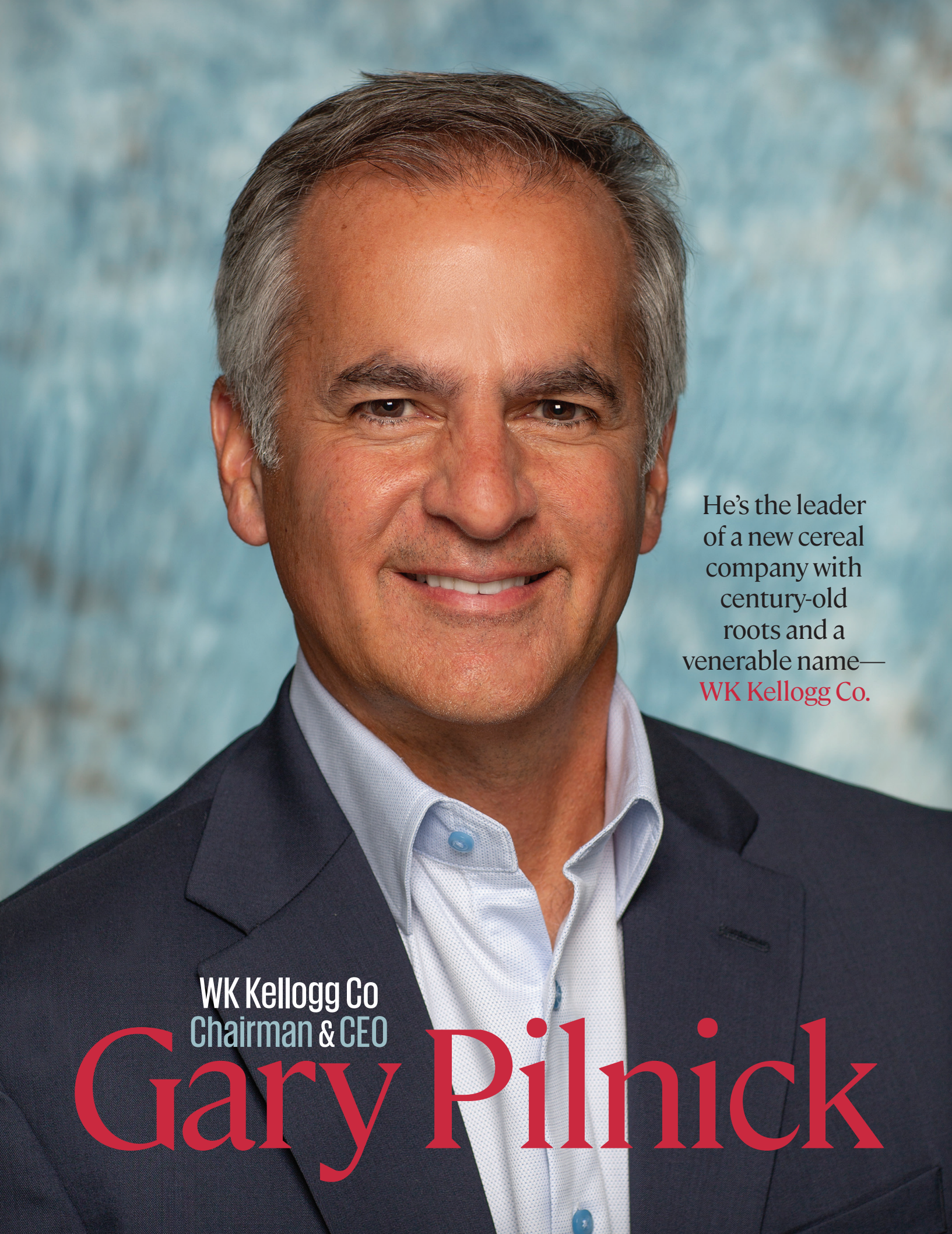
And since then, we have been fulfilling that promise. We came out of the gate in the new year very strong, with amazing, creative Pop-Tarts Bowl and Cheez-It Bowl sponsorships, for instance. Those brand activations were really successful. It was all anyone could talk about, even outside the US. It became part of the cultural zeitgeist, and it keeps our food top of mind for consumers. When we say we’re going to show up differently, this is how we’re going to follow through. These are some of our many proof points.

Through it all, it was the empathy and the relationships that mattered most. You need to care about people. To speed up, you need to slow down. You need to take the time to listen, and to talk to people honestly, even when the truth is hard.

People want to be seen and known and heard. These are the truisms of humanity, and they’re at the core of corporate communications. The truth is, doing something this vast and doing it the right way is not always going to be the quickest process. It might mean one-on-one conversations with more than a hundred people—but you must do what’s necessary to bring everyone with you. I’m incredibly proud of the work of my global Corporate Affairs team and our partnership with Brunswick.

And now, we have all the pieces of the puzzle: the people, the brands, the right markets. It’s all there. To look at that human element again, with these components in place, with the fantastic opportunities facing us, those people can realize their personal and collective potential. It’s very energizing.

Who doesn’t want to be part of something bigger than themselves? We all do. And we were part of a project that was transformational for a whole lot of people. It brings tears to my eyes, it really does. It’s pretty amazing.

A professional headshot of Gary Pilnick, a middle-aged man with graying hair, smiling slightly. He is wearing a dark navy blue suit jacket over a light blue button-down shirt. The background is a soft-focus, light blue textured wall.

He's the leader
of a new cereal
company with
century-old
roots and a
venerable name—
WK Kellogg Co.

WK Kellogg Co
Chairman & CEO

Gary Pilnick

You were a veteran of Kellogg for over 22 years and a key driver of the company's business strategy. What was the rationale behind the spinoff?

There were two things that made this the right thing to do for the business: First, part of the organization was performing similarly to pure-play snacking companies, which traded at a much higher multiple. If you pulled out the North American cereal business, and you looked at the snacking and emerging markets portfolios, those financial results looked alarmingly like Frito-Lay, Hershey and Mondelez. And those businesses were trading at a multiple several times higher than that of Kellogg Company. Simply by closing that gap, you win. That was a key entry point. We sat in a room and did that math.

The second thing, corollary to the first: As we thought about it, we said, "The North American cereal business would be better off as an independent company." The company's larger strategic focus was snacks and emerging markets, and likely the intersection of the two. The opportunity to prioritize investment into cereal wasn't there. The North American cereal business would do better as a separate company because we would be able to focus investment and resources squarely on this business.

My conviction never changed on the snack side. I could see the powerhouse brands that we had. We could be a global snacking powerhouse. The categories were growing, and we had the brands and infrastructure to win.

On the cereal side, the conviction grew and grew, going from theory to reality. The theory was, by being on its own, we should be able to run this business better. We would be able to fund our own independent sales force. We could afford our supply chain modernization program. We kept adding it up. With focused resources and investment, the North American cereal business should have a future very different than its recent past.

And we weren't seeing a lot of downsides. One major consideration was scale, but we would still be a \$2.7 billion business and a leader in a durable and relevant category. What we might lose in scale we believed we would more than gain back in other places.

As CEO designate of WK Kellogg Co, what were some of the challenges and opportunities in leading a 118-year-old business through a transformation of this magnitude?

The benefits and the opportunities created for the North American cereal business as a result of the spin were greater than I anticipated when we were

Brunswick Partners **JAYNE ROSEFIELD** and **MONICA GUPTA** interview **GARY PILNICK** about loyalty to the founder's principles, to the cereal business and to Battle Creek, Michigan.

designing the potential spin. There had been a compounding effect of losing (for all the right reasons) the debate for resourcing year after year—for focus, for capability, for investment—because Pop-Tarts is growing faster, because Pringles is growing faster, because Cheez-It is growing faster. I was in the room making those decisions, so I get it. When you flip it around, giving the cereal business the benefit of focus creates so many tailwinds. You read in all the articles about the benefits of a spin. I was a bit skeptical initially but was quickly converted. The upside and potential is unmistakable. Solely focusing on this one category and this one region will be a huge tailwind for our business. That's number one.

Number two is the power of making it personal. I



always bristled at the phrase, “It’s business, not personal.” I never understood it. That’s not the way I’m built. It just doesn’t make sense to me. If business isn’t personal, why are you doing it? Life is too short.

The benefit of being a smaller company allows it to be more personal. Rather than 30,000-plus people around the globe, we have 3,000 people in North America. It’s certainly easier to get your arms around that. We already see the benefits of making contact on a personal and regular basis. We see it especially with the folks in our supply chain, who represent 2,000 of our 3,000 teammates. Our leadership team has been to every single one of our plants, many on multiple occasions, and all six plants on the days before Listing Day. We celebrated our birth with our manufacturing teams first. And importantly, we see it in our community. The power of making it personal is a major difference.

Of our many tailwinds, those two things are unique to us. Not a lot of companies are single category, single focus. Not a lot of companies actually believe making it personal is the right thing to do, to go build trust the way we want to do it and have the leaders who are willing to do it.

As part of the separation process, you had the opportunity to name the new company. Why was it important that the name maintain a connection to Mr. Kellogg and the Kellogg’s brand?

Mr. Kellogg lives in our organization. He’s in our bricks. We talk about him quite a bit. If you read about him, you’d be inspired by who he was and what he did, not just in the good times, but in the hardest of times. To be able to be part of his history, that is incredibly humbling.

There was some arm wrestling about who would keep the Kellogg name. Not surprisingly, no one wanted to give it up, because it means so much to all of us. But if you ask anybody what the Kellogg’s brand means to them, “cereal” would be at the top of the list. Add to that, Kellanova was focusing on being a global snacking powerhouse, so ultimately, the Kellogg name was ours. Our past has been about cereal, our present is about cereal, and our future is about cereal and so much more.

I give Steve and Kellanova a tremendous amount of credit. That wasn’t an easy thing to do, not only giving it up, but then having to change the name of this iconic company. That took real courage. I also think the team did an outstanding job selecting Kellanova, signaling the linkage to our heritage while clearly communicating the new day.

In other spin stories you hear about people seeing

it as a contest, a zero-sum game. They’re going to win at the expense of others. We didn’t have that. That’s not the way the Kellogg Company showed up. We said, “We’re going to create two great companies that are both going to succeed.” That’s pretty rare, and I think that’s something that we should all celebrate. We said we would be cousins, family. The key is that there is affection and respect at the foundation.

What went into building your leadership team, and how has it been working together?

There were many factors that I considered when establishing the criteria for our leadership team. I knew we would have people who have great expertise, but I also wanted those who have an enterprise view: It’s not about them—it’s about the business. They had to be talent magnets, people for whom



Once she was a Battle Creek reporter covering Kellogg Co. Now the first Chief Corporate Affairs Officer for WK Kellogg Co, **STACY FLATHAU** shares her story and her view of the spinoff.

LEGACY Rooted in Family

I was born and raised in Battle Creek, where more than a century ago William Keith Kellogg started Kellogg Company. My family lives here. My husband is from Battle Creek. We’ve raised our children here. I have a long list of relatives who have worked in cereal manufacturing in Battle Creek—parents, grandparents and others. And long before I had a leadership role at WK Kellogg Co, I spent four summers making cereal myself, during college. That is what my family does. We make

others wanted to work. And they had to love cereal. They had to believe in it. It could not be about a job title that they could then go re-trade later.

To watch them, you would not say this is a new team. The roles have changed, but the expertise and experience are deep, and they work so well together. It's a joy to be part of that team. I kept getting told, "You're going to be lonely as a CEO. That's just the way it works. It's the natural order of things." I didn't want that. And I'm not lonely. The trust that's been built, the fun that we have, means that we are in this together. It's very personal.

How is WK Kellogg Co perceived by your most critical stakeholders, customers, investors?

Let's start with customers. The right question for us to ask ourselves is, "What's in it for them?" If our

"The brand means something to the world, and it means cereal. We originated it."

change is going to make their lives easier, help them drive their margins, grow their business, great. If it's going to get in the way of their business, make it more complicated, they should not be interested. That was our approach and we are getting good early feedback from customers.

The good news for WK is that cereal is a large, important category for retailers. You probably don't remember a day when there haven't been 70 feet of cereal shelves in a grocery store. That's still true. Retailers rely on it to drive traffic. Cereal is a regular purchase. It's not impulse. One of our objectives is to drive this category as a whole by bringing excitement through our brands, our innovation and news in the aisle. We believe that is what customers would want, and it's right for our business.

Investors, in the beginning, were digging into

cereal in some way, shape or form. Which is not unlike other families in Battle Creek. That heritage and that history is here.

Kellogg is woven into the fabric of Battle Creek, also known as the Cereal City. My husband works for Kellogg Community College. We go walking on the weekends in Kellogg Forest. Kellogg Arena is where I saw my first concert. As a kid, all of my dance recitals and band concerts were held at W.K. Kellogg Auditorium, and I graduated on that stage. Kellogg is just part of who we are.

Almost 15 years ago, I left a career in local journalism for Kellogg Company, when Kris Bahner offered me a role on her Corporate Communications team. It was a big change, a big opportunity, and the right decision.

Fast forward to 2022, when Gary called to offer me the role of Chief Corporate Affairs Officer for WK Kellogg Co. We had already worked together for 14 years and we've had countless phone calls, countless conversations. We know each other ... there is an ease, a shorthand. But this call was different. This conversation was new and it marked a turning point in my career, a high point in my life and it's a moment I will not forget.

Of course, for about 18 months all of the newly named WK leaders held two positions—our emerging roles at WK Kellogg Co, and our roles at Kellogg. Corporate Affairs was relatively lean at Kellogg—just as it is at WK today—and often during this period there appeared to be more to do than time and resources to do it. But when that happens, you find another gear. We were standing up a brand-new company in our founder's name, and we had to get it right. I had to get it right. For the company, for my team, for our leaders. And as importantly, for my community and for my family.

Then we quickly pivoted to what Kellogg was going to be like as two separate companies. The prospect and the opportunity were truly exciting. One of my favorite moments came when we announced the new name for the North American cereal business: WK Kellogg Co. We shared the news first with employees at a town hall. And



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the place erupted. People were cheering. People were crying. For the community, this news about the preservation of the founder's name confirmed that we were going to stay in Battle Creek. No less importantly, it confirmed that we were committing to Mr. Kellogg's original business, which is revered here in Battle Creek.

From there, our communications objective was to provide clarity and build confidence. You do that by showing up, by answering questions, by meeting and talking one-on-one with employees. The entire leadership team has traveled to all six of our manufacturing plants—more than once. We did this, consistently, for months all the while transferring knowledge, building new teams, and transitioning away from our Kellogg Company day-to-day.

And then came listing day—the day WK Kellogg Co officially came to life. Standing in front of the iconic New York Stock Exchange and watching them unfurl that WK Kellogg Co banner was beyond moving. Our employees celebrated back home, hosting watch parties to see Gary ring the opening bell. It was a moment none of us will soon forget. But even better was coming home to Battle Creek and having our colleagues, friends and families gathered on the back lawn at headquarters to celebrate. That was everything.

We really wanted to impress upon employees that it was WK Kellogg Co's Founders Day, and that they were all founders of this brand-new company. We created a special Founders Day pin that we presented in person during visits to all six plants and to our teams in Battle Creek. And we announced a Founders Day grant: 25 shares of the new company for every employee on listing day.

It's been a few months—it's a new year—and while we are laser focused on our strategic priorities and the future, we continue to get positive feedback about those celebrations. About how we brought WK Kellogg Co to life. That day with our colleagues and our families celebrating our first day as WK Kellogg Co. We're planning to make it an annual tradition so that we never lose sight of what we accomplished together as a WK family. As a community.

a single category, single region cereal business. It's our job to deliver on our commitments to build our reputation and reliability. We describe it as "promises made; promises kept." They're starting to believe. They hear our strategy. They understand the team we built. They're recognizing the durability, size and future of this business and the potential of it. It's up to us to continue to show them, not just tell them. We are up for that for sure.

I am very proud of the way we're connecting with our communities, particularly our hometown. Our headquarters are in Battle Creek, Michigan. We're so proud to call ourselves a Michigan-based company. We celebrate that. We're putting our money where our mouth is and the city is seeing that, the state is seeing that, our local communities are seeing that.

Our employees, our team—if we could bottle this and sell it, we'd make a fortune. That energy makes me very proud. It's a humbling moment to hear them talk about how it feels for them to work for WK Kellogg Co and what they want to do going forward. That's not a birthright. We have to earn that every day. This leadership team will earn it every single day, making it better. That is always the goal.

We've been calling this company a 117-year-old startup—now 118. We have the expertise, the capability, the infrastructure, the ways of working, systems, governance. All of that came along on day one of the spin. That's the 118-year-old part of our business. But our attitude is that of a startup. We are a new company with a 118-year-old foundation. When you think about someone in a startup, you feel how personal it is, how organic it is, how important it is for them to win at all costs. The can-do attitude—that's what startups are all about. That's what we are all about.

What is it about the Kellogg brand that has made it such a part of the culture? Can it maintain that into another century?

The brand means something to the world, and it means, among other things, cereal. WK originated it. Farther back than 118 years ago—1894 was when the cornflake was created. We invented this food, this category, this occasion for consumers, 130 years ago. Cereal today is a \$10 billion, highly branded category—and durable, still the number one choice for in-home breakfast consumption.

We invest in these brands. We connect consumers with these brands.

This category has so much more to give, and it's now our only focus. Our only priority. As the originator of this gr-r-reat category, we see it as our



“This category has so much more to give. And as the originator of this category, it's now our only focus. I mean, just watch out.”

obligation—our privilege—to be the catalyst for the category, to reach its potential. We're 118 years in and we are just getting started.

What are you focused on in your first few years as an independent company?

We are going to optimize our scaled business and we will do so through our strategic priorities. First, we're going to integrate a commercial plan to win in cereal. Pre-spin, we had five different businesses: Canada; Caribbean; Food Away from Home; Kashi and Bear Naked; and US. We are integrating the five and will run it as one business. We stood up a sales force that only focuses on cereal. Kellogg Company is known for the quality of its sales force, but that sales force covered many different categories, and cereal was one of the last priorities. Now cereal is their only priority, which will drive our focus and expertise.

Second, we're going to modernize our supply chain—going from maintaining to modernizing—and spending up to half a billion dollars to make our operations much more efficient, effective and agile.

Last and most important, underpinning all of it is unleashing a purpose-driven culture, engaging with the people who get all this work done. What's most exciting is how the culture is developing organically throughout the organization. We feel it every day.

Which brand character resonates with you most personally and why?

We have so many, the Avengers of the food industry. But if I had to pick one, it would be Sunny, the mascot of Raisin Bran—perhaps not the one you were expecting. Most expect me to say Tony the Tiger.

But when I think about Sunny, it represents something that's warm, positive and enduring. Sunny is always Sunny. There's never a time where Sunny's not positive. There's never a moment where Sunny shows up questioning what today is going to be like. Rather, Sunny is ready for any challenge and knows today will be a great day. Sunny also brings the heat and energy to others. It's aspirational for me. On my best day, I like to think what I bring to the table is always constructive.

Over the years, I've started my presentations with a smiley face, a traditional smiley face from back in the '70s. That's something our former Chairman and CEO Jim Jenness used to do. His view was: "Remind yourself that you should be happy. Remind others they should be happy. Be ready for the challenges that lie ahead with the positivity and energy that is inside each of us." I still do that, but now I use Sunny as the smiley. ♦