

Touching and Improving Lives

**An Interview with Bob McDonald,
Chairman, President, and Chief Executive Officer, Procter & Gamble**

EDITORS' NOTE After graduating from West Point in 1975 with a Bachelor of Science in Engineering, Bob McDonald served as a Captain in the U.S. Army for five years, before joining Procter & Gamble in 1980. He began his first international assignment leading P&G's laundry business in Canada in 1989. McDonald moved to Asia in 1991 and spent the next 10 years leading P&G's businesses in the Philippines, Japan, and Northeast



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Asia. In 2001, he moved to Belgium to lead Global Fabric & Home Care, the company's largest and most mature business. He returned to P&G's Cincinnati headquarters in 2004 as Vice Chairman of Global Operations and was appointed Chief Operating Officer in 2007. McDonald was named President and Chief Executive Officer in 2009 and added the duty of Chairman to his roles in 2010. He serves on the Board of Directors of Xerox Corporation and is Vice Chair of the U.S.-China Business Council and member of the U.S. Advisory Committee for Trade Policy and Negotiations (ACTPN) and the Executive Committee of the Business Roundtable (BRT).

COMPANY BRIEF Employing approximately 127,000 employees working in approximately 80 countries worldwide, Procter & Gamble (www.pg.com; P&G) has one of the strongest portfolios of trusted, quality, leadership brands, including Pampers®, Tide®, Always®, Pantene®, Bounty®, Dawn®, Pringles®, Downy®, Iams®, Crest®, Duracell®, Olay®, Gillette®, Braun®, and Fusion®.

When you look at P&G's focus on touching and improving lives, how critical is social responsibility to the culture of the company and how do you engage those efforts?

We don't separate the purpose of the company in touching and improving lives with our brands from touching and improving lives through our philanthropy to touching and improving lives through our community service.

As part of P&G's strategy to grow responsibly, our vision for environmental sustainability is to power our plants with 100 percent renewable energy; we want to use 100 percent renewable materials or recyclates for our products and packaging; we want to have zero consumer and

manufacturing wastes go to landfills; and we want to design products that delight consumers while maximizing the conservation of resources and having no tradeoffs. We don't know how to do all of that today, but we break it down into pieces so we have goals for 2020 on each one of those aspects and we're making progress – we have been tracking it for some time. That is sustainability.

We do the same thing with philanthropy. We have a program called Live, Learn and Thrive with very specific measures. It's about taking care of children in need. One of the aspects of that program is something called Children's Safe Drinking Water where, at the Clinton Global Initiative last year, we committed to saving one life every hour. That means we have to provide about two billion liters of clean drinking water every year. To do that, we've had to triple the production at our existing plant and build a new plant, which we're breaking ground on in Singapore.

Is it important that the focus of your efforts philanthropically align with the business and clearly have a tie in to the strategy?

Ours do. The Pampers/UNICEF relationship is a good example.

Pampers' sole mission in life is to care and protect babies' welfare and help parents raise healthy, thriving individuals. We found that maternal and neonatal tetanus is killing tens of thousands of mothers and children and it is a totally preventable condition. So working in lockstep with UNICEF, we're running a global program where for every pack of Pampers we sell, we will give one vaccine. Since 2006, we've managed to protect 100 million women and their babies. By 2015, Pampers is helping UNICEF to completely eliminate maternal and neonatal tetanus in the 39 countries where it is still a threat.

Also, in China, we've built 200 schools in rural areas where kids couldn't go to school. What is the business interest? If you educate children, you have more educated workers in the economy and the economy grows. The loyalty that we get from the children, families, and government from having built those schools results in goodwill and incremental sales.

We were also the first company in the history of the world to get a license to employ women in Saudi Arabia. How does that tie to

the business? We have a lot of females who buy our products, so we want to have a workforce that reflects the diversity of the consumers we're trying to serve.

Another example where the linkage is really tight is our Always brand. When girls in sub-Saharan Africa menstruated, they were not allowed to attend school or were embarrassed to attend school. So we taught the health ministry about menstruation and offered our product to help solve it. We then taught about it in the community and the girls stayed in school and graduated.

Is the giving something you don't budge on during the tough times and how challenging is it to keep the focus during those times?

This is so much a part of our business that we couldn't even imagine how to separate it.

If you look back at the heritage from our founding fathers, the Procter & Gamble families, you would see that we were the first company to introduce profit-sharing; we were the first company to go to a six-day week from a seven-day week; and we set in motion the community activities and fundraising that became the United Way.

To show you how ingrained it is, Children's Safe Drinking Water is about converting water that is unfit for drinking, and we created the technology, innovation, and chemistry to do that. The small sachets we developed that allow you to convert 10 liters of undrinkable water into clean, safe drinking water are available throughout the world. We airlifted millions of those sachets into Haiti alone, as well as 28 million packets into Pakistan. The government was so pleased that USAID and the State Department joined us in that effort. That was our largest safe drinking water effort.

When you get to a certain size and scale, is it challenging to maintain your culture?

It's always challenging, but it's been such a historic part of our DNA that all we're doing is amplifying it through our Web sites; our speeches; my global Webcasts; employee lunches; and our internal social networks.

Think about yourself around the holidays: when you receive a gift, you feel embarrassed and humbled; when you give a gift, you feel exhilarated. We are all wired to give gifts. All we're doing is tapping into that, whether it's through giving the gift of a great shave, hair color, or laundry, or through building a school for those kids who couldn't go or a home for someone who couldn't afford one. ●