

Live, Learn and Thrive

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

EDITORS' NOTE 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 Asia. In 2001, he moved to Belgium to lead Global Fabric & Home Care, the company's largest and most mature business.



Bob McDonald

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 US-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). McDonald graduated from West Point in 1975 with a Bachelor of Science in Engineering

COMPANY BRIEF Employing approximately 129,000 people 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®.

This company is deeply rooted in community engagement. How embedded is that throughout the organization?

There is a statement in our purpose for which the headline is, Touching and Improving Lives. But the body of the purpose talks about the need for us to give back to the communities in which we live and work. It has always been part of the fabric of the company.

You are approached to be of assistance in many segments. Do you focus on areas that are aligned with the business?

Around 2004, when I was Vice-Chairman of Global Operations, I worked with the then Head of External Relations to develop a program

that created a theme for our philanthropy called Live, Learn and Thrive. It was about helping children in need live, learn through education, and thrive via nurturing throughout their lives.

Thus began my recognition that we're lucky compared to other companies because we have an amazing congruence between the benefits our brands offer — what would look like philanthropy to other companies but is part of our brand building — and the community service of our employees.

For example, Pampers, one of our largest brands, was developed to protect a baby's skin from the natural consequences of bowel movements or urine. However, Pampers' purpose is focused on the healthy development of babies and has opened up many avenues to help young children and their parents.

For example, it led to the development of roving medical clinics with pediatric nurses and doctors in developing countries. In many cases, this roving medical clinic will be the only time in the life of that child when the mother will have pediatric support. I've ridden in these vans myself into rural areas in the Nile Delta.

The mothers would come out and we would measure their babies and provide pediatric advice from a van that had the Pampers logo on the side. We would talk with the mothers about disposable diapers and how a baby that sleeps through the night lives a better life and develops faster than the baby who wakes up every few hours because he is lying in his own urine or feces. So is that philanthropy or good brand building?

Another example is our program with UNICEF. For every pack of Pampers that gets purchased in the world, we work with UNICEF to vaccinate a mother from neonatal tetanus — a problem that kills about 170,000 women a year around the world. So far, we have eradicated the disease in nine countries and at this rate, we will wipe the disease off the face of the earth by 2014. Is that philanthropy or good brand building?

Our people help with the vaccinations and roving clinics. Is that community service or good brand building?

What impact has P&G's focus on children's safe drinking water had?

That is another example where you ask, is it philanthropy or good business? We went into a market like Haiti where we had virtually no business and there was not much potential in the economy. Yet we saved people's lives by providing them with safe drinking water. By doing that, we learned who the thought leaders were in the country, we got to know the members of government, and we were able to bridge the time between when we couldn't earn a profit to the time we could, and those thought leaders became supporters of our business.

In 2009, when I was at the Clinton Global Initiative, I made the commitment for our company that we would save one life every hour by the year 2015 with our Children's Safe Drinking Water program — that requires 2.3 billion liters of clean water. Afterwards, I had dozens of leaders around the world ask what they could do to help Procter & Gamble in their countries.

We believe that a business has to do well financially but do good at the same time. When that is embedded in the culture, as it has been for decades here, you build a gravity around this work. It's not a criticism of individuals or companies that come in or out of philanthropic work. But you find that one year a company will support one type of activity and then there are management changes and the new CEO wants to do something else. So you can't build momentum if you don't have a strong purpose-driven core like the one that we're fortunate to have. It has allowed us to undertake truly game-changing activities.

Another great program is Protecting Futures in Africa. We mine insights around the world and one of the insights we gained from our work in Africa was that many girls were dropping out of school. They had access to education and the ability to improve themselves and their communities, but they were dropping out. We found it was because once a month, they would menstruate, but with no access to any form of protection, they would stay away from school during their period. They would then fall behind in school and could never catch up, leading them to drop out. With products we have, we can make a difference. In many cultures, menstruation is not properly understood.

We're the first company in our industry to get a license to employ women in Saudi Arabia — we have license number one. We have

35 or so female employees in Saudi Arabia now. But if you went into our archives, you would find our history replete with examples of firsts.

What other company has an alumni association that has a convention that turns up 750 people who remember their seminal days with P&G as the most important time in their lives? It's because we were all wired to give, not receive, and when you're with this company, you always have the opportunity to give.

How are you specifically involved in education?

That is part of our Live, Learn and Thrive program. We have built over 200 schools in China, India, and other countries.

I could argue that is good business, because the more educated the society, the better the economy, which allows more people to afford our products. The loyalty you create when you give people safe water to drink for the first time or when you educate them is a loyalty that leads to a relationship that is truly valued.

Is the line between philanthropy and good business being blurred in the boardroom today?

Our job is easier because our products are good for people. There are some products that are more superfluous or that may potentially be harmful when overused. In those cases, acts of philanthropy may be very different from their product efforts, which is why it might be identified as corporate social responsibility in other companies.

We don't have that mutual exclusivity – we have an overlap. Our board understands that and they're very supportive.

We have always had a long-term vision and taken decisions that place the company in the best place for sustained success.

When the need out there is so significant, is it sometimes difficult to find a way to measure the impact P&G has had?

The need is massive, but we do measure our impact. With our Live, Learn and Thrive program, since July 2007, we met our goal of reaching 315 million children and our safe drinking water program since July



2007 has reached 2.9 billion people. We have prevented 115 million cases of disease and we have saved over 14,000 lives, so we measure it to hold ourselves accountable. We also set future goals. We want to save one life every hour, which means providing 2.3 billion liters of clean water yearly.

It sometimes feels daunting because the task is so enormous. But we have to be idealistic and optimistic, and not allow the current cynicism that exists in our world – be it sourced from the political antagonisms that exist or other places – to get us down. We have to keep focusing on the goal.

It also plays to our strength. If you think about what we stand for, which is touching and improving lives, we do it one life at a time through our products, which interact with individuals on a one-on-one basis, be it brushing your teeth, washing your hair, or laundering your clothes.

The primary way we improve lives is through innovation. We invest over \$2 billion a year in research and development and over \$400 million per year in consumer research, which provides the insights to develop the new technologies to create innovative products that improve lives.

We believe that innovation is critical, which is why we invest so much in it.

While you're a global company, you're headquartered in the U.S. Is there merit to the concerns that the U.S. is losing its innovation edge?

I don't know if there is merit to that argument today, but there is risk. The U.S. has one of the most flexible entrepreneurial economies in the world. Every time I travel to another country, the leaders of that country want to talk to me about Silicon Valley and start-ups and venture capital – these are systems that other countries don't necessarily have or they are not developed to the extent they are in the U.S. They also want to talk to me about our secondary education system and the problem of getting visas. These are things we have to stay on top of if we're going to be a nexus for innovation in the future.

Leading a company like P&G brings with it tremendous responsibility, but you have a clear vision for where you want to go. How will you achieve it?

We have been doing this for 175 years and the purpose and the values haven't changed. If you keep the purpose and values the same, they become pervasive in everything you do, be it attracting people from college campuses, developing people, or moving people from one geography to another. We promote from within, which provides a bedrock that is immutable. We keep the values and purpose the same but we're willing to change everything else to grow. ●

In the rural Philippines, nine-year-old twins Reyford and Reymark smile after the P&G CSDW Program shares the gift of clean drinking water with the boys and their family (left); In places like Cincinnati and Mexico, P&G employees help provide housing for families in need. Just like the brands P&G sells, employees aim to turn these "bouses" into "homes". (above)

