

P&G 99

99 Principles and Practices of
Procter and Gamble's Success

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MAIN IDEA

Procter & Gamble ("P&G") markets more than 300 brands of products to over 5 billion people. It is one of the world's most successful and respected companies, with an annual turnover of more than \$35 billion. P&G brands are amongst the world's best and most recognizable.

P&G's success doesn't just happen by accident. Every year, the company will spend more than \$3 billion advertising and promoting its brands -- more than any other company on earth. The company will also hire more than 1,000 graduates from the world's best universities and graduate schools -- including 100 recruits who go into the company's brand management field from which 90% of the company's future managers will be selected.

At the very heart of P&G's impressive success lie some fundamental beliefs:

1. Consumers don't buy just products: they buy brands they know and respect. The brand is, therefore, all important.
2. When marketing, it's important to empathize the solutions, not the problems. People buy solutions, not problems.
3. The code of business conduct: Do the right thing. Anything else is superfluous.

P&G has a strong corporate culture, organized around brands and fueled by streamlined thinking. In line with this emphasis on factual rather than artistic analysis, P&G has developed and championed a very concise and clean format for written communications -- using the memo as its centerpiece. P&G memos are highly structured and honed to perfection -- and form the main means by which anything is achieved by the company.

For the last forty two years in a row, P&G has increased its dividends to its shareholders. The company ranks consistently as one of the most admired corporations in the U.S. Most commentators and many business analysts believe P&G is one of the best managed companies in the world -- which is reflected in the fact P&G has an ability to attract, develop and keep talented people.

The P&G 99 are the principles of customer service and brand building around which the success of P&G has been built. They represent the business principles and practices of a highly successful company. The P&G approach to strategic thinking, the culture of committing everything to paper, the value of the ethical standards honored and a tradition of respecting the rights and needs of the consumer combine to make the P&G 99 principles applicable in any business situation.

1. P&G'S GUIDING PHILOSOPHIES Page 2

Four philosophies influence and color everything P&G does:

1. Understanding what the consumer wants is critical to the business of P&G.
2. P&G's corporate mission is to develop new products that deliver real value to the consumer.
3. P&G creates unique brands for its products that consumers can form an emotional and trust-based relationship with.
4. P&G maintains a long-term perspective on everything it does and is consistent and focused.

2. THE P&G CORPORATE CULTURE Page 3

A company's culture -- beliefs, knowledge, rituals and traditions -- can have a significant impact on performance.

P&G's prevailing corporate culture emphasizes strategic thinking, and structures written communications (memos and reports) along formats that emphasize the strategic aspects of any issue under consideration. Similarly, meetings and corporate interaction also follow the strategic thinking format.

3. MANAGING FOR SUCCESS THE P&G WAY Page 5

Management's role is to nurture a company's culture by sustaining and reinforcing its key components. Management must also adapt the company's culture to meet market conditions as they change if the company is to continue to prosper.

4. THINK GLOBAL, ACT LOCAL -- AND VICE VERSA Page 6

A basic strategic objective of the company is to build the business on a global scale, rather than focusing on the U.S. domestic market. P&G's approach to achieving this is to take the company's core values and adapt them to the demands of the international marketplace.

5. HOW TO SUCCEED AS A P&G BRAND MANAGER Page 7

At P&G, brand management is at the heart of the company's culture. Most of the company's top management have come up through the brand management route. A high level of performance is expected, and brand managers who are successful are promoted rapidly up through the organization.

6. GOING TO MARKET THE P&G WAY Page 8

Transforming a product into a brand is a highly structured process at P&G, starting with positioning, test marketing, expanded marketing and so on.

