

## No Leaf Unturned

By John Fanning



# SCORES HIGHLY

## JOHN FANNING ON WHY A BOOK ON P&G STRATEGY REALLY WORKS

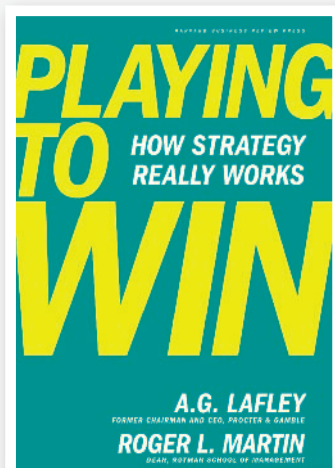
When I worked in advertising in London (fado, fado), a P&G account was the most prized by account management and despised by the creatives. There was a simple explanation: the budgets were huge but the client's insistence on mind-numbingly banal creative work was legendary. P&G was addicted to the now discredited notion that advertising effectiveness is directly related to an ability to recall creative content, so all ads were judged on the basis of how they performed in extremely crude 24-hour recall surveys. P&G's ads are now much better and a partial reason for the improvement, of which more anon, is suggested in a new book on business strategy.

*Playing to Win* is a more broadly based management book than I usually review in these pages but there are three reasons why it is worth the effort. Firstly, it's all about P&G, one of the most professional brand managers ever; secondly the pedigree of the writers, a former P&G boss, under whose stewardship sales doubled and profits quadrupled and market value increased by over \$100bn and a highly respected business academic, dean of the Rotman Business School in Toronto, and, thirdly, because for a business like P&G, one cannot separate brand from business strategy.

The authors nail their colours to the mast in the early pages by repeatedly emphasising that strategy is about choice; "strategy is an integrated set of choices that uniquely positions a firm in its industry so as to create sustainable advantage and superior value relative to the competition". They emphasise that strategy is not a plan, a vision or best practice; it's about making choices between alternative courses of action.

The word 'choice' appears seven times on page three, eight times on page five and five times on page six. The authors believe that in making choices we are inevitably ditching many more and that humans hate letting go of anything. At the heart of P&G's strategic process is a five-part series of choices; a winning aspiration, where to play, how to win, core capabilities and management systems. The first is the ultimate purpose of the organisation or one of its brands; to what does it ideally aspire? The second, where to play, refers to the demographic or geographic segments where we wish to compete, because no business or brand competes in all segments.

The third, how will we win, is the core proposition that will give us a competitive advantage. The fourth and fifth are two issues that are all too often ignored in a business planning strategy;



### CUTTING EDGE

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what competencies must be in place if we are to successfully pursue the chosen strategy and what different management systems might we have to consider.

To illustrate the last point the book describes how P&G's long established practice of strategy discussion where executives presented their plans to senior managers who challenged them to test their robustness; the sell and defend approach. This was replaced with a more discursive process where managers would present strategy along the following lines; 'I have a view worth hearing but I may be missing something' which encouraged a more open and ultimately productive outcome.

A wide range of strategy issues are covered here including how to integrate a newly acquired business into the parent company. It is now known that most business takeovers end up adding little, but P&G's acquisition of Gillette is one of the classic exceptions and the reasons how this was achieved are well documented here.

The ruthless dedication to strategic priorities is also illustrated by P&G's disposal of Folgers and Pringles. Both brands were successful in their respective markets but lacked the capacity to add synergy to other P&G businesses. The main case history used to illustrate the author's approach to business strategy is the brand previously known as Oil of Ulay. The remarkable transformation in this brand, now simply Olay, is described in detail and is a full vindication of P&G's strategic nous.

P&G's more enlightened approach to research, which I believe is the reason behind the improvement in their advertising, is documented. It involves a more ethnographic approach; "we don't pay lip service to consumer understanding, we dig deep, we immerse ourselves in people's day-to-day lives, we work hard to find the tensions that we can help resolve, from these tensions come insights that lead to big ideas".

Mind you, the curse of being written up as a successful company seems to have struck again as P&G are having a little wobble and the share price has taken a tumble of late; probably a good time to buy for those so inclined.

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