

Vision, Growth, and Leadership: Procter & Gamble Style

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Procter & Gamble

Procter & Gamble, commonly referred to as “P&G”, was formed some 175 years ago in 1837 by William Procter and Games Gamble in Cincinnati, Ohio. Procter traveled to the United States with his wife from England and Gamble hailed from Ireland. Each had intentions to travel further west to start a new life in the U.S. As each traveled west from the shores of the Atlantic ocean, Procter with his wife and Gamble alone, each found themselves in Cincinnati, Ohio for a what was to be a short stay. While in “The Queen City” of Cincinnati, Procter’s wife became ill and died shortly after arriving in the city and while Gamble was in town he had to seek medical attention for himself. Upon the death of his beloved, Procter decided his traveling was complete and remained in Cincinnati. Gamble, due to his health issues, abandoned his quest for the west and make the Queen City his home. (P&G: Company History, 2006).

According to Procter & Gamble’s company history,

“Procter quickly established himself as a candle maker. James Gamble apprenticed himself to a soap maker. The two might never have met had they not married sisters, Olivia and Elizabeth Norris, whose father convinced his new sons-in-law to become business partners”. (P&G: Company History, 2006, p.2)

Who would have fathom back in 1837 that at the encouragement of their father-in-law, Alexander Norris, Procter and Gamble would create a business that would be a turning point in history for the world and produce products that in its 175-year history has touched and changed the life of billions of people globally?

According to their website, “P&G brands serve about 4.4 billion of the nearly seven billion people on the planet today” (P&G: Power of Purpose, 2011). Some of the most worldwide recognizable products from the 300⁺ brands, of which “twenty-four are \$1-billion

brands*” are “Bounty*, Crest*, Nice 'n Easy, Pampers*, Pringles*, and Dawn*” (P&G: Brands, 2011), and are manufactured or sold in more than 80-countries.

P&G and Informed HR Decisions

Innovation is the cornerstone of P&G’s success and it’s the employees within the company who possess and bring that innovation to the company. Procter & Gamble understand this concept and states on their website, “P&G people are the Company’s most important asset and the source of competitive advantage” (P&G: Built from Within, 2011).

While they are recognized for producing the best products around the world they are also known for being a top-notch employer of highly motivated, incredibly creative, exceedingly innovative, and purposefully driven people. P&G believes “individuals can and want to contribute to their fullest potential” (P&G: Our Foundation, 2011) and based on that premis, they seek out those who capable of contributing to the company’s success as well as their own.

P&G’s human resource department is a dynamic part in the overall success of the company. They are wholly responsible for identifying, promoting or hiring the best suited and most qualified candidates for open positions and keeping the company energetic and growing with the talented people they hire.

Recruitment & Selection Process

Should positions be available within Procter & Gamble organization that cannot be filled with existing personnel by way of lateral or promotion; they have a very extensive recruiting, assessment, selection, and hiring process in place when searching for external candidates to staff available positions.

Before an individual’s creditials are even reviewed by a human in the P&G HR department, an applicant must first complete several online employment bahavioral-based

assessments that will help identify the applicant's "success drivers" and "reasoning skills" which will be evaluated against the necessary and predetermined skill level required for the position the candidate is applying. Procter & Gamble identifies their "success drivers" as being, "The Power of Minds", "The Power of People", and "The Power of Agility" as outlined in greater detail in the "Recruiting Blueprint" brochure (P&G: Recruiting Blueprint, 2011).

Should a candidate's assessment and skill set be inline with the position's requirement levels, only then will the candidate be invited to complete more comprehensive online questioning; P&G considers this next line of questioning to be the "initial interview" phase. If the candidate answers or addresses the initial interview phase in a manner that is satisfactory to the company, the candidate will be invited to a "final interview" which actually takes place with a breathing and living human within the Procter & Gamble organization.

In addition to the final interview step going into greater detail of the candidate's experience, background, and abilities; it allows for the candidate to better understand the company's overall culture, values, and opportunities (P&G: Recruiting Blueprint, 2011).

By indication of the steps listed in P&G's Recruiting Blueprint, it is safe to assume that if a candidate is invited to a final interview with the company, it is only done so as an opportunity for the candidate to learn more about the company, the position, and to ask questions so they can make a final determination as to whether or not they would like to work for Procter & Gamble.

From the perspective of the company, when a candidate is fortunate enough to possess the skills and background sought by P&G and is invited to the "final interview" with phase with a company representative in the HR department, the powers that be have already determined an interest in the candidate and are prepared to make an offer of employment. It seems rather obvious that the final interview is merely a formality of the interviewing process as well as an

opportunity to welcome the new employee to the company and provide necessary paperwork, should the candidate decide to accept the job offer. (P&G: Recruiting Blueprint, 2011)

Diversity in the P&G Family

In their 175-year history, the Procter & Gamble company as evolved and learned how to do things right. From identifying needs of consumers and creating products to fulfill those needs; to identifying how best to organize and operate a worldwide conglomerate in an effective, methodical, and profitable manner.

Part of the challenge for a company to plan, obtain, and remaining one of the world's largest companies is having a comprehensive understanding that diversity is not just for the products and brands offered to consumers; but is also a strategic move to have amongst their employees as well. P&G is in 80-countries and employes approximately 138,000 people who represent 145 of the approximat 248 world nationalities.

Employees of Procter & Gamble are referred to as P&G'ers and the company embraces the diversity of each and every employee and state because of the diverse population within the company they "create a rich tapestry" which is "tuly unique" and filled with "diverse traditions", and a "wide array of personal experiences and points of view" (P&G: Fulfilling our Potential, 2011).

One would have to believe that a successful company has the edge on every aspect of the organization, including the strengths of their employees. In this company's case, they not only have a belief that individuality and diversity is paramount to success and building great leadership, they live and breathe it "through everyday experiences and interactions that inspire P&G'ers to unleash their potential and perform at their peak" (P&G: Fulfilling our Potential, 2011).

Competitive Compensation and Benefits Program

Considering the highly organized interviewing process and the fact that a candidate does not meet a human prior to the “final interview” phase, I am no longer confused as to why it is seemingly impossible to locate any compensation or benefit information pertaining to the U.S. division of the company. Not only is the HR department elusive until very late in the interviewing/assessment process, so too is any public information pertaining to compensation and benefits for general employees.

I was however, able to find the following listed on the P&G Canada site as it pertains to general employment benefits:

“P&G's total compensation package is among the best in Canada. Among other benefits, we offer: (1) Salaries that are very competitive in the marketplace; (2) A comprehensive flexible benefits program that allows employees to choose health, dental, disability and life insurance benefits that meet their unique needs and circumstances; (3) Retirement plans that are funded by the company and provide employees with flexibility in plan design and investment options; and (4) Employee Assistance Program that gives employees confidential access to professional counseling to help them deal with any personal or family problem”.

(P&G: Global Operations, 2010)

Even though common compensation and benefit information for U.S. P&G'ers seems to be on serious *Area 51* lockdown status, the company must release salaries, bonuses, stock holdings, and other compensation factors for their executive staff/board members on an annual basis to its stockholders. According to P&G's 2011 Notice of Annual Meeting and Proxy Statement, Robert A. McDonald who is the Chairman of the Board, President and Chief

Executive Officer has a compensation package valued at \$16,188,037 for the 2010-2011 fiscal year, of which \$1,600,000 was straight salary and is \$200,000 higher than the prior year's salary.

In addition, for the same period, the company's CFO, Jon R. Moeller had a total compensation package valued at \$4,962,459, of which \$750,000 was straight salary is \$75,000 higher than his prior year salary (Procter & Gamble, 2011, p.43).

I would only hope with salaries in the ranges such as the two listed above, the company as a whole realizes that although these two individuals may have been instrumental in Procter & Gamble realizing high profit margins; it is a team effort and everyone on the team needs to be justly compensated for their contribution to the company's success. Whether it is an employee on an assembly line or an assistant working on the computer, P&G boasts that the strength of their employees and diversity matters, exceptional skills and everyday personal best are expected; therefore profits should be shared across the company and not laid heavy at the top for executives.

P&G's Training and Career Development Program

Procter & Gamble has many ongoing training programs. By staying focused on the international side of business, Procter & Gamble states"

P&G's structure offers our employees the benefit of an international company with the local focus to win with consumers in roughly 180 countries where P&G brands are sold. The US Educated Foreign National recruiting program is seeking to utilize your skills to build the business in one of our Emerging Markets" (P&G: Foreign National Recruiting Program, 2012).

In addition to the international program, the company has several seminars or camps that students can attend that coincide with their education that will aid in preparing them for the

business world. During one of these seminars or camps, attendees will: (1) meet key P&G personnel who also work in the student's field of career study; (2) work together as a team to complete tasks; and (3) understand how their career field impacts a company on a global basis.

According to P&G's website, some of the seminar and camp events offered are: (1) Asia Finance Challenge Week; (2) European Beauty Event; (3) International IDS Challenge; and (4) Latin American Financial Seminar (P&G: Seminar/Camps).

HR Leverage Recommendations

By no means can this author offer or make recommendations that have not already been thought of, considered, or implemented by a company that is in its 175th year of business success in just shy of 100-countries.

After completing research on this company and being a bit shocked at the exorbitant salaries handed out to the top level executives, the only recommendation I could offer is to ensure that if high expectations of employees is going to be common place within the company, and upper management will continue to rely heavily on the basis that their employees are an integral part of their success, are what helps to keep the company competitive, and adds leverage over their competitors; the only suggestion this author could offer to is to always remember that company may have started with two men, but it cannot ever return to a two-man operation and remain the operation it is today. Remember the value of employees working for you and treat them respectfully and pay them a competitive salary and fair compensation package.

In Closing

In February 2012 Procter & Gamble announced they would be initiating layoffs of approximately 1,600 non-manufacturing positions in order to cut costs (Holthaus, 2012). I cannot help but wonder if, in an effort to cut costs, why the executives of the company would not

be willing to do more, such as voluntarily take a salary reduction in order to retain the 1,600 people and their positions? Perhaps there is more to the story than what has been released to the public through the media. Maybe this is a strategic move in order to remain competitive.

Whatever the reason or motivation behind this most recent staffing move, I am quite sure this is not P&G's first time of initiating a series of lay-offs, nor will it be their last; and their HR department should ensure that the employment separations are performed in the best possible and congenial manner that does leave the departing employee with a void of self-worth and value. People are people, regardless of what their career choices.

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