Architect & Artist

PIERCING SILOS AND LEADING CULTURAL CHANGE, AS JIM STENGEL DID FOR SEVEN YEARS AS CMO AT PROCTER & GAMBLE, IS NOW "A HUGE PIECE" OF THIS DEMANDING NEW DUAL ROLE FOR CMOS.

By Gregory S. Carpenter and Thomas C. Hayes

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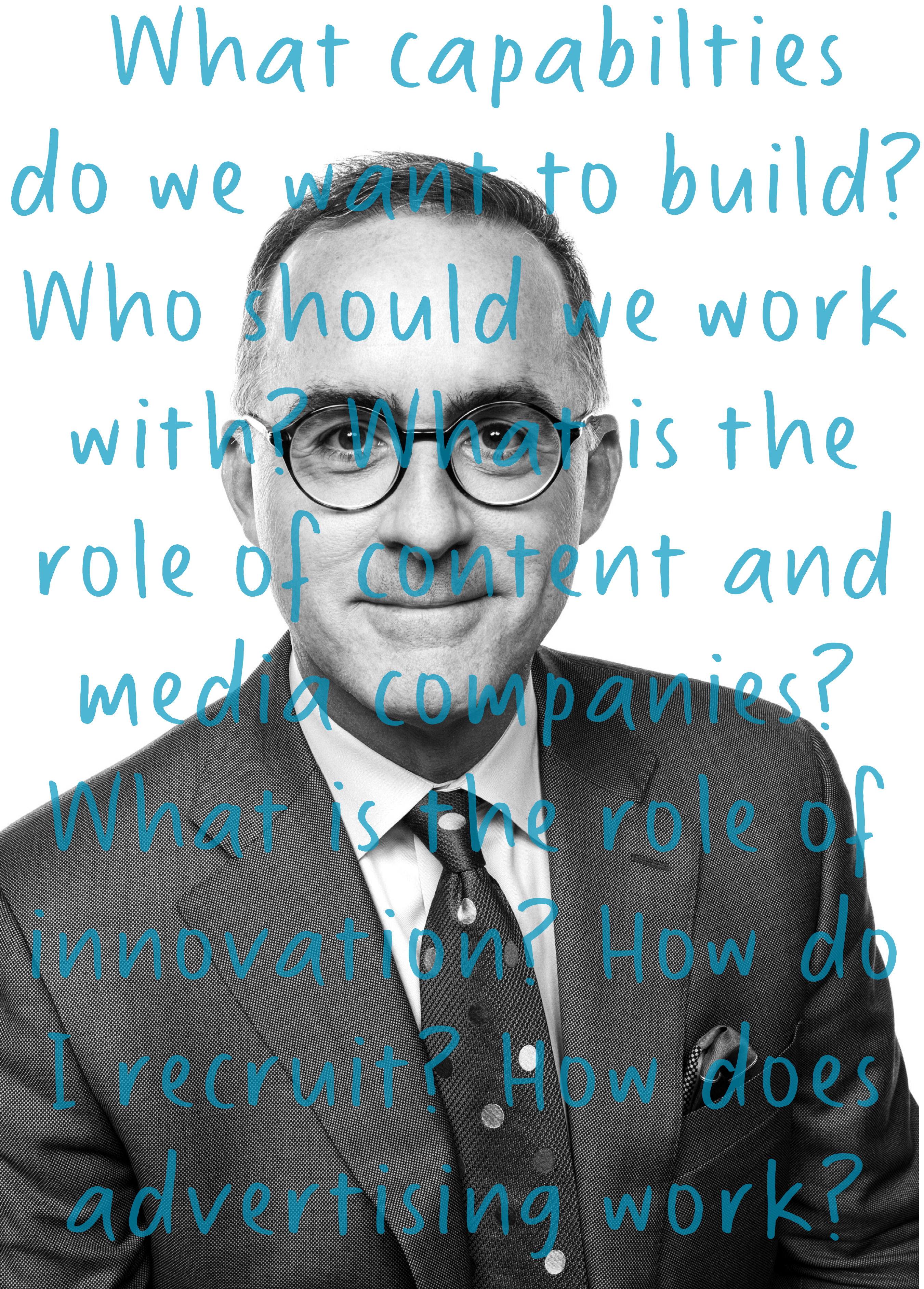

PHOTOS OF JIM STENGEL BY GINO DEPINTO

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When Jim Stengel joined Procter & Gamble in the mid-1980s, the company and its marketing prowess especially commanded enormous respect and admiration. P&G practices were, as they had been for decades, the lofty benchmark in brand marketing and management, product development, management training, and all-around business excellence. But toward the end of the 1990s, P&G's prestige gradually eroded as its financial results sputtered. In the first half of 2000, the company plunged into management crisis with half of its 15 top brands losing share, employee morale staggering after several reorganizations and a drop in the stock price of nearly 50 percent.

A new CEO, A.G. Lafley, took command with a strategy to recharge growth and margins especially in the company's biggest brands, such as Pampers, "if we don't win on the big brands, we just won't win," he reasoned, and soon picked Jim Stengel as his global marketing officer. Lafley and Stengel agreed that P&G's culture was at fault for much of the marketing group's stagnation, a culture they concluded could be summed up in three words: arrogant, inward and complacent. Decision-making was too complex and decentralized. P&G was slow to identify and respond to rapidly changing consumer preferences. "People were disengaged," Stengel recalls. "They had lost the sense that this was the best marketing company in the world. They had lost confidence."

He and Lafley agreed that consumers and customers had to be the primary focus for P&G, with strategies for each brand aimed at winning what P&G defined as two moments of truth: when the consumer chooses and when the consumer uses. The first was a matter of gathering and distilling excellent research, of truly understanding consumer needs and motivations and then studying how P&G products could improve their lives. The second was all about refining or creating product features. Lafley and Stengel were confident that the company was unrivaled in delivering product benefits, at winning the 'use' moment of truth. But they believed P&G had gradually, over many years lost touch with consumers, regarding how their lives were changing and how they used P&G brands. Even worse for the world's largest advertiser, they believed P&G marketers had ignored how rapidly consumers were embracing digital media.

> Responsibility for preserving, evolving or transforming a company's culture is part of what defines senior leadership.

CULTURE IS EVERYTHING

Companies continue to struggle to adapt marketing strategies and tactics to new realities in the 21st century. Consumers are armed with better information and more savvy, thanks to the Internet and a plethora of new media options. The pace of innovation is largely data-driven and accelerating. Competition is increasingly global and unpredictable.

Business leaders who grasp these forces have moved to create more nimble organizations by focusing more intensely on the consumer. Many CEOs now see consumer research as central to every strategic decision, from information technology budgets to factory design. Historically, understanding consumer behavior had been assigned to the marketing function. But we have arrived at a tectonic shift of great import for CMOs. More often now they are being handed greater authority and influence within the C-suite to reshape organizational structure and energize the culture to drive growth.

Responsibility for preserving, evolving or transforming a company's culture is part of what defines senior leadership. CMOs increasingly are expected to share this responsibility. "It's shaking out a lot of people" whose experience and expertise don't measure up, Stengel says. Just as overseeing company culture often sets a leader's biggest challenges, success or failure in influencing the culture to accomplish business imperatives will shape the legacy of corporate leadership teams, teams that now include the best CMOs.

When Louis V. Gerstner was restoring IBM as one of the world's most respected companies before the millennium, he realized as CEO he would need at least five years for IBM to establish the more entrepreneurial, collaborative culture he was convinced it had to have. Culture isn't simply one part of the game, he reasoned, "it is the game." That belief set clear priorities for Gerstner and his leadership team. "Tough as it was, we had to suck it up and take on the task of changing the culture, given what was at stake. I would have to be up-front and outspoken about what I was doing…We could not be subtle."

Jim Stengel found himself on a similarly steep mountain trail, with a similar vision, when he became P&G's global marketing officer.

Putting the consumer at the center of the business is the broad objective of today's CMOs. Stengel's path-breaking success in that role among Lafley's senior leadership at P&G illustrates that the truly hard work is building a culture that actually can deliver on that objective. One of the CMO's challenges is reinventing the end-to-end marketing process. Another is forging new collaborations to recruit new talent and resources needed to reinvent marketing. This means penetrating old silos to identify vital partners within the organization, such as in manufacturing and informational technology, and disrupting practices among traditional partners outside the organization, namely advertising agencies. What has to change in the marketing organization's core work, capabilities and career paths? What has to change in product innovation processes?

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In his seven years as Procter & Gamble's global marketing officer, Jim Stengel mastered these challenges. Now a coach and consultant http://www.jimstengel.com to several companies at different stages in similar journeys, Stengel's experience at P&G illustrates how the CMO can lead change in complex, global companies and raise the business to new heights. "Being an organizational change leader is where the game is now for CMOs," he says. "Setting and communicating standards and putting systems in place to scale them is a huge piece of the role, with huge horizontal impact."

DIAGNOSIS

P&G had been the world's most innovative advertiser for much of its history, at least since Harley Procter, grandson of a co-founder, gave Ivory soap the taglines, "It floats!" and "99 44/100% Pure" in the 1890s. Yet, by 2000, luxury brands such as Louis Vuitton, Apple, Red Bull and Hermes were becoming the new standard in creative marketing, managed more tightly and growing faster. Advertising Age could without surprising readers ask, *"Does P&G still matter?"* http://adage.com/article/news/p-g-matter/56832/

Many P&G senior leaders failed to grasp that the company's flagging financial performance was preceded by a loss of respect both inside and outside the organization of P&G's marketing group. Nearly all general managers and C-suite leaders had risen through the company's core function, marketing, but in reality many had just been passing through without a firm grasp of fundamentals, especially market research.

P&G's promote-from-within management development system for years had routinely shifted promising managers into new marketing roles every 18 to 24 months. It was a grooming process designed to expose top

Five Leadership Imperatives

TEAMING WITH THE RESEARCH AND CONSULTING HOUSE MILLWARD BROWN OPTIMOR, JIM STENGEL STUDIED MORE THAN 50,000 BRANDS WORLDWIDE OVER TEN YEARS IN AN EFFORT TO DETERMINE WHAT SEPARATED THE TOP 50 BUSINESSES FROM ALL THE REST IN DELIVERING CONSISTENT GROWTH FASTER THAN INDUSTRY RIVALS.

These "Stengel 50" businesses carried common characteristics: they disrupt something, they have exceptional focus on product and service, they create a distinct experience, they are obsessed by growth and their leaders are evangelists driven by ideals.
The research http://www.jimstengel.com/wp-content/uploads/2013/11/Millward_Brown_Stengel_POV_on_Brand_Ideals.pdf showed that an investment in shares of his Stengel 50 in January 2000 would have been 400 percent more profitable through the end of 2010 than the Standard & Poor's 500.

Looking deeper into these 50 companies, he identified what he now considers five imperatives shared by high-impact business leaders. They are:

1. Your number one job as a leader is to define your brand's ideal and then passionately activate it. "If you have a brand that truly stands for something, and you take care of it, there is no better investment."
   – Warren Buffett

2. Building a great team is job number two. "What you need more than anything else is to have that almost uncanny understanding of what matters to people."
   – Anne Sweeney

3. Your communication skills are a key enabler of your success. "A successful talk is a little miracle, people see the world differently afterward."
   – Chris Anderson, Curator-TED

4. The more personal your innovation is, the higher your odds of success. "Understanding your consumer is not enough, you must understand what job you are helping do, what problem you are solving."
   – Clayton Christensen, author of *The Innovator's Dilemma*

5. Nothing will be sustainable without the right measurement. "The biggest issues in education and health care today are lack of clear measurement systems, clear outcomes."
   – Bill Gates

talent to various situations and challenges that had served the company very well for decades. "But as competition intensified and the pace of consumer change quickened in markets around the world, 18 to 24 months was no longer enough time for a manager to accomplish anything substantial in a role," Stengel says. People too often were promoted "on the basis of activity rather than results, while, as one manager told me, leaving a string of dead bodies in their wake."

Ambitious managers knew that the way to move up was to start lots of marketing initiatives, but never worry about completing them. Heavy discounting became a common tactic for hitting short-term financial goals that brought promotions, but the long-term cost was to cheapen brand value in the eyes of customers. At the same time, marketing executives concentrated on generating functional product benefits while ignoring what Lafley and Stengel believed was a higher mission for how brand innovation could improve the lives of P&G's retail customers and end consumers, in Stengel's phrase: the brand ideal. *"The Ideal Tree Framework":* http://www.jimstengel.com/ideal-tree/ideal-tree-overview/ Marketing was perceived as the fastest, and largely the only route to general management. Over time, too many ambitious managers increasingly considered marketing stints simply as a perfunctory means to that end, becoming a general manager.

> More than any other discipline in a business, marketing should be looking strategically as far down the road as possible...

"More than any other discipline in a business, marketing should be looking strategically as far down the road as possible, but the group was only looking quarter by quarter," Stengel says. "We failed to evolve our models. We continued to define brand equity around functional product benefits, shoot 30-second television commercials aimed at a very broad consumer demographic, and move on to the next initiative, or next assignment."

The company missed fundamental changes in how consumers felt about the products and services they used, how they shopped on rapidly evolving Internet sites, and how they warmed to two-way, interactive communications with brand teams. Perhaps worse, mighty P&G had drifted away from the marketing genius it once defined: communicating brand equities that made consumers light up. It had defaulted to emphasizing features, "Cleaner! Whiter!", not ideals such as parenting for healthier children.

JIF: BECOMING MOM'S PARTNER

One of Lafley and Stengel's strong beliefs was that for P&G to rebound quickly, it had to be seen again by its people and the entire profession as the best marketing company in the world. “Not better than Kimberly Clark or Colgate, but better than Apple, better than Nike. Better than the best,” Stengel says. “I saw tremendous potential. It was about instilling pride again, instilling inspiration. We said, ‘we have the right people, the right brands. We’re right on the money. What’s stopping us?’ ”

Stengel himself had come to these convictions long before he sketched his plans early in 2001 to redesign the global marketing organization in a series of six brief memos for Lafley. Working on brand teams initially for Jif peanut butter and later on Pampers disposable diapers, he developed clear views on how a deep understanding of customers’ basic motivations for buying products can drive innovation and build market share and margins.

Stengel in many ways had an unconventional career path for a young P&G marketer, an anomaly that would he would turn to P&G’s advantage. He spent not two years but six at Jif in various roles, assistant brand manager, brand manager, and associate advertising manager. In the mid-80s, Jif was a $250 million business in P&G’s food and beverage division. Staying six years with Jif might have been triple the normal time for a young manager on one brand, but it gave Stengel the opportunity to understand the business and the people important to its future “in a profound way.”

Stengel remembers driving his brand team hard as any team he would ever have at P&G, but with the belief as their coach that people do their best work when they believe in it, enjoy it and feel they are advancing. “Ever since my Jif days, I’ve made it a priority to build a work culture with these attributes,” he says, “and to find symbolic ways to communicate them. These are important for making your organization a magnet for the best and most talented people.”

Several organizing steps he took at Jif, intuitively at the time, would be applied on a grander scale after he became global marketing officer: building diverse teams, drawing talent from departments outside marketing, conducting field research such as shop-alongs and in-home visits with consumers, sharing research results with managers at factories and ad agencies, and above all pursuing what Stengel views as any company’s true north: a brand ideal.

> I saw tremendous potential. It was about instilling pride again, instilling inspiration.

“My guiding thought was that Jif should become the most loved peanut butter by exemplifying and supporting” what mothers wanted for their children from toddler to elementary school ages, he says. The research showed that the mothers’ biggest priority was healthfulness and nutrition. As he describes in his book, http://www.jimstengel.com/grow/overview/ *Grow: How Ideals Power Growth and Profit at the World’s Greatest Companies,* these mothers wanted to know with confidence that the peanut butter they brought home from bodegas and grocery stores was the highest quality, with great taste and no traces of cancer-causing aflatoxins, a toxin in peanuts produced by mold.

One day, Stengel brought members from his Grey advertising partners to Lexington, Ky., to meet the peanut farmers and factory workers who handled what these mothers had helped define as Jif basics. “When they saw millions of peanuts being sorted for the slightest imperfection with laser scanning, they were blown away by the quality control,” Stengel recalls. “This deeper understanding led to a full-page newspaper ad campaign headlined, “The Answer is No.” The ad featured a photo of a jar of Jif with copy explaining that Jif had no cholesterol, no preservatives, no artificial colors or flavors, and so on – all based on the top ten questions mom asked about Jif. The campaign included a national promotion with 10 cents per jar donated to local PTAs in line with Jif sales at nearby retail stores.

“By explicitly aligning the business with moms’ values, we implicitly, and subconsciously, aligned it with a fundamental ideal of human growth. We became more than a peanut butter maker. We became a partner with moms in their young children’s development,” Stengel says.

Jif’s business results soared, with record market share eclipsing a full two-point gain, total profits rising 143 percent and margins more than doubling in the first year, then rising again in the second year. “The creative energy these

efforts brought to the Jif team at P&G, not just in marketing but in manufacturing and other functions, transformed the business from a sleepy one to an explosive growth story,” he says. In his first major speech after taking over as global marketing chief, Stengel recounted the Jif experience and told the marketing organization in a global webcast that it was one of the best stories from his P&G career that explained who he was and how he hoped to lead them. (Jif was acquired by J.M. Smucker Company in 2002, along with P&G’s Crisco shortening brand.)

PAMPERS: INCUBATING BUSINESS ARTISTS

Pampers was P&G’s flagship business, with global sales of $3.4 billion when Stengel was handed the reins of the brand’s European operations in 1997. P&G invented the category when it introduced Pampers in 1961 and global sales of disposable diapers were still strong. But Pampers had become one P&G’s biggest headaches, the weakest performer in profitability and market share growth and, in Wall Street’s view, the biggest factor in the company’s lackluster financial results.

Kimberly-Clark’s Huggies had overtaken Pampers in the U.S., with consumers favoring the better fit, lower price and more appealing aesthetics in Huggies. Very slow to react, Pampers campaigned as more absorbent, drier and more comfortable for babies, the same features it had trumpeted for three decades. With Huggies aiming to repeat its U.S. success in Europe, Stengel's job was to preserve and grow Pampers' dominant share in Europe and the rest of the world and help regain the market lead for Pampers in the U.S.

His key insight was to focus on two basic problems in the Pampers organization: a fragmented, highly decentralized culture that was slow, unwieldy, engineering-driven and overwhelmingly male, and the absence of one clear leader. The culture missed the change in consumer attitudes. As Lafley later phrased it, the Pampers boss in the 1990s was not the consumer but engineers running production to hit their own internal standards, not delight consumers. Engineers measured R&D, design, manufacturing and customer satisfaction on only one element: dryness. Other important features such as texture, playful graphics, and fragrance were ignored at P&G but not by Kimberly Clark. Huggies took command as the Pampers organization continued for years to pat itself on the back for high scores on dryness. Along the way, Pampers had become a stagnant, ossified business.

What Stengel had in mind for the profile of a brand leader was a chief designer, a "brand artist," someone who understood deeply and fought for the essence of the brand ideal. The brand franchise leader, such as Steve Jobs at Apple, or Tom Ford at Gucci and Yves St. Laurent. Someone with unquestioned authority and instincts, someone who could partner with the brand president to set budgets and priorities, curate features and messages, sort out conflicts, build teams, break down silos and drive toward better results that delivered on that brand ideal. As he and Lafley would conclude, P&G's fabled management system apparently had never contemplated the development of brand artists as such. "We don't have any of these kinds of people," one said to the other as they flipped through lists of high-ranking general managers for possible promotions in their first years working together. "We raise operators."

"Amazingly for P&G, Pampers had no single brand or marketing leader," Stengel writes in Grow. "There was a manufacturing leader, an R&D leader, a finance leader, a human resources leader, a market research leader, an information technology leader, a strategic planning leader, and a president of the business. But Pampers had no business artist who held everyone accountable to a core brand ideal and strategy. Fragmentation and turf guarding characterized all the functional areas of the Pampers business."

The more intensive field research that Stengel's teams led with mothers from low-income to affluent communities resulted in a new vision: Pampers could partner with moms in the journey of their babies' physical, social and emotional development. It was a huge leap from aiming for perfection on dryness. It required marketing to have a much bigger voice in shaping the Pampers agenda. Stengel's brief stint as Pampers' first brand artist was amplified by another marketing executive who succeeded Stengel in that role for another several years, Jane Wildman. A Pampers partnership with UNICEF to feed children in Argentina was expanded to every region of the world with the goal to eliminate maternal and newborn tetanus.

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By 2008, Pampers global sales were climbing to $10 billion, market share in North America had surged above 40 percent, and the business was even more dominant in Europe and growing rapidly in developing markets such as China and India. "For a business the size of Pampers to double in ten years illustrates just how powerful ideals can be," Stengel says, adding that changing the culture in the Pampers organization "had the most decisive role, as it almost always does, in bringing the brand ideal to life."

MEMO TO AGENCIES: FORGET FEES. IF WE GROW, YOU GROW

P&G historically paid advertising agencies a 15-percent fee for every dollar spent on projects. Stengel and colleagues implemented the system in Europe when he was with Pampers to paying agencies a percentage of brand sales. "There's a beautiful simplicity to this," he told them. "We grow, you grow. We're not counting hours, you're not sending us time sheets."

Unraveling any industry's traditional compensation model is complex, even dangerous. P&G might have been the only company in the world, as the biggest advertiser, that could have muscled through sales-based fees. "The old commission system was not strategic," Stengel explains. "It was not aligned with our goals or our mission. The work was so decentralized we didn't even know how many agencies we hired." The revolution Stengel helped lead in these relationships gave P&G a huge leap forward in becoming more global, sharing and speeding ideas and innovations across brands and regions. "It was an earthquake," he says.

He and Lafley began with a few big, sweeping questions: what if we were to create the ideal marketing and advertising agency, one with no legacy? What would it look like? What would be different? Even though P&G was the biggest buyer of advertising in the world, its agencies had taken the company for granted. "They weren't giving us fresh creative work because we didn't demand or expect it. Their best creative people thought we were boring. But we wanted ads that were cutting edge in engaging consumers, and that in turn would build market share."

He was convinced that creating unconventional, even daring, ads would signal to Wall Street that P&G had a more ambitious mindset, was taking more calculated risks to generate faster growth, and was determined to recharge P&G's pull as a magnet for the best talent. Taking that message directly to the agency world's best creative minds, Stengel again broke new ground for P&G by becoming a presence at the industry's annual awards fest along the French Riviera, the Cannes Lions International Festival of Creativity.

"Going to Cannes was a heresy," he says. "People who preceded me said, 'we'd never go to Cannes; that's not us. We have the best database, we have the most brands to experiment on, and we won't learn anything. We know all there is about advertising!' But I was curious. The creative head at Saatchi & Saatchi, an Australian guy, told me, 'you should go, it will change how you view things.' He was right. Now P&G takes a contingent every year, meeting new people, seeing what's happening around the world."

Advertising development is another tradition Stengel and his team overhauled. P&G's fixed model for advertising activity was little changed for more than 30 years: the 30-second TV commercial aimed at women with kids, with huge swaths of media time bought at a big discount. The advertising messages focused largely on product benefits, not the ideal of making customers' lives better.

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"We had to understand much more clearly how people wanted to buy our brands, how they got information and entertainment, so we made a major effort to do that brand by brand. We had to first understand a brand's consumers before developing any creative work for an ad," he says.

He criticized the ad agencies' slow recognition of digital media's fast-growing influence with consumers in a 2004 speech to the annual conference of the American Association of Advertising Agencies that many in the industry's establishment found jarring, even insulting. The old consumer marketing model based on 30-second TV spots was "obsolete," and Stengel said the industry deserved a grade of C-minus for its complacency. "If this was one of my teenager's report cards, we would be having a heart-to-heart talk, more homework, less socializing, more tutoring, more commitment to improve!" he scolded them. "We've lost whole segments of consumers whose needs aren't being met by today's programming. We must accept the fact that there is no 'mass' in 'mass media' anymore."

To simplify P&G's global template for brand communications, Stengel and P&G's senior management formalized the role of brand artist for each major brand, taking to P&G's unmatched scale his concept forged at Pampers of one brand franchise leader. Instead of the coordination headaches with seven or eight decision makers, brands now had one person accountable for brand ideal or purpose, communication strategy and plan, visual identity, innovation strategy and all areas related to the brand ideal – the brand artist.

"Once we clarified who within P&G called the shots on our major brands, we could then dramatically simplify our system with external partners," Stengel writes in Grow. The number of global agencies was pared by more than 50 percent, one external leader was assigned to each agency team, and P&G compensated these teams based on the brand's pace of sales growth. "The new system clarified leadership and decision making, and resulted in better work, lower costs, and teams that were more inspired."

IMMERSIVE RESEARCH

Stengel pushed the same approach, focus deeply on how the consumer chooses and how the consumer uses, with brand leaders throughout the company. Lafley scheduled quarterly management meetings in different locations around the world so his top 50 managers could immerse themselves for a few days in local homes and stores. In Latin America, the spark for a hugely popular new positioning of Downy, the fabric softener, came from debriefs of small teams that each spent a day with a poor family. With no access to water or indoor plumbing, how did the family do their laundry? What brands did they use? How did they wash their hair? How did they shop?

The result was a change in Downy's chemistry and a new product for Latin America focused solely on eliminating soap suds. Instead of having to walk a mile each way six times every wash day to fill a basin with water, women could add one cup of new Downy that cleared the suds from the first, and only, load of wash. New Downy was a one-time rinse. "The testimonials we heard on this were life-changing," Stengel recalls. "We freed up hours for a woman to do whatever she wanted. Before this the Downy strategy was softness, fragrance. But after those visits, we realized 'that's not the game here.' "

In China, research teams in rural villages learned that adding local herbs to standard formulas for hair and oral care products made the products more relevant and interesting for the villagers. "In the old days, we would have said, 'don't use herbs, use better Crest!" Stengel says. "But it never made sense to fight local customs. Now we could give them better Crest with some herbs in it."

PIERCING SILOS

Stengel and Lafley wanted more collaboration across functions to spark innovation and get teams focused more externally on customers and markets. So Stengel first recruited a small team of experienced marketers he wanted to help lead his organization. They were smart, curious and excited by Stengel's new vision for marketing built around brand ideals, not product features. Then he brought on experts from human resources, product supply/manufacturing and information technology to help brainstorm and build cross-departmental teams.

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As the marketing organization had lost stature over prior years in P&G's upper ranks, Stengel saw it become more arrogant and less collaborative with general management, with too many leaders mired in internal battles for more staff, bigger budgets and more prestigious titles. An early internal survey confirmed this. Marketing managers were spending only six hours a month with consumers, and too little time at Wal-Mart, Target, Carrefour and other big retail customers. Instead, the managers were too busy with plans and meetings to oversee packaging updates, coordinating new project initiatives, mediating pricing decisions, plus ancillary revisions and rework.

Clear priorities + steady execution = solid results

BEFORE STENGEL PITCHED HIS IDEAS TO A.G. LAFLEY AS A CANDIDATE FOR P&G'S GLOBAL MARKETING OFFICER, HE WENT TO SCHOOL, EXTENSIVELY INTERVIEWING P&G'S TOP MARKETING EXECUTIVE AT THE TIME AND FOUR OF LAFLEY'S PREDECESSORS AS CEO. WHAT SHOULD THE NEXT GLOBAL MARKETING OFFICER DO? "I DON'T THINK ANYONE AT P&G HAD EVER DONE THIS DURING A CANDIDATE REVIEW PROCESS, BUT ALL THE FORMER CEOS WERE EAGER TO TALK, TO HELP," STENGEL SAYS. "I WAS LOOKING FOR IDEAS."

He came away from these meetings well-stocked and, drawing from his own experience, emboldened. One former CEO had been blunt, saying brand leaders didn't know enough about how their brands made consumers' lives better and that P&G's talent system "needed shaking up." Another called for greater innovation and open-source R&D. Another for the highest ethical standards.

Moreover, Stengel made an unexpected, thrilling discovery: no one he interviewed had a common view of the job. "I can make this whatever I want!" he thought. With new purpose, he wrote a six-page memo for Lafley, with candid appraisals, detailed initiatives and campaigns – all of it aligned with Lafley's high-level plans to revive P&G. "A.G. and I had a really great talk. That memo pretty much set my agenda for all that came after," Stengel recalls. "I had it about right."

That memo outlined these priorities for P&G's new global marketing officer:

1. Renew the marketing organization's confidence and capabilities, including redefining its core work and both restore and update training
2. Focus the organization externally on understanding and improving the lives of retail customers and consumers
3. Channel the ambitious energy of our people from being internally competitive to being internally collaborative and externally competitive
4. Make the marketing organization the linchpin of unifying the priorities of P&G's center and its far-flung business units
5. Institute career paths, and results-based reward and recognition systems, that provided continuity of development for both our businesses and our people
6. Overhaul and power up our innovation program (an effort Stengel would co-lead with P&G's chief technology officer)
7. Bring it all together in a framework for building our many businesses around the goal of improving people's lives, which harmonized with P&G's overarching purpose, values, and principles

Stengel confronted the problem by handing over the majority of what had been marketing's process management routines to one of P&G's best experts in process management, the head of product supply, and transferring 80 marketing positions to the manufacturing department to handle the added work.

Attuned by then to the burdens on his team of non-core work, he signed up several external agencies to simplify coordination and improve productivity but never transferred or outsourced responsibility for any roles he considered essential for competitive advantage, especially in better understanding of consumers and retail customers. New emphasis was put on shopper marketing, connecting with consumers and new media, innovation and marketing return on investment, each with a new spotlight as a separate Center of Excellence.

The Centers provided new thrust with innovations such as modeling state-of-the-art marketing-mix that massively improved P&G's productivity in media buys, and how well new packaging designs could catch the attention of busy shoppers. The Centers gave Stengel the opening to design new career paths for marketing experts who wanted to stay in marketing, not shift to general management as the lone, perceived path to higher pay and recognition.

> Stengel loved the work, and he was convinced he would soon accomplish much more to energize the P&G culture and build he business.

OLD SPICE, NEW SPICE

Four years into his role as global marketing officer, Stengel knew he soon could shift his own career path back to business management. He could do this at a very high level that in time might land him on a short list of potential CEO candidates, a prospect Lafley had raised with him when Stengel first joined Lafley's senior team. But after having climbed this high, forging a new trail that expanded the global marketing officer's role as a pivotal change agent, he had seen how a progression of commanding views brought exhilarating rewards. Stengel loved the work, and he was convinced he would soon accomplish much more to energize the P&G culture and build the business.

P&G revenues and profits were on a roll. The company had just announced its biggest acquisition, of Gillette Company, which moved P&G ahead of Unilever as the world's largest consumer brands enterprise with revenues topping $60 billion. Stengel himself had become, in Lafley's words, "the face of the company" as a high-profile keynote speaker, co-author of a Harvard Business Review article "*Listening Begins at Home*", November 2003 issue, https://hbr.org/2003/11/listening-begins-at-home on deftly harvesting employee knowhow and insights, and the subject of major profiles in the Financial Times "*How Can I Help You?*", February 3, 2006, http://www.ft.com/intl/cms/s/0/c708b572-93b1-11da-82ea-0000779e2340.html#axzz3xo4lOkpR Ad Age and elsewhere. Within a few months, Ad Age would marvel at P&G's revival as one of the world's great marketing companies, with a portfolio of billion-dollar brands having surged in just five years to 17 from 10. Answering its own stinging question from five years before, "Does P&G still matter?" Ad Age awarded *"Well-balanced plan allows P&G to soar"*, December 12, 2005, http://adage.com/article/news/balanced-plan-p-g-soar/105513/ the company its annual 'Marketer of the Year' honor.

Meanwhile, Stengel was laying plans for his most risky moves yet for P&G, replacing one of the company's long-time agencies, Saatchi & Saatchi, on Old Spice and a few smaller brands with creators of Nike's long-running "Just Do It" campaign, Portland-based Wieden+Kennedy. That news was a shot across the bow of the world's biggest advertising agencies: P&G's agencies. Even more, it signaled a rejection of P&G's standard advertising playbook.

Wieden+Kennedy had its own playbook. For example, the agency ignored pre-market testing of ads with focus groups, preferring to wait until the ads actually were running as part of an integrated messaging campaign in the media. It also handled all packaging and media work in-house, plus its creative work "had the edgiest, most adventurous profile in the advertising business," Stengel recalls.

Like Pampers, Old Spice was a dominant brand that had lost momentum. Unilever's Axe was growing fast amongst young male consumer by positioning itself as a magic potion for overt sexual attraction. "We needed to refresh Old Spice, but we couldn't do it by imitating Axe," Stengel recalls. "It is never a winning strategy to copy another brand's positioning. Besides, we felt that each of our brands had to serve our corporate purpose of 'touching lives, improving lives.' We couldn't do that by copying Axe's cartoonish depiction of sex-crazed young women."

Wieden+Kennedy's initial TV commercial, a 60-second monologue by actor Bruce Campbell extolling the magic, power and, for some, the elusiveness of "it," first aired in 2007. The script never mentioned Old Spice until the end, with this silent screen shot: "Experience is everything/Old Spice." Alex Keith, P&G's head of the Old Spice brand, came to Stengel after her first viewing. She was worried. Was this treatment too loony for P&G? "I don't know what to do with this," she confessed. But Stengel didn't hesitate. They had agreed when they signed up Wieden+Kennedy to give the agency a free hand on creativity, with Stengel committing then to support her and Dan Wieden, the agency's co-founder, if P&G senior management flinched. "If we say 'no' now, what do we get out of our experiment with Wieden+Kennedy?" he replied evenly. "Trust them."

In fact, the commercial did shock many within P&G, and in the wider business world, but it generated tremendous buzz online and offline and, impressively even for some skeptics, surging market share against Axe. A follow-on campaign struck the same theme: Old Spice is a positive, humorous, irreverent path to masculine confidence. Aimed at young women as well as young men, the spot featuring actor Isaiah Mustafa as "the man your man can smell like," became the most viewed video on YouTube in 2010.

"The change in culture we helped create within P&G was vital for Wieden+Kennedy to succeed," Stengel says. "I was open to letting them be themselves and working in a different way. If I had tried this five years before, it would have been a miserable failure." P&G's traditional agencies got the message as well: if P&G is working now with Wieden+Kennedy, we've got to be more bold with our creative. Wieden+Kennedy has handled P&G's Olympics advertising since 2008, Stengel observes, "one of the proudest things P&G has now."

Understanding the consumer perspective, after all, is the CMO's stock in trade.

CONCLUSION

Echoing Stengel's call for brand ideals that improve the lives of consumers, and the transformations at Jif, Pampers and other businesses changed through Stengel and his team's work, P&G states its business mission in a way that makes him proud: "the power to change the world." Indeed, in 2015, P&G counted 21 brands with annual sales between $1 billion and $10 billion. It had another 11 brands with sales between $500 million and $1 billion – many bearing potential to join the ranks of the $1-billion brands.

Stengel and his expanded networks of collaborators within and outside P&G reclaimed for the company its lost stature as one of the world's leading marketers.

During Stengel's seven years as head of global marketing, great achievements began by asking simple, big questions: The answers brought P&G's understanding of consumers – and how to reach and help them – into the 21st century. This leap was made possible only by creating fresh networks of trust, openness and collaboration that extended far beyond the marketing staff function Jim Stengel inherited. He demonstrated that CMOs backed by like-minded CEOs, such as A.G. Lafley, can be indispensable in shaping corporate culture and recasting a company's organizational structure to put the consumer perspective at the heart of every business process. Understanding the consumer perspective,

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