

## LEADERSHIP

# The Soapy Path to Power at P&G

The demands of the laundry unit have shaped the last three CEOs and today's top contenders

By Roger O. Crockett

Procter & Gamble Chairman and CEO A.G. Lafley shares one squeaky-clean tie to the two chief executives who came before him and the two executives who are candidates to replace him: soap. All spent several years working in P&G's laundry business. Although it makes up less than a third of the company's \$84 billion in sales, laundry has been viewed as a mandatory training ground for future leaders.

What's so special about Big Soap, as it's called within P&G? For one thing, it's fiercely competitive. With 47 detergent brands in a slow-growth industry, market leadership often comes at the expense of another P&G brand. (Pringles, in contrast, is the company's only potato chip line.) Those who succeed tend to have a laser-like focus on shifting customer preferences combined with relentless innovation. "It's no cakewalk in there," says consultant Noel M. Tichy.

Consider the backgrounds of the two leading contenders to replace Lafley, who is expected to announce within the next year that he is stepping down. Not only did Chief Operating Officer Robert A. McDonald work side by side with Lafley in laundry during the mid-1980s but he subsequently ran P&G's Canadian laundry business. Working in the price-sensitive soap sector, where products fight for shelf space, McDonald says, teaches the value of execution. Susan E. Arnold, now president of global business units, was



Gain detergent's brand manager before becoming vice-president for North American fabric care in the late 1990s. While both have worked in other units, laundry helped them hone an acute understanding of brand positioning and market segmentation. "It was a laboratory for superb strategic thinking," says consultant John Lilly, who worked in the laundry unit early in his career.

Now both Lafley and McDonald put increased emphasis on global experience. Getting battle-tested in developing markets is perhaps more important than a stint in the laundry room.

Detergent's place in P&G's leadership training may also make less sense as other businesses become more important to the bottom line. The beauty-and-grooming segment, for example, had compound annual growth of 24% over the past five years, while the unit that includes laundry grew by 11%—and is now seeing profits decline. Sure, nothing puts a manager through the wringer like fighting for growth in Big Soap. But P&G knows its future leaders need to master the formula for growth overseas.

\$48 billion worth of food was thrown out last year.  
A smarter planet needs smarter food systems.  
Let's build a smarter planet. [ibm.com/think](http://ibm.com/think)