"Every multi-brand CMOs job is to think about how to codify a framework for building brands"

JIM STENGEL COMPANY

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In his seven years as Global Marketing Officer of P&G, Jim Stengel led a marketing transformation that again established P&G as one of the most admired brand-building companies in the world.

Since leaving P&G a decade ago, Jim has focused on growing business through a focus on higher ideals and building purpose-inspired leadership capabilities. As part of the Humanizing Growth Series, Jim sat down with IRG Founder Marc de Swaan Arons on July 10 2020 for a 'virtual fireside chat' about Purpose and the role of the CMO in driving multi-stakeholder growth.

Marc : A very warm welcome to my friend, Jim Stengel. You had a very successful career at P&G and since retiring from there you've gone on to focus on your passion: brand purpose and how brands and marketing can play a bigger role in life. Tell me a little bit about how you got that calling and what got you to where you are now.

Jim: I wouldn't be who I am without the people that have loved me and helped me and been part of my life. I can't imagine not being part of a diverse organization, a diverse world. Once you feel it, you cannot go back. To me, not building a diverse organization is an enormous puzzlement because there's just no other way.

I think I've always been someone who tries to exercise compassion, empathy, a learning mindset, a growth mindset. And I think that goes back to my childhood, some of the first experiences that I had and certainly Procter and Gamble was formative in that. It was a company I thought that I would join for two or three years, get my brand manager stripe and leave Cincinnati, Ohio and go somewhere else. But I just kind of fell for the mission, the values, the people of the company, and what they were to do in the world.

I think it was implicit throughout most of my life. But I think now it's more explicit. My purpose is to help leaders be happier, more productive, more successful, more fulfilled, by finding their organization's purpose, their personal purpose, and bringing it to life and finding a way to make it sustainable. It's as simple as that.

Marc: If you look at the last three months with the perspective you have, what are the two or three things that are really noticeable to you? What are your take outs?

Jim: For me personally, it has reinforced that family, friends and health are number one. I hate to use the word rediscovery, but I've spent more time with my family, my loved ones and myself and I've stayed healthy. I've been careful. There's one CMO of a large retailer who said to me: "My mind is clearer. My mind is more at peace'. There's a lot of people who are sick, we have record cases of COVID again in the US and there's a lot of sadness around us. But there are also a lot of people who are renewing what is most important in their life and their focus in their life. And I think that is really healthy.

Everyone talks about how the last three months have accelerated us ten years, e- commerce and habits etc. I think that's largely true, it's certainly true for myself - where I was trying to take my life - the last three months has accelerated that massively. I'm spending my time on the business side trying to scale some of the things we're talking about today. How do we get the message and the passion and the interest for a different way of doing business? Have even more people thinking about that?

I'm spending more time on podcasts, on writing, on training, which to me is very personally fulfilling. I learn in doing that and I think it's helping people become better leaders. I'm also focusing on what is, I think, the big gap in purpose - and that is measuring it and linking purpose activation to business metrics.

“We have a massive opportunity in purpose measurement”

We still don't have that. That's why there are still cynics and skeptics on the purpose journey. Purpose to me is in three steps:
1. You have to find it or rediscover it.
2. You have to activate it or bring it to life
3. Then you have to measure it and link it to your business metrics.

We've done OK on the first two. We haven't done much on the last one, and that makes it very vulnerable to personalities and to leaders. I think we have a massive opportunity in purpose measurement. I'm investing in that. My team is investing in that. We're working with a startup who we think has a really, really good platform. And I think if we can crack the purpose measurement opportunity, to me, that's my legacy.

Marc: What is the startup, is it already trading and what's it called if people are interested?

Jim: It's a five-year-old company called BERA, they have a fabulous list of clients right now. They're seeing real results.

My team had an off-site about two years ago and we reviewed what we've done well and not so well over the last 10 years. Then we said, what's our next five or ten years look like? And this is where we landed - We've got to crack purpose measurement. So, we started an investigation who was doing what around the world, and Vineet Mara (the global CMO at Walgreens Boots) said, you guys have got to go talk to BERA. We began working with them for about a year to pilot purpose measurement. We liked what we were getting. We decided to invest in them with a venture capital firm and so they're well- funded right now. They're hiring and they're refining their methodology. I sound like I'm pitching here but I believe in the company.

Marc: In the IRG program we talk about opening the growth ecosystem: first opening up internally – better connections between senior and junior people, but also between marketing and sales and the rest of the organization. Then it becomes very fluid how you work with startups, with companies that you've just bought.

One of the things that we've talked about doing to bring the outside world in is a challenger board. You, Silvia Lagnado, Simon Clift (the former CMO of Unilever) and a few others were the challenger board for Diego Scottie at Verizon. He talked about that as having been the wake up and support mechanism in the past. How was it for you to be part of something like that?

Jim: I loved it. I've searched and reapplied that idea with many other people, it's a wonderful idea. In fact, when my company did this off-site two years ago, we brought in a Challenger board. At the end of the off-site we brought in about 10 people from various fields to poke at us, to push us and one person said to us, ‘Stengel Company, you've been a good vitamin. You have to be a pain killer. You have to tackle something even more important than you've been tackling’. That led us to the purpose measurement space, that came out of the Challenger board session.

Marc: When we worked with Silvia Lagnado and the Dove team on the original ‘Campaign for Real Beauty’, we worked very closely with her to explain that they needed a Challenger board, because they were doing so many things that they didn’t really know much about – they went into beauty, even though it wasn't a beauty brand, they went into female empowerment which they knew nothing about that, they went into services and again, they knew nothing about that.

We created a Challenger board that had representatives from all of those areas, and which met every six months for twenty-four hours. These people were called collaborators - coming in with lots of ideas every six months and at the same time trying to understand where the brand wanted to go and then helping the team think through how.

So indeed, it's a mechanism that has worked well, but I'd like to use it as a bridge to go to your story, because it's where your purpose story started. Take us to that brainstorm with your agencies. Can you pick up the story there?

Jim: I think it even started earlier, Marc. My first brand manager job was a brand called Jif Peanut Butter. We were stuck in a share battle with Skippy and Peter Pan and Private Label. It was it was hard to move market share at all, and we had a better product, so of course our P&G advertising was, 'We have more fresh roasted peanut taste than any other brand'. My team got together and we said, how can we make a bigger impact?

So, what did we do? We did your Challenger board. We went out and talked to mothers. We went to parent teacher associations, farmers. We went out and talked to magazine editors who did content for young mothers, saying what could we do? We found that we had to play a bigger role in the person's life. We had to align with the values of the consumers we served.

We started efforts to invest in things that moms cared about that made sense for our brand. We had the largest ever donation program to parent teacher associations that were aligned with our sales. The more we sold in a zip code, the more money we gave to the local PTA. We talked about how we cared about what went into our product. We talked about the farmers that we worked with and all of a sudden market share started to go up and we started to differentiate not just on product, but on values.

> ***"Within 10 years we tripled our size and became much more profitable"***

The key metric is, Does that brand care about what I care about? That was kind of the beginning. I wasn't as articulate about it as I am now, but I thought, let's do the right thing. Let's try to make a bigger impact with the consumers we serve.

Fast forward to Pampers. I was moved from Eastern Europe where I was running 2 countries to take the category job for Pampers. We did this off site in southern France. We began the journey there to find our purpose, to make a bigger difference in the lives of mothers. The brand, at that point, from a brand equity perspective, was terrible. We had no empathy, no compassion. The factory was the boss, not the consumer. We were not an empathetic, caring, purposeful brand.

People working on the brand were passionate about making a bigger difference with the simple insight - We are the brand that is present at the moment of birth more than any brand in the world. The question was - what do we do with that? We were sampling our brand in hospitals, we were the largest diaper brand in the world, we had enormous direct mail programs, we were touching the lives of mothers - but doing nothing with it. That led us to the purpose that Pampers is still activating, 20 plus years later. Within 10 years we tripled our size and became much more profitable and much more important in the lives of mothers and with a much more engaged organization. When we started it was on the lower end of P&G's organization in terms of engagement. It rose to the top and it's still a very powerful story. In fact, I think that is why I was named CMO of P&G.

Never stop being customer-centric

Marc: One of the key themes that we come across all the time is, well, we got it right somewhere like, let's say, the Pampers brand. But there's much more and there's many more parts of the organization that we haven't touched. Can you talk a little bit about that? How do you convince an organization that this is actually a framework for the whole organization? How do you convince an organization to walk away from some of those other belief systems that have come in that are only about making money and perhaps only about short term?

Jim: The great organizations of the world have always been consumer centric. They've always tried to be best at delighting someone, they spend time, energy, money, making customers lives better, happier, more fulfilling. If you don't do that as a business, it's not going to end well. That is such an evergreen space.

You can never be done because it's so dynamic. Look at what we're living through now. Look at all of the behaviors, habits, practices that are shifting. If you're not in touch with that, then it's going to end up badly. To me, one of the major jobs of a leader is to be always, always inquisitive, pushing, setting the new standard for people about being close to your customers, beginning meetings with that. One ritual our CEO started for our leadership team is that before every meeting we had of our global leaders at P&G we did some immersion with consumers that we didn't know much about. Only then did we have our meeting - it's an enormous role modeling of the behavior.

You can never stop being customer centric. The reason Purpose is scaling around the world is because it works. We have to build in the measurements, but the reason it became way Procter and Gamble builds brands, the way Unilever builds brands is because it inspires organizations. It accelerates interesting innovation, it is customer centric at its heart, and it results in better marketing, better brands, better behaviors. Every multi-brand CMOs job is to think - How do you codify that? How do you teach that? How does it evolve our framework for building brands? For those of you listening here, if your company does not have a way of building brands that you've codified, that you refine and continue to refine about how you grow brands - you need to work on that. That's how you scale learning, that's how you scale what happens on Pampers into how a company can evolve and become better at what they do.

Marc: There's a lot of new technology companies where product management, and I don't mean marketers, I mean technology people, are in charge. Can you talk a little bit about the dynamic that you've seen with marketers struggling to bring across consumer-centric thinking in companies like that?

Jim: It certainly starts with the customer or consumer again. I think CMOs that have been effective at technology companies represent the customer/the consumer. They know them well. They know their needs, their desires, their frustrations, and they coalesce the organization around that.

Ann Lewnes (Adobe) and Satya Nadella (Microsoft)

Why is Microsoft doing so well these days? Satya is in many ways their CMO. He brought in a different kind of passion about the customer, about partnerships, about culture, and an already very strong company became way better. It sounds like a very simple, fundamental lesson.

One of the people I admire is Ann Lewnes at Adobe. One of the longest standing CMOS. You spend some time with her and she is respected in that company, has strong relationships across functions - with the CFO, with the CEO, and is very close to the product people and where the customer is moving, how the customer is shifting, how can they make a bigger difference in the lives of their customers. The ones who are standing out in technology are the ones who bring this mindset.

It's not a mindset of arrogance, it's a mindset of collaboration, cooperation, innovation, inspiration around making the lives of the people they serve better. It's the simple as that.

The importance of storytelling

Marc: For people considering the move to a CMO role in an organization that perhaps hasn't had one or where marketing has been the brochure ware department rather than the marketing department, I guess the answer to this question is, do I believe that my colleagues are willing to go on the journey of consumer centricity? How important do you think storytelling is?

Jim: Hugh Johnson, who's the CFO of PepsiCo, I brought him in to speak to some marketers about a year ago and he talked about storytelling. This is the CFO talking about storytelling.

He said he always begins his quarterly earnings call with the story of the company and what they're trying to do. Then he gets to the results for that quarter, but he said, if all you talk about is your results for the quarter, analysts are going to focus on the results for the quarter. If you start with telling the story of the journey your company is on - where you are seeking competitive advantage, what you were trying to do with your brands, with your consumers, with your business model, your aspiration, your purpose as a company. Begin with that, tell your story, then shift to the results.

He said he's had quarters where he's had terrible results, but the stock price went up because the story is strong. Of course, you have to deliver against a story. But begin with the story. We are storytellers. Stories motivate people. They teach people, they inspire people and we sometimes overlook that.

> ***"One of the reasons why P&G is where it is now, is that it became more emotional, caring, and whole-brained, and it will continue to evolve as they go forward."***

People make decisions with their whole brain, and we have to always be talking about the whole brain, you know, the right side, the left side, the emotion, the rationality. One reason why P&G is where it is now as a company versus the company it was 20 years ago is that it became more emotional, it became more caring, it became more whole brain, and that continues to evolve as they go forward.

The role of the CMO during a pandemic

Marc: Let's talk about struggle that is dominating the news here in the US. That of inequality, racial inequality, economic inequality. Have we done enough? What do you think the marketers listening today need to be doing?

Jim: I think the role is more important than ever in companies. I was just talking to a CMO yesterday about how they feel their role has become more important for their company, and for society at large over the last several months. The biggest thing

CMOs need to be doing is to be in touch. First with your employees. Listen to them, listen to your employees of all types, listen to what they're going through, listen to their ideas, listen to how they're seeing the world, listen to what they think we should be doing. The ideas that are in every organization - tap into that.

One gift from my podcast is I talk to these amazing leaders once a week. A major theme I see from the most amazing people in our industry is that they spend a lot of time listening, learning and asking what they can do to help their companies be a better organization, help their people to be happier, to be more fulfilled, to be more effective, to help them do the right thing. Be in touch with your consumers, yes - but with your employees even more so. Start close to home, the ideas are there.

Marc: We've talked about how the marketer can play a larger than usual role in helping the whole company rethink its strategy. Let's talk about the role that business can play, perhaps beyond the role that business has traditionally played in society. How do you see the role of business right now?

Jim: Business is our hope. This is where change will come from. It's not coming from governments right now. It's not really coming from universities in the way it could. Businesses are stepping up. To me, this is our hope and we have to fulfill that as leaders. If we want change in the world, businesses are going to have to lead that. We need to prepare.

Part of what you're doing at the IRG is preparing leaders to manage in a world where we do have to care about the planet, we have to care about society, we have to care about inequality, we have to care about racism. If we don't do it, it won't be done. When I was a young person, a P&G leader pulled me aside and said, 'If it is to be, it's up to me'. It sounds like a platitude, but he was giving me lesson to me about accountability and leadership and if it is to be, it's up to me. I think that's our mantra. We absolutely need to step up. I do think change is afoot. Positive change among all the sadness and chaos we're living in. We have to step up as businesses and especially as marketers, we are well-positioned to be amazing change agents and we cannot blow that. We have to work to our potential to make that happen.

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