



Sustainability for the Rest of Us

With 300 brands and operations in more than 80 countries, Procter & Gamble targets not just the niche “green” consumer but aims to sell environmentally friendly goods to the mainstream

By Lori Tripoli



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Peter White

*Selling sustainable consumer goods would probably be a whole lot easier if all prospective buyers bought-in to the importance of environmentally responsible purchasing. The sad fact remains, however, that they’re a niche. A large chunk of the population isn’t necessarily attracted to green products, doesn’t want to be confronted with green-product propaganda, and is uninterested in paying a premium for a product that might do more for the environment while doing a little less for the consumer. But that vast segment is exactly the one that Cincinnati-based Procter & Gamble is targeting with its “future friendly” products. **Sustainability:** The Journal of Record editor Lori Tripoli talked to Peter White, Newcastle upon Tyne, UK-based director of global sustainability at P&G, about capturing the mainstream consumer, being an early adopter of sustainability—even before the word was attached to the activity—and the progress P&G has made in its efforts.*

Lori Tripoli: P&G is so vast. How do you begin to approach sustainability?

Peter White: Sustainability has been in the mindset of the company for a long time. We’ve had an environmental management system within the company for over 30 years. We helped develop the science of risk assessment, and then lifecycle assessment, back in the 1990s. Then, in 2007, we started to build it into the rhythm of the business, and actually changed the company’s statement of purpose to include sustainability. The company’s statement of purpose read: “We’ll provide products of superior quality and value that improve the lives of the world’s customers.” So we added, “now and for generations to come” to make it clear that we will not look for short term gain over long term sustainability. We also put in a specific principle to incorporate sustainability into our products, packaging, and operations. In the past, this was part of our “doing the right thing” ethic, so it was implicit and we didn’t use the S-word. In 2007, we made sustainability explicit by including it in P&G’s Purpose, Values and Principles—the DNA of the company.

LT: The term “sustainability” is really a bit unwieldy. Whoever chose that word could have done better branding.

PW: It’s not very aspirational. If you say your relationship with your spouse is sustainable, it’s something they wouldn’t particularly like. In 1999, when we first set up our sustainability department, we started with the Brundtland definition of sustainability, which we thought was too long, too complicated, didn’t appeal to the man in the street, and hardly aspirational. (The World Commission on Environment and Development, also known as the Brundtland Commission, defined sustainable development as: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”) We needed something that was ... easier to explain, so we looked around at what others were saying. The UK government at that time defined sustainability as “ensuring a better quality of life, for everyone, now and for generations to come.” We thought, “That’s it.” That’s a very simple way to talk about it, it’s aspirational, it actually speaks to all of the aspects of sustainability, but it’s shorter, simpler, and more understandable. We talked to many NGOs (nongovernmental organizations) and other stakeholders, and asked whether this said the same thing as the formal definition, and everyone said yes, that’s fine. So we adopted that definition.

Since 1999, we’ve defined sustainability as: “ensuring a better quality of life now and for generations to come.” It fits very well with the P&G statement of purpose to provide products and services that improve the lives of the world’s consumers.

We don’t use the term “corporate social responsibility.” We’ve always had a Global Sustainability department and a sustainability approach, not a CSR department. CSR focuses on the social part of sustainability, but we need to include all three pillars: social, environmental, and economic. Also, when you just talk about responsibility, you tend to talk about being less bad, not about what good you bring. If you just talk about being less bad, sustainability stays as a corporate function which manages the issue. To become core to the business strategy, sustainability also has to be positive and help build the business, not just protect the business. Back in about 2003, we coined the phrase “corporate social



opportunity” as a way of talking about how companies bring benefits, as well as being “less bad.” That got picked up by folks like David Grayson and Adrian Hodges, who wrote a useful book about the concept (*Corporate Social Opportunity*, Greenleaf Publications, 2004).

For many years we talked about linking opportunity with responsibility. Of course sustainability is a responsibility: making sure your business is ethical, that your supply chain has no child labor, that you look after workers, and so on, but there’s also an opportunity area. You can build the bottom line by cost savings and build the top line through developing products that really improve lives around the world, like products for the elderly, products for the rural poor, products to clean up drinking water so it’s safe to drink, products that can deliver benefits like washing at low temperature so you can save energy and greenhouse emissions.

Why are you in the United Kingdom and not in Cincinnati?

I have a desk in Newcastle, UK, and I have a desk in Cincinnati. The overall sustainability program at P&G is led by our vice president, Len Sauers, located in Cincinnati, so we tend to split the work. Western Europe has always been a leader in sustainability, so there’s a good reason to be located there.

Does P&G have an entire sustainability department?

There are about 15 employees in the Global Sustainability Department. It’s small by design. In the corporate group, we help set strategy and goals, we run the corporate social investment programs, we do sustainability communications and reporting and we help ensure consistency and coordination. But we do not do sustainability for the company. My role is more like the conductor of an orchestra, but I don’t play any of the instruments. Occasionally we have to

write the music, and we have to make sure everybody’s playing the same tune. What we’ve done is build sustainability into the rhythm of the business.

I chair P&G’s Global Sustainability Leadership Council, which includes all of the business units, all of the functions, and all of the regions. That is the group that sets overall sustainability strategy, agrees on the goals, and makes sure we are consistent across the business. There are about 20 or so people on the council.

Every business unit, every function, and every region has a sustainability leader who is responsible for developing the sustainability strategy for that business unit, building off the corporate strategy, and for delivering on the goals.

How do you determine sustainability goals?

Our sustainability strategy and goals need to be comprehensive. Our products are sold in 150 countries; we have 300 brands around the world and 135,000 employees. We need a strategy that applies across all of those, and is a strategy that everybody can buy into. That means we take a very broad approach on sustainability. Our strategy covers five areas: sustainable products, sustainable operations, social investment programs, employee engagement, and working with stakeholders. Our goals are linked to these strategies. On products, we have committed to developing and marketing at least \$50 billion in cumulative sales of products with significant and meaningful environmental improvements between 2007 and 2012. On operations, we will reduce the environmental footprint (CO₂, energy, water, and waste) of our operations by 20 percent per unit of production between 2007 and 2012. Through our Corporate Cause, we will help 300 million children in need around the world Live, Learn and Thrive. Our Children’s Safe Drinking Water Program will deliver 4 billion liters of clean, safe water, saving over 20,000 lives by 2012.

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People buy this product because it works and gives good value, but they can also feel good about it because it's better for the environment.

It works at 15°C (59°F). That's going to save 40 to 50 percent of energy per wash.



Is water your big problem?

For a sustainable future, we need to look at energy, water, solid waste, and sourcing of renewable materials. We need a strategy that doesn't just focus on one area. It has to focus on all of the sustainability challenges for P&G.

Are you seeing growth in the number of niche consumers who are very interested in buying environmentally friendly products?

Not particularly. Around the world we find that up to 10 percent of consumers are prepared to make a compromise for the sake of a "green product." They will either pay more or they will accept a poorer performing product. Probably about 15 percent of consumers are basically just surviving, so sustainability passes them by. Around 70 to 75 percent are the sustainable mainstream, consumers who, so long as you don't ask them to make a tradeoff on performance or price, will buy a more sustainable product. That group is our target. If we can make significant improvements in big brands in big markets, we can make a big difference.

The sustainable mainstream do care about sustainability, but that's not the main reason they are going to buy the product. What you need to do is convince them that a product gives better performance, gives good value, and it's more sustainable.

A good example of such a product is Ariel Excel Gel, recently launched in Europe. It works better than previous liquid detergents. It was tested by *Which?*, a consumer magazine in the UK (www.which.co.uk), and their conclusion was that this was the best detergent they've ever tested. On performance, it's a winner. And then, there are sustainability benefits: It works at 15°C (59°F). That's going to save 40 to 50 percent of energy per wash, and low temperatures are better for your clothes. Saving you energy saves you money, so it provides value to consumers. And there are other environmental benefits, as it takes less water to manufacture, less energy to manufacture, and needs less transport and less packaging.

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People don't necessarily want to be bombarded with a political issue when they're buying something.

It depends what you say to them. In North America, the messages around Tide Coldwater focus on energy savings and cost savings. In Europe, some of the advertising for Ariel Excel Gel uses pictures of icebergs and polar bears and literally talks about

climate change. To be effective, we've found that the advertising first has to show that the product works. For example, showing a consumer getting the washing out of the machine and that it's clean. Then you can talk about polar bears and icebergs. But if you start talking about polar bears and icebergs at the beginning, they don't get the message. It's performance and value and then sustainability. That's a very clear message and consumers understand it.

I haven't seen your new Ariel detergent that works in cold water on store shelves in the United States.

Ariel Excel Gel is sold in Europe, whereas in North America, you have Tide Coldwater, which is a low temperature detergent. Tide Coldwater and several other brands are part of our recently launched P&G Future Friendly program, which helps consumers take simple steps toward more sustainable lifestyles.

I imagine that P&G is involved with any number of trade associations. Do you find that they have sustainability on the agenda?

Some organizations we belong to, like the World Business Council for Sustainable Development, were founded to promote sustainability. Other industry associations definitely have sustainability on their agendas. The Consumer Goods Forum, for example, is a new global organization formed last year (www.ciesnet.com). Membership is at the CEO level, and brings together all the leading manufacturers and retailers, so you have companies like Wal-Mart, Tesco, Carrefour, Unilever, P&G, and Kraft. Within that organization a sustainability pillar has been set up to look at ways we can work together in promoting sustainability.

People with jobs in sustainability have such diverse backgrounds. How does having a Ph.D. in biology help you?

The three strengths you need for a job like this are: 1.) strategic thinking, 2.) good communications skills, and 3.) the technical background so that you can understand the issues. Having a doctorate in biological science helps me to understand the science. You have to be able to pick up new issues and work out what's really at the bottom of it. You need to be able to plan what's the best strategy to meet the challenge, and then you have to be able to communicate that both internally and externally. And it helps to be able to herd cats!

What do you think of sustainability degrees? Do they have any value?

Sustainability is such a big and broad area, you could end up being spread too thinly. There's a good case within universities for integrating different disciplines so you can take a systems approach, which



is very valuable. Having said that, in many cases, I would say there's value in getting a specific skill in one area and then branching out. These days, you can do degrees in corporate social responsibility, but I'm not exactly sure what that covers. I would still say get a good training in science to understand the issues and then obtain the broader skills.

It will be interesting to see whether that view holds. Some budding journalists were advised in the early 1980s not to get journalism degrees but to major in something substantive. They could pick up the writing skills later. But then all of those people with journalism degrees became editors and were seemingly just interested in hiring other people with journalism degrees. It will be interesting to see whether something like that happens within the field of sustainability.

At P&G, we have a policy to hire from within. If you look at the people within our corporate sustainability group, most have come up from the technical side. Increasingly, however, we have people who have come up from marketing. Marketing sustainability is a different skill from dealing with technical issues, but equally important.

There are specific skills required from within sustainability. One of our five sustainability strategies



Procter & Gamble in a Nutshell

- Headquarters is in Cincinnati
- Company was established in 1837 by William Procter, a candle maker, and James Gamble, who apprenticed to a soap maker.
- Operations in about 80 countries
- 135,000 employees worldwide
- Company has 300 brands. Twenty two of them each generate more than \$1 billion in sales annually.
- 2009 sales were \$76.7 billion
- Products include Crest toothpaste, Ivory soap, Pampers disposable diapers, Pringles potato chips, Tide laundry detergent, Olay skin care products, IAMS pet food, Bounty paper goods.

focuses on employees. That's really our enabling strategy so that everyone understands what we're doing on sustainability. We emphasize awareness and getting people engaged in site sustainability programs. We have a program called "Take the R for Tomorrow," which gets people engaged in office recycling, energy saving, water saving, and other site-specific programs. We also provide training for people in what sustainability means for their job. In different functions within the company, there are different requirements. If you are in research and development, then it's very straightforward: we need innovation for more sustainable products. If you are in marketing, you need to be able to talk about, and market, more sustainable products without greenwashing. If you are in sales, then you need to be able to communicate with our customers on sustainability. Different knowledge and skills are needed in purchasing. If sustainability is going to become built to the rhythm of the business, it's in everything. It's in where you source your raw materials, it's in where you build your plants, your distribution, the design of your products, your communications with your customers and employees. It needs to be part of everything you do.

Our CEO, Bob McDonald, is the executive sponsor for all of P&G's sustainability work, so it's owned at the very top. He has just introduced the company's new growth strategy, called "purpose-inspired growth." Essentially, the growth strategy is "to improve the lives of more consumers in more parts of the world more completely." This is looking at the consumers we do not yet touch with our products. We reckon that today we probably reach about four billion consumers around the world. We've set a goal that in five years, we reach an extra billion consumers. Clearly, if you link that strategy with our sustainability strategy, essentially what we are saying is we are going to improve the lives of more consumers and do it with less environmental impact.

One criticism of corporations is that they're putting together sustainability reports, but they're not reporting facility by facility, or they're not exactly providing full disclosure. Are you looking toward more precise reporting?

We report globally because we report financially globally. We produce a global sustainability report, because at the end of the day, people want to know what is the overall impact of P&G. In some cases we have also produced a country-specific report, with data that is specific to that country. In some countries, stakeholders value local reports, but in other countries, less so. It's a balance. You don't want to spend all of your time reporting, you want to put your effort into doing, rather than just telling. A lot of our effort goes into more sustainable products, more sustainable operations, developing our social responsibility programs to reach more people,

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engaging our employees, and working with stakeholders. Reporting is part of that, but it is not the be all and end all.

What accomplishments achieved within the last year or so are you proudest of?

The fact that we have a global sustainability strategy that covers the products, operations, social investment programs, employees and stakeholders of a company the size and diversity of P&G, and that we are well on the way to meeting our goals.

We are on our way to building sustainability into the rhythm of the business. We have a clear strategy of “no tradeoffs,” which is a way we can bring sustainability to the mainstream consumer.

I'm also very proud of P&G's Children's Safe Drinking Program, which we run as a not-for-profit exercise. This is a fantastic combination of product innovation and partnership that actually addresses a really serious need—the billion people who don't have access to clean drinking water. We have developed a product sachet about the size of a tea bag, which you put into a bucket of muddy water, and it will turn into clear, clean, safe, drinking water, at a very low cost. We provide this at cost at around 3.5 US cents per sachet, and it will clean 10 liters of water.

Before I joined P&G, when I first left university, I served in Voluntary Service Overseas. (It's the British equivalent of the Peace Corps.) I lived in a rural village in Nigeria, where the only water was from a stream, and it was brown. We had to boil and filter water every day so it was safe to drink. If you didn't, you got very sick. A product like this would have saved all that effort. You can clean up muddy brown water very quickly with this product—PUR—Purifier of Water.

On our website (www.csdw.org), there's a virtual demonstration of the product. When you see it working it's like magic. It removes dirt, parasites, bacteria, and viruses, and it will even take out heavy metals like arsenic and lead, so it's been used in places like Bangladesh where arsenic in the groundwater is a very serious problem.

This product has been used in over 40 countries around the world and we've already delivered 2

billion liters of clean water in this way. It's in Haiti at the moment, for example, and it was used after the tsunami, and the Pakistan earthquake. We work with international aid organizations, like the Red Cross, UNICEF, CARE, and Oxfam. We supply it to them at cost, and they ship it to where it is needed.

We also have a social marketing program whereby we work with partners, particularly Population Services International (www.psi.org), who sell it through their distribution chains.

Is there anything you wish I'd asked about?

One area worth a mention is the waste reduction program in our operations. We set a goal to reduce disposed waste by 20 percent per unit of production in five years, but if you look at our results, we've already reduced by 30 percent in just two years. The way we've achieved that is by going through all of our plants and looking at what materials come out as waste. We've then found other uses for these materials. The idea of industrial ecology has been around for a long time, whereby the waste from one process becomes the raw material for the next. But we've always lacked good examples. It's been a theory but not effectively practiced.

We've had a team over the last couple of years looking into this. In Belgium, for example, we make Pringles. You get waste oil from cooking Pringles and we used to have to pay to dispose of that. We now sell it to a company that converts it into biodiesel. Similarly we have a paper-making plant in Mexico where we used to pay to dispose of the sludge at the end of the paper-making process. Now we sell it to a local construction company, and they make roofing tiles out of it. In our soap and detergent plants, if you change the process, you have to wash through the whole system, and end up with lots of dilute soapy water. We used to have to treat that for disposal, but now supply it to car washes. In China, we sell waste product from our Olay plant to condition leather.

This is sustainable innovation at its best—good for the environment, and also good for the bottom line. It turns a waste and a cost into a raw material and a revenue stream. These are just a few examples; you can read more about our sustainability activities on our website (www.pg.com/sustainability) and in our sustainability report.