

Procter ; gamble case analysis

Business



Vision “ Touching lives, improving life”.

Mission Statement We will provide branded products and services of superior quality and value that improve the lives of the world’s consumers. As a result, consumers will reward us with leadership sales, profit, and value creation, allowing our people, our shareholders, and the communities in which we live and work to prosper. History William Procter, a candle maker, and James Gamble, a soap maker, immigrants from England and Ireland, respectively, formed the company initially. Alexander Norris, their father-in-law, called a meeting in which he persuaded his new sons-in-law to become business partners.

On October 31, 1837, as a result of the suggestion, Procter ; Gamble was born.

In 1859, sales reached one million dollars. By this point, approximately eighty employees worked for Procter ; Gamble. During the American Civil War, the company won contracts to supply the Union Army with soap and candles. In addition to the increased profits experienced during the war, the military contracts introduced soldiers from all over the country to Procter ; Gamble’s products. In the 1880s, Procter & Gamble began to market a new product, an inexpensive soap that floats in water.

The company called the soap Ivory.

William Arnett Procter, William Procter’s grandson, began a profit-sharing program for the company’s workforce in 1887. By giving the workers a stake in the company, he correctly assumed that they would be less likely to go on

strike. The company began to build factories in other locations in the United States because the demand for products had outgrown the capacity of the Cincinnati facilities. The company's leaders began to diversify its products as well and, in 1911, began producing Crisco, a shortening made of vegetable oils rather than animal fats.

As radio became more popular in the 1920s and 1930s, the company sponsored a number of radio programs.

As a result, these shows often became commonly known as “ soap operas”. Procter ; Gamble has dramatically expanded throughout its history, but its headquarters still remains in Cincinnati. P; G had been a late globalizer. But after World War II, P; G began its international expansion in earnest. By 1980, P; G was operating in 23 countries and reporting over \$20 billion in annual sales. As its global expansion progressed, P; G continued to modify its structure and internal processes to maximize global leverage.

Various initiatives were launched to facilitate exchange of knowledge and best practices across the company. In 1998, P; G's earnings per share (EPS) fell below the 14 and 15 percent that Wall Street had gotten used to.

Revenue growth, which had varied between 1. 4 and 5. 5 percent between 1995 and 1999, was also well below P; G's internal target of 7 percent.

Revenue growth was slowing down, particularly in developed markets due to the maturity of the company's established brands.

P; G's premium products were having difficulty competing in a retail world increasingly populated by private-label goods.