Case3

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Case study on Proctor & Gamble Co Proctor & Gamble Co. is a Cincinnati-based consumer products producer that deals with production of fabric & home care products, baby care, feminine & family care, batteries, pet food, health care and grooming products among others. The company posted a 4% year-over-year increase in organic sales in the competitive markets and an 8% organic sales growth in emerging markets in the year 2014. The company's fabric and home care segment, this includes baby, feminine and family care part each indicating organic sales growth in surplus of 5% year over year, its beauty, grooming and healthcare sections performing not as expected with only 0-1% increase in organic sales. Despite the poor performance, 25% of the company's revenue is generated from beauty products sales that has brought forth highly innovative product under the leadership of A. G. Lafley as the CEO. Under his first tenure (2000 to 2009), P&G undertook various creative innovations that saw to double increase of its products sales. As the CEO, A. G. Lafley has come up with various measures that are aimed at propelling the company's profitable sales of its products. The company has been pruning some of its production segments which include the selling of pet food producing segment to the Candy Bar and Pedigree-maker Mars Inc. for $2. 9 billion which is enough cash to undertake innovations and reinvest in the growing shaving, baby care, beauty and fabric segments (Brown, Bruce, and Scott D. Anthony 42-56).

In 2010, the company revealed a sustainable program to drive 20% reduction in energy used for every unit of production by the year 2020. This has cut down energy consumption by 8% per unit, and also continues to introduce energy management systems at new locations that will help the company save millions of dollars. Moreover; P&G has engage momentous mechanisms to enhance productivity, counting a five-year cost savings initiative that will last through 2016. Through this, Proctor and Gamble CO. Targets to save $10 billion in costs related to goods traded, marketing expenses and non-manufacturing expenses. This program helped the company save $1. 2 billion in cost of goods sold in the fiscal year 2013. The company has also incorporated a reshuffling process of its worldwide sales operation, combining Eastern and Western Europe into the single transaction. While the other combination is for India into its African and Middle East operations aiming at organizing the sales distribution in parallel geographical location and cutting cost (Brown, Bruce, and Scott D. Anthony pg 69-72).

The company is also investing in expansion in new and emerging markets such as Brazil and also has also pledged to track its palm oil procurement and also cutting of the suppliers who produce it by destroying rainforest in a bid to defusing conflicts with environmental groups.

Works Cited

Brown, Bruce, and Scott D. Anthony. " How P&G tripled its innovation success rate." Harvard Business Review 89. 6 2011: 64-72.