

# History of the william colgate company



**ASSIGN  
BUSTER**

“ William Colgate & Company” was started in 1806. William Colgate was a maker of soap and candle by himself. The firm began selling bars in regular weights in the 1840s. The company was well-run as “ Colgate & Company” under the managing of his son, “ Samuel Colgate” after the death of William Colgate. His son Colgate introduced a perfumed soap in 1872, by the name of “ Cashmere Bouquet” and then in 1873 the firm introduced toothpaste, aromatic toothpaste sold in jars. In 1908 they initiated mass selling of toothpaste in tubes.

In 1898, In Milwaukee, Wisconsin, the B. J. Johnson Company was manufacturing a soap wholly of palm and olive oil, the technique of which was urbanized by B. J. Johnson. The soap was well-liked a sufficient amount to rename their corporation after it - “ Palmolive”. At the go round of the century Palmolive, which enclosed both palm and olive oils, was the world’s best-selling soap. A Kansas based soap manufacturer known as the Peet Brothers merged with Palmolive to become Palmolive-Peet. In 1928, Palmolive-Peet bought the Colgate Company to generate the Colgate-Palmolive-Peet Company. In 1953 “ Peet” was dropped from the label, send-off only “ Colgate-Palmolive Company”, the existing name.

Colgate-Palmolive has extended been in fierce opposition with Procter & Gamble, the world’s largest soap and detergent maker. P&G introduced its Tide laundry detergent shortly after World War II, and thousands of consumers turned from Colgate’s soaps. When P&G started putting fluoride in its toothpaste after that the Colgate lost its figure one place in the toothpaste market. In the commencement of television, Colgate-Palmolive wished to compete with Procter & Gamble as a sponsor of soap operas. The

company sponsored many events in part; they were for the most part famous for being the full sponsor of the entertainment in installments The Doctors.

George Henry Leach was president, CEO, and chairman of the board of Colgate-Palmolive in the 1960s and 1970s, and during that time transformed it into a modern company with major restructuring.

In 2006, Colgate-Palmolive announced the intended acquisition of Tom's of Maine, a leading maker of natural toothpaste, for US \$100M. Tom's of Maine was founded by Tom Chappell in 1970.

Today, Colgate has frequent subsidiary organizations with a leg on each side of 200 countries, but it is publicly scheduled in only two, the United States and India.

The company built a status around the world as a successful company with the highest moral values. all the way through alive our values of Caring, Global Teamwork, and Continuous perfection, and adhering to the uppermost principles of honesty, admiration, and concern for the environment, we seek to:

make available safe and quality products of value to consumers

raise shareholder value

Offer opportunities for personal and professional growth to all Colgate people

Fulfill our corporate social responsibilities as a member of the global community

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## **Products:**

Around the world, people like you trust our family of brands to care for the ones they love. Toothbrushes and toothpastes to bar soap, household cleaners, every day our products get better the quality of life for consumers global.

Toothpastes

Sparkle

Tooth Brushes

New Palmolive Naturals

Azadi Carbolic Soap

Protex

Max Bar

Azadi Dish Bar

Max Scourers

Max Liquid

Max Antibacterial

Brite Total

Express Power

Bonus

## Colgate-Palmolive's Mission Statement

### **Our three fundamental values-Caring, Global Teamwork and Continuous Improvement-are part of everything we do.**

#### **Caring**

The Company cares about people: Colgate people, customers, shareholders and business partners. Colgate is committed to act with compassion, integrity and honesty in all situations, to listen with respect to others and to value differences. The Company is also committed to protect the global environment and to enhance the communities where Colgate people live and work.

#### **Global Teamwork**

All Colgate people are part of a global team, committed to working together across countries and throughout the world. Only by sharing ideas, technologies and talents can the Company achieve and sustain profitable growth.

#### **Continuous Improvement**

Colgate is committed to getting better every day in all it does, as individuals and as teams. By better understanding consumers' and customers' expectations and continuously working to innovate and improve products, services and processes, Colgate will “ become the best.”

#### **EXTERNAL FACTORS EFFECTIVE CHANGE:**

The weighted score of the EFE matrix comes out to be 2. 67 which show that Colgate can take advantage of the profitable opportunities that the market is offering, to overcome the external threats.

The highest weights in the external opportunities are given to new product development and the implementation of ERP which means automated system for supply chain management. Colgate is not yet into a large variety of personal care products and since people are becoming more fashion and hygiene conscious these days Colgate can enter into a much profitable market of products categories like shampoo, face wash, body wash, liquid hand wash, shower gel etc. Its major rivals in the personal care category namely Unilever and Lux are already manufacturing these products but Colgate with its large capital base can enter these markets easily and can increase the length of their Personal Care product line and become more profitable.

The other major opportunity is that Colgate can fully automate their supply chain. Colgate is in fact planning to take advantage of this opportunity and is pursuing a strategy by the name of ERP (SAP) which will make whole supply chain automated. All local and foreign suppliers of Colgate will have their systems integrated with the Company's MIS (Management Information System) where they can take orders, check inventory levels, bargain prices.

Awareness among the rural population has also increased over the past decade and some part of the population is shifting from miswak and home-made cleaning soaps to tooth pastes liquid and powdered soaps. There is also a large gap in the tooth brush market which means that Colgate Palmolive is far ahead in the tooth brush market as compared to its major rivals and can further increase this gap with more innovations.

The major threat to the company is the increasing prices of raw material and energy which is mainly due to the inflation in the country. The suppliers are constantly demanding price increases and the company has to negotiate prices with them on a regular basis. Moreover the energy and fuel prices are also rising, as a result of which Colgate has to bear high cost of operations. Being a low-cost producer, it is a major threat to the company.

Apart from this, the political situations are also causing major threats to the company. Post December 27, 2008 80% of Colgate factories in Kotri were burnt out which caused huge losses to the company.

### **INTERNAL FACTOR FOR EFFECTIVE CHANGE:**

The weighted score from the IFE comes out to be 2.96 which shows that the company has enormous strengths to overcome its weaknesses.

The highest weightage is given to the biggest strength that Colgate has, which is, that it is the market leader in Surface care category with 90% market share. Besides that it has cooling crystal patent in its tooth pastes as no other brand has cooling crystal ingredients in its tooth pastes. This particular strength gives it a competitive advantage over its close rivals like Medicam and English toothpaste (Filicetti, John).

Another major strength of Colgate Palmolive is its good leadership that has been contributing to the company's success. The strategic objectives of the company are clearly defined and communicated throughout the company. Employees commitment is also a major contributing factor, there are no layoffs and people are committed to working hard consistently. Moreover, with high profits they pay their employees good salaries too and also carry

out training programs at different managerial levels. Despite the current economic threats Colgate has managed to keep its share price at an above average level in the industry. Currently its share is trading in the market at Rs. 850.

The major weakness of Colgate is that it is not utilizing IT Systems to the optimum level. In this fast moving world, with cut-throat competition it is a major weakness of a company which does not have proper MIS systems installed. It doesn't have a separate IT department either. Besides that there are no e-commerce facilities available to customers who buy in bulk.

Another weakness is that Colgate Palmolive is not exporting its products to other countries. Colgate has subsidiaries in many countries but they are more profitable than CP because they export to other countries. If CP overcomes this weakness and start exporting to even in just a few countries it can earn high margins (Filicetti, John).

## **PRIMARY ACTIVITIES & COST**

### **INBOUND LOGISTICS:**

CP has efficient MIS systems that link their supplier's raw material with the firm production processes (Moore, E. R).

### **OPERATIONS:**

CP has efficient plants installed that reduce manufacturing costs.

Previously they had machines that used to take one day to switch from the manufacturing of one kind of product to the other. But currently the plants and machines that they have are much more cost effective and efficient. It



takes only 30 minutes to switch from one product manufacturing to the other (Moore, E. R).

### **DISTRIBUTION AND OUTBOUND LOGISTICS:**

CP has accurate and responsive order processing procedures. The delivery of raw material to the manufacturers and the delivery of final products to the various departmental stores like Aghas, Makro, Naheed etc is made on time (Moore, E. R).

### **SALES AND MARKETING:**

CP has a highly trained sales force. They carry out various awareness programs in which they visit different localities with their sales team along with doctors who make people and especially children ( in case of Oral care products ), aware of the importance of hygiene. In this way CP has always strive to improve the quality of life.

There products are not priced very high. Products are priced in a way that generates sales volume. CP spends a lot on advertising and television commercials (Sergiovanni, T. J).

### **SERVICES:**

CP provides a help desk to its customers. They can write their comments and complaints directly to the colgate Palmolive. Colgate usually offers a free medical checkup for all at various schools, exhibitions and hospitals. CP is thus performing corporate socially responsibility (Moore, E. R)

## **support activities and cost**

### **FIRM INFRASTRUCTURE:**

CP has a professional and strong infrastructure. Every manager in various department has to report to the GM of his department and the GM then report to the director. M. D is the person who is the head of the colgate Palmolive. The firm processes are made in such a way that it has helped the company to reduce its cost. Employee commitment has always been there. The culture is adaptive and professional. CP has a strong relationship with its suppliers (Moore, E. R).

### **HUMAN RESOURCE MANAGEMENT:**

CP value their employees' commitment. That's why they don't have any layoffs. Their employees are loyal to the company. They carry out training programs that further groom employees.

CP also conducts management trainee programs in which they recruit fresh graduates and provide them training in almost all departments so as to make that individual well familiar with the organization (Sergiovanni, T. J).

### **TECHNOLOGICAL DEVELOPMENT:**

CP has investments in technologies but they still need to automate their supply chain in order to become more cost effective.

Apart from that they are also not utilizing E-commerce facilities to the optimum level which can give them a huge cost reduction (Moore, E. R).

**PROCUREMENT:**

CP has systems and procedures installed through which they contact their local and foreign suppliers who are all CP Approved. They negotiate prices and place orders through these systems (Moore, E. R).

**COLGATE PALMOLIVE'S LOW-COST PROVIDER STRATEGY:**

CP has a large and efficient distribution network. Its distribution channels are located all over Pakistan (Moore, E. R)

It caters to a broad customer base. It has developed itself in almost all the categories which are associated with customers on the daily basis.

Colgate pursues low cost strategy. Its plant is automated. Only one plant is used for the manufacturing of three different detergents like bonus, express, brite

The whole process is repeated for each of the detergent.

By automating the plant, CP is able to save a lot of cost. CP value delivery network does not have any delays in it which helps CP to save cost.

CP targets all segment, it has products for the lower class, middle class and the upper class. Its pricing is done accordingly. It has cost leadership in the detergent and the surface care category

CP forecasting is very accurate which helps them to reduce cost because if estimated are accurate then it helps the company to avail cost advantages

CP is allowed to deviate only 5% from its forecast both upwards and downwards

CP has concentrated more on process efficiencies

CP has access to large capital that is required to make significant investment. CP never compromises on the development expenditure. It is always ready to improve its production processes.

Being a low cost producer it helps CP to better compete to its rivals.

Being the low cost producer it has helped CP to insulate themselves from powerful suppliers who nowadays demand increasing prices due to rising inflation.

Being the low cost producer, it has also helped to attract powerful buyers whom CP sells directly like MAKRO, DMART, IMITAZ, AGHAS, and NAHEED etc (Moore, E. R).

## **Economic Factor**

The overall economy of the country is showing a stable growth. Therefore this industry is also showing a growth of 10%. But the inflation is growing rapidly which is not a good sign for the new entrants. Change in the interest rate also affects the industry. Hence the new entrants are also threatened by the increasing interest rates.

Economic factors do influence the bargaining power of buyers as inflation is the major factor that is affecting the consumers hard.

Economic factors do not affect the availability of substitutes. But since inflation is growing, so it is hard for the poor people to switch to more modern products like washing powder, tooth paste. They would rather prefer oil to clean their clothes and use miswak to brush their teeth.

Economic factors do have an affect on the bargaining power of suppliers as inflation is rising fast. Suppliers demand that they would provide the necessary raw material at a higher price. Exchange rate fluctuations also affect the cost of raw material.

Economic factors do affect the rivalry among the competitors as all the players in the industry want to have cost leadership. The economic factors are favoring intense competition from the last five years. People have more money at their disposal. Also Pakistan is a consumption oriented society (Hiatt, Jeff.).

## **Quantitative Strategic Planning Matrix (QSPM)**

### **STRATEGY 1**

### **STRATEGY 2**

### **Weights**

**AS**

**TAS**

**AS**

**TAS**

### **STRENGTHS**

Market leader in surface care with 90% market share

0. 15

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Good Leadership

0. 06

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—

Employee commitment

0. 12

3

0. 36

2

0. 24

Cooling crystal patent

0. 1

—

—

—

—

Accurate forecast with respect to demand

0.07

4

0.28

2

0.14

High EPS

0.08

3

0.24

2

0.16

Strong advertisement and promotional campaign

0.08

2

0. 16

3

0. 24

## **WEAKNESSES**

IT not used optimally

0. 13

4

0. 52

2

0. 26

No ecommerce

0. 1

3

0. 3

2

0. 26

No proper use of forward integration

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0.05

2

0.1

3

0.15

They are not exporting their products to other countries

0.06

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—

**1**

## **OPPORTUNITIES**

Exploring into new categories like shampoo, hand wash , body wash, shower gel

0.14

2

0.28

4

0. 56

Rural population switching from miswak to toothpaste

0. 06

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Gap in tooth brush market

0. 08

2

0. 16

3

0. 24

Implementation of ERP(SAP)

0. 14

4

0. 56

2

0. 28

People becoming hygiene and beauty conscious

0. 1

2

0. 2

3

0. 3

No layoffs

0. 07

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## **THREATS(T)**

Raw material and energy prices are increasing

0. 12

3

0. 36

2

0. 24

Inflation in the country

0. 07

3

0. 21

2

0. 14

Competitors re launching their products

0. 1

2

0. 2

3

0. 3

Competitors increasing their marketing budgets

0. 06

2

0. 12

3

0. 18

Unstable law and order conditions.

0. 06

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**1**

**TOTAL**

**4. 05**

**3. 69**

**Rivalry among existing competitors**

**Yes (+)**

**No (-)**

The industry is growing rapidly.

**âˆš**

The industry is not cyclical with intermittent overcapacity.

**âˆš**

The fixed costs of the business are relatively low portion of total costs.

•

There are significant product differences and brand identities between the competitors.

•

The competitors are diversified rather than specialized.

•

It would not be hard to get out of this business because there are no specialized skills and facilities or long-term contract commitments etc.

•

My customers would incur significant costs in switching to a competitor.

•

My product is complex and requires a detailed understanding on the part of my customer.

•

My competitors are all of approximately the same size as I am.

•

## **INTERPRETATION:**

Threat of competitors is high because the product is not unique as there are no product differences. Same products are available with all competitors like Unilever, Procter and Gamble, Shield, Oral B. Therefore rivalry is also increasing as demand in the economy has also increased for the last 5 to years. Majority of the competitors are MNCs which means that they have the necessary resource and skill (Hiatt, Jeff).

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**Government Factors:**

Government regulations do have an affect on the rivalry among the competitors.

**Political factors:**

Political factors do not affect the rivalry among the competitors

**Economic factors**

Economic factors do affect the rivalry among the competitors as all the players in the industry want to have cost leadership. The economic factors are favoring intense competition from the last five years. People have more money at their disposal. Also Pakistan is a consumption oriented society (Hiatt, Jeff).

**Social trends**

Social trends have changed, buyer are more aware of their purchases. So the players in the industry are always trying hard to increase their market share (Hiatt, Jeff).

**Technological change**

Technology is helping the companies to gain a competitive advantage over their rivals. Also research and development plays an important role in this (Hiatt, Jeff).

**KEY SUCCESS ACTORS FOR COMPETITIVE SUCCESS**

Low cost production efficiency. CP has plants installed that take only 30 minutes for the plant to shift from the production of one product to the other.

High quality manufacturing of products with very few defects.

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A strong network of wholesale distributors.

Gaining ample space on retailer shelves. (Examples Naheed, Aghas, Makro and other small shops.)

Attractive packaging and styling.

Good length of product lines.

Attractive commercials and advertising.

Good reputation in the industry along with favorable reputation with buyers.

### **Market penetration**

Colgate can do market penetration by increasing its advertising, people always associate Colgate with tooth paste and have no awareness that it produces personal and surface care products as well. They should show their logo on all its products so that people know the producers and this will increase customer loyalty and also when people will come to know that Colgate is the producer then new customers will also buy the product (Hiatt, Jeff).

They should also increase their promotion efforts by going to school and doing health awareness programs, also they should go to residential areas and make women aware of their surface care and fabric care products such as max, bonus and express etc

### **Product development:**

Colgate can also do product development by introducing new features in their already existing brands. They can improve their tooth brush quality and

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features by introducing flexi tooth brushes for special oral care. Also they can introduce whitening features in their feature in their tooth paste; different colors of tooth paste can also be introduced to attract the kinds market. In their fabric care they can introduce in special features of protecting the color of the cloth while washing and also whitening enhancing surfs to give a good shine to while clothes (Hiatt, Jeff).

develop systems to involve appropriate stakeholders in the introduction of change

## **SIX THINGS REQUIRED TO EFFECTIVELY IMPLEMENTING A STRATEGY**

According to Porter, to implement a strategy effectively six things should be followed:

### **Create a formal plan:**

Distributor

Quantity Item Price Negotiation,

Inventory Reporting, Stock Details, Payment Terms

HR Module

Inventory / Store

### **Create a multifunctional team:**

To effectively implement ERP, Colgate must first hire an independent resource firm.

Acquire licensing for SAP Implementation.

Establish an independent IT unit for the monitoring of ERP. This department will coordinate with all the other departments (Robbins S, Mukerji).

### **Communication of strategy: inside and outside:**

All employees in the company should be made aware of the new automated system. Each employee must be provided a minimal insight of SAP but those employees who have to work on SAP the most should ofcourse be provided with proper training course of SAP. These include:

Factory Manager

Manager accounts

Warehouse Manager

Distribution team

Consumer insight department

Outside the company the strategy to implement ERP should be communicated properly to all the local and foreign suppliers of Colgate Palmolive (Hagberg).

### **Consistency over time:**

As Information Technology is progressing day by day, new changes in ERP are expected after certain time periods. Therefore it would become very important for Colgate to cope up with the changes in the software. For this

purpose it would need to update its employees by providing training whenever any change takes place in SAP (Hagberg).

### **Use proper measurements:**

Other measures, not just financial measures would be required to test whether the system is working properly. These measures include:

Whether the system is accurately forecasting demand, sales, price changes

Whether or not there are any deviations in the actual versus projected sales

Effectiveness of the internal processes after the strategy implementation (Robbins S, Mukerji).

### **Test the strategy:**

Ask employees and senior management in all departments whether they are satisfied with the new system of working. Talk to suppliers and distributors whether they want any more improvements in the new system of working (Hagberg).

## **KEY DRIVING FORCES**

### **Industry growth:**

Now most of the people have knowledge about the different products and its advantages. The intense competition in industry and high demand enables the new entrants to compete in this market (Hagberg).

**Product innovation:**

Innovation in product, as Colgate has just introduced Max fresh in which the coolant crystals are present which none of the competitors has adopted yet. There is also room in innovation in washing detergents (Hagberg).

**Changing societal concerns, attitudes and lifestyle:**

Since social issues are really effecting the use of product just like the use of Miswak which is the Islamic mode of cleaning the teeth (Hagberg).

**Use of E-commerce and Internet:**

Usage of online ordering and maintaining the stock level through e-commerce can be driving force in the industry. By using that they can provide products to customer which is value addition for them (Hagberg).

This report is purely based on the finding from the Colgate expert and the secondary data analysis, and the reason for writing the whole report is to find the obstacle / hindrance a business men face and how the organization can minimize it through implementing the different strategies and analysis.

The whole report research draws attention to the fact that any problem can be eliminate if proper investigation and consideration can be observed the success is easy to get, Pakistan market is mature market and the competition is tough here because most of the customer is price conscious and act like butterflies, so targeting this kind of customer is quite difficult, but on the other hand it can be managed if the you can understand the market effectively and efficiently (Robbins S, Mukerji).

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## **Internal Communication of Change**

By Dagmar Recklies

Circling the Pyramid – Building Lasting Commitment to Change (pdf-file)

by Edmond Mellina

## **What Makes a Good Change Agent?**

by Dagmar Recklies

**The Role of the Change Master – From Change Agent to**  
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**Change MasterHYPERLINK “ [By Ruth Tearle](http://www.themanager.</a></b><br/><b>org/Strategy/Change Master. htm”‘</b></p></div><div data-bbox=)**

## **Managing Change – Definition and Phases in Change Processes**

by Oliver Recklies

## **Problems in Managing Change**

by Oliver Recklies

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AuditNet. org provides a downloadable PDF of change management best practices.

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Fred Nickols wrote [HYPERLINK " http://home.att.net/~nickols/change.htm"](http://home.att.net/~nickols/change.htm)

[HYPERLINK " http://home.att.net/~nickols/change.htm"](http://home.att.net/~nickols/change.htm) Change

Management 101: A Primer. [HYPERLINK " http://home.att.](http://home.att.net/~nickols/change.htm)

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SearchCRM.com provides resources on handling change management following a CRM upgrade.

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Neglecting your change control process can kill an IT disaster recovery plan.