

Creating a Better, Healthier World



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RB has sharpened its focus on particular brands and markets for the future, setting a clear-cut strategy to grow the business worldwide.

Images courtesy of RB

In September 2011, consumer-goods giant RB (formerly known as Reckitt Benckiser) appointed Rakesh Kapoor as CEO. Rakesh's previous experiences in the Indian market were an ace-in-the-hole for the company. "I started my career in an emerging market. I worked in India my whole life before I moved to the UK, and that was a very important time for me as I was growing up because, first and foremost, when you're in an emerging market, you develop a few mindsets. One mindset you develop is growth because you see growth around you, and you're not prepared to accept any other status except one that is made up of big growth.

"The other mindset that you develop is that there is so much

change going on and you need to find a way of managing that change effectively, otherwise that change can become an end in itself. Our end is not to change; our end is to change in order to drive growth. In emerging markets, you undergo rapid change in a very short period of time, and when you're operating in these markets many of these changes are unpredictable, so you learn to cope with volatility and you learn to cope with significant change. I learned a lot about managing change that is volatile and unpredictable.

"The third thing you learn in emerging markets is that you've got to have a longer term view of the business simply because, in emerging markets, many people make the mistake of overestimating the short term and

underestimating the long term. For those of us who have grown in emerging markets, we know that you've got to have a long-term view of these markets because there will be short-term unpredictability, but if you keep doing the right thing for the longer term then you'll be in a very good position."

Since coming into the position, Rakesh has spearheaded growth and focus within the company. "We are the world's number-one in consumer health and hygiene with a future that will look at how we're going to drive performance over the next decade and more, with a sharpened focus on brands and markets. We have invested in top quality in-house research and regulatory capabilities, attracting top talent from the health industry to mastermind our transformation >





into the world's leading consumer health company.

"We also defined a clear vision and purpose for the company around providing people with solutions for healthier lives and happier homes. We all know that health and hygiene matter because people want to stay healthier and live better. I think our company can play a unique and defining role in how that comes to light. We have clearly defined roles because we have an incredible portfolio of brands like Nurofen, Strepisils, and Lemsip, which can make people healthier and feel better. Our approach to developing health products combines our outstanding heritage of consumer understanding with the robust research, medical, and regulatory processes essential to be a trusted provider of consumer health products. We also have a huge geographic reach; we operate in more than 200 countries and reach so many people around the world. Through our brands, through our geographic reach, through our tremendous innovation capability, we believe that we can provide people with innovative solutions that can help them live better and healthier."

Rakesh has been instrumental in helping RB create clarity around the company's growth strategy. "We have a stable of more than 300 brands, of which 19 power brands make up 70 per cent of our business net revenue, so we want to focus on those brands. Amongst these power brands, we have a clear strategy of focusing on health and hygiene. Secondly, we have defined 16 power markets within the areas we operate in that we want to focus on even more. Every company needs to define what it's going to focus on, what it's going to do well. Our focus on 19 power brands and 16 power markets is a very important way of driving higher growth and performance.

"The next thing is the way we've defined our organisation structure. We took the unique step of combining Europe and North



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America, which, for most organisations, are considered as two different geographic areas that then have two different organisations in management around that. The reason we did that is because we believe that consumer habits, consumer needs, and consumer cultures in these two different geographies are more similar than dissimilar. Combining these organisations helps cut costs down, speed up our decision-making, and enables us to do things once as opposed to many times over, which will drive our growth. We used to be declining in the combination of Europe and North America—now we are growing in those markets."

While strategies help the company plan for the future, RB's true strength comes from its people and the culture ingrained in the business. "We need to recognise that our world is changing quite rapidly outside, and I think most organisations fail because they

don't change inside the company as fast as things change outside the company. In our case, our success is not only down to our strategy, but our culture as well. If you read some of the literature on our company you'll find that this company has a unique culture—a culture where achievement does not mean achieving results, but achievement means outperforming; a culture where commitment means taking ownership for doing the right thing and doing it quickly; and it is a culture of entrepreneurship.

"I don't see enough organisations spelling out a culture of entrepreneurship as something they want to see. A culture of entrepreneurship is where everyone thinks they are empowered to speak up and take risks, even if they are small. We have built a culture that thrives on change and thrives on progress. And innovation is part of change; you don't get an organisation to be

innovative without a willingness to change. I think the success of RB is not just down to a strategy of performance, or a strategy of power brands or power markets, or even an organisational approach that I defined, because most of that can be copied by other people; I think what makes us unique is our special culture, our innovative culture, our culture of entrepreneurship, which is difficult for organisations to copy."

According to Rakesh, RB aims to outperform the markets it competes in. "Once we determine our key indicators of performance we have to ask whether or not we're growing faster than the market. And we've put down a KPI of 200 business points faster than the market. The second KPI is how big are health and hygiene going to be in our company's portfolio. So we have said that health and hygiene should be 72 per cent of the company's portfolio by 2015. By becoming bigger in consumer health and hygiene, we are going to create a company that is going to be growing faster and more profitably than before.

"The third KPI that we've identified for the company is how big we are in emerging markets. We want emerging markets to be half of the company's business by 2015. These goals, these performance indicators that we've put down, are to make sure that the company is making the right progress. I think the last few years demonstrate that we have the ability to drive that performance and we are quite pleased with the results, although I am the first one to acknowledge that a lot of work still needs to be done. I've always said that this company is capable of performing even better and that is what I would like to see."

While Rakesh has noted the importance of achievement, ownership, and entrepreneurship within the organisation, he stresses that partnerships are equally important to the company's growth and success, particularly since they allow collaboration and help RB expand its capacity. "Partnership is

not just within the company, because big companies tend to work in silos so it's very important to break those boundaries down and work effectively in teams, but also externally. We are living in a world where no one company can claim to have all the innovation and creativity embedded in its site.

"We're a highly innovative company and we want to be innovation-centric and consumer-centric. No matter how big we are, no matter how good we are at this, we cannot drive all the innovation and creativity within our company; we've got to rely on external partnerships. If you think about the innovation that we come out with, we have one of the best procreation histories in our industry. The amount of innovation that comes from outside the company as a percentage of the total innovation that we come out with is probably one of the largest in our industry."

RB also builds active partnerships with its suppliers, assigning specific innovation responsibilities to each of the company's key suppliers. "For example, we don't just want to buy perfumes from you; we want to buy innovations from you; things that consumers want and will love—and you need to come up with ideas that we can commercialise in the marketplace, rather than just ingredients for our air fresheners. I think we have a culture of partnership, and many of the partners that we work with actually get more energised with this mandate, simply because many companies use suppliers simply to buy products or services from, but we think of them as our partners in growth that provide us with innovation and creativity.

"We also use partners to drive our agenda for advertising, so we have very significant partnerships with companies such as Facebook and Google to drive our digital marketing and how we engage with consumers around the world. We also have partnerships with customers. We work with customers such as Walmart to say,

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"What kind of product would Walmart customers want, and how can RB and Walmart join forces to provide those customers with what they're looking for?" So I think partnership is a very important dimension of how this company should behave, because we have to be humble enough, we have to be realistic enough, to understand that we cannot drive all the growth, all the creativity, and all the innovation we are looking for without engaging everyone else in this effort."

Partnerships with external parties don't just help RB operationally—they help bolster corporate citizenship. "We have a fantastic partnership program with Save the Children. One of the largest killers of children under the age of five comes from diarrhoea. Now we all know that diarrhoea is an easily eradicated disease. No child under the age of five should be dying from diarrhoea, so we've formed a multi-year partnership with Save the Children where we are using our innovation capabilities and spending more than \$35 million to work with them to take diarrhoea off the top of the list of diseases from which children die every year.

"That also recognises that companies can actually do more than just write a cheque, so we have our partnership goals beyond writing that cheque. We are working on how we use our R&D, how we use our innovation and our products to provide products for people that can be used to eradicate diarrhoea. For example, how do we actually provide cheap hand-washing solutions so that the poorest of people don't become ill from unhygienic hands or surfaces? Partnerships, when they become a vital part of your culture, can be leveraged or used to make the company better."

Rakesh has set out some very clear growth strategies for the future and, by creating this clarity and direction, he has placed the company in good stead for further success across the numerous markets in which it operates. ●

