VESTING FOR SUCCESS

To raise new questions, new possibilities, to regard old problems from a new angle, requires creative imagination and marks real advance.

—Albert Einstein

When A. G. Lafley took the helm as the chief executive officer (CEO) of Procter & Gamble (P&G) in 2000, he had grand visions to ensure the venerable consumer packaged goods giant remained at the forefront of innovation as it entered the twenty-first century. What came as a surprise to industry watchers was not Lafley’s focus on innovation but how he planned on leading P&G to success. Lafley declared that “half of our new products [will] come from our own labs, and half would come through them.” He was willing to bet that looking beyond P&G walls would enable the company to produce highly profitable innovations that would drive value for both it and its partners.

A radical idea.

Lafley’s strategy was not a call for the replacement of P&G capabilities but rather for ways to better leverage P&G’s core
strengths. His aggressive goals would require company-wide reinvention, not just in how P&G developed products but also in the way it managed its internal business operations. The direction from A. G. Lafley was clear: P&G needed to prioritize resources to concentrate on its core competencies of marketing and product development. P&G turned to Filippo Passerini to help lead the charge in transforming the company’s internal operations. Passerini and his team would need to figure out how to achieve lower costs and higher service levels for P&G’s internal shared services group known as the Global Business Services (GBS) organization.

“The time was ripe for making the move to outsource,” explained Passerini. “By consolidating and standardizing our services, we…could leverage the greater scale and unique expertise of outsourcing partners. Our objective was to further cut costs and improve service levels. By outsourcing the more repetitive commodity work and keeping in-house only what we considered strategic, we could, in effect, enable ourselves to focus on innovation and developing new business capabilities for P&G.”

The end goal would require innovative solutions that would transform “overhead expense” into an entirely new entity. By the end of 2003, P&G had entered outsourcing partnerships in information technology infrastructure, finance and accounting, human resources, and facilities management worth $4.2 billion. P&G selected Jones Lang LaSalle (JLL), a global leader in real estate services, to manage the transformation of its facilities management services in more than 60 countries.

Although P&G deems all of its outsourcing highly effective, the business relationship with JLL has been, by all factors, wildly successful. In just five short years, JLL went from being a new P&G supplier to winning “Supplier of the Year,” a coveted honor awarded to a select few supplier partners annually. JLL