Defining Leadership

How does your company define leadership?

This is very important to the company such that it has embarked on extensive research to understand what P&G people do when they’re at their best. We looked at the characteristics that have historically driven P&G growth. We looked outside the company, as well as at external and business trends shaping the marketplace and at what other best-in-class companies do to stay in the lead. We distilled all that we learned into three basic ideas that describe the competitive advantage of P&G people:

• The Power of P&G Minds: This is the company’s ability, grounded in genuine respect for P&G competitors, to out-think, out-invent and out-play the best competitors over time for the benefit of consumers. This speaks to our collective intelligence, our ability to create for profit and competitive advantage and our ability to become masters of our business, organizations and professions.

• The Power of P&G People: This is the competitive advantage that P&G’s people and people-systems create when they work together. It’s the power of one and value of all. This speaks to creating an environment that fully leverages our employees’ talents.

• The Power of Agility: This is P&G’s ability to be fast, flexible. Responsive and versatile in a complex and rapidly changing business environment. The company’s creates competitive advantage when it is turned in to the world around us, when we truly understand our customers, consumers, stakeholders, competitors and
employees, and when our employees apply this knowledge to build the business and the organization.

Leadership Programs and Training

P&G leverages leadership by providing several training opportunities to our employees for professional and personal growth. We work hard to attract, recruit, retain and develop talented people. We are a promote-from-within company, and our intent is to develop all employees to their full potential through on-going support systems such as:

- Leadership “training” starts with each employee being empowered and provided with high levels of leadership responsibility with their individual workplans. This “action learning”—developing leadership skills in real life work situations to solve critical business problems—is at the core of P&G’s leadership development and supported by other training to build leadership skills.
- Career discussions, performance appraisals, assignment plans, transfer and promotion plans.
- Mentoring to provide formal support and guidance, in addition to coaching and training provided by each employee’s direct manager.
- Formal and informal network support groups that have existed at different sites for a number of years.
- Join-up programs for minorities at the corporate level and in functions as well as external organizations.
- Access to a wide range of electronic conferences and networking communities.

These basic ideas have been translated into the training and development that our employees receive through their career. We believe in the continual education and development of people at all levels in the company. Even our most senior leaders participate in learning events to sharpen their skills. And most of our courses are taught in-house by experienced P&G line managers. Some examples are below:

Professional Growth/Training:

- Classroom training—P&G is committed to helping its employees create mastery in all that they do. At our headquarters, training takes place in the John Pepper Learning Center that was opened on June 1, 2003 or in the Pavilion Training Center. Employees receive formal training, on-the-job training and coaching from management. These classes reinforce the company’s key skill areas including leadership, solutions, innovation, risk taking, collaboration, capacity and mastery.
P&G’s “virtual university,” RapidLEARN, enables employee’s worldwide immediate access to online training which has been designed to increase skills and support career development. There are over 6,000 learning items and 2,600 of them are web-based training that can be taken at an employee’s convenience from their laptops. These courses cover a wide variety of subjects including: corporate competencies identified to help all employees succeed, interpersonal skills, technical mastery, personal computing, diversity, and regulatory and safety standards for plant personnel. The participation rate in year one was 5 percent; year two was 15 percent, and now in year four over 50 percent. P&G was recognized by Saba, Inc. with the Saba Customer Award in the category of Highest Measurable Impact.

- Global English—offered worldwide, teaches English as a second language. Global English offers 700 hours of learning and supports 10 languages through the RapidLEARN system.
- On-the-job training—This occurs because of the relationship built between the manager and direct report, and is seen as key to success for each employee. Ongoing dialogue helps the employee grasp new concepts, learn new skills, and understand expectations for his or her role.
- Mentoring—At time of hire, every employee receives the option of being assigned a formal mentor. Often, besides the formal mentor, the employee finds and unofficial mentor(s) with whom he/she relates on an ongoing basis. P&G believes that mentoring strengthens the individual as well as the organization and is an essential part of sustained growth.
- Mentor-Up—A unique mentoring program of “Reverse Mentoring” to build awareness of issues facing women and building positive relationships by providing male and female upper management with junior women mentors.

**Personal Growth/Training:**
The following courses are offered at the John Pepper Learning Center and in other training centers around the world.

- “Time Management”—this is a course licensed from Franklin Covey that deals with taking control of your calendar, discovering your values and mission, and setting long and short term goals.
- “7 Habits of Highly Effective People”—this Franklin Covey course will help increase productivity by focusing on priorities/accepting responsibility, increasing collaborative relationships and improving decision-making, innovation and problem solving capabilities.
• “People and Communication Skills”—this in-house course helps develop their verbal communication and influencing skills in one-on-one situations to improve personal effectiveness in building productive working relationships.

• “Assertiveness Appropriate Behavior for Maximum Results”—this in-house course helps employees develop strategies at all levels within the organization. It uses a personal profiling system to learn effective techniques to help employees manage their greatest interpersonal challenges.

• “Leadership and the Business of Thinking”—this course uses the Hermann International “whole brain model” coupled with the Brain Dominance Instrument to develop skills that will help individuals identify how they and others think and process ideas.

What percentage of your most senior leadership was produced from within your company?

More than 99 percent of senior leaders were produced from within the Company.

Who are some notable alumni that have come out of your company’s leadership training/program(s)?

The majority of individuals within P&G have been trained and promoted from an entry-level position. For example, Tami Jones joined P&G in 1994 as an A level administrative assistant in marketing. From there she was able to grow capabilities and skills which enabled her to be promoted seven times within 13 years. She is now an associate director in external relations with responsibility for communications in the corporate marketing function, reporting directly to Jim Stengel, P&G’s global marketing officer.

Other notable P&G alumni have gone to be highly successful outside P&G. Current list of notable P&G alumni includes over 120 current and former CEO’s/Chairman, including the current CEO’s of GE, Microsoft, Ebay, Clorox, Intuit, etc.
Leadership Program Stats

Below are the demographics of our company’s management for each demographic.

(Numbers as of 11/30/2007)

<table>
<thead>
<tr>
<th>Gender</th>
<th>2007 (Total US Enrollment)</th>
<th>2006 (Total US Enrollment)</th>
<th>2007 (% total)</th>
<th>2006 (% total)</th>
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<tbody>
<tr>
<td>Male</td>
<td>22,540</td>
<td>22,875</td>
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<tr>
<td>Female</td>
<td>16,120</td>
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<tr>
<td>African American</td>
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<tr>
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<td>4.3</td>
<td>4.2</td>
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<tr>
<td>Asian American</td>
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Internal promotion rates for the past two years have been over 45 percent. More specifically, women have received 45 percent of the promotions over the past two years and minorities have received over 22 percent. Women make up over 37 percent of the U.S.-based population within P&G and minorities make up over 21 percent of the U.S.-based population within P&G.

Going Forward: Plans for Leadership Expansion

**Does your firm have any plans for future leadership development programs, either formal or informal?**

Yes, P&G is constantly training and developing employees to their full potential. The training program will continue to exist and have an impact on employee’s career goals. By continuously evaluating and considering different training opportunities P&G will continue to develop future leaders of the company.
Recognition

- No. 2 in *Fortune* Magazine’s 2007 global ranking of Top 10 Companies for Leaders. Editors cited P&G for hiring managers with “in touch” and leadership capabilities and nurturing those strengths through training and development.
- Chief Executive Magazine ranked P&G No. 2 for the Best Companies for Leaders for producing leaders. This is the second year in a row P&G ranked at the top of the list. The article credits our consistent placement as a leadership company with our ability to create, “action learning”—the concept of developing leadership skills in the context of the work situation to solve mission-critical business problems.
- P&G was recognized by Saba, Inc., which is a learning management system contracted by P&G with the Saba Customer Award in the category of Highest Measurable Impact.