Study Of Procter And Gamble Essay, Research Paper

A Company like Procter and Gamble can attract the attention of any one in the whole world. It made and still makes the life of any individual much easier by providing him with reliable products that he appreciates for their superiority and their safety. Today, in Egypt, the products of Procter and Gamble have conquered the Egyptian market. In every house, one or more products are found. As a result, the Egyptian local products could not compete with this outstanding quality that P & G offers. The public is interested in gathering more information about the company. That is why, knowing more about the earlier foundation of the firm, its purposes and core values, the process of innovation of its products, its annual report and the link between it and its branch in Egypt could satisfy the people’s curiosity.

Procter & Gamble refers to William Procter, who “established himself as a candle-maker”, and James Gamble who “apprenticed himself as a soapmaker” (P&G History 1). Procter and Gamble first started in 1837 in Cincinnati. At that time, the marketplace in that country was not encouraging to run businesses because of many financial problems. Despite that, P & G ran their company. More specifically, on 12 April 1837, William Procter and James Gamble started to produce and to offer these products to customers. They both started with two main products, which were soap and candles. At the same year, and precisely on 31 October 1837, Procter and Gamble signed up the contract of their partnership and started their business together. Twenty years after signing the contract, P & G sales reached $1million and at that time the company had about eighty employees. In 1862, and during the civil war,

P & G Company was ordered to produce a big quantity of soap and candles to fulfill the Union armies’ needs. Seventeen years later, a new type of soap called “Ivory” was invented. By 1890, the types of soap that P & G was producing were about thirty taking into account the “Ivory”. In the same year, the demand for soaps was increasing. Thus, to be able to meet the customers’ increasing demand of their products, P & G company decided to expand the business to go outside Cincinnati to reach overseas and this “increased capacity and improved distribution of products to customers” (P&G History 2). Later on, P & G started to develop more products and this happened in 1911 when P & G Company introduced for the first time “Crisco”, which is a type of vegetable equals to the butter, but was more economical. One century after the establishment of the P & G, “sales reached $230million” (P&G History 2). Throughout years, P & G continued developing new products. In 1987, the company was chosen to be “the second oldest company among the 50 largest fortune 500 companies” (P&G History 3). Five years later, “P&G received the World Environment Center Gold Medal for international Corporate Environmental Achievement” (P&G History 4). One year after this recognition, P&G Company’s sales reached $30 million and even more. In 1995, P&G was given another medal, which is the National Medal of Technology, which is considered “the highest award the United States bestows for achievement in technology” (P&G History4). Generally speaking, P&G is one of the factors that led to the economic growth and the welfare of the world because it gave the chance to more than 110,00 people to work.

Like any other company in the globe, Procter and Gamble Corporation, set their own objectives and goals in order to achieve their main purpose. Their purpose is to provide products of superior quality and value that improve the lives of the world’s consumers. By achieving their purpose, they will be rewarded by their consumers with ” leadership sales and profit growth” (P&G Goals 2), which will, in turn, affect their communities, their people and their share and stock holders to live and work in welfare. Moreover, P & G identify their core values such as “leadership, ownership, integrity, passion for winning and trust” as priorities (P&G Goals 2). By implementing a plan based on these core values, they will be able to achieve their aim. They believe that building their organization from within, by promoting and rewarding P&G’s people, whom they value and consider them as their most important asset because of their faithful work and excellent performance, is the best way to succeed. Procter and Gamble then respect all individuals; consumers and their human resources, and offer them their trust, on condition that they treat them similarly. Furthermore, P & G’s main target is to focus on work in order to be the best seller in this global market. Leadership, which is applied in the areas of responsibility and commitment, is a factor that enables Procter and Gamble to accomplish their target. In case of ownership, they let the employees behave “as the owners” of the company, because such policy allows everyone to be contribute more to the success of the firm as if it’s his own business. Another core value that we put to use is integrity. Procter and Gamble follow their code of ethics by always trying to do the right thing, abiding the law, being honest and devoted to work, to each other and to the well being of the organization as well. Their strategically plans have proved to be working efficiently because they are professionally recognized by the whole world. Many institutions and magazines awarded P & G. Examples of awards are “The World Most Admired Company” which was sponsored by the Fortune Magazine in 1998 (P&G Awards 1). As to the Environmental Awards, their awards are “Sustained Leadership in Waste Protection” given by U.S. Environmental Protection Agency, as well as, the Thomas Addison Award for the “Global Leadership in Environmental Quality Management” (P&G Awards 2).

Procter and gamble company is a complex organization which produces different types of products especially that it distributes its products in 140 different countries, and its aim is to reach the taste of the consumer in every possible way. P&G began in the 1911 when they first produced vegetable shortening. However, it is always in the state of innovation by producing new products every day. The way to reach success was not easy at all, because it is easy to produce anything, on the other hand, it is difficult to understand the consumers’ taste in order to make them have a better life. Therefore, the company was enrolled in a learning process to improve its products every year, so as to be more efficient than the previous years. The learning process was done in many steps. First, the company attempted to know the new consumers’ needs especially in those far regions such as China and Eastern Europe. Second, the company compares between the different ideas and experiences, which they take from customers of different countries. For example, laundry and hair care needs differ from one country to another. Third, the company continues in establishing new products and implements the useful ideas that they attain. For example, the company benefits from producing various kinds of food by using their wastes in manufacturing soap and candle. By this way, our company develops its goods to be one of the extremely strongest companies in our globe.

In addition, the company followed some steps, which with their aids it became more successful. The first step was to make new needed products, and this was achieved by using high technological machinery. The second one was to continue in producing the successful products with suitable quantities, so as not to be negatively affected by its competitors of the same market. For instance, in laundry and cleaning products ‘Tide’, a strong product which the company is concerned with selling certain amounts of it daily, must be produced with the limited quantities it was planned for. Besides that, the third step is to have more capital investments to enlarge the company in the future. This step would not be accomplished perfectly, if the company did not depend on making useful research, as well as, the laboratory testing, which consequently leads to beneficial results. Actually, these three strategies enabled our organization to be outstanding in the global market and to preserve its success.

Procter and Gamble is a multinational corporation with 156 branches distributed in more than 70 countries. Osama Abdel Rahman, sales manager of Procter and Gamble in Egypt believes that it should be called a “location” instead of a branch. This ‘location’ in Egypt gets technical and managerial assistance from the Mother Company.

As for the assistance that Procter and Gamble in Egypt gets from the Mother Company, Mr. Abdel Rahman says that “we get support regarding product development and market research from the head quarters in the U.S and Europe. Very little research and development is done here, in Egypt, because it needs high investments and manpower”(Personal Interview).

There are three main development centers for Procter and Gamble. The first center is in Germany and it is responsible for developing paper products like ‘Always’ and ‘Pampers’. The second development center, which is in Brussels, is responsible for detergents. The last center is located in the United Kingdom and it is responsible for soap and shampoo. Those three centers do all the market research for international companies, like the one in Egypt. They study the needs of the market and make the formulas for the products. Then the formulas are sent to Egypt where the products are produced. Another form of assistance, that the location in Egypt gets from the mother company, is that some of the staff members who work at the location in Egypt, travel to the U.K to get training in order to improve their performance. Moreover, the quality standards are set by the head quarters in the U.K, then sent to the location in Egypt to be follow.

As to prices, in Egypt, they are higher when compared to the prices of Procter and Gamble products in the U.S and Europe. This is because that “85% of the raw materials are imported” as Mr. Abdel Rahman points out (Personal Interview). Therefore, the location of Procter and Gamble in Egypt has to pay tariffs and other custom taxes, which make the costs of production as well as operations higher, as a result the prices have to be, in turn, higher. Concerning the profit made by the location in Egypt, Mr. Abdel Rahman notes that “no percentage of the profit we make goes to the Mother Company, we keep all the profit.” (Personal Interview).

Procter and Gamble environmental science department plays a unique role in making excessive tests on their products to ensure that they are safe for the consumer and for the environment. Environmental safety is an integrated parts of the quality that P&G builds into each of its products throughout the world. P&G environmental quality policies are considered to be very important as they been using detergents with less amounts of water and energy i.e., the amounts of raw materials used in the manufacturing process and thus saving the environment resources. And according to some statistics made in 1992, it was revealed that the detergents used in Tide, Ariel, Era, Cheer, Gain, Dreft and Ivory shows that water used by less by twenty percent of all pervious years. Also, P&G were keen to save the paper industry. For instance, in 1992 products like Bounty, Folgers, Zest and Hawaiian Punch have reduced their packaging process from ten to twenty percent compared to 1994 (Environmental Initiatives And Program).

Procter and Gamble company is committed to producing superior quality of goods and to producing products to refine the world’s consumers. Some of the obligations that P&G is committed to, is to ensure that the products, packaging and operations are safe for both the employees and the environment. Also, ensuring that the products can be disposed easily in an appreciate manner(Enviromental Quality). Also, they are committed to meeting or exceeding the requirements of all environmental laws and regulations. P&G is a well known leader for implementing the environmental safety, refilling packages and recycle plastic in order to have a clean environment. Sadly, the P&G company is not following the rules, as it should be.

Despite Procter and Gamble promises and reputable name, each year thousands of animals are the victims of the painful products tests, due to the massive doses of compounds and the irritating substances they experiment on their shaved abraded skin. Also, they force animals to inhale and swallow enormous amounts of compounds. And to make the things worse, the industry of toxicologists had stated that, their results could not be reliable since there are huge physiological differences. The stressful laboratory conditions impair the immune function and alter heart and pulse rates of animals.

The company’s actual performance could be deduced by looking at its 1998 Annual Report. Its worldwide net earnings for the year 1998 were 3.8 billion dollar, which is 11% increase over the prior year and $37.2 billion net sales accounting for a 4% increase over the prior year. It has total assets of $30.9 billion and liabilities of $5.7 billion. It’s obviously clear that the company is taking good care of its products because its expenses in advertising and the research and development of the goods are $2.6 and $1.56 billion respectively. This is an evidence of how much consumers demand our products and how this initiates the company to develop 300 brands to satisfy five billion consumers all over the world.

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