



Success Drivers

There are six drivers of P&G's success: consumer focus, strategic choices, operational excellence, financial discipline, organizational structure and brand-building capability.

Consumer focus. The consumer is boss and we put the consumer at the heart of all we do. First and foremost, this means getting the consumer value equation right on all our brands. It also means delivering superior, consumer-meaningful innovation. Competitive pressures make this a continuing challenge, but we are working hard in every part of our business to deliver a continual stream of innovation that meets consumer needs in ways that reset performance expectations and represent superior value.

We are also making sure that P&G business leaders – including me – get out of the office and into stores and homes to talk directly with people who buy and use our products. No other real-world experience clarifies the choices we must make as much as these conversations with consumers.

Strategic choices. We've focused on P&G's core categories, leading brands, and the biggest retail customers and country markets. And, we're investing in faster-growing, higher-margin, more asset-efficient businesses. A good example is the acquisition of Clairol, which complements the core Hair Care business and helps P&G enter the fast-growing hair colorant category. Strategic choices like these are paying off. For example, about one-fourth of total gross margin improvement in fiscal 2002 came from our emphasis on faster-growing, higher-margin businesses such as Beauty Care and Health Care.

Operational excellence. Execution determines success, and we've placed heightened emphasis on operational excellence at P&G. Again, Clairol is a good example. We closed this deal in less than six months and fully integrated business operations seven months later. Most important, we accomplished a smooth integration and we're on track to deliver the committed synergy savings ahead of schedule.

Financial discipline. We have reinforced P&G's long-standing commitment to financial discipline. Our efforts are seen most clearly in the Company's business results. Even before the highly publicized accounting failures at several companies, we took a number of specific



Recent P&G innovations include Pampers Baby Stages of Development diapers, Crest SpinBrush and Whitestrips, Olay Daily Facials and Total Effects, Tampax Pearl, Tide and Downy Clean Breeze, Swiffer and many others.



Iams in North America is another great example of operational excellence. Starting with a 25,000 store, 3,000 truck launch – P&G's largest ever – Iams has delivered nine consecutive quarters of market share growth.