

SUCCESSFUL LEADERSHIP IN PRACTICE

by Martin Glenn



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PREFACE

Walkers crisps has achieved iconic status in British life. It is one of the best-loved and most successful brands in the UK. Six out of ten households buy Walkers crisps, at a rate of 12 million packs every day.

Martin Glenn is the man who led the team behind Walkers' success.

As marketing director of Walkers, then CEO and eventually CEO of the combined Pepsico group, Martin led Walkers from a strong regional brand to the number one fast-moving consumer goods (FMCG) brand in Britain. By 2005, Walkers crisps had a 45 per cent share of the £2 billion UK salty snacks market and had become the UK's most successful high performance FMCG business that, along the way, also managed to double its profitability in just five years.

In July 2004, Marketing Magazine voted Martin Glenn the UK's most influential marketer. He was *Marketing Week's* Chief Executive of the Year in 2003 and has been named as a Prince of Wales Ambassador for Education.

Quality of product, sales, distribution and brand marketing are the themes of the Walkers story. Yet, as Martin's account of the company's journey to greatness unfolds, a number of significant lessons in leadership emerge.

What follows, then, is the story of a remarkable and dedicated approach to business leadership as told by one of the UK's top business managers.

INTRODUCTION

Many years ago, there was a commercial on British TV in which a young schoolboy boasted to his friends that when he grew up he would have the best job in the world. What did he mean? they wondered. Would he be a brain surgeon? The Prime Minister? The Archbishop of Canterbury?

No. It turned out that his dream was to be the Chief Taster for Walkers crisps.

In a sense, I grew up to achieve that schoolboy's ambition – even if my job title became slightly different.

A Platform for success

In the 1950's, Walkers was a humble butcher's shop in the English Midlands city of Leicester. Today, it's the UK's biggest supermarket brand, with a 45 per cent share of the £2 billion salty snacks market. It's estimated that 60 per cent of British households buy Walkers crisps, at a rate of 12 million packets every day.

Of course, Brits are famous for their love of the potato crisp (or 'potato chip' to our American cousins). A packet of Cheese and Onion or Salt and Vinegar is as much a part of British life as a cup of tea or a plate of fish and chips. Certainly, no British lunchbox, school packed lunch or visit to the pub is complete without a pack. But it's also worth noting that making crisps is an industry

with almost no barriers to entry – you'll find the technology to manufacture potato crisps in just about any domestic kitchen.

So why do more than half of British households choose to buy their crisps from Walkers?

The easy answer to that question is because Walkers make a damn good crisp. However, I also think we earned our place in Britain's lunchbox by valuing simplicity. We managed to brand a commodity through the thorough application of imaginative principles. We were consistent in our aims and values over a long period and were consistently ruthless in the detailed and pragmatic way we applied them to the business.

Over recent years, Walkers has enjoyed striking growth by food industry standards, but when you look back over the company's history, it's been a pretty slow burner. Walkers crisps have long been a source of fierce local pride in Leicestershire, but we took our time to spread ourselves across the rest of the UK. Even as recently as the mid-eighties you'd have been lucky to find a packet in the London area and if you were Scottish or Irish you'd have had to wait a good ten years or more to get your hands on a pack in the local corner shop. In fact, when PepsiCo bought the business at the end of the 1980s, the Walkers brand nearly lost out to its archrival Smiths, which was acquired at roughly the same time. Certainly, on paper, Smiths appeared stronger in terms of consumer measures such as top-of-mind awareness and saliency. But it couldn't match Walkers for quality, volume or profit. Nor could it command the same price in the market – which was probably why we got the nod and went on to become the badge of the megabrand that PepsiCo was looking to create.

The takeover came at the right time for Walkers. PepsiCo had plentiful resources, as well as a profound understanding of numerous markets around the world and they were prepared to give Walkers the benefit of both. They also brought us a new sense of professionalism and a fresh burst of energy. But, as in any business, luck has had a role to play in the Walkers story, too.

When Walkers became the UK's brand leader in the mid-eighties, it was far more by default than design. To be honest, it only happened because one of our main competitor's factories burnt down. Had it not been for that, PepsiCo might well have been looking to invest in our competitor, Golden Wonder, rather than Walkers when they made that foray into the UK market.

Fortunately for me, my team, Walkers' investors and its 5,000 staff, this situation - brought about by a mixture of strength and a little luck – set the scene for what has become one of the great business and marketing success stories of the last 20 years.

In this eBook , I want to share some of the lessons of leadership I have learned along the way – to get the best out of the people who contribute to the success of a business. That's not just

staff but everyone, like, partners, agencies, advisors, distributors etc., who also participate in building great companies.

As you read, you'll find a strong marketing slant to many of the points I make. The reason for this is simple - I'm a marketer at heart. I joined Walkers and became marketing director before I ran the company. I believe it's the responsibility of any business leader to view marketing as the key driver for business growth and to remain actively involved in that. Shelley Lazerus, CEO and chairperson of Ogilvy, once gave a great insight to this philosophy: *'In the best-ranked companies I know the CEO owns the brand because there's very little in his enterprise that's more important'*.

I have highlighted 10 key areas of business that I believe can be greatly improved by a pragmatic and personal approach to management. I have tried to keep things simple and honest (in the same open manner that worked so well for the Walkers business) and supported each area, where appropriate with examples from the Walkers story, with important lessons highlighted as key take-outs.

Some of them will perhaps strike you as being plain common sense. But in business, common sense is rarely common practice. At a theoretical level, business is really not that hard to understand, but at a practical level there is no doubt it is very hard to do well. For example, plenty of businesspeople will tell you they care about quality, but far fewer businesses deliver it in a sustained and committed way.

I hope that finding your own natural style of leadership is one of the many things that you will get from this eBook. Whatever your reasons for reading, I hope that you will find something here to help drive your own business or career forward.

1

HIGH-PERFORMANCE TEAMS

Since Frederick Taylor introduced the time and motion study back in the late nineteenth century, the manufacturing industry has been associated with the 'command and control' management model. This system is based on a crude analogy with the human form, in which management is the brain and the workers are the body. Orders are formulated at the top and then communicated down through a rigid military-style hierarchy to the limbs and digits that do the real work. It's a great system if you happen to be an army general. The trouble is it doesn't work - it probably never did as effectively as people claimed but in modern business, it's almost completely futile.

Things move too quickly these days for people to be able to waste time on the games of Chinese whispers that middle management used to play as they passed information up and down the chain of command. Besides, resources are too valuable to be squandered on the extravagant displays of privilege and deference that senior staff used to treat as their birthright.

The favoured analogy in business today is that of the team – a football team, a company of actors, a unit of Special Forces, take your pick. Although if you want to position yourself at the leading edge of business fashion, you'll know that any old team just won't do. What you're really looking for is a *high-performance team*. Not that there is anything particularly new about high-performance teams – in fact, the only way they differ from any other kind of team is in the quality and quantity of their output. No, people have started getting interested in high-performance teams simply because they seem to come about so rarely.

It's always difficult to get a team to gel and, too often, their output seems to amount to far less than the sum of their parts. But really great teams are worth their weight in gold. They seem like they are on a mission from God a lot of the time – they just have to go and get something done and done well.

So how do you improve your chances when creating a high-performance team?

Rule 1 is: *don't have a committee of the great and the good*. Assemble a group of people who really know their stuff (who cannot just talk about doing a job but know how to do it), regardless of their job titles or where they happen to sit in the company hierarchy). Don't compromise on this: it's better to have an empty seat at the table than a timewaster in your midst. You also need to think beyond the strictly functional roles of your team members. Find people who are smart enough to understand what their mission is and diverse enough to spark off each other. It also helps to have a contrarian in there – someone who tells it like it is and doesn't mind getting under other people's skins on occasion.

How do you find these kinds of people? It's important to think through the different personalities as well as the different skill sets that people bring to the mix. To start with, you need people who:

- are intelligent (although I think intelligence, especially versus experience, can be overrated in business)
- have drive
- are results-oriented
- are open-minded
- are eager to learn

(I've also always thought that a scintilla of doubt is a good thing to have in someone's character because it tells you that a person wants to continue developing.)

It's a case of consciously creating the interactive sparks in a team and making a personal assessment of people's characters, backgrounds and way of working.

You can reduce the guess work on this with some low-cost psychological measurement. Profiling individuals in terms of their personality type is a straightforward thing to achieve with off-the-shelf tools that psychographically profile individuals. This can help you create the right blend of personalities so you don't end up, for instance, with a group of people who are all right brain analyticals or left-brain intuitives who, collectively, lack both objectivity and open-mindedness.

MANAGING TEAM MEETINGS

- Ask to learn. Questions are one of a manager's most useful tools, but don't ask questions to prove a point and don't use them to catch people out. Let them help you focus on the problem and bring in other views.
- Discuss your mistakes. If you are open and honest with other people, they will be more inclined to return the favour.
- Don't punish failure. Brainstorm, don't blamestorm.

'WRIGGLE ROOM'

The way the team is handled is also crucial. I've never seen a high-performance team that was micro-managed. You need to recognise people's abilities and give them enough room to express themselves and make mistakes. This also applies to the way that budgets are set just as much as it does to the way that you deal with the personalities involved. Sure, if you set budgets nice and tight you can be sure no one's stealing from you, but they'll also be scared to death of taking any risks. Create a climate where you don't punish mistakes and give people some *wriggle-room*, so they can cover themselves financially if things go wrong.

It's also good to set objectives that stretch abilities. I've noticed that if people are optimistic about what they can do they will achieve more than if they're pessimistic. For 'optimism' here, read 'stretch': when setting objectives, talk to people about what might be possible rather than what is impossible. Of course, you want people to be analytical and to be realistic in their response to data that they're presented with, but they should also feel able to stretch beyond their immediate conclusions and reach out for more ambitious and imaginative scenarios. You can help people do this by making sure reward and recognition are clearly visible and by letting them know that you see their work as being about more than just about profit or market share. Get them to understand how their work fits in with the broader societal aims and values of the business - that means letting them know, or persuading them, that their work really is useful.

THREE RULES FOR HIGH-PERFORMANCE TEAMS

1. Don't have a committee of the great and the good. Get together a team of people who really know their stuff.
2. Don't micro-manage. Give people the space and financial freedom to express themselves.
3. Give people 'wriggle room' to make their own mistakes and learn from them.
4. Set objectives which stretch people and help them to see how their work fits in with the broader societal aims of the business.
5. As a leader, recognise that your most important role is the creation of high performance teams.

2

ADVERTISING STRATEGY

When PepsiCo acquired the Walkers business at the end of the 1980s, we had an undeniably great product, but it wasn't yet a great brand.

Think of the difference between a good Shakespearean actor and a great Hollywood film star and you'll know what I mean. For both thespians and packaged goods, it's hard to define the 'X-Factor' that makes a crucial difference between the quality performer and the out-and-out star. So, just as an actor needs to start with a decent agent, it was imperative for us to get ourselves some truly memorable advertising.

Walkers had been pretty well advertised in the past but it had never benefited from *truly memorable* advertising. This time I wanted not a one-off – a simple return for a single spot - but a campaign that would yield compound interest and growth over the long term.

INSPIRATION FROM THE PAST

Although we wanted a radical change in our advertising, I noticed, looking back at the Walkers archive, a number of elements that cropped up in much more recent campaigns. They had played with the idea of a 'walker' – an absurdly dressed man strutting around the streets giving out packets of crisps to a grateful populace – which was something we later echoed with a walk-o-meter campaign (offering free pedometers to our website visitors). There was even an appearance by Gary Lineker in his Everton days doing an endorsement to camera.

I was convinced that with the right kind of imagination and the more rigorous discipline that PepsiCo brought to the party, we could take Walkers advertising to a completely new level. It was vital that we put a lot of effort into understanding the psychology of the brand and what it stood for and we unashamedly used outside help to do so. We asked ourselves questions like:

If Walkers weren't there, how would it be missed?

If Walkers were a person who would it be?

Personifying the brand can really help you bring it to life and raise questions that will nail a solid positioning statement (see [Brand Planning by Kevin Lane Keller](#)). Ours centred on the idea of 'British irresistibility'.



It was important to understand the values at the heart of the product. Walkers was now a nationwide brand, but it was still true to its roots as a local hero and an absolutely top quality product, manufactured and marketed with enormous professionalism and attention to detail. Yet it offered a simple, democratic, unpretentious and accessible pleasure, to everyone. We wanted to make it clear to people that, although we took our product very seriously we didn't necessarily take ourselves seriously. We might look like serious business types but we also had a strategic belief in the power of humour - both as a teacher and as a leveller.

The Sportsman who fitted the brand

With that culture as a basis, we had a stroke of luck with our choice of front man for the long-running Walkers campaign – a certain retired England soccer hero called Gary Lineker ...

In the late eighties and early nineties, Lineker was the golden boy of British sport, having scored 48 goals for England in 80 games, making him the second most prolific goal scorer in the nation's history. Perhaps even more remarkable, was his reputation as a thoroughly nice guy. Indeed, when he retired from professional sport in the mid-nineties, he'd gone through his entire career without a single booking, let alone a sending-off.

Even before he became the public face of Walkers crisps in 1995, Gary had strong Walkers connections. He had grown up in Walkers' home city of Leicester and for a while, his uncle had supplied the company with potatoes.

Walkers' Lineker campaign ran for so long that became difficult to imagine the brand without him. But it could all have been so different: Gary was very nearly a duck.

In the mid-nineties we were looking for a big idea that could sustain a long-running Walkers campaign and we'd just hired Omnicom agency, BMP. Their creative people had gone up to the Leicester factory to look for inspiration and had heard many people saying to each other in a broad East Midlands accent, 'Ey oop, me duck.' Given BMP's penchant for using animals in their advertising, it was perhaps no great surprise when they said, 'Let's use a cartoon Walkers duck!' What they produced was actually very funny and original, but it wasn't an idea that really captured, the brand, the company or our ambition, so we asked them to go away and see what else they could come up with.

Going with gut feeling

On the morning they were due to come in and present their new campaign idea, I briefed my team. 'Whatever you do, 'I told them, 'don't jump to conclusions – don't say yes or no, we must do the overnight test on it.'

The agency walked in and pitched the idea of using Lineker, returning to Leicester from Japan (where he had just finished his football career). He would walk out of the railway station and wander down the street while folk nudged each other and waved at the returning hero. Gary would flash them his dazzling smile, sign autographs and behave as the all-round decent chap that everyone believed him to be. However, when he saw a child eating his favourite brand

of crisps, Walkers, it would all get too much for him. He would ask for the first crisp politely enough, but having tasted it, he'd grab the whole pack and run off munching furiously, with the child in hot pursuit.

When the agency got to the end of the pitch, the brand team, models of professionalism, dutifully told them that comments would be with them in the morning.

But I couldn't help myself. 'Bloody fantastic,' I said, 'we'll do it.' Well, everyone slips up sometimes and, as he who 'carried the can', I just knew it was a good 'un.

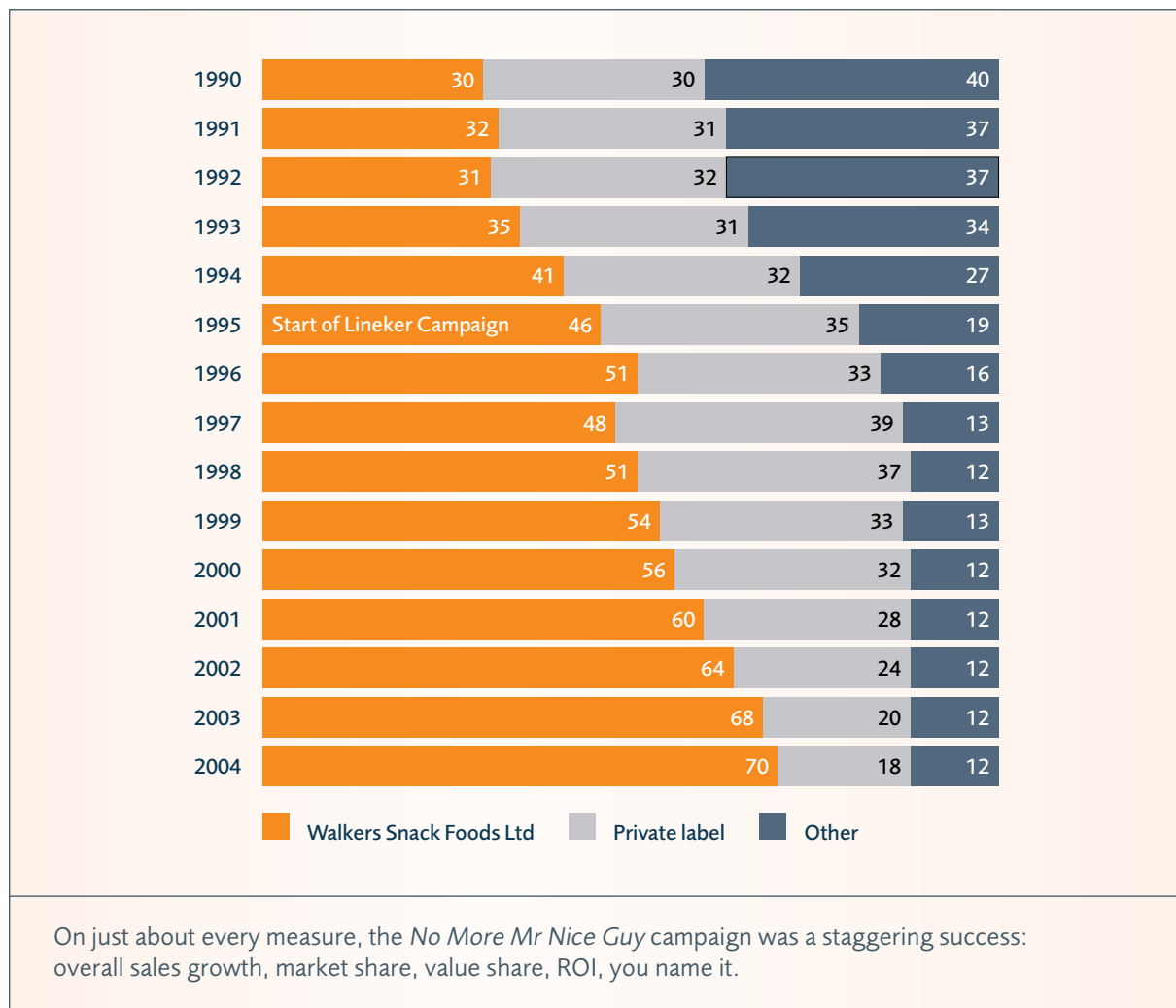
GETTING GREAT RESULTS FROM YOUR AGENCY

There's no magic to getting great work out of agencies but there are some good habits.

- You don't have a dog and bark yourself. People in my position are not experts in advertising, which is why ad agencies exist. It's important to understand that the division of labour is rational and to respect the skills that agencies can bring to the business.
- Spend time on your brief. Know your brand inside out, how consumers feel about it and communicate it clearly. Then rely on the agency to bring that brief to life.
- Give agencies your decision-makers. Creative people will do better work if they're interacting with and pitching to the people who can say yes or no, as opposed to clients who have to get approval from head office or have to go through some committee-based process.

It took a few false starts before our agency, BMP, came up with Gary Lineker in No More Mr Nice Guy. But when they did, it was immediately clear it had the makings of a great campaign with a basic idea that had the legs to run and run. The notion that our crisps were so delicious that they could impel a chap as famously nice as Gary Lineker to steal from children was one that promised to deliver in countless different ways.

Good fortune had its part to play, though. When the first ad went to air in 1995, Gary was known only as a professional footballer. His career as a TV presenter was still some way off and his acting talents were quite untested, so when he appeared as telegenic as he did in that very first commercial it was a huge bonus. We were also fortunate one slack news day that *The Sun* chose to run a front-page story about the campaign. The paper noticed a few complaints (about 12, as I remember) that the Lineker ads were an encouragement to children to steal. Well, while we took our responsibilities seriously, especially towards children, it was obvious such a gripe could only come from those with a major sense of humour bypass so we scored it in the 'any publicity is good publicity' column, took the positives from it and got on with the job. In fact, it had done us a huge favour; it generated an enormous amount of further media coverage and got people talking about the ad right across the country.



However, we now had a bigger challenge than we'd started with. It's hard enough to get noticed in the first place, but how were we going to build on the huge success we'd achieved? Our awareness scores demonstrated that there was a massive economic case for keeping the campaign going. We knew we had enough product news in the hopper to fuel it for a long time and the agency kept showing us ads that could build on that. So we said, let's stick with it and shame on us if we can't keep it fresh.

There's something very British about the quirky humour in the Walkers campaign, but the basic concept behind *No More Mr Nice Guy* seems to resonate around the world. The idea of a paragon of virtue who is tempted to steal delicious crisps is one that PepsiCo has since reworked with local heroes in several other markets: rugby World Cup-winning captain Francois Pienaar is the crisp thief in South Africa, while wholesome singer Marco Borsato is the Dutch protagonist and film star Antonio Banderas does the job in Spain.

Of course, it doesn't take a genius to stick with an obvious winner, but what surprises me is how few companies do it. The problem seems to be that some company cultures promote the three Rs of brand management: Repackage, Relaunch, Resign. Certainly, there are brand managers out there who get tired of advertising, pack design or strategy long before their consumers do.

The brand manager who is so eager to leave a mark, but not to see through his own operating plan is a dangerous beast indeed.

HOW TO MAKE IT MEMORABLE

- Know your brand. Understand the values at the heart of your product and be able to express them in plain language.
- Trust your team. Don't hold your creative partners at arm's length; you're all in it together.
- Stick with success. Don't change for change's sake. Rather hunt down ideas that will inject new thinking and keep things fresh.

3

KEEPING ON TRACK

Over the years, there have been literally hundreds of product launches in the UK salty snacks market. How many of them have really hung on to claim a long-term place in the eating habits of the nation? I would say only three: Pringles, Doritos and Sensations. Of course, I'm proud that two of them wear the Walkers badge discreetly on the packet. I could be modest and tell you it happened because we just got lucky and that would be true up to a point, because you don't achieve anything in business unless you get the rub of the green. However, brands don't grow by accident. At the most basic level, the only brands that grow are the ones that are looking to grow.

Growth is essential in business. Any business that is not moving forwards is moving backwards so standing still is simply not an option. It's strange, then, that so many big multinationals have a reputation for being so very conservative. They seem to have a mindset that likes to work only within its comfort zone, which tends to make them introspective and reluctant to embrace change. Of course, they can often create the appearance of growth – growth in profits, at least – by cost-cutting.

As a marketer at heart, I believe the only type of sustainable growth is top line growth – growth in revenue and volume. This is something that can only be achieved by looking outside, focusing on what consumers want and how the resources of the company can best be used to serve them. These days, the only companies that can afford not to have a marketing mindset are monopolies, and they, thankfully, are rare.

Walkers won because our competitors were more impatient, less focused on making good products and out of touch with the wants and needs of their market - who are discerning enough to know the difference between a quality product and an average one. Ultimately, however good your advertising, sales drives and promotions are you have to have a good product if you want to grow.

WHY BIG BRANDS LOSE IT

There are three main reasons why once-mighty brands are brought low.

1. They lose their quality advantage.
2. They get arrogant about price and think they can command a massive premium versus competitors.
3. They lose contact with teens, who might be a small part of the market, but are vital as they represent the next cohort of brand users and prevent managers from shaping the brand in their own likeness.

4

THE QUEST FOR QUALITY

It would be nice to say that Walkers went from business plan to megabrand in one cunning and brilliantly executed leap; but it didn't. It was built patiently, from the bottom up over a generation and more. In recent years, we refined our brand philosophies into one, built around three cores: advertising, sales promotion and in-store merchandising (all of which I'll come to later). But I made sure we never forget those three cores were rooted in solid bedrock: the unimpeachable quality of the Walkers product.

If making quality products were cheap and easy, everybody would do it. But quality costs money and it's all too tempting for businesses to view it as something they can skimp on or trade off for other product attributes such as image, style or price. At Walkers we never saw quality that way. From the very start, I knew we had to be prepared to go to seemingly unreasonable lengths to achieve consistently excellent quality.

The reason for the obsession was simple: crisps taste much better when they're fresh. Given the number of packets the average Brit consumes in a week, we had to meet the challenge of selling to the world's most discerning connoisseur of the potato crisp. So we had to be sure our crisps tasted good - every bag, every bite.

At the most basic level, quality means ensuring that raw materials are absolutely top notch. Picking out potatoes with the black bits in might sound easy, but when you're dealing with

350,000 tonnes of them annually, it's a serious business. Quality also demands that production is the best. Managing a successful manufacturing business involves mastering every single one of the huge number of repeated actions that make up the process. It requires a laser-like attention to detail, which British firms are traditionally good at missing, which is a shame. Nobody would deny that many British firms are good at flair and creativity but filing a patent is very different to turning an idea into top-quality, mass-market product. And you don't need me to tell you which is more profitable...

Of course, you also need to develop a sense of how the quality of your product compares with other offerings in the marketplace. Most companies test quality against both their own current products and their competitors' products. This is a useful exercise but it can also produce an attitude in which a business becomes satisfied with products that are 'good enough'. The result of this is an inevitable downward drift in quality as products become benchmarked against a declining, internal standard rather than the external reality. To avoid this happening, Walkers developed a 'Gold Standard' crisp – one created from the very best potatoes and fried in the very best conditions. The Gold Standard gave us a True North in quality terms - an ideal of the perfect crisp that we strove to put into every pack, every day of the year. It's quite a challenge when you depend on a raw material as variable as the potato.

It's also important to recognise the role that sales and distribution plays in the quality circle. In the early 1960s, Walkers decided to limit the expansion of distribution only to areas where the delivery of fresh product could be guaranteed. This restricted the company to the Leicestershire area for years. Back then, the sales force would be actively discouraged from selling too much product to the same store for fear that sell-by dates would expire. In certain cases, supply would even be cut to outlets altogether if they weren't shifting packs fast enough. These days, with modern technology and better distribution, that's not such a problem but Walkers still ensures that products are held in the system for no longer than a few days before getting trucked out to over 2,500 delivery locations around the British Isles. In fact, today, most Walkers crisps are eaten within just two weeks of manufacture.

Developments in packaging technology helped in our quest for quality, too. I believe that packaging is not just about displaying product to its best advantage, it's also crucial in ensuring product reaches the consumer as fresh as it possibly can be. That means seizing any innovation that offers the slightest improvement in packaging, regardless of cost.

- When Walkers changed from see-through plastic to shiny foil bags in 1992, we were told it would be unpopular because customers wanted to see what they were buying. But we knew crisps that come in foil bags seal better and are less exposed to sunlight, which means they deteriorate less quickly.

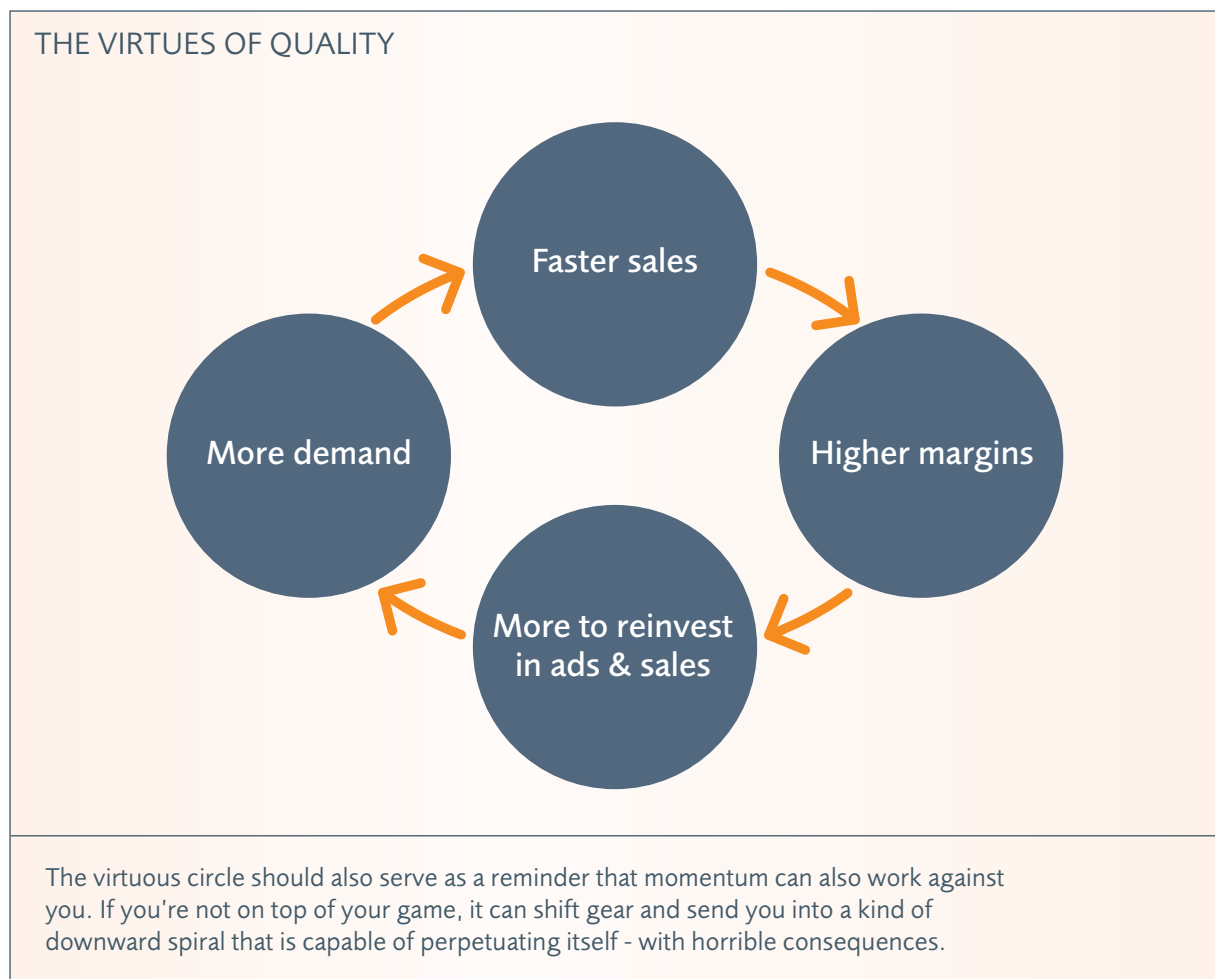
- When we started flushing the packs with nitrogen in 1996, some people told us it would be too expensive and therefore unfeasible. But we knew that by reducing the effects of oxygen on our crisps, we could keep them fresher, so we went ahead anyway.

In both cases, we decided it was our job to sell people the benefits of the new packaging even if they weren't immediately apparent. As it happened, some consumers noticed the difference right away and even wrote in asking if we'd changed the product. We hadn't, they were just experiencing their crisps fresher than ever before.

The virtuous circle

Ultimately, with many food and drinks products, quality creates a virtuous circle. If you have a high-quality product and you sell it fresh, it will sell faster. Faster sales means higher margins, which gives you more money to reinvest in demand-building like advertising and selling, which, in turn, will sell product faster still.

If you get into that loop, you're in pretty good shape.



Make quality a journey, never a destination

I believe you should improve quality as a matter of faith even if you can't prove that people are going to appreciate it. That's why I always wanted to be sure that when people were eating a packet of Walkers crisps, they could be certain that it was a little bit better than yesterday but not quite as good as it will be tomorrow.

As Mark Twain once said, *'Continuous improvement is better than delayed perfection.'*

MAKE QUALITY YOUR RELIGION

- Put your faith in quality. Just like Heaven, the rewards are long term and lasting.
- Remember that God is in the detail.
- They also serve who sell and deliver. Praise the role of sales and distribution!
- The quest for quality has no end. Make it your job to always promote and improve quality throughout the organisation.

5

PROMOTIONS

Crossing the line

When I joined Cadbury Schweppes from university in the early 1980s, one of the first concepts I heard about was 'above and below the line'. The 'line' was an unquestionable fact of marketing life, a bit like the Berlin Wall – something terrifying and impassable that divided two halves of a territory with rigid and unarguable certainty. But if you stroll through the centre of Berlin today, it's hard to believe that the Wall ever existed, let alone to figure out where it went or why on earth it was there in the first place. I have exactly the same feeling about the famous marketing 'line'.

I've heard lots of explanations and excuses for it but ultimately it seems to come down to this: above-the-line is for grown-ups and below-the-line is for office juniors. After all, how many head honchos spend the same amount of time with their promotional agency as they do with their advertising agency? There's a certain breed of marketer who is quite happy to talk TV commercials all night, but when it comes to point of sale they're always far too busy.

In contrast, I came to Walkers with a belief that sales promotion works. I saw it as a great opportunity to innovate, have fun and make a difference – and not just to the top line. I was lucky that PepsiCo thought along very similar lines. Based on observations of many different marketplaces around the world they had reached the conclusion that product news drives sales growth and were prepared to back this belief by taking a very liberal view of the marketing mix. So at Walkers, I banished the idea that a marketing budget should have x per cent spent on advertising, y per cent on sales promotion and z (which often stands for zero) per cent on selling.

This meant we had to think flexibly and work out where we could generate the most bang for our marketing buck. That doesn't mean that we didn't attach importance to advertising, of course we did, but we simply realised that it's important not to neglect the many other ways in which people interacted with our products.

It's a strategy that paid off. We didn't spend much by FMCG standards but the return were significant, so I'd have to say that Walkers' marketing was particularly cost-effective.

We weren't the first people to understand that product news drives sales, but we were quicker than most at figuring out how to make it work. Too often in marketing, product news is about little more than stamping 'New and Improved' on the outside of the packet. Understandably, consumers get sick of it. As people buy Walkers products so frequently, we had to make sure we engaged with them in a more meaningful way.

We tried to think of the brand as a favourite character in a soap opera whose story twists and evolves over a number of episodes. We did this by ringing the changes at many different levels. Product news could be something as obvious as the announcement of a flavour upgrade or the launch of a completely new flavour – like 'Turkey and Paxo' for Christmas time or 'limited edition' flavours such as the Great British Takeaway series that we ran in 2003. When our local football club, Leicester City, won promotion to the Premier League we even did a special packet to celebrate the achievement.

News worth using

We were also creative in our promotions. Back in 1993, we innovated by introducing *Instant Wins*, which involved putting five-pound notes into certain packets of Walkers crisps. Getting hundreds of thousands of fivers into that many packets was a logistical nightmare, but it succeeded in generating huge word-of-mouth endorsement for the brand and massive sales uplift. It not only created discussion down the pub, it also gave people an extra reason for putting a bag in their basket when they went to the corner shop – exactly the kinds of thing that a good sales promotion should be looking to achieve.

But the promotion I'm most proud of – and the one that I felt really did make a difference in more ways than one – was *Free Books for Schools*. We had looked at the success of similar campaigns and asked ourselves if we could implement a similar cause-related marketing programme. Our opportunity came when we heard about a Department of Education initiative to improve the focus on literacy in schools by introducing a mandatory one-hour's reading into the school day. Unfortunately, schools had been suffering from budget cuts over a number of years and, although they had textbooks, they didn't have enough fiction. To help remedy the problem we

got together with News International (parent company of *The Times* and *The Sun*) to introduce a joint promotion. The idea was that if you collected 100 wrappers or 100 newspaper mastheads, you would get a free book for your school. Fronted up with a witty TV spot featuring Gary Lineker disguised as a crisp-stealing teacher in a latex mask, the promotion made a remarkable impact. School kids around the country got together to clip coupons, while grown-ups organised community collection schemes and within four years there were an extra seven million new books in UK schools. Although I can't present figures that demonstrate the impact the promotion had on sales, it undeniably drove a fondness for the brand. In fact, I believe the campaign did more than anything else to turn Walkers from a great British brand into a *loved* British brand. And that, as they say, is something that advertising budgets just can't buy.

THE SALES PROMOTION REVOLUTION

- Tear down the line! There is no above and below – let all marketers be free and equal.
- Spread the word! Product news drives sales.
- Sure, advertising is sexy, but promotions can be just as powerful.
- Don't just dabble! Think big, invest big and be strategic in your sales promotion.

In-store showmanship

You've got to be seen to be sold. The modern supermarket is not so much a shop as a theatre of commerce – one with the longest chorus line you've ever seen. A big store may have as many as 30,000 stock units screaming for the audience's attention.

Consequently, to sell in this environment you have to know how to tread its boards: how to grab attention, how to upstage, how to get into the mind of the shopper, how to milk the applause. That doesn't just apply to huge out-of-town-superstores; what works there will transfer quite easily to the local shop also.

THINKING OUT-THE-BOX

In the early nineties crisps were typically sold out of boxes with a hole punched in the top, unceremoniously staked on top of each other in-store, so you'd have to shove your hand inside and who knows what product you'd get out. We invested a lot of time and effort in working with and listening to our distributors and the retail trade - eventually coming up with a firmer packaging that would stand on its own and actually promote itself in-store. We then showed retailers that by working with us to merchandise Walkers products more effectively (even though it involved an extra labour cost to them) they would also do better. A fairly simple concept which increased sales of Walkers crisps by 22%!

Bringing goods to life in store also requires a detailed knowledge of shoppers' habits. Using techniques like video observation can help you understand how people shop, where they purchase a brand and how they feel about that process.

For example, people rarely make shopping lists these days; instead, they choose to wander round supermarkets in a haphazard manner. Such behaviour makes expected routes through a supermarket and destination points far less predictable (e.g., you can no longer rely on the smell of fresh bread from the bakery at the back to pull the customer down the main aisle of a store). As a result, displaying products in one clearly signed, predictable location is no longer enough, particularly if you want to take advantage of the impulse purchase.

We worked with our retail partners to stimulate associations by identifying what we coined 'points-of-interruption' and 'points-of-affinity' in-store. One of the many ways of doing this is to position big sharing packs near soft drinks and alcohol: they are often consumed at the same time and so people make a natural link between them.

The mutual benefits of working with a retail partner to maximise sales in-store are obvious; but the challenge for the brand owner is to see things not just from the shopper's perspective but from the retailer's as well. That's why I spent a lot of time personally looking at how our products were merchandised and how they were handled in-store.

See for yourself

I believe the world is a dangerous place to view from the vantage point of a senior manager's desk. You should never confuse sending someone to the front line with going there yourself. I made the time to go and work in a supermarket for a day or two every year and I never regretted a single moment of the experience. Seeing things for yourself can elicit many invaluable insights that you might otherwise have missed. For example, I discovered that 26 per cent of out-of-stock situations could be avoided simply by bringing product out of the stockroom and getting it onto the shelf. That demonstrated clearly that it was our job to make the shelf stackers' work as easy as possible - ensuring products were easily identified in the stockroom and simple to move out to the store. It might not sound very glamorous, but it's just as important as getting the advertising right.

YOU'VE GOT TO BE SEEN TO BE SOLD

- Demonstrate to your retail partners the mutual benefits of working together.
- Think through all the ways in which your customers interact visually with your products.
- Do field work. Experience things yourself. Spend time with your retailers and learn everything you can about how your products are handled in-store.

6

INNOVATING FOR GROWTH

There's always been a kind of restlessness at PepsiCo (Walkers' parent company) that I was more than happy to buy into. It translated into us never being satisfied unless we were challenging ourselves or trying new things. That can be dangerous in business though – meddling with a successful formula is never to be recommended. The trick was knowing when to keep it tight and when to allow the team to let things hang a little looser. Let me give you an example: changing a product specification, like the flavour of Cheese and Onion would have been a very big deal for us. But I was quite happy to change the name of a product if I thought it would get the brand noticed; like replacing 'Salt and Vinegar' with 'Salt and Lineker' to enhance brand awareness on the back of the advertising campaign.

We had to be careful where we were bold. But I believe that *in areas where you're not going to break the bank or bet the company, bolder steps are more effective than timid ones* - and a lot more fun and motivating.

So what counts as a bold step and how do you make sure you're being bold and not reckless? Well, let me offer these illustrative examples from a couple of defining moments in Walkers' history.

The risks and rewards of innovation

My biggest call was the launch of Doritos in 1994. In the early nineties, we were well on the way to establishing Walkers as a megabrand, but we wanted to explore ways in which

Walkers' brand properties could be applied across a wider range of products than just crisps. We wanted to know how far we could stretch it, so we conducted market research to find out whether we could put the Walkers brand on a piece of confectionery or a cake, for example. Perhaps unsurprisingly, we found that it wouldn't work with a sweet product, but we had a big licence on anything savoury, giving us an opportunity to use Walkers as a quality stamp for other products in a larger portfolio.

Some companies manage their portfolio by treating their products as a stable of competing power brands – Mars, for example, is quite happy to see brands like Mars, Snickers and Bounty go head-to-head in the market. I didn't want to go down this route as it would require considerable expense in launching new brands as well as undermining the megabrand status that we had built for Walkers. Of course, we could have decided to launch a series of Walkers brand extensions, but we felt that this ran the risk of losing impact by spreading the name too thinly. Eventually, we settled on a 'sun and planets' model in which Walkers crisps was the 'sun' brand providing a centre of gravity and a quality halo for a number of other snack brands which would gain lustre through their association with Walkers while retaining their own identities. The big question was: *which product or products, exactly?*

If you compared the US and UK markets at the time, the most noticeable difference was in the tortilla chip market. In the US it was massive, while in the UK it was pretty tiny in comparison to crisps and dominated by a small aspiring brand called Phileas Fogg. Phileas Fogg had a fairly upmarket positioning, which relied on hot flavours with a harder texture than the Doritos chip that PepsiCo produced in the States. We believed there had to be potential for Doritos to move into the UK market. But could Brits be persuaded to purchase corn chips in significant volumes and how would they react to this hitherto unheard-of American brand? When we concept-tested Doritos corn chips versus Walkers-Doritos corn chips we discovered that the Walkers quality stamp gave us a pretty convincing 12-point difference. We concluded that this added familiarity should allow us to mainstream corn chips into the UK market for the very first time and take advantage of a potentially huge opportunity.

Although the market research looked reliable, the investment decision was far from safe. To launch Doritos would require putting a new team and a new factory in place at a not insignificant cost of £15–£20 million. This, based on a hunch that people would change a lifetime's buying habits and start consuming a completely new product. It was sweaty palms time! Close cousins we might be, but there is still a long and ignominious history of products and cultural habits that didn't quite transfer across the Atlantic - drive-in movies, baseball, pumpkin pie, double-dating, the Superbowl? Aren't we the classic case of two nations divided by a common language? PepsiCo also had a tough time with two previous UK launches of Stateside successes: a corn curl called Cheetos and a ridged crisp called Ruffles, both of which had lacked the significant points of difference to make the desired impact on the UK market. I felt certain that Doritos was another

case altogether, but there was certainly enough negative material there to build a convincing nightmare scenario.

Decide it and ride it

Thankfully, I'm not a pure gut-feel decision-maker. Over the years we developed a range of product tests that helped us work out whether a product has got a chance of beating the odds in the marketplace. That's reassuring, to say the least, but I always invest time in sifting out what appear to be unconnected facts and making rules from them. I can't deny, though, that I use intuition to narrow down options; blending hard data with a healthy suspicion about how much that data can influence a decision. My view is that I'm paid to take a decision based on 80 per cent of what I need to know and then a judgement on top of that. Sometimes, when you're leading from the front, you just have to go for it and accept that all decisions have an element of courage in them.

Of course, it helps to have a trusted team and a respected group of external advisors to turn to when you need a different perspective. However, at a certain point in any debate, you need to hold your hand up and take responsibility for the decision. It can be a tricky moment, particularly if it comes at the end of a lengthy and passionate discussion and you know that others in the room remain unconvinced by the arguments. In that situation, I use a 'Gimme'.

The people I work with know that I won't allow myself more than two or three 'Gimmes' over any major issue, but they accept that at a certain point I may have to look someone in the eye and say, 'This is one of my "Gimmes"; you'll just have to go with me on this.'

Once we had the business case for Doritos together, we wanted to get into the market fast. Assembling a cross-functional team that could get a new factory up and running and train our new recruits was vital. We all knew that if we could make Doritos successful it would be a step change for the business. To pull it off would be seen as something remarkable (in the packaged goods world at least) – both a source of pride and a great business memory.

And you know what? *We did it!* We got a new factory up in record time and, within three months of launch, had tripled the size of the tortilla chip market in the UK.

There were certainly some wrong turns along the way. I would have been surprised if there hadn't been. Despite our best efforts, we didn't manage to nail a positioning for Doritos as successfully as we had done for Walkers, which meant that we didn't find a truly successful advertising campaign until we came up with *Friendships* about four or five years down the

road. We were also probably too conservative with our pack formats. Because we wanted to mainstream Doritos, we focused on small packs and multi-packs to suggest that people could eat them in the same way as crisps. This meant that we were a bit slow in introducing big bags. When our marketing VP, Neil Campbell, took the plunge and decided to do so, it added a significant layer of growth for the business and allowed us to build a dip business on the back of it, too (I like to think: a good example of how 'wriggle room' (see chapter 1) can really work).

Losing battles to win a war

I believe that in any new project you need to build in the concept of a *batting average*. Let me explain. In cricket, each time you walk out to bat you understand that you could get bowled out and be walking straight back in again one ball later with nought against your name. It has happened to the greatest names in the sport, sometimes twice in the same match. But over a season, or several seasons, or a career, these things should even themselves out. If you can offset a couple of disasters with a couple of spectacular successes and leaven the whole enterprise with a few solid performances, you should end up with a reasonable batting average. And that was the case with Doritos. We had the talent, we had the technique, we had the guts to lead the market and there was nothing wrong with our fundamental proposition.

DECISION-MAKING

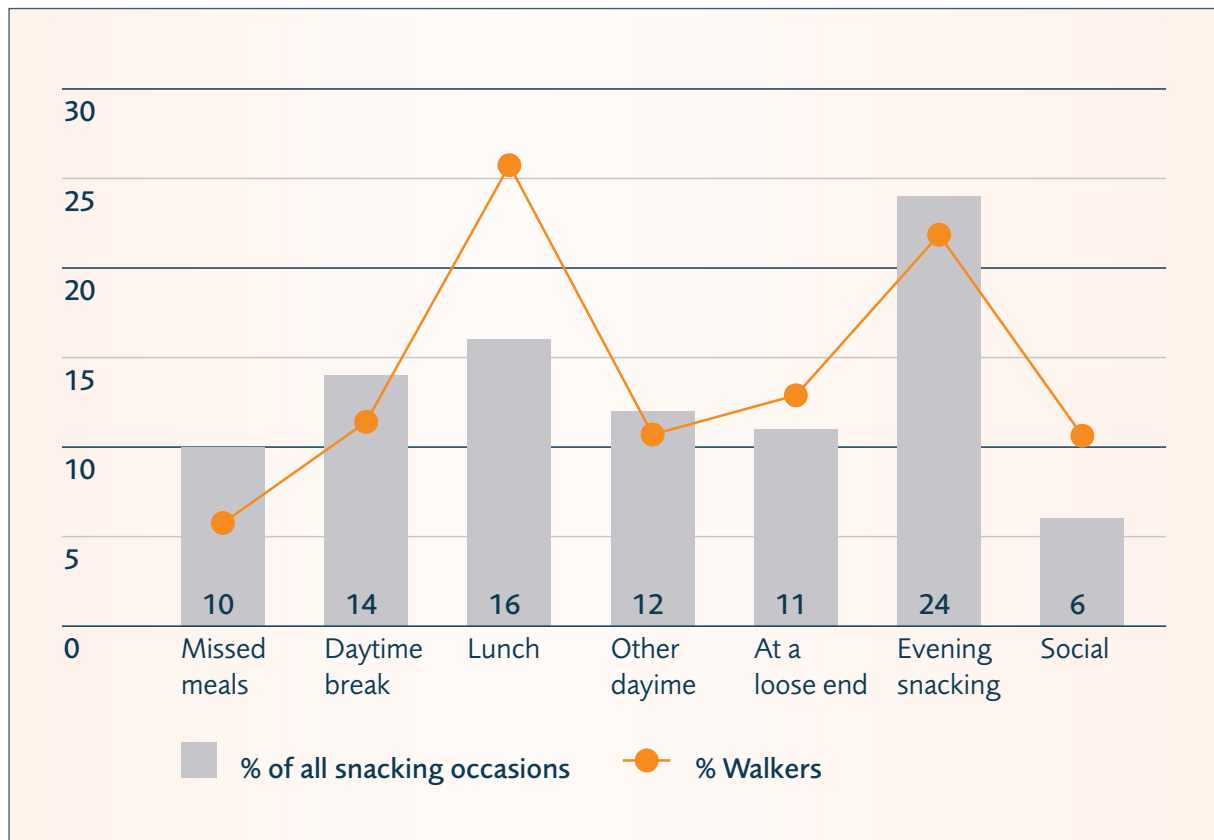
- Before you make a call, research the hell out of the issue, but accept that all decisions have an element of courage in them.
- Allow yourself two or three 'Gimmes' on any big issue.
- When you're assessing the success of a project, build in the idea of a batting average; you won't get everything right first time.

I consider Doritos my biggest call at Walkers because the stakes were so high. And not just because of the financial investment - when I talked to the excited new recruits at the factory in Coventry on the day it opened, I got a sense of just how much further my responsibility went. Although the risks seemed great, I knew the odds were in our favour. Doritos had been a success on one side of the pond, so despite all the dark moments of paranoia there was no reason why we couldn't adapt and apply the lessons we had learnt to make it work in the UK.

Walkers Sensations, on the other hand, was a different matter entirely.

With Sensations, the situation was reversed: the stakes were not so high but the odds were far less favourable. All business ideas start with an insight – or, better still, a whole clutch of them.

For us, the Sensations project kicked off because the research told us that people weren't eating nearly enough Walkers crisps in the evenings as we thought they should be. Part of the reason for this was that we were so successful at getting into the nation's lunchbox that people wanted something different when they got home after work. This was certainly not something we could leave unaddressed - the evening period represented the single biggest snacking occasion, accounting for 24 per cent of snack consumption.



Looking into it further, we discovered that:

- Evening snacking was dominated by indulgent foods such as ice cream, chocolate, cakes and sweets - looked on as a treat at the end of the working day, to help people unwind and relax as they put their feet up in front of the TV.
- In salty snacks, the Pringles brand massively over-indexed compared to Walkers in the evenings because it offered just the kind of indulgent treat cues that people were looking for.
- Women, especially those with children, were a primary element of the evening snacking market as they saw this as a time when they could relax and indulge their own needs rather than those of their employers or families.

The opportunity was captured very neatly in a Five **Ws** analysis (**Who** eats **What**, **When**, **Where** and **Why**):

- Who?** Women, especially those with children
- What?** Indulgent treats
- When?** In the evening
- Where?** At home
- Why?** To unwind and relax at the end of the day

Armed with these insights, my team, led by Neil Campbell and Jon Goldstone, started to develop a proposition for a new product that would be aspirational enough to appeal to the evening snacking consumer, but accessible enough to sit comfortably in the Walkers stable of products. We saw the opportunity as 'Premium Mainstream' and defined the brand platform with the simple, but memorable line:

'Posh crisps from Walkers'

The word 'posh' was crucial because, as a slang term for smart, elegant and exclusive, it summed up the almost contradictory 'down-to-earth / up-market' positioning we were looking for.

In developing the product itself, our R & D people had two variables to play with: the base and the flavour. We had learnt that consumers expected a 'Premium Mainstream' crisp to have a crispier, crunchier, slightly thicker feel than an 'everyday' crisp, while the flavours needed to be a little more 'grown-up' and 'authentic'. We figured that a typical everyday flavour such as 'Cheese and onion' would translate into 'Parmesan and caramelised red onion' as a Premium flavour, which gave us the chance to split the difference and create 'Four cheese and red onion' to meet the needs of the 'Premium Mainstream' segment in between.

Perhaps I'm making it sound as if the whole project was driven by research. Up to a point it was, but there was still room for a bit of gut-feeling. Pre-launch we found that the Thai Sweet Chilli flavour always tested badly. Nevertheless, we all really liked it and it was certainly the pack in the office that was (secretly) eaten the most. So we decided to trust our instinct and launch it anyway. And you know what? It became our best-selling flavour with the highest repeat purchase. This just goes to show that, in research, there can be a big difference between what people say they want and what they really like. So when you use market research, don't be like the drunk found leaning on the lamppost. Remember, *it's not there for support; it's there for illumination*.

Finding a name for this new product that offered the appropriate adult indulgence cues was a real headache. We tested some like 'Couch Potatoes' and 'Sundowners' which almost made it, before we settled on 'Sensations' as a name which conjured up the taste sensation at the

same time as referring in a light-hearted way to the pleasure of eating them. It also passed the 'shopping list test' of being a name that people could remember and write down easily. We backed up the message by using a pack that communicated adult food values and sent out clear signals that this was a serious competitor in the premium market. We felt that the use of white on the packet was a particularly bold step, as white is a colour normally associated with private label or generic products.

The advertising for the launch centred on the use of Victoria Beckham, AKA 'Posh Spice'. Even if she hadn't been known as 'Posh' she would have been a perfect fit for the brand. Her public image already embodied the Mainstream Premium position we were seeking and her marriage to one of Gary Lineker's successors (David Beckham) as England captain provided a neat link to the parent brand. The main focus of the ads was to send up Victoria Beckham's 'poshness' by showing her doing things like wearing a crown, sitting on a throne and ordering her servants about. This allowed us to reinforce the message that Sensations was an indulgent treat, while suggesting that it was sufficiently down-to-earth to be enjoyed on a regular basis.

The use of Posh generated a real multiplier effect for us. There was huge media excitement with numerous photographs, articles and features in the tabloid press and gossip magazines. We estimated the free column inches were worth in the region of £2 million of equivalent media spend alone. She also brought tremendous talk value to the new brand, creating a buzz in workplaces, shops and pubs as people discussed, gossiped and joked about her appearance in the ads.

As with everything we did, we backed up the advertising campaign with sales promotion and extensive in-store merchandising. In fact, so successful were our point-of-sale materials that we managed to gain around six miles of fixture space in grocery and eight miles in impulse in shops and supermarkets across the UK!

After only twelve weeks, Walkers Sensations had established itself as the third biggest brand in the market behind Walkers standard crisps and Pringles, with a share of nearly four per cent. Sales exceeded target by 200 per cent inside the first year and we even experienced capacity problems at the factory as we struggled to keep up with demand.

Innovation + Strategy

I claimed that Sensations is an example of innovating for growth, but when you look back over the story, you'll find no 'eureka' moment of inspiration or breathtaking stroke of genius. There are no crazed scientists here making momentous discoveries or wild-eyed blue-sky thinkers.

So where, you might ask, is the innovation in the tale?

For me, the fact that the story of Sensations lacks all the clichés that we have come to associate with creativity is really the key point. *Innovation in business rarely, if ever, proceeds in giant leaps.* It is far more likely to edge forward in small, incremental steps - improving a product that people already like and are already happy to pay for. This is often better than trying to re-conceptualise people's habits entirely. After all, a great many innovations have been brought to market over recent years. But how many have stuck? What was the last new product that made a fundamental difference to the way people live their lives? I reckon you'd have to go way back to the first mass marketing of the personal computer.

Thinking up great ideas is one thing, but turning them into vehicles for profitably and growth is something different altogether. The ideas that succeed in the market are not necessarily the most brilliant ones, but those driven by companies that know how to put a total business strategy behind them and follow it through with ruthless attention to detail.

INNOVATION

- Good business ideas start with an insight – or even a whole clutch of insights.
- Innovation succeeds only with commitment and courage.
- Market research can be a lamppost to show you the way, but it should never be something to lean against.
- Don't expect to innovate in giant leaps. Most innovation proceeds by way of small but accumulative incremental steps.

7

THE PEOPLE ASSET

Value people and mean it

The journey of a crisp from the potato field to the taste buds is bewilderingly complex. It involves millions of small steps and tiny transactions, not to mention thousands and thousands of individuals: farmers, factory workers, truck drivers, salespeople, shopkeepers . . . the list goes on. Collectively, these people make the strategy happen. But it's important to always remember that there's no one person and no one part of the system that holds the key to the whole. A business system this complex relies on delegation, devolution, empowerment and motivation. In short, you have to trust people - those who are prepared to go the extra mile make a massive difference to any organisation.

In a multi-touch-point business like Walkers, where individual actions can have a huge multiplier effect, these people are crucial. When you make 12 million packets of anything a day, one person who makes a one per cent difference anywhere in the chain will save you an awful lot of money. Therefore, when I say treat every single one of your employees and partners with consideration and respect, I mean it. We should assert this not just because we like to think we're nice people but because there's a cast-iron business case for it.

It's easy to be cynical about this kind of thing. Most of the big beasts in the corporate jungle seem happy to trot out glib phrases about how they value their staff and put people first – even the ones who are famous for treating their workforce as dog food.

So how do we make sure our lofty sentiments are not just so much hot air?

Building Employee Regard

What gets measured gets done; so around the world PepsiCo has a formal process of checking what they call 'employee regard' - finding out what people think and how they feel about working for the company. Although Walkers regularly got results showing that 85 per cent of employees were proud to work for us, it never gave any grounds for complacency. We made sure to remedy any grievances and use the findings as a basis for continually improving the relationship between employer and employee.

Our ethos stated that, 'people who work for us should have a stake in the business'. So everybody got ten per cent of their remuneration in PepsiCo stock. It makes perfect sense to do this: the more closely you align your workforce's interests with your company's, the more motivated your people should be. It only works, though, if they understand what the company is trying to achieve and what their shares really mean. After all, what other reason is there for, say, a front-line packaging film operator to take an interest in the arcane workings of the stock market?

Consequently, Walkers established a formal programme of business education for every employee in the business. We explained how a commercial organisation works, what consumers want and how we make the products that meet those needs. We also discussed fundamental issues such as why it's necessary to make a profit and what level of profitability is right for the business. This might sound like obvious stuff, but until recently there were very mixed attitudes to the idea of profit – certainly in the UK. In the USA and to some extent in continental Europe the market had been accepted as the pre-eminent mechanism that runs the economy for at least 50 years. But until perhaps as late as 1997, there were still very polarised views of profit in British society – for many people 'profit' was still a dirty word.

Therefore, I felt it important to give people our take on the issue, although we were careful to make sure it was not a propaganda exercise - it's not just about spreading the good news but also keeping a sense of balance. Undeniably, business is a tough game - there will occasionally be blood on the mat and most people understand that. The thing I really enjoyed (and still do) was chatting to hundreds of people on the shop floor about share price, growth forecasts or current P/E ratios because I could see that not only were the commercial imperatives being understood all the way down the line, they were being achieved with genuine enthusiasm.

The return on investment from these kinds of programme were clear, on two very fundamental levels:

- We were blessed with very good people
- Both our staff turnover rates and our accident rates were far lower than average

These two facts are closely related – experienced people in a factory understand what's going on around them and are more likely to have ongoing dialogues with supervisors and managers. That means that faults are picked up early on and action can be taken before anything goes seriously wrong. It also means that considerable input comes from shop-floor employees relating to all aspects of the business. At Walkers this encompassed everything from how to improve productivity to the kind of flavours that were trendy with people's kids.

Continuity of People

All this leads to an ongoing and positive permanence at the human level. There's a very good body of evidence that says great companies and great brands have continuity at their core. Look at the Porras and Collins book, *Built to Last*. Objectively based on empirical evidence, it demonstrates how the companies that have lasted are those that typically have continuity in people, continuity in strategy (a strategy clear enough to be consistent) and continuity in execution standards. Brands adapt with society, companies adapt to life changes but a continuity of management, I think, especially is critical if a business is to stand the test of time.

Being consistent and staying loyal to Lineker paid dividends for Walkers; but the campaign wasn't just consistent in the choice of front man. We applied the same principles behind the scenes as well. We kept the same VP of Marketing (Neil Campbell) and stuck with the same external advisors. We also kept with the same commercials director (Paul Weiland) right from the start of the campaign. Occasionally, we needed to take things to a new level, which we did by switching agencies from BMP to AMV (but remained loyal to the Omnicom group of agencies and, of course, kept the same campaign running through the switch). As a result, we built up a rich fund of instinct, intelligence, folklore and memory - held in the minds of a team of people who nurtured Walkers' success over a number of years. There must be something in it: with more than 50 commercials aired since the first *Welcome Home* ad.

RESPECT

- People in an organisation who are prepared to go the extra mile are worth their weight in gold. Nurture those people.
- Make sure everyone in the company understands how the business works and make them proud of what it's trying to achieve.
- Continuity of management increases its value over time
- Minimise your staff turnover. Employee loyalty pays dividends in many ways.

8

PARTNERSHIP RELATIONS

Suppliers and trade partners

I've learned that galvanising the system is not just about the people who work for you, it's also about the people who work *with* you – like suppliers and trade partners. Many companies take an adversarial position in these relationships. They see these people as little more than a long-running haggle on quality, price, terms, conditions and delivery times. That doesn't sound like a lot of fun to me.

A way to short circuit that problem is to view things from a technical rather than an emotional standpoint. I prefer to engage in such relationships as the classic 'tough but fair' kind of business, taking a long-term view with suppliers because it's beneficial to do so over time. In purchasing potatoes, for example, we worked with long-term contracts, whereas most of our competitors bought in the spot market. To put it simply, we fixed the purchase price for some time in advance, while our competitors let the market set the price for them and bought from whoever offered the best deal at the time. The downside for us was that when good potato harvests came around and the market price fell, we were unable to take advantage of it. Of course, when the harvest was poor and the price rose it worked in our favour. More importantly, this arrangement gave our suppliers a predictable future income with a security that allowed them to plan. I've found it's worth it - the loyalty shown on both sides produces benefits in terms of both quality and productivity.

We applied the same pragmatic principles to our relationship with the trade. For many manufacturers, the issue of price dominates this relationship as well - that's what buyers always want to talk about. But discussing price with these people is a waste of time. I'd much

rather work on ways to develop the market. So at Walkers we offered a completely open and defensible price list. All our customers saw that there were no special deals. The price they bought at was a function of their size and how much they purchased along with the rate at which they were growing. This meant that Walkers was never embarrassed by a price, even when a buyer moved job from one chain to another or when a new supermarket chain was established. This freed up our time considerably to work on achieving growth - something that benefits everyone concerned.

Granted, there is always a degree of healthy tension in relationships with suppliers and trade partners. All parties are interested in getting the best price for themselves, but bullying relationships achieve little in the long term. Hard-nosed business sense tells me that if you treat people decently, you get far more out of them.

DON'T TREAT THEM LIKE OUTSIDERS

- Take a long-term view in relationships with suppliers and trade partners.
- Think carefully before you buy from the cheapest supplier. Staying loyal to your suppliers can pay off in terms of quality and productivity.
- Recognise that price is significant to your trade partners, but get them to see that growth is far more important to all concerned.

9

CHALLENGER MENTALITY

Adopting and maintaining a challenger mentality is critical to big companies - the most successful companies work to develop and retain it.

There are at least two levels where you can propagate the challenger mentality.

Firstly, don't be afraid to make enemies. Look at Tesco (now the UK's largest supermarket chain); they overtook all their competitors by relentlessly challenging them at every level. They have been good at creating new adversaries, even if the outside world hasn't seen it. Having a meaningful enemy creates positive focus for an organisation.

Secondly, always create new goals and look for benchmarks where you under perform.. In Walkers' case, in the snack food business, we always looked at new opportunities for selling product – times of the day, new market segments or occasions etc. At PepsiCo we maintained a relentless growth imperative that encouraged or even compelled people to do new things. This makes for a restless culture that likes to be challenged and to take bold steps. In fact, I believe you won't grow *unless* you're bold. Life's too short to make small changes to small things all the time. Make small changes to big things. Or even better, make big changes to bigger things.

I've found that if you really focus on growth, the profits will look after themselves. While profit growth defined what we did at Walkers, doubling profitability in just five years was never an explicit objective, it was a natural result of the way we developed.

STAY RESTLESS

- Always have an enemy. It doesn't matter whom. Pick on someone or something. Conflict focuses the mind.
- Always create a new goal. Be bold and ambitious in your thinking. Strategy is stretch.
- Always look for new benchmarks. Find out where you under-perform and define your market differently. If you've made it to the top of the tree, it's time to start on the forest.

10

CORPORATE AND SOCIAL RESPONSIBILITY

What is Walkers' contribution to society? They make nice crisps that people enjoy. It doesn't sound much, does it? It's not a cure for cancer or a prescription for world peace. That's why I always encouraged taking our product seriously, deadly seriously, in fact. *But not ourselves*. Our job was to sell people things they like. Why shouldn't we walk into work with a smile on our faces?

However, that's not the whole story. Over recent years, most major corporations have started taking their reputations and responsibilities more seriously than ever before. Those that are not doing so will soon be compelled to, as governments tighten legislation to ensure that scandals like Enron are not repeated. Then again, corporate governance should be about far more than just reining in corporate crime and maintaining minimum standards. I believe that a licence to operate is granted by wider society that judges on the role that companies and brands play. That may sound sanctimonious, but it's not. Look at the bottom line and you'll discover it also makes perfect business sense.

The health challenge

When I started out in business, I knew people who made a moral decision not to work in tobacco or alcohol, but I never expected to walk into a politicised food environment when I joined Walkers. To find PepsiCo, Walkers and the food industry in the middle of a debate about obesity could perhaps, have been predicted. But when the media started pointing the finger and accusing us of contributing to a decline in the well-being of the nation, I still felt a strong sense of indignation.

How do you deal with this kind of negative press comment? Give them the finger? Attempt a dialogue? Give up and get a new job? Well, first of all, you need to understand that there are too many newshounds hunting too few stories and issues can get out of proportion. You need to develop a thick skin and understand that the bigger you become, the more of a target you are. Just don't make your skin *too* thick.

A few years ago a company such as Walkers might have said, 'We just make the stuff; it's up to you how much you eat.' Although I genuinely believe that such enterprises don't constitute the whole problem (after all, snack foods should only account for a tiny percentage of calorific intake, the problem is clearly one of modern lifestyles), we have to be sensitive to the way that concerns for people's health are developing. Today, it's necessary to be part of a society-wide discussion and it's vital to think through how consumers feel about the issues involved.

If attitudes towards food are changing, it's our job to adapt so that our brands stay relevant to the way people want to live their lives. Enduring brands provide solutions for people and as circumstances change, the problems they solve have to be re-defined.

Packaged food has always been useful to people leading a busy life, but today consumers are also seeking to optimise the balance between calories and nutrition. Responsible companies - those that wish to maintain their position - have to respond to that. To put it simply: if we all want to stay in business for another 50 years, we need to make sure we're part of the solution, not part of the problem. Our customers have to feel that we, and our brands, are still helpful to them.

Walkers introduced a whole raft of initiatives that made tackling obesity and achieving a balanced lifestyle easier for people. We reformulated our products in a number of ways, for example, by reducing the saturated fat content of our crisps and offering new products to give people greater choice in what they eat. We also did our best to raise awareness of health issues with initiatives like free walk-o-meters (pedometers), which enable people to see just how much they walk in a day. Research shows that most diets don't work in the long term. The most effective way to prevent weight gain is to make small incremental changes in lifestyle – not just reducing the amount of calories you take in but also increasing the amount you expend. I believe the Walkers initiative helped people to achieve this by working with the grain of their lives, instead of attempting to revolutionise their existence as so many quick fix solutions claim to do.

Of course, there are good business reasons for these kinds of initiatives. You might like to call it enlightened self interest, but we should also do it because we're citizens, parents and human beings, too.

Corporate responsibility

Societal concerns aren't limited to modern personal health issues - consumers are far more cynical about business than they have been for a long time.

They are better informed about business than ever before and far more interested in knowing what the company behind a brand is like. It's crucial that we operate in a transparent way and that we maintain consistency between brands and parent companies. Brand management is no longer just about the cool new ad campaign or the latest sales promotion - it's a discipline that requires 360-degree vision. It's about ensuring that all the constituent parts of a company and its method of operation dovetail at every touch-point with the brand proposition.

This suits me fine, because corporate responsibility starts at home. We have to be good employers, because we don't want our employees bad-mouthing us to their friends while we're trying to present a decent image to the world. We also have to understand the contribution that safe, dependable, well-paid jobs make to the community.

It's also about being a good neighbour – about controlling emissions from factories and optimising the way we use our resources. And it goes beyond that also. We can reach out into society and play a useful and responsible role. At Walkers, our Free Books for Schools promotion, for example, allowed us to develop a Reading Buddy scheme in which we gave staff time off work to go into schools and help kids with their reading. The result wasn't just an improvement in the reading age of children; we also found we had far more motivated employees.

I could probably make a good business case for any of Walkers' social responsibility programmes, but that would be to post-rationalise. I think we really have to ask ourselves why we do these things in the first place. It shouldn't be because it's the quickest way to the quickest buck or because it gets you a few free column inches in the local newspaper, because that doesn't really come into it. Nor is it a simple salve for the conscience. We do it because it's a statement of the kind of business we'd like to be. Of course, there has to be a business case for this kind of thing, because doing something solely on moral grounds won't stand the test of the first profit warning. In my experience, though, the initial business case is rarely compelling enough to inspire the initiative. It's something you just have to want to do. And if you want to do it, then you'll find ways to make a sensible business case.

I'm not pretending to be holier than thou on this. However, I am completely confident that during my time as head of Walkers, if I had opened the doors and showed people how we operated they would be impressed enough to say, 'Yes, that's what I would expect from the company behind the Walkers brand.'

- Corporate responsibility makes sense today, right the way to the bottom line.
- Remain part of the solution, not part of the problem. Make your customers feel that your brands are still helpful to them.
- Be human. Show your consumers that you are sincere in your consideration for people, the environment etc., but that the profit motive still fits.

AFTERWORD

Ultimately, I derive satisfaction from doing a job as well as I can and believe that profits are an output of what we do; they are not necessarily an objective. Some people may laugh at that. Walkers is a very profit oriented business and we doubled our profitability in five years, but there's nowhere written down that that was our objective. How you do the job is a big part of one's motivation and the collateral aspects of everything you do and achieve - as well as just bringing in the results - makes a big difference at every level.

Life is too short and, if I'm honest, what I don't want to do when I retire is to have achieved only the sum of my years of work. To have a grandchild on my knee when they ask 'what did you do in your life' and I say 'oh I worked in corporate life for 30 years' would be a huge disappointment. I don't want to tell them that story. I want to tell them other stuff that means much more.

And that's good enough for me.

You can watch Martin Glenn talking about [Successful Leadership In Practice](#) by downloading the full length video, which includes interviews with key players in the Walkers success story and advice on effective management strategies in modern business.



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