1 Introduction

To be successful in the fast-paced world of household, health and personal care products, you have to think big. Reckitt Benckiser (RB) is a world leader in the making and marketing of household, consumer health care and personal products. With over 20 million products sold daily across almost 200 countries, RB is a global success story.

RB came about as a result of a merger in 1999 between the German company Benckiser and Reckitt & Colman from the United Kingdom. The two businesses were a good match, with a combined history of innovation spanning over 150 years. Complimenting each other geographically, they now covered extensive markets across Europe, the UK, Australia, the United States and many smaller markets worldwide. Similarly, their product portfolios worked well together, with Benckiser a market leader in automatic dishwashing and fabric care products, while Reckitt & Colman had achieved success in disinfectants, home care, pest control and health and personal care.

The merger was a successful one, with RB the fastest growing business in its sector. The above industry-average growth since the merger can be linked directly to the company’s strategy, company culture and leadership model. Having the right people helps create the right culture, one RB describes as strong, fast-acting and highly effective. The company embraces diversity and encourages constructive conflict to achieve the best ideas and innovations. The leadership team expects their employees to use initiative, take ownership of their ideas and to take risks, with the aim of outperforming the market.

2 Strategy

RB’s strategy has always been clear: employ the right people to drive above industry-average growth and turn it into profit and cash. Ensuring this central message is clearly communicated to all stakeholders makes good business sense. By focusing on the common goal, both shareholders and employees can be confident they understand the company’s vision and the strategy to achieve their objectives.

Empowering and retaining people with the right principles and attitudes helps to create the culture and approach to business that makes RB unique. To stay ahead of the market, RB needs creative thinking and employees who are willing to take a risk on new ideas, as well as a leadership team prepared to support them.

The range of products RB manufacture and sell is extensive. Household names such as Aerogard, Clearasil, Dettol, Mortein, Pine O Cleen and

3 The Global Powerbrands

The concept of the Powerbrand was introduced in 2002 and consists of RB’s leading global brands that compete in markets with significant potential for high growth. The profit margins on Powerbrands are disproportional – that is – they are well above the industry average. Only the exceptional ones make the grade. They are mainly number one or two globally in their category. Brands like Finish, Vanish, Clearasil, Mortein, Dettol, Scholl, Harpic and Airwick are worldwide household names as a result of RB concentrating the majority of their innovation, marketing and media investments around them. In 2010, 69 percent of RB’s revenue and 85 percent of their growth came from these 19 Powerbrands.

Product brand recognition is one of the company’s great strengths and is a result of RB’s products maintaining a consistent overall image around the world. Their plan is to create brands that are truly global. Local leaders can express the product differently, taking into account local market conditions, if it means gaining market share or improving growth – however, this does not allow them to change the way a brand is headed. To keep the consistency in their brands, RB has a global category team for each category, which works with the markets to define and ensure consistency of the brand’s purpose and positioning everywhere in the world.

Marketing

RB’s Powerbrands are supported by an extensive marketing strategy. They spend approximately 12-13 percent of their net revenue on media advertising – higher than any of their competitors. Not happy with simply trying to gain a greater share of the market, they invest with the aim of actually growing the entire category. For example, RB spent a large amount of advertising dollars promoting the sale of dishwashers – which is not one of their product lines – with the aim of increasing the demand for automatic dishwasher detergents.

Innovation

In a market where there are many competitors all selling very similar products, differentiation is a key tactic in setting your product apart from the rest. In the markets that RB competes in, innovation is essential. Instead of spending large amounts of money researching and developing new products, they use extensive market research to determine what the consumer wants and needs, in order to make their use of the product ever more easy and convenient, and the results from the product ever better.
These are sometimes big innovations but often many smaller ones, where they can incrementally improve a product, implementing a few changes that may save the consumer time or make the product more convenient to use, or colours, and they are prepared to pay more money for. A good example is the Finnish dishwasher detergent. They noticed that consumers usually use three different products in their dishwashers: a powder, a rinse and salt. In 2000 RB came up with the Finish PowerBall 2-in-1 that combined the powder and rinse aid. They then improved it in 2001 by adding salt, and again in 2005 by adding a glass protector. They support their new and improved products with heavy marketing and their strategy has paid off, with over a third of their revenue coming from products that have been developed in the last three years.

**Culture and People**

A strong corporate culture is an important part of any good business and attracting and retaining the right people has been a key part of RB's success. At the time of the merger, about 60 percent of senior employees were let go as they did not fit the new culture. It was easier to hire new staff or leave a position vacant, rather than wasting time trying to change people out of the wrong personality in the job. During recruitment, there are four core values that RB is looking for:

- **Achievement** – we don't just aim high, we always aim to outperform
- **Entrepreneurship** – we allow daring ideas to thrive
- **Team Spirit** – we work as one united by common principles and attitudes
- **Ownership** – we take initiative to do what's needed

RB has a unique culture of 'constructive conflict' and values this as a positive problem solving tool. Rigorous discussion and debate is encouraged at their meetings and decisions are made only after everyone has put forward their ideas and to have thought it through very carefully. At the end of the meeting a decision is made – often whoever has the strongest argument wins! All then agree to get behind and support the decision and move on.

**Cost control**

Negotiating production costs under control is important in any business. However, RB considers this just as vital as building sales. A conservative attitude is reflected right across the organisation.

In line with RB's strategic aim of turning their above industry-average growth into cash, they set up two cost-cutting teams. The 'Squeeze' team looks to reduce the amount of materials used in their packaging, and this can generate significant savings. For instance, in 2009, the team recommended a new, rechargeable pack of Vanish stain remover as an option for consumers, and saved the company millions by using 70 percent less plastic than the original.

Secondly, the 'X-trim' team is responsible for improving efficiency across the entire organisation. This may mean changing the layout of a manufacturing plant, or finding a cheaper way to distribute their products. For example, a simple change in the production process of aerosol cans resulted in a major efficiency improvement. The decoration of aerosol cans had always been achieved by printing directly onto the body of the can at the manufacturer's factory, before storing the cans by their intended use (e.g. busy vs. empty). This project resulted in million dollar savings, and resulted in a more flexible production process.

**Authoritarian**

- Management make decisions and employees follow orders
- Employees motivated by either reward or penalty
- One-way communication from the top down
- Little input from others.

**Participative**

- Employees involved in decision making
- Authority is distributed throughout the organisation
- Employees motivated by intrinsic rewards
- Teamwork

**Delegative**

- Little or no guidance from management other than establishing broad objectives and policies
- Employees make decisions
- Management has very little authority over employees.

It is thought that all leaders fit into one of these styles or somewhere in between. The leadership style at RB would lean more towards Participative, but not Democratic, as no vote is taken and consensus is not sought. However, crucially, it follows distributed leadership principles.

**Conclusion**

Since the merger in 1999, RB has seen phenomenal success. A clear and consistent strategy has led to above industry-average returns for each of the 11 years of operation and kept them well in front of their competitors. A priority on employing the right people to create a company culture of performance and innovation has been a key driver. Embracing the diversity within the company to encourage creative thinking and rigorous debate of ideas has seen the rate of innovation of their products double since the merger. Finally, their strategy of investing heavily into their global Powerbrands has reinforced their position as a world leader in household, health and personal care products.

**Glossary**

**Corporate culture** A set of either formal or informal values and behaviours that exist within an organisation.

**Diversity** Emphasising some aspects of a product or service that makes it stand out from the similar product or service sold by other producers.

**Distributed leadership** A leadership system where everyone is responsible and accountable for leading within his or her area. All employees are considered experts and are valued for their knowledge and experience.

**First mover economics** A sometimes insurmountable advantage gained by the first significant company to move into a new market.

**Laissez-faire** A non-authoritarian leadership style. Laissez-faire leaders give minimal guidance to their employees and try to achieve consensus through less obvious means. They believe that people excel when they are left alone to manage their own responsibilities and obligations in their own ways.

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