

**Cutting Edge: Gillette's Journey to Global Leadership**

by Gordon McKibben

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This book documents the story of Gillette, one of the most successful global consumer packaged good companies that is well known for product innovation. It offers insights on the innovation, acquisition, and global strategies of Gillette. It is chronologically well organized and is filled with interesting examples and facts, as can be expected from its journalist author, Gordon McKibben.

The book is aimed at practitioners and students of business. Although it covers consumer-packaged goods, some of the lessons are applicable to all product categories. There are five parts; "The Stage is Set," "The Search for Balance," "Fight for Survival-The Takeover Threats," "Fast Track to Global Leadership," and "Gillette's Global Culture in Practice," The last two chapters are perhaps the most important chapters in the book, considering Gillette is one of the truly global companies--70% of its sales, 72% of its profits, and 80% of its employees are from outside the U.S.

The book does a good job of highlighting the keys to Gillette's global success. The chapter on "Sensor" shaving system (razor and blade) is relevant and interesting. The Sensor shaving system is one of the enduring innovation successes of Gillette. Al Zein, who became the Chairman of Gillette in 1991 and the head of "Sensor" project is claimed to have directed his engineering head to first get the product in shape for testing and conduct a broad-scale consumer user test (CUT in Gillette jargon). Only later did Gillette figure a way to manufacture it, underscoring the fact that consumers come before manufacturing for Gillette. Gillette's marketing acumen was another driving force behind Sensor's success. The now famous tag line "The Best a Man Can Get" was born in the late 1980s for the brands, Atra in the U.S. and Contour in Europe, but was used heavily for promoting Sensor. This advertising blitz was preceded by a teaser ad campaign that announced "Gillette is about to change the way men shave forever." Symons, the then President of the Shaving Systems Group, was so obsessed with the masculine perception of the product that he wanted a proper masculine sound and feel as the package was ripped open!

Gillette also has its own new product organization structure that has contributed to its success. It has a program management system under which all technical activity—R &D, engineering and manufacturing are consolidated by product category. Such a program allows Gillette to have a holistic approach to innovation in each category. Although this program faced initial resistance from employees, it was eventually well accepted.

There is also an interesting lesson on the trade off between price and quality that illustrates Gillette's extraordinary commitment to innovation. In the early 1980s, low-cost disposables had become the hot shaving product worldwide, grabbing market share from shaving systems. Many at Gillette were about to throw in the towel on quality to concentrate on price competitive blades. However, Gillette's leadership comprising Zein and the then chairman Mockler, stood its ground and continued to invest in quality spring-mounted systems, labeled Flag (Floated Angle Geometry). Sensor went on to far exceed all its goals--24 million (vs. 18 million target) razors sold and 350 million (vs. 200 million target) blade cartridges sold, in the first year of launch.

The book provides a good summary of Gillette's strategies and operations in Latin America, Russia, China, Poland and India. For those interested in the multinational vs. global debate, the book reveals something about where Gillette stands on the issue. By Gillette's own admission, it was operating more as a multinational company than as a truly global company prior to 1991. Post 1991, Zein likens Gillette to Coca-Cola and Johnson and Johnson's Band-Aid in the sense of product uniformity. His idea of global mindset is that Gillette offers the same spectrum of products made to the same world standards under the same factory principles. Although it may sell more of one product in Malaysia and another in Egypt, the product is the same. Gillette also has a global plan for its new products. For example, Sensor was simultaneously introduced in 19 countries.

The book claims that Gillette's recipe for offering products in new markets is an evolutionary or "Stone Age" strategy. In the razor market, the strategy revolved around the principle that Gillette will always offer double-edged blades that would highlight Gillette's quality over those of the local products and will upgrade their customers to use higher quality products over time. This strategy has relied on the

existence of a sizeable affluent segment in every country. This upgrading strategy is not new to many companies, but what is interesting to note is that Gillette expects to continue with this simple strategy for the foreseeable future.

There are several interesting facts and anecdotes. For those who appreciate minutiae, the book tells that an average man has 30,000 face whiskers and generates 27 ½feet of facial hair in his lifetime, having spent 139 days of his lifetime removing the hair! Strangely, for a company with a long history, it was only as late as the early 1990s, did Gillette have a well-articulated mission statement. Al Zein came up with a mission statement with the key phrase “Our mission is to achieve or enhance clear leadership, worldwide, in the existing or new core consumer product categories in which we choose to compete.” It is interesting to note that Gillette’s standard in its mission is tougher than General Electric’s, whose mission is to be number one or two in a given geographic market, but not worldwide.

For all the focus on razors and blades, it is worth noting that Gillette has diversified products in its portfolio. In the writing instruments category, it now has the Parker Pen brand in addition to the Paper Mate and Waterman brands it acquired earlier. It also acquired Duracell in a much-publicized takeover in 1996. It has Ora-B toothbrush and a slew of other products in Toiletries. The thing that sets Gillette apart from most other companies who also have a continuous stream of new products is that Gillette seeks worldwide leadership for all its new products. Gillette’s success in achieving its new product goals is reflected by the fact that in 1996, 41% of Gillette’s sales came from products introduced in the past 5 years, up from 30% in 1990.

The most glaring weakness of the book is the lack of deep analysis on how the strategies of Gillette were different from those of other companies and why Gillette was more successful than many other companies. The book also does not talk about the recent problems faced by global companies like Gillette in the last two years due to economic and currency crises in South East and East Asia, Russia, and Brazil. It is also important to note that this book was commissioned by Gillette, so the views expressed appear mostly Gillette-centric.

These limitations apart, the book offers important lessons for managers. First, in a day and age where companies like Walmart and Charles Schwab are focusing on cost control and winning through price leadership, it is possible to succeed through greater focus on quality and innovation over price leadership. Second, while most new products start small in one country before thinking about entering other countries, having a global vision for a new product may be the key to long-term leadership. Finally, successful growth strategy involves pursuing a combination of strategies that include acquisition of innovative companies and frequent introduction of innovative products.

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