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## Procter's gamble

Stepping inside the innovation centre of the world's largest consumer goods company in suburban Bangalore, a \$78.9 billion Procter & Gamble Co., maker of Tide detergent and Pampers diapers, come up with its next block in its innovation funnel that has spewed out products ranging from paper towels to dentifrice to boatloads of over-the-counter drugs.

Inside the fifth floor of Neil Rao Towers at Whitefield, a thin veil of disappointment descends when all that good products neatly displayed in the hallway, and later, deliberately arranged in the conference room.

But as Ashish Chatterjee, head of the Bangalore Innovation Centre (BLIC), starts talking about some of the 200+ products how it immerses itself into the lives of consumers, it dawns that the consumer business is far from being a peddle.

What should be the optimum force needed for twisting open a bottle cap?

What's the right pressure for the plunger on a bottle of skincare cream?

Why should the black box that a lotion comes in be replaced with transparent packaging, as with Olay product?

These and many such questions dominate researchers' work as they drive "purpose-inspired innovation" at P&G's innovation engine; we don't always go for the big bang," says Chatterjee. "Our innovation is driven by consumer inspiration."

He sums it up as two moments of truth — one, when the consumer browses in a store and ends up buying a P&G product, and the other, when the consumer returns to buy either the same or any other item made by the company.

Defined by these moments of truth, BLIC was set up in July 2008 as one of the 28 innovation centres within P&G, smaller than some of P&G's mega centres, and provides modelling and open innovation resources for the global enterprise.

It was in 2000 that the Connect and Develop, or C+D, concept of open innovation was mooted by the then chairman of P&G, the best of times for P&G: the stock had just lost half its value amid an aggressive growth plan and Lafley decided to invest in infrastructure for open innovation. He directed that ideas and innovations sourced from outside should go up for review in the next five years.

A decade later, the company has far exceeded that limit. It has also changed tack — from getting the world to work for P&G. For each of its 100 engineers and scientists working in Bangalore, the centre collaborates with five researchers from outside.

Now, at two-year-old BLIC, there are a few tangible results, says Chatterjee, who is also director, Asia C+D and Innovation.

Using computer modelling, this centre has screened millions of molecules to identify a new molecule in the area of skin care. In clinical studies now, Chatterjee emphasises that in such studies, knowing "how it works", rather than "why it works" is active can be used in other skin applications as well. The computing expertise of BLIC, which Chatterjee likened to an innovation engine but isn't visible from outside.

From simulating entire packaging lines to complete plant production units, modelling is used to reduce the start-up time of a new system and to optimise existing operations. A new multi-category production system, designed at BLIC, has just been launched, says Chatterjee, who says will save "several millions of dollars for P&G". In this industry, there's no such thing as a cost that can't be controlled.

As economic recovery has been slow in many parts of world and consumers are still hurting, premium brands c India, where the \$24 billion consumer packaged-goods industry is growing at 12 per cent per year according to closest rival, Unilever, in market share.

Historically, says Ramesh Srinivas, executive director, consumer business practice, KPMG Advisory Services globally; it won't be looking at just regional benefits arising out of these innovation centres. He is right.

Though some of the BLIC-designed packaging, such as of Olay Total Effects and Olay Regenerist, have been earliest examples of open innovation from here has gone into products that have not yet entered the Indian ma

For instance, BLIC and the National Chemical Laboratory, a Council of Scientific and Industrial Research lab new micro-encapsulating technology that has gone into its fabric softener Downy. Yet to hit Indian stores, the week after the wash, longer than rival products.

The key lies in the technology that allows the perfume-containing micro capsules to open up when the dehydra product, says Chatterjee, is "cheaper and better". The laundry science groups in Newcastle and Brussels were the product.

P&G, like many other consumer goods companies, is trying hard to boost sales in the US and Europe.

While sales growth in emerging markets is easier to come by, in mature markets the company needs to rely on innovative products, says Jack P. Russo, an analyst with the Edward Jones, a retail brokerage in St Louis, US.

"P&G is relying on both of these measures but it appears the emphasis on innovation has been more pronounc taken over as CEO (in June 2009)."

Consumers definitely want innovative products but because they are also seeking value P&G won't be able to would have done in the past, added Russo.

The Cincinnati giant is already treading that path. C+D 2.0, which has been effective since 2008, is all about "its partners", Chatterjee says.

P&G's products touch about four billion lives today. The company intends to add another billion to this in the well-oiled innovation machine. To the two Asian 'mega' centres in China and Japan, a third one is being addec battleground," says Chatterjee, who is firming up plans to add more products as well as processes to BLIC's m

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