

The AngelNews Interview

By Modwenna Rees-Mogg

Jeff Weedman has been responsible for P&G's External Business Development organization since its inception in 1996. He is based in the US. Mr. Weedman launched an entrepreneurial licensing department charged with the commercialization of P&G's treasure trove of patents, trademarks, and know-how.



I have not met you before, but I have been reading up about you and what you are doing at P&G and I think you are an entrepreneur at heart. What do you have to say about this?

Thank-you. That is a nice compliment, but I have the advantage of working for a world class consumer goods company. I am a bit of an entrepreneur at heart, but I am in a position where I generally have more resources at hand than your readers. So I don't have the issue of how to meet the bills. On the other hand I don't have the advantage that your readers do. If they make up their mind they just can just change, but I have to ensure that we get alignment internally, which is not always easy. I am always trying to get the best of both worlds in my job.

What sport do you think most closely matches the entrepreneurial spirit?

I talk to a lot of entrepreneurs and its amazing how keen they are on sport and also how many of the themes in sport match those in entrepreneurship, but if I was forced to choose I would select the decathlon, for a couple of reasons. First, entrepreneurs have to be good at a whole lot of things. They will usually have some core things they are really good at, but they will not be bad at anything. They also have to be agile in terms of being able to move from sport to sport. If it isn't the decathlon it must be long distance running. Think of the team behind Starbucks who worked for 15 years before their inflexion point came and everything took off.

We have a programme called Desert Island Discs on the radio here. A famous person is interviewed and inter alia, has to choose one book to take with them to their desert island. Which book would you take with you? You can also take a favourite luxury – what would yours be?

Definitely it would be Team of Rivals by Doris Kearns Goodwin. She is a knowledgeable, respected historian and the book is the story of Abraham Lincoln when he was elected to be president of US. He brought all of his primary rivals into his cabinet, even those who had been most vociferous in attacking him or who thought they were cleverer than him.

He brought them in and balanced them and over the next four years they grew to respect him. It's a question in life – who do you surround yourself with? Should you surround yourself with people who do not understand you, if they are better than you? From your own perspective, are you prepared to listen to diverse points of view and not be afraid of contrarian point of view?

One of the most fascinating business books I have read is David Thomson's Blueprint to a Billion. This is one you should pick up. Thomson was formerly a consultant who was very data driven. He analyzed all companies in the last 15-20 years that had got to \$1bn in sales and he also interviewed them. From his learning, he drew out principles from the common elements. The distillation of what I learned from this book is what I use to drive Connect+Develop forward.

Now, if you were asking my wife this question she would definitely say I would choose a long hot shower. I do my best thinking in the shower, so much so that I redesigned all the ones in our house! I will happily take a shower with me, as long as I get to design it. Oh and I also want an endless supply of hot coffee!

What did you learn from your first great boss?

I have learned different things from different bosses, but one of the more memorable things was when I was just a lowly being. I was called into see the Vice President on the work I had done on pricing analysis. There was a chain of management in the room with me sitting at the bottom of the table. But he was genuinely interested in what I had to say. I really felt I was contributing to making a commercial decision. The fact that he cared and listened gave me my self respect and made me enormously respect him.

What lessons has P&G learned about open innovation, and how are you moving on?

So many lessons! P&G is 170 years old, so we get pretty set in our ways and this is reinforced because we promote from within. The biggest learning I think is that Open Innovation can be an accelerator. There is nothing that we could not solve if we have time and resources, but by looking outside we can speed this up [and save money]. Then we can apply some of the things we are really good at.

Adopting Open Innovation has been a real culture change. It has helped us to appreciate other cultures and see that there are real experts out there with whom we could not have engaged in the past. We can offer them things ([such as scalability and market penetration]) which we are good at as part of the relationship. I really enjoy the flexibility too, especially trying to keep it as simple as possible so we can just punch it out. The biggest challenge is to understand and, if possible, to help the partner achieve the successes they want, even if these are not what we would have expected or are not quite the same as ours!

Take one case I worked on. There were three partners in a business we really wanted to engage with. Two of the team loved their technology and wanted to work with us on a long term basis, but the third was multiple times divorced and just wanted to dispose of the technology to us and get out. Rather than walking away and leaving it for them to sort themselves out, we put a deal in place that bridged the differences in that business. So we all won, and even better, the three people stayed friends on the way through.

At this point, Nigel Trotman, Jeff's UK based colleague, who was with us joined in the conversation:

He said "I am continually challenged by Jeff and he has given us the license to think broadly. More than that he continually reminds us that broad may not have been broad enough! So rather than just thinking a deal is about exchanging cash for technology, maybe there is another asset we can offer. Should the deal be an IP for IP swap for example? This means we have to look inside P&G as well as just looking outside.

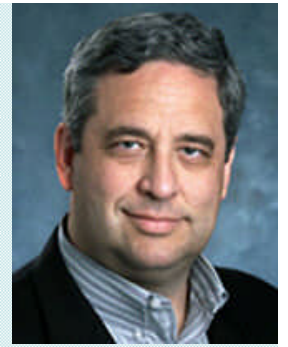
Back to Jeff

Can you give me some examples of how you have built businesses via Connect+Develop?

Do you know Astron Clinica here in the UK? When our companies first met, Astron Clinica was focused on melanoma imaging in the medical market.

However, their technology, SIAscopy, has an incredible ability to assess a women's skin, and we have a big beauty business. As a result, we've been able to collaborate in developing a new market for both of us. On our side, Olay has now introduced the technology in beauty stores on an international platform. The fantastic head of the business, Annie Brooking has helped up terrifically.

One of the businesses we are most proud of here at Connect+Develop is the dusting mitt which sells under the Swiffer [®] brand. We found that in Japan and it was actually in the hands of a competitor in that country called Unicharm.



We went to them and offered them a global infrastructure and they continued to manufacture it until we had enough volume to build our own plant. In a bit of a novel step we did not rethink the advertising (even though that is an area where P&G sees itself as having great strengths!), but used the Japanese advertising because it demonstrated the product in such an impactful way. So in almost every way this deal was counter intuitive to how you think P&G might have acted. By being a bit humble and willing we got much faster results which helped both sides.



I am sure you have a strong pipeline of potential Preferred Partners of all types. Realistically how long does it take P&G to assess an opportunity, then agree the deal and finally take the product into the commercial arena?



Assessing an opportunity is not just about timescales – it's about the approach you take. We have done deals in 10 days and have had other that took three years.

I take a big boost from dealing with the assessment in a professional and timely way. We turned down a submission the other day and we got a thank-you in response because we were the first company to respond to that entrepreneur – ever! We aim to respond within 90 days, but the range is huge. If the deal is not right – perhaps it is off strategy or does not have good enough IP, we will turn it down quickly, I promise. We aim to respond in 90 days, whatever the proposed outcome, but that does not mean a deal will be done in 90 days.

So your readers understand, our internal process is to assess the opportunity here at Connect+Develop for its connectedness to P&G internally and the extent to which it offers a core competency we do not have. We will then send it to the right internal department at P&G for their assessment. We moved forward from there. Everything is done on a non confidential basis, so please bear that in mind before you approach us. We believe you should protect your own position before you talk to us.

What is the fall out rate and where do most potential partners fall out in the process? Why do they typically fall out?

Roughly 5% of original submissions move forward to a contract. We make approaches as well as inviting unsolicited approaches, but the former tend, inevitably, to have a higher hit rate.

What do you think will be the tricks to building your Connect + Develop programme in the medium to long term?

It will be networking the networks – hence us working with AngelNews! One great example of this in the UK is Oakland, an innovation consultancy based in Cambridge. They are phenomenal. We go to them and they pull together ideas and people we should talk to. It's not what you know, but who you know. We call it following the chain and we're working with more than 50 different networks. However, we need more networks in Europe and Asia which are highly productive; it's a case of Moore's Law where there can be exponential expansion if

There are many, many people who would love to be able to collaborate with P&G and you have been very effective at communicating the general Connect+Develop message, but I would love to be able to give people some more pointers so that they come to you at a time when it is right for you to do business with them.

I will give you clues but, no prescription because there is not one cure! We pride ourselves on being very interested in innovation, but not necessarily in invention. We want to engage with products or services that can truly be turned into value for our company. Our shareholders want us selling product that people go into the shops to buy. It is no use to us if it is really clever, but there is no way to commercialise it.

If you come to us when your innovation is as close as possible to being in a position where the consumers can vote, the better off we are. If it is something already in the marketplace or has a competitor in the marketplace, it is very important that you have identified a clear development. Amazing technology, which is far removed from commercial reality, is inevitably going to be more difficult for us because the risks are higher.

Not surprisingly, we like there to be strong robust IP or the opportunity to do that fairly quickly. Putting it simply, why should I pay for something that is not protected? This puts me at an economic disadvantage because someone can easily compete with me. Too many entrepreneurs do not understand or accept that really good IP can create stronger IP and is an investment, not a cost. We have an open door policy, but do understand that it can be kind of hard to find the address! We have updated our website so people can submit ideas and they can always reach Mike [Addison] or Nigel [Trotman] here in the UK either directly or via you.

you get it right. At P&G we also follow Weed's(!) corollary – the second deal with a partner takes half as long as the first, and typically creates twice the value.



Lastly, and this is a deliberate question to help our readers understand the breadth of your Open Innovation programme. Surely one important part of a consumer good is the experience that accompanies it. Trying to connect this concept with P&G, how closely do you think P&G will ever come to being a consumer services business?

At P&G we are fascinated with consumer services. Why? Well here is a little story. In the US, we bought the Millstone coffee brand and by offering a premium product were able to make a dime per cup. Before Millstone we owned a brand called Folger's on which we made only eight cents a cup. Then along came Starbucks and charged \$2 a cup!

So, we want to deliver great consumer service offerings. We want ones that will offer a service proposition that will delight our customers and help them improve their life. Our concept of a consumer service is broad. We are currently developing a car wash chain in the US. The concept is novel and it's fun; you clean your car, but you also have a great time doing so, and we can extend our existing Mr Clean brand and products through it! There's more information at www.mrcleancarwash.com.

Another business we are working with in the US is MDVIP which offers a private GP service based on a financial model that makes high quality healthcare affordable to the consumer, but which makes the service providers (including the doctors) much wealthier.

If there is a last message I could leave with you, don't just look at the current P&G product line-up. Look instead for where we have gaps!



If you would like to talk to Procter & Gamble about their Connect+Develop programme, you can reach them in a number of ways

Website:

www.pgconnectdevelop.com

or via Mike Addison, P&G at addison.mc@pg.com

Of if you are not sure if you should talk to P&G but would like to talk to someone on a confidential basis about whether or not you should, please contact AngelNews at:

pg@angelnews.co.uk

(We guarantee we will not pass on your details to P&G without your written permission and will keep anything you tell us confidential)