

P&G chief pushes on despite economy

SLC » Utah expansion among many initiatives.

By Steven Oberbeck
The Salt Lake Tribune

Salt Lake Tribune

Updated:02/24/2010 07:18:10 PM MST

Procter & Gamble chief Robert McDonald is worried about the uncertainty plaguing the national and global economies, and what that means for business investment and job creation.

When business operators face an uncertain future -- as they are amid the nation's nascent recovery -- the situation can make them hesitant to commit to investments that lead to more hiring.

"My guess is that the economy has bottomed out, but recoveries are always uneven," McDonald said. "You'll get a good piece of data one day and a bad piece of data the next," such as occurred Tuesday when retailers reported improved earnings in the midst of a sharp decline in consumer confidence.

McDonald, who earned his MBA from the University of Utah, was in Salt Lake City Wednesday to address the "Business and U" luncheon at the downtown Salt Lake Marriott Hotel and to receive a distinguished alumnus award from the U's Alumni Association.

Despite the uncertain economy, McDonald said Procter & Gamble is moving forward with the development of its \$300 million distribution center and manufacturing facility in Box Elder County that eventually is expected to employ 300 Utahns. The first phase is set to begin operations in April.

"We're still investing and hiring people in the U.S.," McDonald said, noting the Box Elder plant is the first to be built in this country by P&G in 30 years.

But the world's largest household products company, which employs 130,000 people worldwide and had \$77 billion in revenue in 2009, generates most of its revenue outside the United States. About 20 percent of the company's U.S. jobs are dependent on its international operations. Its products range from Pampers diapers to Tide detergent.

Given that reach, high on McDonald's list of concerns is a proposal by the Obama administration to tax U.S. companies' foreign earnings.

Such a move would make them less competitive than their foreign rivals, he said, and would be particularly harmful to P&G, operates 145 plants globally and strives to produce most of its goods close to where they are consumed.

"It doesn't make sense for us to produce Charmin toilet tissue in China and import it into the United States," he said.

McDonald, who stepped into the role of CEO in July and became the company's chairman in January, said he is committed over the next five years to adding 1 billion new customers to the 4 billion who already use the company's products.

He also wants to see the average amount a customer spends to increase from \$12 to \$14 per person.

McDonald said that can be accomplished by expanding the availability of its existing brands throughout its worldwide markets and by launching products.

Robert McDonald bio

Born » June 20, 1953

Where raised » Chicago

Education »

U.S. Military Academy, B.S., 1975

University of Utah, MBA, 1978

Prior to joining Procter & Gamble »

U.S. Army Captain, 1975 -1980

Joined P&G » June 4, 1980

Vice chairman, global operation, 2004

Chief operating officer, 2007

President and chief executive, 2009

Chairman of the board, 2010

Source: Procter & Gamble Co.

Close Window

Send To Printer