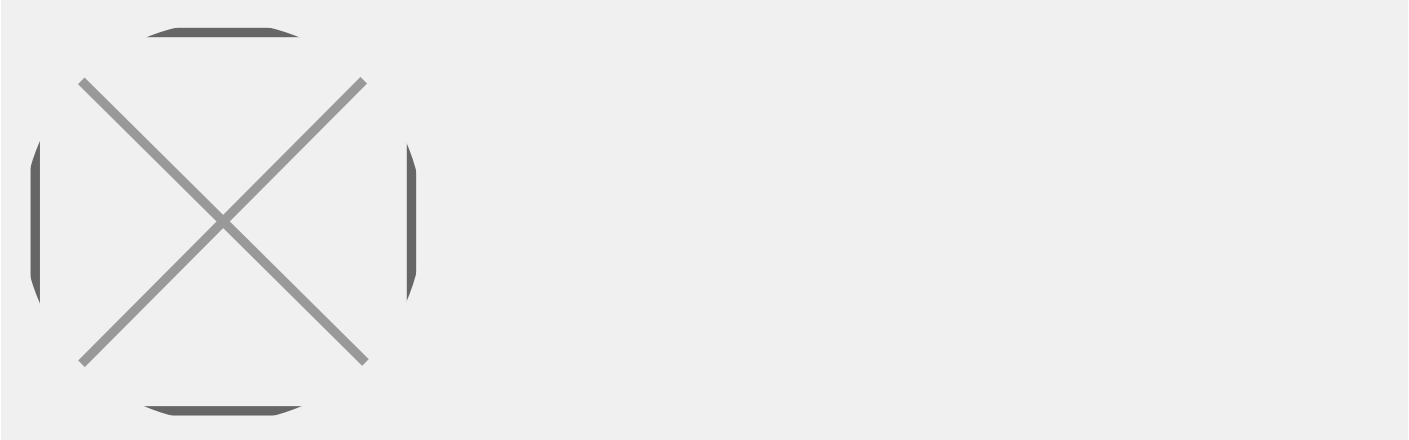
Interview with James Kaw, Director, P&G Singapore Innovation Center (SgIC)



28.11.2012

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Why did P&G decide to set up the center in Singapore?

There are several reasons why P&G decided on Singapore. First, we wanted to reach more consumers, particularly in emerging markets; Singapore is very central to that. From Singapore we can reach 2/3 of the world's population within a 6 hour flight. This location gives us proximity to serve most of the world's consumers in the next several decades.

Secondly, there is a tremendous talent base in Singapore and that we can attract to Singapore. This region is producing very promising engineers, scientists, chemists and Singapore is a very attractive location for many of the top scientists. If we look at our own internal recruiting, we have been able to bring a diverse group of people, around 18 nationalities, into our center.

The third element is the significant work that the government has put together with different agencies like A*Star, that are very supportive to the industries. Prior to deciding to build the center here, we had a preliminary collaboration with A*Star. Observing what they have done to grow their innovative capabilities motivated us to establish our Innovation Center here; we believe Singapore was the right place to pursue innovation.

Are the country's R&D capabilities better than the ones of other Asian countries like Korea or China?

The difference is in the degree or development of the industry. 30 years ago Japan was copying and now they are the leading innovators. South Korea has a similar situation. Singapore has

proven that it can make it, it very good in the semi conductor area, pharma and biopharma, and now they are trying to drive consumer lifestyle. China is in a stage where it is building its capabilities and talent, so I am sure they will also succeed.

We also have an innovation center in China as we see both Singapore and have strengths and capabilities that we want to stay connected with.

How much money has been invested and when is the center schedule to open?

P&G invested S$250 million (US$192 million) in the 32,000 square metre facility in the Biopolis. We expect it to be completed by August 2013.

As the former leader of the Beijing Innovation Center, will there be any synergies between the two centers?

We look at our R&D organization in Asia as one innovation center; the concept is having one virtual innovation center formed by our centers in Kobe, Bangalore, Beijing and Singapore; and operating them in a way that can drive scale and synergies. As a result, we don't overlap work among them and each one have a focus. For instance, Beijing is very much focused on Fabric Care, Personal care and assembled products for Feminine Care and Baby Care. In Singapore, we will be concentrating on Beauty products, Hair Care, Skin Care, Air Care and Personal Health.

Although we have different business focus areas in our centers, we have a common goal, which is serving and delighting consumers globally. Whether our center is in Beijing or Singapore, our goal is to create products that will succeed around the world. Each of our centers play a global role to make a more significant impact on our organization.

More or less, how long does it take to come up with an innovative product?

In the FMCG it takes from 3 to 8 years for major innovations particularly those that create new markets take time, since the invention and the reduction to practice need to be developed as well as the supply chain. We have to evolve the consumers' habits. It takes time but that is the beauty of our job, creating and innovating to fulfill unmet needs.

What are the unmet needs, and what are consumers' frustrations and issues that you find in this region?

In this region fairness is an important element and achieving it without cosmetic intervention is one of our consumers main concerns, therefore, we are looking to solve this with some of our products.

There are other daily issues like controlling malodour in homes, caused for instance, by pets. This is just an example of everyday issues that people face and our aim is to have our products help and address them, which is why we are committed to continued innovation.

Part of this innovation could be driven by collaborating with researchers and technologists in A*STAR, as well as other research partners and suppliers located in the region. Since most of the companies have similar approaches, what does P&G do differently in order to become the preferred partner of choice among such vast competition?

We strive to be the preferred partners in the industry. P&G is the largest R&D investor among its competitors. We have a history of leadership investment in innovation and building sustained partnerships is integral. The company is committed to developing strong partnerships with different entities. What we can offer our partners is the opportunity for their technologies to come into our products, which then will be globally deployed.

Also, since the consumers we serve are a very demanding cohort, we would like to bring innovation to the next level with the support of our partners. We want to network with our partners to create products that surpass the expectations of the demanding consumer.

How will you translate the company's global "Connect and Develop" concept in the Center?

This is first new innovation center that P&G has built in the past 20 years. It is essentially a white space, therefore we have a lot of new people. "Connect and Develop" is a program that has been in the company for 10 years. Since we are a young center, we want to ingrain "Connect and Develop" in our DNA— our young people will grow with it in mind as we develop our operations.

Given that our readers are in the pharmaceutical industry, how can fast consuming goods companies cooperate with the pharma and biotech industry to make healthier products?

One of the reasons that we have established the center here is the strength that the country has in the biomedical field. Since life sciences will be the future, the industry is looking for biological solutions as new sources of innovation. I think that some of the ways that we can collaborate is in the area of instruments and methods that the pharma and the biopharma industry have generated.
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Furthermore, it will also be interesting to work with them to better understand consumer needs. Forging these kinds of collaborations won't come easy. We have very different business models, the pharma being of "low" volumes and high margins vs. ours that is mass production with lower margins, which results in added complexities. Nevertheless, there are many collaborative opportunities in the science part, where we can learn from each other and grow.

In terms of trends, Asia is increasing its expenditure per capita, rising purchasing power and middle class (especially in India and China). What does this entail for a consumer goods oriented organization like P&G?

It spells opportunities, if we look at the per capita spending in China and India, it is about 3 USD per product for P&G, as compared to that of a country like Mexico, where the expenditure is about 25 USD. Taking into consideration the size of India or China, if we just reach half of the consumer spending of Mexico in China or India, it will be a significant business that will give us opportunities to develop markets and address consumers issues, which in turn should result in growth for the company.

Asian consumers seem positively brand-oriented. What is the key to establishing brand penetration in this market?

Brands that deliver on promises are very important. We pride ourselves that our brands usually have the best products in the market as measured scientifically, clinically as well as with consumers. Developing superior products deliver superior value which in turn drives trial and loyalty among consumers. We have seen it in China, India and Japan and across the world.

After 33 years of working for P&G, what is the most exciting part of developing this center?

This is a once in a lifetime opportunity – to build a green field organization. The best part of it is that we have people that are passionate, enthusiastic, who are committed to make a difference. Giving them that opportunity coupled with the proper training and then seeing them succeed is a very rewarding experience.

The people are also what have kept me in P&G for so long. P&G is genuinely dedicated to growing its employees, the company invests in them for the long haul and this has translated into an outstanding talent pool, which gives us the opportunity to continue innovating. The quality of people and interaction in this company is amazing.

Throughout your career you have held different positions in Asian countries like Japan, Taiwan, China and now Singapore. What piece of advice would you give to the executives of the industry that are approaching the Asian market?

The Asian consumers are modernizing but not necessarily Westernizing. This is an important nuance that leaders need to recognize. Additionally, Asian people have important insights that will drive the business. It will be important that leaders that come to this region ask questions, understand the culture and accept people for their opinion, since people here are not as vocal with their opinions as in the West. Once mangers do this, they will see the true value of Asian employees.

In the case of a research development organization, an environment needs to be set up that is open to disagreement and different perspective in order to create an open and innovative environment.

What is your final message to our readers?

Asia is the future and the future is starting now. However, Asia won’t succeed without the rest of the globe working together. In research areas, interdependency will be key to drive more innovation. Isolation will hinder any development; we need to be interdependent and open since good ideas will be coming from the entire world, not just from this region.

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