Creating the Context

Matthew Berberich
RCIO Psychology Conference
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Contents

- Introduce Clorox and Myself........ 10min
- The Premise.................................. 5min
- Our Culture Journey...................... 25min
- Challenge .................................... 10min
- Q&A ........................................... 10min
Name Three of the Clorox Brands

...other than Clorox Bleach

https://www.thecloroxcompany.com/
https://www.thecloroxcompany.com/
1929-1930
Clorox diamond trademark on bottom.

1931
Solid lettering on neck and shoulder.

1932
Additional solid lettering on shoulder and heel.

1933-1936
Content identification added. Additional solid lettering on shoulder and heel.

https://www.thecloroxcompany.com/who-we-are/our-heritage/bottle-guide/
Advantaged Portfolio
Over 80% of Sales From #1 or #2 Share Brands

**International**: 17%
- Latin America: 9%
- Canada: 3%
- Australia / NZ: 2%
- Rest of World: 3%

**Lifestyle**: 16%
- Hidden Valley: 9%
- Burt’s Bees: 4%
- Brita: 3%

**Cleaning**: 34%
- Pine-Sol: Home Care 19%
- Clorox: Laundry 9%
- Commercial Solutions: Professional 6%

**Household**: 33%
- Glad: 14%
- Kingsford: 10%
- Fresh Step: 7%
- Renew Life: 2%
Strong Shareholder Return

Total Shareholder Return
20 Year Ending 6/30/2017

- 641 Peers
- 567 CLOROX
- 298 S&P 500

Over $2B Returned to Shareholders in the Last 4 Years

FY17 Dividend Payout Ratio = 59%

- FY15: $733 M, Free Cash Flow: $568 M, Cash Returned to Shareholders: $520 M
- FY16: $596 M, Free Cash Flow: $568 M, Cash Returned to Shareholders: $442 M
- FY17: $640 M, Free Cash Flow: $532 M, Cash Returned to Shareholders: $520 M

Free Cash Flow (a non-GAAP measure) represents Operating Cash Flow from Continuing Operations less Capital Expenditures. See reconciliation on our website (https://investors.theclearcompany.com/investor/financial-information/quarterly-results/default.aspx) and on slide 15.
2020 Strategy

Mission
- We make everyday life better, every day

Objectives
- Maximize economic profit across categories, channels, and countries
- Big-share brands in midsized categories and countries
- Engage our people as business owners

Strategy
- Increase brand investment behind superior value and more targeted 3D plans
- Keep the core healthy and grow into new categories, channels, and existing countries
- Reduce waste in work, products, and supply chain to fund growth
Strong Progress Across Strategy Accelerators

- 3D Technology Transformation
  New, Digital-Led Agencies

- 3D Innovation
  Cutting Speed to Market by up to 50%

- Portfolio Momentum
  Investing in Growth Brands

- Growth Culture
  FY17 Record-High Engagement
Winning the Right Way

Clorox CEO Benno Dorer is #1 on Glassdoor’s Highest Rated CEOs for 2017
June 20, 2017 | Posted by Glassdoor Team

Clorox Engagement Exceeds Global Benchmarks

People |

- Engaging our people as business owners and promoting diversity, opportunity and respectful treatment.
- 87% Employee Engagement (vs. 79% Benchmark)
- 25% Ethnic Minorities Among U.S. Nonproduction Managers (vs. 21% U.S. Census Bureau)
- 41% Global Female Nonproduction Managers
- 31% Ethnic Minorities Among U.S. Nonproduction Employees (vs. 28% U.S. Census Bureau)
- 30% Female Independent Board Members (vs. 20% Fortune 500 Average)
- 0.61 Recordable Incident Rate (vs. World-Class Level = 1.0)
- 49% Global Female Nonproduction Employees
- 31% Female Executive Committee Members

30+ year journey...

Matthew Berberich  
Org Empowerment Ldr – WCO Coach  
Global World Class Organization

PASSION:  
CREATE AN AWESOME PLACE TO WORK FOR EVERYONE

...Two roads diverged in a wood, and I—  
I took the one less traveled by,  
And that has made all the difference.  
~ Robert Frost

“The Blessing Is Outside Your Comfort Zone”  
~ Ashley Hicks
What are BIG changes coming at organizations??
Change is no longer just “the way to the road…”
Change is “the road”
1. No one understands what to improve better than those closest to the work.

2. Business ownership at every level is essential to enable the future.

3. The future requires a learning culture with everyone solving problems never solved before.
The Stories

- Integration vs Intervention
- Releasing vs Restraining
- Practice vs Perfection
Integration vs Intervention

- Three plans lost in the woods
- Deconstructing silos
- Imbedding capability
Integration vs Intervention

Recognize and Appreciate “The Whirlwind”

Video
Releasing vs Restraining

- ... there was vulnerability & courage to lead... NOT

- ...there were high-level plans and there were execution plans

- Empowerment = “now you do it”
Releasing vs Restraining

Empowerment:

Leaders setting clear strategic direction for the future and then unleashing the full unique potential in each individual to help achieve that future.
Releasing vs Restraining

Act Like an Owner

Video (Story)
Strategy Deployment Model

Why?
(Why are we doing what we are doing?)

Clarity & Agreement

PSO
OGST

Clarity & Agreement

PS Ops
OGST

Clarity & Agreement

Function/Site
Journey
Map

Translate

Translate

Translate

Translate

Translate

Translate

Sales

R&D

Etc…
Releasing vs Restraining
LEADSHIP BEHAVIOR

LEAD SET DIRECTION

COACH SUPPORT

Clemex 2020

QSD QGST

QSOps QGST

DOT Strategy MSIs

Site Journey Maps

MSIs Master Plan

Action Plans

MfgGPS
THE IMPROVEMENT KATA PATTERN

Experiment your way forward, instead of trying to decide your way forward

1. Challenge

Milestone 1
Fiscal Year Desired Outcome

© Mike Rother

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Releasing vs Restraining

**Ensure “Challenge” can be articulated**

1) What is the **Target Condition**?

2) What is the **Actual Condition** now?
   ————(Turn Card Over)———>

3) What **Obstacles** do you think are preventing you from reaching the target condition?
   *Which *one* are you addressing now?*

4) What is your **Next Step**?
   (Next Experiment) *What do you expect?*

5) How quickly can we go and see *what we have learned* from taking that step?

*You’ll often work on the same obstacle with several experiments*

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Back of card

1) **What did you plan as your Last Step?**

2) **What did you Expect?**

3) **What Actually Happened?**

4) **What did you Learn?**

Return to question 3 - - - - - - - - ->
Releasing vs Restraining

Kata Story at Bosch “Gemba Walks”

Video
Practice vs Perfection

- Practice Makes Perfect Progress
- Org Patience → Org Momentum
- Diving deeper into culture vs climate
Summary

- **Integrate vs Intervene**
  - Orient culture work to the key business needs
  - Get rid of silos

- **Release vs Restrain**
  - The power of vulnerability (recognize it starts with you)
  - Clear direction enables empowerment

- **Practice vs Perfection**
  - “Learning by doing” enables pace
Learning is way more important than knowing!
1. Write down one take-away that you’ll think about and explore further after this conference.

2. Verbalize it to your neighbor
References

- Clorox slides used in this presentation: [https://investors.thecloroxcompany.com/investors/company-information/investor-presentation-quarterly/default.aspx](https://investors.thecloroxcompany.com/investors/company-information/investor-presentation-quarterly/default.aspx)
- Brene Brown’s work has been a tremendous help to me personally: [http://brenebrown.com/](http://brenebrown.com/) My favorite is an audible version of her 6-1/2hr workshop I’ve listened to at least 6 or 7 times (…and started listening to again recently as courage and confidence slips.) It covers her first three books *The Power of Vulnerability*.
- Tim Kuppler’s culture book that he shared with me almost a decade ago and his network of resources has guided my thinking and framework for culture work . [http://www.cultureuniversity.com/](http://www.cultureuniversity.com/)
- Mike Rother is originator of Kata – His website provides tons of free information on Kata: [http://www-personal.umich.edu/~mrother/Homepage.html](http://www-personal.umich.edu/~mrother/Homepage.html)
- Jerry Mabe has guided us on Leader as Coach: [http://www.rightpath.com/site/](http://www.rightpath.com/site/)
- Center for Creative Leadership “Making Leadership Happen”