

**SWISS**

# STYLE

2010 / 215  
CHF 10

The Swiss Magazine for Leaders

World  
Economic  
Forum

Davos  
Meeting  
January  
2010



**World Economic Forum**

**40<sup>th</sup> Davos Meeting  
January 2010**

**Programme Inside**

# Highlighting the performance aspect of sustainability

## How today's companies can gain a competitive edge

In the wake of a major global recession, the days when a successful company's only priority is to maximize profits are long gone. As Indra Nooyi, the chairman of PepsiCo, said in a recent CNBC interview, "Companies today can no longer perform and toss the costs back to society. The new future is public-private partnerships where companies feel responsible for society at large. The key now is to build a company that is not only financially sustainable, but sustainable in the sense of being a great citizen who gives back to society."

Business leaders like Nooyi who espouse the "performance with a purpose" mantra reflect the radical shift in corporate values that has occurred over the past few decades. Today, corporate responsibility is a major buzzword in the air as more and more of the world's major corporations adopt new standards of production that are more conducive to social progress and environmental sustainability.

### From the beginning

For the leaders of the Henkel Corporation, however, sustainability has been ingrained in their DNA from the very beginning. One of the world's leading producers of laundry detergent and other home cleaning solutions for more than 130 years, Henkel has had a remarkable track record of developing sustainable

and highly performing products long before the word "sustainability" became a major paradigm.

While other corporate leaders have grudgingly accepted sustainability as a necessary evil in today's business environment, the leaders of Henkel discovered long ago that sustainability, far from being a detriment to product quality and performance, could actually be one of its key innovative drivers.

Henkel Corporate Senior Vice President and Global CMO Christian-André Weinberger, who serves also on the company's Sustainability Council for Laundry & Home Care, recently sat down with *Swiss Style* to discuss his company's century-long commitment to sustainable development and the need to rethink the common misperception today that sustainability standards necessarily hinder a company's performance and competitiveness.

### The new quality standard

The history of the Henkel Corporation, founded in 1876 and based in Düsseldorf, Germany, is filled with important milestones in sustainable development. In 1965, Henkel launched the first detergent with biodegradable components. In 1986, the company produced the first phosphate-free Persil brand laundry detergent by replacing

phosphate with Sasil®, a patented substitute that acts as a water softener without causing over-fertilization.

In 1994, Henkel released its Persil Megaperls® brand, the first super-concentrated detergent that allows the user to remove stains at much lower dosages, thus minimizing raw material and packaging waste. In 2007, Henkel developed low-temperature products and refined this concept further by releasing the new energy-efficient Persil ActicPower detergent in 2009 that removes stains effectively in small dosages and at temperatures as low as 15 degrees Celsius.

"Here at Henkel, we dedicate 100% of our product turnover to sustainability in some form," says Weinberger. "Every innovative new product we put on the market delivers to one of the five major focal areas of sustainability – energy and climate, materials and waste management, water and wastewater management, health and safety, and social progress."

In addition to developing detergents that minimize energy, water and material waste, Henkel has also invested in designing safer packaging for consumers and has sponsored large-scale volunteer projects, such as the "Henkel Smile", to support local communities.

According to Weinberger, the company's dedication to sustainability has »»»



played an indispensable role in driving innovation and enhancing product quality and performance over the years. "Performance based on sustainability is the new quality standard," asserts Weinberger. "Take our energy-saving low-temperature detergent brands, for example. It is much more difficult to develop stain removal enzymes that work just as effectively at 15 degrees as at 90 degrees. Thus, our drive for top quality and responsibility in our quest to save energy forces us to innovate and to invest in research and development, which has ended up producing more powerful, high-quality detergents that remove stains more effectively, and that also happen to save energy.

"Sustainability drives innovation, which drives performance," Weinberger elaborates. "People used to look at products only from one angle. They assumed that there was necessarily a trade-off between performance and sustainability. Previously, a car with more horsepower must emit more carbon dioxide, and vice versa. However, Henkel strives to combine product performance and quality to enable sustainable development, so that our products exhibit both high performance and at the same time contribute to sustainable development.

"Performance based on sustainability will be the key driver of innovation in the years to come with the magnitude comparable to that of the Industrial Revolution. I am confident that sustainability-based performance will establish a new quality standard on a worldwide level and an achievement currency for innovative sustainable consumption."

#### "Sustainability is a competitive edge"

Henkel's commitment to producing innovative, high-performance products based on sustainability is a cornerstone of the company's global competitiveness. "Our products have a

double appeal to consumers," Weinberger explains. "On the one hand, they enjoy top-grade performance with smaller dosages, shorter programs and lower temperatures. On the other, they have also come to associate our brands with corporate responsibility and sustainable development, a reputation that we treasure especially in these times.

"Besides, Henkel will be offering consumers information on the sustainable use of its laundry and home care products by scanning Quick Response codes on the product packs with their cellphones. Through this service, we aim to provide not only comprehensive information on the subject of sustainability but also a CO<sub>2</sub> calculator."

In addition to raising consumer satisfaction, the company's efforts to develop sustainable products have also increased its shareholder value. "Our stance on sustainability speaks out not only to consumers, but to the financial markets as well," says Weinberger. "In the sector of the non-durable consumer goods industry within the Dow Jones Sustainability Indexes we are the leader for the third consecutive year. This is a good sign that we are moving in the right direction with our continued dedication to sustainability initiatives."

However, Weinberger also expresses his belief that companies such as his own that already have an established track record in sustainable development are far ahead of the game than are those that simply jumped on the sustainability bandwagon in response to recent regulations. "Sustainability is a competitive edge, and those who realized this early on have an advantage," says Weinberger. "Henkel has always been an innovative leader and agenda setter when it comes to sustainable development. Today, larger companies in the industry like Alcoa are beginning to follow Henkel's lead.

"The better we are at creating value added for the consumer – be it functional or emotional – the better we are at generating incentives for consumers to adapt their lifestyles, the more rewarding it will be for us in business and in marketing especially," Weinberger continues. "It is not to simply sit back and do the minimum necessary to meet regulations. We focus on meeting consumer needs, and at the same time setting the agenda for sectoral standards."

#### Setting global trends

In recent years, Henkel has continued to set global trends in sustainable development. The company was the first to sign the A.I.S.E. Charter for Sustainable Cleaning in March 2005, an agreement between the world's major detergent and soap producers to improve the industry's sustainability profile. Under the Book & Claim system, Henkel became the first company in the world to purchase certificates for sustainable palm kernel oil for the products of its Terra Activ brand. The ingredients of the cleaning products range are based up to 85% on renewable raw materials.

"Being a leader in sustainable development is so vital to our company's competitiveness," says Weinberger. "In today's environment, you either drive the market through innovative sustainable consumption with the focus on the entire value chain, or the market will abandon your products."

Adds Weinberger, "This year's World Economic Forum Meeting in Davos is all about 'Rethink, Redesign and Rebuild' – but what really happened was a 'Reset' in business values a long time ago. At Henkel, our ambition is that each new product should not only offer customers excellent performance but must also make a contribution to sustainable development at the same time – this we call 'Quality & Responsibility'." «««

**Christian-André Weinberger**  
Corporate Senior Vice President  
& Global Chief Marketing Officer,  
Laundry & Home Care, Henkel

"Performance based on sustainability will be the key driver of innovation in the years to come with the magnitude comparable to that of the Industrial Revolution. I am confident that sustainability-based performance will establish a new quality standard on a worldwide level and an achievement currency for innovative sustainable consumption."

